

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** House Bill 1129

**SHORT TITLE:** State Architect

**SPONSOR(S):** Reps. Hightower; Cunningham, Devane, Sutton, and Warner

**FISCAL IMPACT:** Expenditures: Increase ( ) Decrease ( )  
Revenues: Increase ( ) Decrease ( )  
No Impact ( )  
No Estimate Available (x)

**FUNDS AFFECTED:** General Fund ( ) Highway Fund ( ) Local Fund ( )  
Other Fund ( )

**BILL SUMMARY:** Requires that the Department of Transportation, the Department of Administration, and local governments award architectural, engineering, or land surveying contracts to the lowest bidder; establishes a new Office of the State Architect on October 1, 1994 to provide for architectural services for State capital improvement projects; requires the Secretary of Administration to report to the Joint Legislative Commission on Governmental Operations by May 1, 1994 comparing the costs of architectural services procured through contract with the estimated cost of funding the Office of State Architect.

**EFFECTIVE DATE:** Effective upon ratification, except that section 3 is effective October 1, 1994.

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** Transportation, Administration

FISCAL IMPACT

|                   | <u>FY</u> | <u>FY</u> | <u>FY</u> | <u>FY</u> | <u>FY</u> |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| EXPENDITURES      |           |           |           |           |           |
| RECURRING         |           |           |           |           |           |
| NON-RECURRING     |           |           |           |           |           |
| REVENUES/RECEIPTS |           |           |           |           |           |
| RECURRING         |           |           |           |           |           |
| NON-RECURRING     |           |           |           |           |           |

**POSITIONS:**

**ASSUMPTIONS AND METHODOLOGY:** Two categories of potential effect arise from this legislation.

First, there **may** be a difference between the cost of design, engineering, and land surveying services procured on the basis of

"qualifications and demonstrated competence" the cost of similar services procured from the "lowest responsible bidder." Which of the two procedures is the less costly remains a matter of speculation. The Department of Transportation began to address the cost question with a pilot program involving four road projects. In those projects competitive bidding appears to have reduced engineering costs from 7% to 37% below amounts expected. However, conclusions drawn at this time would be premature, because supplemental engineering contracts may be required as actual design and construction proceeds.

Secondly, there may be a difference between the costs of design, engineering, and land surveying services procured through contract and the cost of providing some or all of those same services through an "in-house" State Architect. In the bill, the Department of Administration is charged with the responsibility of analyzing this difference and presenting relevant findings and conclusions to the General Assembly in time for the 1994 short session. Presumably, the total fiscal impact will be clarified in the DOA study.

**SOURCES OF DATA:** Department of Transportation, Office of State Construction

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION**

733-4910

**PREPARED BY:** Richard Bostic and Lynn Muchmore

**APPROVED BY:** TomC

**DATE:** 5/6/93

[FRD#003]



**Signed Copy Located in the NCGA Principal Clerk's Offices**