
Capital Budget Committee

HB 2936

Brief Description: Adjusting predesign requirements and thresholds.

Sponsors: Representative Steele.

Brief Summary of Bill

- Increases the threshold for non-higher education capital construction projects requiring predesign to \$10 million, which establishes the same threshold for all capital project types.
- Creates permissive authority for an agency to waive some or all predesign requirements on capital projects exceeding the \$10 million threshold, if the project meets two or more specified conditions related to project alternative selection, complexity, and agency experience.

Hearing Date: 2/20/20

Staff: John Wilson-Tepeli (786-7115).

Background:

Predesign.

Major state capital construction projects are subject to both codified and uncodified predesign requirements. The Office of Financial Management (OFM) incorporates these requirements into a predesign manual that outlines these requirements and related guidance for completing a predesign. Broadly, predesigned projects include identification of the problem that the project would address, analysis of project alternatives, detailed analysis of the preferred alternative, and project budget analysis. Within these categories, predesigned projects also include building massing schemes, site planning, planning and regulatory analysis, risk assessment, as well as detailed consideration of the preferred alternative's programmatic use and planned occupancy of the facility.

Primary Codified Requirements for Major Capital Project. Completion of a predesign is required prior to OFM's approval of allotments for major capital projects valued over \$5 million,

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except for projects at institutions of higher education, for which the predesign requirement threshold is \$10 million. The predesign must include review of procedures for long-term cost reduction and increased facility efficiency. These procedures must include, but are not limited to, the following elements: (a) evaluation of facility program requirements and consistency with long-range plans; (b) utilization of a system of cost, quality, and performance standards to compare major capital construction projects; and (c) a requirement to incorporate value-engineering analysis and constructability review into the project schedule.

Uncodified Requirements. Uncodified requirements are also contained in the enacted 2019-21 Capital Budget bill. The uncodified predesign requirements are similar to those codified requirements discussed above, but contain a number of additional elements, including: (a) a statement that predesigns are intended to ensure projects are carried out in accordance with legislative and executive intent; (b) a definition of a project's total cost which includes predesign, design, and construction; (c) a requirement for OFM's predesign review and approval prior to expenditure or encumbrance of appropriations; (d) a requirement that predesigns consider at least three distinct, viable alternatives; (e) an exception process that enables OFM to waive predesign requirements after notifying the legislative fiscal committees and waiting ten days for comment by the legislature regarding the proposed exception; and (f) other analyses related to project costs, reasonableness, and cost-effectiveness.

Summary of Bill:

The required predesign cost threshold for non-higher education capital projects is increased from \$5 million to \$10 million, which establishes the same cost threshold for all capital projects.

For construction projects exceeding the \$10 million dollar threshold, an agency may, at its discretion, waive some or all predesign requirements, if the project meets two or more of the following conditions:

- there is no determination to be made regarding the site of the project;
- there is no determination to be made regarding whether the project will involve renovation, new construction, or both;
- within six years of submitting the request for funding, the agency has completed, or initiated the construction of, a substantially similar project, as determined by the requesting agency;
- there is no anticipated change to the project's program or the services to be delivered at the facility; or
- the agency and OFM jointly determine that a project does not require a predesign due to a lack of complexity.

Appropriation: None.

Fiscal Note: Requested on February 11, 2020.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.