

FISCAL ESTIMATE  
DOA-2048 (R10/92)

ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

LRB or Bill No./Adm. Rule  
0347/5  
SB0198  
Amendment No. if applicable

**Subject**  
Design build construction for local governmental units

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Existing Appropriation       Increase Existing Revenues  
 Decrease Existing Appropriation       Decrease Existing Revenues  
 Create New Appropriation

Increase Costs - May be possible to absorb Within Agency's Budget     Yes     No

Decrease Costs

Local:  No local government costs

1.  Increase Costs  
 Permissive     Mandatory  
  
 Decrease Costs  
 Permissive     Mandatory

3.  Increase Revenues  
 Permissive     Mandatory  
  
4.  Decrease Revenues  
 Permissive     Mandatory

5. Types of Local Governmental Units affected:  
 Towns             Villages             Cities  
 Counties         Others: sewerage districts, Federated libraries  
 School Districts     VTAE Districts

**Fund Sources Affected**  
 GPR    FED    PRO    PRS    SEG    SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate**

The bill permits local governmental units to use the design build construction process to let public works contracts replacing competitive bids for the general contractor and usual trades.

No data exists on the total amount local governments spend on projects now conducted with competitive bids. It is possible that some economies of scale and time might result from design build methods.

It is also possible that not as many smaller local firms may be able to compete in a design build environment. An ensuing reduction in competition could result in higher costs.

In some cases the local design consultant now may also perform construction supervision of bid contractors. If these functions are combined in the design build process there may be a loss of independent checks on the quality of construction.

**Long-Range Fiscal Implications**  
Unknown

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