

March 3, 2016

House Appropriations Committee
Testimony regarding HB 2703
Department of Administration
Sarah L. Shipman, Acting Secretary

Chairman Ryckman and members of the committee:

I appreciate the opportunity to provide testimony today regarding HB 2703. My goal is to provide you with information about the current process and give you an overview of the additional scope of construction work that the Department of Administration performs that we believe would fall into the review included in this legislation.

Pursuant to HB 2703, each state agency project to construct or improve any facility would require a specific authorization by an appropriation or other act of the Legislature or State Finance Council. Agencies currently submit annual budget estimates and program statements for the construction of buildings and major repairs or improvements to building to the Budget Director, Joint Committee on State Building Construction, and the State Building Advisory Commission (SBAC). They also submit their 5-year capital improvement plans. As you are aware, the Joint Committee on State Building Construction makes recommendations on the 5-year plans to both the Senate Ways and Means Committee and House Appropriations Committee. The SBAC used to prepare a report for Budget, the Joint Committee on State Building Construction, and Legislative Research recommending capital improvement projects to be funded. This requirement was repealed in 2012.

Currently the function of the SBCA is, for large projects (currently projects over \$1 million), to short list architect/engineer selection for design, bid, build projects, and to approve the use of Construction Management at Risk (CMAR) and/or Design-Build (DB) projects and short list those firms. Over the last 10 years, the number of large projects has ranged from 8 to 30 per year (with the high of 30 in 2008 and the low of 8 in 2015). The interview hours in order for the SBAC to short list over that same period ranged from 100 to 324 annually. Additionally, the SBAC reviews on-call contracts that agencies may utilize if a project is less than \$1 million. Last year there were 31 on call contracts processed by the SBAC. The SBAC is able to complete that process by meeting for a few hours each month. Reviewing and evaluating the bidding process for the selection of each contractor after

already having short listed the firms for consideration will increase the meeting requirements/responsibilities for the SBAC. The Joint Committee on State Building Construction would also have to review and evaluate each selection process which would require more meetings, including when the legislature is not already in session. We would anticipate the need for at least monthly meetings of the JCSBC and an additional monthly meeting of the SBAC to handle the volume of this type of review, especially since each project will need to be reviewed following the bidding and ahead of the award.

It appears that this bill would expand the reporting to include any and all construction and improvement projects of any size and include emergency projects. Not included in the current scope of review of the SBAC and JCSBC are the smaller construction projects that allow for the use of on-call architects and contractors. The Office of Facilities and Property Management Architectural Services division issues a project number for every project that is reviewed for code purposes regardless of its funding source and project size (except those projects designed by DOA, which this year is 22). These can include a simple door and hardware replacement projects to roof replacements to multi-million dollar new construction. In the past 5-years, the number of project numbers issued was between 305 and 347 per year. This year we are on track for at least 300. If I am reading the bill correctly, these would also be reviewed by both committees and, with the exception of the over \$1 million projects, are not included in the earlier anticipated meetings.

The Department of Administration understands the desire for increased oversight of construction projects and we stand ready to work with the Legislature to accomplish this goal. I have staff members here who can answer questions about the process, timelines, and types of construction projects.