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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 02/04/12 **HB** _____

SPONSOR Griego, P

SHORT TITLE Increase Dollar Limit of Some Contracts **SB** 301

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

No response from the General Services Department on this bill

No response from the Department of Transportation on this bill

SUMMARY

Synopsis of Bill

Senate Bill 301 amends Section 13-1-154.1 within the Procurement Code and increases from \$200,000 to \$500,000 the dollar limits on the use of a single solicitation to procure multiple architectural or engineering design services contracts for multiple projects over a four-year period, and increases from \$200,000 to \$2,000,000 the maximum any firm providing architectural, engineering design or construction services can be awarded from all contracts with a state agency over a four-year period.

FISCAL IMPLICATIONS

The bill allows not only construction contractors but architects and engineers to have multiple contracts with an agency as long as the total of all contracts do not exceed the \$2,000,000 threshold.

In the public sector, procedural rules could include a plan to insure that minority and women-owned firms and veteran-owned firms are afforded the maximum practicable opportunity to compete for and obtain public contracts. Especially with amendments such as are in this bill, which may inadvertently reduce competition and increase costs.

SIGNIFICANT ISSUES

In an analysis of a similar bill, the Department of Transportation had reported that the present limits of \$200,000 per contract, per firm, and \$200,000 for all multiple source contracts, per firm, may be quickly reached – especially with firms that offer several types of engineering services, such as structural, traffic and civil roadway engineering.

Current law states that a state agency may procure multiple construction contracts for multiple projects under a single solicitation, provided that the total amount of all contracts awarded to a firm does not exceed \$2,000,000 in a four-year period. The bill will require that same threshold for architectural and engineering design firms.

ADMINISTRATIVE IMPLICATIONS

An increase in the multiple source contract limits would allow agencies to use a single contract for more task orders than the current statute permits.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates one of the proposed amendments to the Procurement Code in HB 196.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The current thresholds for multiple source contracts for architectural and engineering design service contracts will remain in place.

POSSIBLE QUESTIONS

Under the bill, what threshold would be in place for a firm that provides both architectural/engineering design services *and* construction services?

AHO/lj