

*Colorado Legislative Council Staff Fiscal Note*

**FINAL  
FISCAL NOTE**

<b>Drafting Number:</b> LLS 15-0466	<b>Date:</b> June 9, 2015
<b>Prime Sponsor(s):</b> Rep. Moreno Sen. Scott	<b>Bill Status:</b> Signed into Law
	<b>Fiscal Analyst:</b> Erin Reynolds (303-866-4146)

**BILL TOPIC:** HIGHWAY PROJECT CONTRACT AMOUNT LIMIT WAIVERS

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>		
<b>State Expenditures</b>	Potential change. See State Expenditures section.	
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None.		

\* This summary shows changes from current law under the bill for each fiscal year.

**Summary of Legislation**

Under current law, if there are fewer than three bidders for a highway project contract, the contract may only be awarded if it is no more than 10 percent over the Colorado Department of Transportation's (CDOT) project cost estimate. In instances where the contract is less than \$1.0 million, the contract may only be awarded if it is no more than 25 percent over CDOT's project cost estimate.

The bill allows the executive director of CDOT to award a design bid build highway project contract where there are fewer than three bidders to the low responsible bidder regardless of CDOT's project cost estimate if the executive director determines in writing that doing so is in the financial, economic, or other interest of the state. The executive director's written determination must be included in the contract file and made publicly available by posting on CDOT's website. The executive director must also identify each project for which an award has been made pursuant to this bill in CDOT's annual SMART Government Act presentation to the Joint Transportation Committee of the General Assembly.

The bill is repealed on July 1, 2018.

**Background**

CDOT's Engineering Estimates and Market Analysis Unit (EEMA) is a four-person unit that produces a project cost estimate using a line item cost estimation practice. Among the many factors considered in a project cost estimate are project schedule, historical project item costs, current market conditions, geographic location, material types and availability, labor costs, and market trends. Design bid build is a project delivery method where CDOT contracts with a separate entity for the design and construction of a project.

**State Expenditures**

The bill may both reduce and increase expenditures in CDOT from the State Highway Fund. In the past, the number of highway project contracts that CDOT has been required to rebid in a subsequent year because the bids received did not fall within statutory limits has varied from zero to 20. The cost of rebidding a highway project contract is estimated at \$11,000 per contract. This figure includes:

- regional staff hours preparing the plans, specifications, and engineering documentation;
- headquarters staff hours processing feedback, re-estimating, re-creating the advertising and bid documents;
- print shop hours and materials, which average between \$500 and \$5,000 per set depending on the complexity of the project; and
- overhead costs.

To the extent that the executive director of CDOT awards design bid build highway project contracts at a higher cost than previously authorized due to statutory thresholds, there will be an increase in State Highway Fund expenditures.

**Effective Date**

The bill was signed into law by the Governor and took effect on April 8, 2015.

**State and Local Government Contacts**

Counties  
Personnel and Administration

Local Affairs  
Transportation

Municipalities