

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1294
By: Nichols
Transportation
4/15/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Texas Department of Transportation (TxDOT) may use the design-build method for the design, construction, expansion, extension, related capital maintenance, rehabilitation, alteration, or repair of a highway project.

The design-build method is contracting with a single entity to provide both design and construction services. The project must have estimated construction costs of \$50 million or more and TxDOT may enter into up to three design-build contracts per fiscal year. The sunset provision for the three projects per fiscal year at cost of \$50 million or more expires on August 30, 2015.

S.B. 1294 allows TxDOT to enter into up to three design-build contracts per fiscal year and project must have estimated construction costs of \$250 million.

The bill would not require a design-build contractor to maintain a project for a term longer than five years. It does not prohibit a design-build contractor from agreeing to additional terms of maintenance for periods of five years or less through a contract renewal or extension.

The bill also prevents TxDOT from bundling and issuing design-build contracts for projects that are already designed. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1294 amends current law relating to certain limitations on design-build contracts for transportation infrastructure projects.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 223.241, Transportation Code, by adding Subdivision (3), to define "highway project."

SECTION 2. Amends Section 223.242, Transportation Code, by adding Subsections (b-1), (f), and (g) and amending Subsections (d) and (d-1), as follows:

(b-1) Authorizes a design-build contract under this subchapter to include a maintenance agreement requiring a design-build contractor to maintain a project for an initial term of not longer than five years. Provides that the maintenance agreement may authorize the Texas Department of Transportation (TxDOT), in its sole discretion, to exercise options extending the term of the maintenance agreement for additional periods beyond the initial maintenance term with each additional period being not longer than five years. Requires TxDOT to obtain pricing for the maintenance work for each maintenance term. Authorizes TxDOT to require separate pricing for the maintenance work to be performed for each year of a maintenance term.

(d) Authorizes TxDOT to enter into a design-build contract for a highway project with a construction cost estimate of \$250 million or more, rather than \$50 million or more, to TxDOT.

(d-1) Prohibits TxDOT from entering into more than three contracts under this section in each fiscal year. Deletes existing text providing that this subsection expires August 31, 2015.

(f) Prohibits TxDOT from using the design-build method for the construction, expansion, extension, rehabilitation, alteration, or repair of a highway project if the project is substantially designed by TxDOT or another entity other than the design-build contractor.

(g) Prohibits TxDOT from including more than one highway project in a design-build contract.

SECTION 3. (a) Provides that Section 223.242(b-1), Transportation Code, as added by this Act, applies only to a contract entered into on or after the effective date of this Act. Makes application of this Act prospective.

(b) Provides that Section 223.242(f) and (g), Transportation Code, as added by this Act, apply only to a highway project for which a request for qualifications is issued on or after the effective date of this Act. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or the 91st day after the last day of the legislative session.