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FISCAL IMPACT REPORT

ORIGINAL DATE 02/03/12

SPONSOR Larrañaga LAST UPDATED _____ HB 279

SHORT TITLE PCD Risk Procurement Construction Manager SB _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY12 | FY13 | FY14 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|----------------------|------|----------------------|------------------------------|------------------|
| Total | | See Fiscal Impact | | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public School Facilities Authority (PSFA)

General Services Department (GSD)

SUMMARY

Synopsis of Bill

House Bill 279 amends Section 13-1-124.1 of the Educational Facility Construction Manager At-Risk Act to allow the Property Control Division (PCD) of the GSD to use the construction manager at-risk (CMAR) procurement method of construction for a facility under the control of the PCD.

FISCAL IMPLICATIONS

The PSFA reports that the CMAR helps reduce the risks assumed by public owners through the guaranteed maximum price and delivery schedule.

The PSFA further reports that CMAR is a construction method whereby a construction manager provides a range of pre-construction services and construction management, including cost estimation and consultation regarding the design of the building project, preparation and coordination of bid packages, scheduling, cost control, value engineering and, while acting as the general contractor during construction, detailing the trade contractor scope of work, holding the trade contracts and other subcontracts, pre-qualifying and evaluating trade contractors and subcontractors and providing management and construction services, all at a guaranteed maximum price.

PERFORMANCE IMPLICATIONS

The PCD currently has four vacant project management positions out of eight division-wide vacancies.

SIGNIFICANT ISSUES

The PSFA reports that CMAR procurement of construction was enacted pursuant to Laws 2007, Chapter 141, Section 3, but is currently limited to construction of educational facilities by the PSFA, local school districts, and state educational institutions.

The GSD believes that PCD project managers should benefit from having the addition of a construction expert on the project team at the onset of design, and a single point of contact throughout the construction until the project is delivered.

ADMINISTRATIVE IMPLICATIONS

To realize administrative efficiencies, the PCD may wish to modify existing procurement and contracting documents developed by the PSFA.

OTHER SUBSTANTIVE ISSUES

All State buildings and land are under the control of the Property Control Division with the exception of: State Armory Board, Office of Cultural Affairs, State Fair Commission, Department of Game and Fish, State Highway and Transportation Department, Commissioner of Public Lands, State Parks Division of the Energy, Minerals and Natural Resources Department, State Institutions of Higher Learning, the New Mexico School for the Deaf, the New Mexico School for the Visually Handicapped, and the Judicial Branch.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The PCD will continue to utilize existing methods of construction procurement such as a low bid, RFP for construction and design-build projects.

QUESTIONS?

Do existing PCD project managers have the expertise and capacity to oversee the CMAR contracts?

AHO/svb