



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1833

PRINTER'S NO. 2301

PRIME SPONSOR: Neilson

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
Motor License Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: HB 1833 PN 2301 allows PennDOT and the Turnpike Commission to use Design Build Best Value procurement for the construction and design of roads and bridges. This legislation would take effect immediately.

ANALYSIS: This legislation amends Title 74 (Transportation) and creates Chapter 98 authorizing PennDOT and the Turnpike Commission to utilize Design Build Best Value (DBBV) as an alternative procurement process for highway and bridge design and construction.

Design Build Best Value (DBBV) Process

DBBV can only be used when a PennDOT deputy secretary or a Turnpike Commission contracting officer determines in writing that a construction project would benefit from DBBV as a result of the following factors:

- Project complexity
- Potential for innovation
- Unique equipment or specialized systems
- Project risks/schedule
- Estimated project value

As it relates to project procurement per calendar year, an agency must advertise no more than five (5) one-step DBBV and no more than twenty (20) two-step DBBV procurements.

After a determination has been issued, the agency must solicit proposals through a Request for Proposals (RFP). PennDOT or Turnpike Commission may conduct a one-step or two-step RFP and shall provide a Public Notice as provided by Title 62 (Procurement) Section 512(c) (relating to competitive sealed bidding).

PennDOT or Turnpike Commission can determine to offer a stipend, and its amount shall be determined on a project-by-project basis and shall be stated in the request for qualifications or RFP.

- In a one-step procurement, the agency may compensate unsuccessful responsible offerors for a portion of the costs associated with preparation of a responsible proposal and for payment of Alternative Technical Concepts (ATC)
- In a two-step procurement, the agency may compensate unsuccessful shortlisted responsible offerors for a portion of the costs associated with preparation of a responsive proposal and for payment of Alternative Technical Concepts (ATC)

FISCAL IMPACT: The enactment of this legislation would have a positive impact on Commonwealth funds, as a result of cost reductions. Savings would come mostly from the designer and the contractor working together (i.e. advanced, collaborative approach) to streamline processes. DBBV would allow both PennDOT and the Turnpike Commission to use these efficiencies when receiving bids, which ultimately would lead to optimized and cost-efficient approach on projects. It is anticipated that this collaboration would yield a reduction in change orders and cost overruns that result from issues or difficulties often experienced in standard operating procedures.

The cost efficiencies and project innovations realized via DBBV for each project it is used on will vary, based on cost of time and the type of or number of infrastructure projects it was used on. It is projected that in the cases where DBBV is utilized, costs would be reduced by a range of two or more percent.

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House Appropriations Committee (D)

DATE: December 12, 2023

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.