



STATE OF CONNECTICUT
PROPERTIES REVIEW BOARD

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STAN T. BABIARZ
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TO: Honorable Members of the Government Administration & Elections Committee

FROM: Stan T. Babiarz, Executive Director 
State Properties Review Board

DATE: March 22, 2009

SUBJECT: Comments on S.B. No. 1155 and H.B. No. 6373

The above referenced bills would eliminate State Properties Review Board oversight of certain Public Works contracts. The Board asks the Committee to consider the following when it acts on the proposed legislation.

S.B. NO. 1155 AAC CERTAIN CONSULTANT SELECTIONS BY THE DEPARTMENT OF PUBLIC WORKS.

Statutory Reference, 4b-23(i) and 4b-55(g), Definition of Project:

a. As currently defined in 4b-23(i), project means any state program requiring consultant services if the cost of such services is estimated to exceed \$100,000 or in the case of a constituent unit of the state system of higher education, the cost is estimated to exceed \$300,000.

b. The current definition of project under 4b-55(g) means any state program requiring consultant services if the cost of such services exceed \$300,000.

c. The proposed bill seeks to eliminate the above inconsistency in cost thresholds that trigger Board review by redefining project under 4b-23(i) from \$100,000 to \$300,000.

Comments:

- **The proposed increase in the threshold for Board review of consultant contracts from \$100,000 to \$300,000 will eliminate any meaningful oversight of the consultant service contracts, commission letters, etc., let by the Department of Public Works. To wit:**
 - i. In the FY ending 6/30/2008, the Board reviewed and approved 114 design professional contracts (including commission letters, on-call task letters and contract amendments) that had a total value of \$24,888,896.*

- ii. *If the threshold for review in FY 2008 had been \$300,000, the number of consultant services agreements reviewed by the Board would have decreased 67.5%; from a total of 114 to a total of 37 contracts, commission letters, task letters and amendments.*
- iii. *In turn, the total value of contracts reviewed in FY 2008 would have decreased 28.5%; from \$24,888,896 to \$17,805,357, a difference of \$7,083,539.*
- The Board's independent review of consultant service agreements often results in changes to economic terms and other conditions that are beneficial to the State. For example, in the 5 fiscal years ending June 2008, the Board's recommendations concerning consultant service contracts saved the State \$1,092,377.
- The Board average review time for the 114 consultant contracts was 13.5 days per proposal, including weekends and holidays. DPW's average processing time per proposal prior to submittal to the Board was 723.9 calendar days. Therefore, the proposed bill will not result in any meaningful time savings.
- The significant decrease in Board oversight would be contrary to the Legislature's objective of a meaningful review of consultant service proposals.

H.B. No. 6373 AAC THE REPEAL OF CERTAIN OBSOLETE STATUTES.

This bill repeals C.G.S. Section 4b-32, concerning renewal of state leases, and states: "All renewals of state leases existing on July 1, 1975, shall be subject to the approval of the commissioner and the State Properties Review Board under regulations to be adopted by said commissioner and said board."

At this time, the Board reviews lease renewals as well as holdover agreements for the purpose of insuring that the rental rates paid by the State reflect current market conditions. The Board recommends that it continue to review renewals of state leases for two primary reasons:

- Renewal rates are negotiated five years in advance. In times of declining economic activity, rental rates decline as vacancy rates increase. Therefore, lease renewals must continue to be reviewed to insure that the rental rates reflect current market conditions.
- Approximately 40% of the 190 leases administered by Public Works are in month to month "holdover." This means that an option to renew the lease has not been exercised in a timely manner. Therefore, it is imperative that the Board continue to approve or disapprove both holdover and renewal leases to ensure the rental rates paid by the State are competitive.

Thank you very much for your consideration.