

STATEMENT OF PURPOSE

RS18659C1

This legislation defines the procedures to allow the Idaho Transportation Department to solicit and award contracts using design-build and construction manager/general contractor methods of procurement for highway projects. Design-build projects were authorized for public-works projects in 1987 by Section 67-5711A, Idaho Code. However, Section 40-902(3), Idaho Code specifically states that contracts for highways be let to the lowest responsible bidder. There are no provisions allowing the department to solicit and award construction manager/general contractor contracts.

If enacted, this legislation would allow the department to begin soliciting contracts using these alternative contracting methods for projects, which can be designed and completed faster than standard projects. Shorter project-completion times can save money due to the lower contractor costs and the reduced effects of inflation on construction materials.

A study by Warne and Associates (Design-Build Contracting for Highway Projects A Performance Assessment; 2005) found that 76 percent of the studied design-build projects were completed ahead of the established schedule and 100 percent were completed faster than if a design-bid-build schedule were used.

FISCAL NOTE

As reported in the January 2009 Performance Audit of the Idaho Transportation Department, a survey conducted as part of the Design-Build Effectiveness Study, As Required by TEA-21 Section 1307(f), prepared for USDOT Federal Highway Administration, January 2006 showed that design-build saves on time and cost for the same quality as design-bid-build. The results of the study indicated, on average, design-build project delivery reduced overall project duration by 14%; reduced the total cost of projects by 3%; and maintained the same level of quality as compared to design-bid-build project delivery. The study indicated a potential savings of \$30,000 for every \$1 million of cost, and a reduction of about 7 1/3 weeks for every project-year. Results for construction manager/general contractor projects would be similar.

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