

HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 3301

February 21, 2008

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The bill was read for the first time and referred to the Committee on Finance

March 6, 2008

By motion, recalled and re-referred to the Committee on Public Safety and Civil Justice

March 18, 2008

Committee Recommendation and Adoption of Report: To Pass as Amended and re-referred to the Committee on Finance

April 21, 2008

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Ways and Means

April 30, 2008

Committee Recommendation and Adoption of Report:

To Pass and Read Second Time

May 16, 2008

Calendar For The Day, Amended

Read Third Time as Amended

Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

A bill for an act

relating to transportation; modifying provisions relating to design-build projects;
 requiring a report; amending Minnesota Statutes 2006, sections 161.3412,
 subdivision 3; 161.3420, subdivisions 2, 3, 4; 161.3426, subdivisions 1, 3;
 repealing Minnesota Statutes 2006, section 161.3426, subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 161.3412, subdivision 3, is amended to
 read:

Subd. 3. Restriction; reports. (a) The number of design-build contracts awarded
 by the commissioner in any fiscal year may not exceed ten percent of the total number
 of transportation construction contracts awarded by the commissioner in the previous
 fiscal year.

(b) The commissioner shall notify the chairs of the senate and house of
 representatives committees with jurisdiction over transportation policy and transportation
 finance each time the commissioner decides to use the design-build method of procurement
~~and.~~ The notification must explain why that method was chosen, and provide the initial
 cost estimate, the expected date of release for the RFP, and the expected stipulated fee.

(c) The commissioner shall notify the chairs of the senate and house of
 representatives committees with jurisdiction over transportation policy and transportation
 finance within three days of any change to the cost estimate or to the stipulated fee of a
 design-build project.

Sec. 2. Minnesota Statutes 2006, section 161.3420, subdivision 2, is amended to read:

Subd. 2. Technical Review Committee. During the phase-one request for
 qualifications (RFQ) and before solicitation, the commissioner shall appoint a Technical

2.1 Review Committee of at least five individuals. The Technical Review Committee must
2.2 include an individual whose name and qualifications are submitted to the commissioner
2.3 by the Minnesota chapter of the Associated General Contractors, after consultation with
2.4 other commercial contractor associations in the state. Members of the Technical Review
2.5 Committee who are not state employees are subject to the Minnesota Government Data
2.6 Practices Act and section 16C.06 to the same extent that state agencies are subject to those
2.7 provisions. The commissioner shall pay reasonable compensation to Technical Review
2.8 Committee members who are not public employees for their services. A minimum of
2.9 one state employee on the Technical Review Committee must be at the level of senior
2.10 administrative engineer or above. A Technical Review Committee member may not
2.11 participate in the review or discussion of responses to an RFQ or request for proposals
2.12 (RFP) when the member has a financial interest in any of the design-build firms that
2.13 respond to that RFQ or RFP. "Financial interest" includes, but is not limited to, being
2.14 or serving as an owner, employee, partner, limited liability partner, shareholder, joint
2.15 venturer, family member, officer, or director of a design-build firm responding to an RFQ
2.16 or RFP for a specific project, or having any other economic interest in that design-build
2.17 firm. The members of the Technical Review Committee must be treated as state
2.18 employees in the event of litigation resulting from any action arising out of their service
2.19 on the committee.

2.20 Sec. 3. Minnesota Statutes 2006, section 161.3420, subdivision 3, is amended to read:

2.21 Subd. 3. **Contents.** The commissioner shall prepare or have prepared an RFQ. The
2.22 RFQ must include the following:

2.23 (1) the minimum qualifications of design-builders necessary to meet the requirements
2.24 for acceptance;

2.25 (2) a scope of work statement and schedule;

2.26 (3) documents defining the project requirements;

2.27 (4) the form of contract to be awarded;

2.28 (5) the weighted selection criteria for compiling a short list and the number of firms
2.29 to be included in the short list, which must be at least two but not more than five;

2.30 (6) a description of the request for proposals (RFP) requirements;

2.31 (7) the maximum time allowed for design and construction;

2.32 (8) the commissioner's estimated cost of design and construction;

2.33 (9) requirements for construction experience, design experience, financial,
2.34 personnel, and equipment resources available from potential design-builders for the

3.1 project and experience in other design-build transportation projects or similar projects,
3.2 provided that these requirements may not unduly restrict competition; and

3.3 (10) a statement that "past performance," ~~or~~ "experience," or other criteria used in the
3.4 RFQ evaluation process does not include the exercise or assertion of a person's legal rights.

3.5 Sec. 4. Minnesota Statutes 2006, section 161.3420, subdivision 4, is amended to read:

3.6 Subd. 4. **Evaluation.** The ~~selection team~~ Technical Review Committee shall
3.7 evaluate the design-build qualifications of responding firms and shall compile a short list
3.8 of no more than five most highly qualified firms in accordance with qualifications criteria
3.9 described in the request for qualifications (RFQ). If only one design-build firm responds
3.10 to the RFQ or remains on the short list, the commissioner may readvertise or cancel the
3.11 project as the commissioner deems necessary.

3.12 Sec. 5. Minnesota Statutes 2006, section 161.3426, subdivision 1, is amended to read:

3.13 Subdivision 1. **Award; computation; announcement.** ~~Except as provided in~~
3.14 ~~subdivision 2,~~ A design-build contract shall be awarded as follows:

3.15 (a) The Technical Review Committee shall score the technical proposals using the
3.16 selection criteria in the request for proposals (RFP). The Technical Review Committee
3.17 shall then submit a technical proposal score for each design-builder to the commissioner.
3.18 The Technical Review Committee shall reject any proposal it deems nonresponsive.

3.19 (b) The commissioner shall announce the technical proposal score for each
3.20 design-builder and shall publicly open the sealed price proposals and shall divide each
3.21 design-builder's price by the technical score that the Technical Review Committee has
3.22 given to it to obtain an adjusted score. The design-builder selected must be that responsive
3.23 and responsible design-builder whose adjusted score is the lowest.

3.24 (c) If a time factor is included with the selection criteria in the RFP package, the
3.25 commissioner may also adjust the bids using a value of the time factor established
3.26 by the commissioner. The value of the time factor must be expressed as a value per
3.27 day. The adjustment must be based on the total time value. The total time value is the
3.28 design-builder's total number of days to complete the project multiplied by the factor. The
3.29 time-adjusted price is the total time value plus the bid amount. This adjustment must be
3.30 used for selection purposes only, and must not affect the Department of Transportation's
3.31 liquidated damages schedule or incentive or disincentive program. An adjusted score
3.32 must then be obtained by dividing each design-builder's time-adjusted price by the score
3.33 given by the technical review team. The commissioner shall select the responsive and
3.34 responsible design-builder whose adjusted score is the lowest.

4.1 (d) Unless all proposals are rejected, the commissioner shall award the contract
4.2 to the responsive and responsible design-builder with the lowest adjusted score. The
4.3 commissioner shall reserve the right to reject all proposals.

4.4 (e) The commissioner shall not limit the ability of design-builders that have
4.5 submitted proposals to protest a contemplated or actual award by the commissioner
4.6 by, among other things, unreasonably restricting the time to protest, restricting the
4.7 right to seek judicial review of the commissioner's actions, attempting to change the
4.8 judicial standard of review, or attempting to shift the commissioner's costs or damages
4.9 from a protest to a protestor. Unless all design-builders that have submitted proposals
4.10 agree to execution of a contract for the project without a waiting period beforehand, the
4.11 commissioner shall wait at least seven days after both the award of the project and public
4.12 disclosure of the Technical Review Committee's scoring data and the successful proposal
4.13 before executing a contract for the project.

4.14 Sec. 6. Minnesota Statutes 2006, section 161.3426, subdivision 3, is amended to read:

4.15 Subd. 3. **Stipulated fee.** The commissioner shall award a stipulated fee not less than
4.16 two-tenths of one percent of the department's estimated cost of design and construction
4.17 to each short-listed, responsible proposer who provides a responsive but unsuccessful
4.18 proposal. Any increases to the stipulated fee must be made only by the commissioner and
4.19 the reasons for those changes must be publicly announced at the time of the change. If
4.20 the commissioner does not award a contract, all short-listed proposers must receive the
4.21 stipulated fee. If the commissioner cancels the contract before reviewing the technical
4.22 proposals, the commissioner shall award each design-builder on the short list a stipulated
4.23 fee of not less than two-tenths of one percent of the commissioner's estimated cost of
4.24 design and construction. The commissioner shall pay the stipulated fee to each proposer
4.25 within 90 days after the award of the contract or the decision not to award a contract
4.26 without conditions other than those stated in this subdivision. In consideration for paying
4.27 the stipulated fee, the commissioner may use any ideas or information contained in the
4.28 proposals in connection with any contract awarded for the project or in connection with a
4.29 subsequent procurement, without any obligation to pay any additional compensation to
4.30 the unsuccessful proposers. Notwithstanding the other provisions of this subdivision, an
4.31 unsuccessful short-list proposer may elect to waive the stipulated fee. If an unsuccessful
4.32 short-list proposer elects to waive the stipulated fee, the commissioner may not use
4.33 ideas and information contained in that proposer's proposal. Upon the request of the
4.34 commissioner, a proposer who waived a stipulated fee may withdraw the waiver, in which

5.1 case the commissioner shall pay the stipulated fee to the proposer and thereafter may use
5.2 ideas and information in the proposer's proposal.

5.3 **Sec. 7. REPORT ON DESIGN-BUILD CHANGE IMPACTS.**

5.4 The commissioner of transportation shall submit a report by February 15, 2010,
5.5 to the chairs and ranking minority members of the senate and house of representatives
5.6 committees with jurisdiction over transportation finance and policy, on the impacts
5.7 of design-build changes. The report must include, but is not limited to, an analysis
5.8 of financial savings or costs to the state due to design-build changes under this act; a
5.9 summary of use and effectiveness of the design-build process, including identification of
5.10 concerns raised with the process; and, any recommendations for legislative changes.

5.11 **Sec. 8. REPEALER.**

5.12 Minnesota Statutes 2006, section 161.3426, subdivision 2, is repealed.

APPENDIX
Repealed Minnesota Statutes: H3301-3

161.3426 DESIGN-BUILD AWARD.

Subd. 2. **Alternative process for certain contracts.** (a) The commissioner may elect to use the process in paragraph (b) for a design-build contract for a project with an estimated project cost of less than \$5,000,000.

(b) The commissioner shall give the lowest cost proposal the full number of price points defined in the request for proposals (RFP). The commissioner shall award each of the other proposals a percentage of the price points based on a ratio of the lowest price divided by the responder's price. The commissioner shall add the technical score and price score and award the contract to the responder with the highest total score.