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FISCAL IMPACT REPORT

ORIGINAL DATE 02/06/13

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE Architecture Multiple Source Contracts SB 266

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact				GF/OSF

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Transportation (NMDOT)
 General Services Department (GSD)
 Department of Finance and Administration (DFA)
 New Mexico Corrections Department (NMCD)
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 266 (SB 266) amends Section 13-1-154.1 NMSA 1978 to increase the per firm, per contract cap from \$200,000 to \$500,000 and increase the per firm, per multiple contracts cap from \$200,000 to \$2,000,000 in any four-year period for architectural and engineering services.

FISCAL IMPLICATIONS

Allowing for multiple awards using one solicitation could save time and money for agencies that need certain services on an ongoing basis.

Increasing the dollar threshold would allow agencies to procure different types of services from a single vendor.

SIGNIFICANT ISSUES

This bill is based on recommendations given to the Governor by the Procurement Reform Task during 2012.

The changes would appear to be beneficial to large agencies such as NMDOT, who report they can reach the current dollar caps quickly in road projects.

The NMDOT reports that the dollar limit dissuades firms from seeking multiple source contracts because the cost to put together a bid package for work over a four-year period is expensive.

The bill may have an unintended consequence in reducing future opportunities for small businesses to bid on smaller projects or portions of larger projects.

PERFORMANCE IMPLICATIONS

Under the Procurement Code, a state agency:

- may procure multiple architectural or engineering design contracts for multiple projects under a single RFP, provided the total does not exceed \$200,000 over a four-year period
- may procure multiple construction contracts for multiple projects under a single RFP, provided the total does not exceed \$2,000,000 over a four-year period

The Procurement Code also provides that a contract shall not be awarded to a firm if the total of all contracts issued to the firm exceeds:

- \$200,000 in any four-year period, for architectural or engineering design services
- \$2,000,000 in any four-year period, for construction services

ADMINISTRATIVE IMPLICATIONS

The NMDOT reports the department uses multiple source contracts primarily for unforeseen maintenance, specialized tasks to support project staff and weather-related emergencies.

TECHNICAL

The bill replaces the term “engineering design service” with “engineering services”. It is unknown if removing the word “design” expands the services available under this procurement method.

ALTERNATIVES

Increase the cap from \$200,000 to \$500,000 (or \$750,000) as opposed to \$2,000,000 for multiple architectural and engineering contracts issued to a single firm over a four-year period.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The dollar limits for multiple source contracts for procurement of architectural and engineering design services will remain unchanged.

AHO/bm