

# Government Administration and Elections Committee

## JOINT FAVORABLE REPORT

**Bill No.:** SB-1183

**Title:** AN ACT CONCERNING STATE CONSTRUCTION RELATED THRESHOLDS.

**Vote Date:** 3/27/2023

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/10/2023

**File No.:**

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

### SPONSORS OF BILL:

Government Administration and Elections Committee.

### REASONS FOR BILL:

This bill contains several proposed changes to revise outdated construction-related thresholds and statutory language that were recommended by the Department of Administrative Services (DAS). Specifically, the bill aims to modernize the leasing process for DAS by removing the requirement to advertise leases over 2,500 sq. ft. in newspapers and instead mandating the use of agency websites and the state's procurement portal. This change is expected to lower annual advertising costs. Additionally, the bill proposes an increase in cost thresholds for the Military Department and Constituent Units of Higher Education, from \$2M to \$3M, to account for the rising costs of construction. The project cost definition for hiring consultants using DAS on-call contracts will also be revised from \$500,000 to \$750,000, with an annual increase in project cost starting on July 1, 2028, based on the producer price index commodity data for construction. This will eliminate the need for a formal section process for on-call consultants working on projects with fees under \$750,000 and reduce project time by an estimated 6-9 months.

### RESPONSE FROM ADMINISTRATION/AGENCY:

[Department of Administrative Services \(DAS\), Chief Architect, Director of Operational and Process Planning, David Barkin:](#) supports this bill which proposes changes to modernize construction-related thresholds and outdated statutory language specifically it eliminates the requirement that the DAS advertise in hard copy newspapers, increases the cost threshold for the Military Department and Constituent Units of Higher Education for managing construction projects, and raises the project cost definition for hiring consultants using DAS on-call contracts. It is stated that the bill aims to reduce marketing costs, accommodate inflation and escalation in construction costs, and simplify the process of hiring consultants. It

is further stated that the Judicial Branch's construction threshold is not proposed to be changed because they have their own contracts to hire architects and engineers and have not seen an increase in technical staff warranting a threshold increase. It is explained that the bill also includes language to increase the project cost definition threshold annually by adjusting it by the percentage change in the producer price index commodity data for construction.

[Judicial Branch, External Affairs Division:](#) requests to be authorized to supervise changes to real assets involving expenditures of not more than \$3 million as well, as the average cost of a Judicial Branch court project now exceeds \$2 million due to inflation and time. It is stated that the Facilities Unit of the Judicial Branch is responsible for the daily operation of state-owned courthouses, repairs, and facilities planning and is comprised of architects, engineers, and construction professionals with the experience, knowledge, and training to oversee such projects. It is further stated that allowing the Judicial Branch to manage projects up to \$3 million will provide the Branch with a more cost-effective and efficient approach to its planning and capital project initiatives.

[Military Department, Office of the Adjutant General, Major General, Francis J. Evon Jr.:](#) supports this bill as it pertains to the Military Department, which proposes to increase the Military Department's authority to execute contracts for the remodeling, alteration, repair, construction, or enlargement of real property assets from \$2 million to \$3 million without the need to utilize the Department of Administrative Services. It is stated that the Military Department supports this change as it has the resources and experience to manage construction projects up to \$3 million. It is also stated that the current threshold of \$2 million has caused delays and bid busts due to inflation and cost escalations and raising the threshold will ensure timely and efficient completion of projects and help secure federal funding.

#### **NATURE AND SOURCES OF SUPPORT:**

See agency response.

#### **NATURE AND SOURCES OF OPPOSITION:**

[Anonymous:](#) opposes this bill.

**Reported by: Lukas Houle**

**Date: 03-27-2023**