

Representative Jim Nielson proposes the following substitute bill:

**POLITICAL SUBDIVISION'S PROCUREMENT PROCESS
FOR CONSTRUCTION PROJECTS**

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Benjamin M. McAdams

House Sponsor: Jim Nielson

LONG TITLE

General Description:

This bill amends requirements for a local entity to undertake a building improvement or public works project.

Highlighted Provisions:

This bill:

- ▶ authorizes a municipality to adopt procedures of Title 63G, Chapter 6, Utah Procurement Code, with certain exceptions;
- ▶ authorizes a local entity to adopt procedures for certain construction methods; ~~H→~~ **[and]**
- ▶ authorizes a city of the first class, a local district, or a special service district to adopt and follow provisions of Title 63G, Chapter 6, Utah Procurement Code, for a public works project using design-build that costs \$10,000,000 or more; and ~~←H~~

▶ makes technical corrections.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

~~H→~~ 11-39-103, as last amended by Laws of Utah 2009, First Special Session, Chapter 5 ~~←H~~

11-39-107, as last amended by Laws of Utah 2008, Chapter 382



2nd Sub. S.B. 155

26 *Be it enacted by the Legislature of the state of Utah:*

26a **H→ Section 1. Section 11-39-103 is amended to read:**

26b **11-39-103. Requirements for undertaking a building improvement or public works project --**
 26c **Request for bids -- Authority to reject bids.**

26d **(1) If the estimated cost of the building improvement or public works project exceeds the bid**
 26e **limit, the local entity shall, if it determines to proceed with the building improvement or public works**
 26f **project:**

26g **(a) request bids for completion of the building improvement or public works project by:**

26h **(i) (A) publishing notice at least twice in a newspaper published or of general circulation in the**
 26i **local entity at least five days before opening the bids; or**

26j **(B) if there is no newspaper published or of general circulation in the local entity as described**
 26k **in Subsection (1)(a)(i)(A), posting notice at least five days before opening the bids in at least five public**
 26l **places in the local entity and leaving the notice posted for at least three days; and**

26m **(ii) publishing notice in accordance with Section 45-1-101, at least five days before opening the**
 26n **bids; and**

26o **(b) except as provided in Subsection (3), enter into a contract for the completion of the**
 26p **building improvement or public works project with:**

26q **(i) the lowest responsive responsible bidder; or**

26r **(ii) for a design-build project ~~[that the]~~ formulated by a local entity ~~[began formulating~~**
 26s **~~before March 1, 2004 and with respect to which a contract is entered into before September 1, 2004]~~ ,**
 26t **except as provided in Section 11-39-107, a responsible bidder that:**

26u **(A) offers design-build services; and**

26v **(B) satisfies the local entity's criteria relating to financial strength, past performance,**
 26w **integrity, reliability, and other factors that the local entity uses to assess the ability of a bidder to**
 26x **perform fully and in good faith the contract requirements for a design-build project.**

26y **(2) (a) Each notice under Subsection (1)(a) shall indicate that the local entity may reject any or**
 26z **all bids submitted.**

26aa **(b) (i) The cost of a building improvement or public works project may not be divided to**
 26ab **avoid:**

26ac **(A) exceeding the bid limit; and**

26ad **(B) subjecting the local entity to the requirements of this section.**

26ae **(ii) Notwithstanding Subsection (2)(b)(i), a local entity may divide the cost of a building**
 26af **improvement or public works project that would, without dividing, exceed the bid limit if the local**
 26ag **entity complies with the requirements of this section with respect to each part of the building**
 26ah **improvement or public works project that results from dividing the cost.**

26ai **(3) (a) The local entity may reject any or all bids submitted.**

26aj **(b) If the local entity rejects all bids submitted but still intends to undertake the**

26ak **building improvement or public works project, the local entity shall again request bids by following**
26al **the procedure provided in Subsection (1)(a).**

26am (c) **If, after twice requesting bids by following the procedure provided in Subsection (1)(a), the**
26an **local entity determines that no satisfactory bid has been submitted, the governing body may undertake**
26ao **the building improvement or public works project as it considers appropriate. ←H**

27 Section 1. Section **11-39-107** is amended to read:

28 **11-39-107. Procurement code.**

29 (1) This chapter may not be construed to:

30 (a) prohibit a county or municipal legislative body from adopting the procedures of the
31 procurement code; or

32 (b) limit the application of the procurement code to a local district or special service
33 district.

34 (2) A local entity may adopt procedures for the following construction contracting
35 methods:

36 (a) construction manager/general contractor, as defined in Section 63G-6-103; or

37 (b) a method that requires that the local entity draft a plan, specifications, and an
38 estimate for the building improvement or public works project.

38a **H→ (3) For a public works project only and that costs \$10,000,000 or more, the following**
38b **may enter into a contract for design-build, as defined in Section 63G-6-103, and adopt the**
38c **procedures and follow the provisions of the procurement code for the procurement of and as**
38d **the procedures and provisions relate to a design-build:**

38e **(a) a city of the first class;**

38f **(b) a local district; or**

38g **(c) a special service district. ←H**

39 ~~[(2)]~~ **H→ [(3)] (4) ←H** (a) In seeking bids and awarding a contract for a building
39a improvement or

40 public works project, a county or a municipal legislative body may elect to follow the

41 provisions of the procurement code, as the county or municipal legislative body considers

42 appropriate under the circumstances, for specification preparation, source selection, or contract



43 formation.

44 (b) A county or municipal legislative body's election to adopt the procedures of the
45 procurement code may not excuse the county or municipality, respectively, from complying
46 with the requirements to award a contract for work in excess of the bid limit and to publish
47 notice of the intent to award.

48 (c) An election under Subsection [~~2~~] ~~H~~→ [~~3~~] (4) ←~~H~~ (a) may be made on a case-by-case
48a basis,
49 unless the county or municipality has previously adopted the procurement code as permitted by
50 Subsection 63G-6-104(3)(e).

51 (d) The county or municipal legislative body shall:

- 52 (i) make each election under Subsection [~~2~~] ~~H~~→ [~~3~~] (4) ←~~H~~ (a) in an open meeting; and
- 53 (ii) specify in its action the portions of the procurement code to be followed.

54 [~~3~~] ~~H~~→ [~~4~~] (5) ←~~H~~ If the estimated cost of the building improvement or public works
54a project
55 proposed by a local district or special service district exceeds the bid limit, the governing body
56 of the local district or special service district may, if it determines to proceed with the building

57 improvement or public works project, use the competitive procurement procedures of the
58 procurement code in place of the comparable provisions of this chapter.



FISCAL NOTE

S.B. 155 2nd Sub. (Salmon)

SHORT TITLE: Political Subdivision's Procurement Process for Construction Projects

SPONSOR: Nielson, J.

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.