### SENATE BILL 239

# 52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

INTRODUCED BY

Gay G. Kernan

AN ACT

RELATING TO PROCUREMENT; AMENDING THE PROCUREMENT CODE TO PROVIDE ALTERNATIVE PROJECT DELIVERY METHODS FOR CERTAIN DEPARTMENT OF TRANSPORTATION PROJECTS; ENACTING THE TRANSPORTATION PROCUREMENT ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] SHORT TITLE.--Sections 1 through 11 of this act may be cited as the "Transportation Procurement Act"."

**SECTION 2.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] FINDINGS AND PURPOSE.--The Transportation
Procurement Act shall be liberally construed in conformity with
its declarations and proposes to promote the public interest.

2

3

5

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

The legislature finds that construction of modern highways is necessary to promote public safety, facilitate the movement of motor traffic, both interstate and intrastate in character, and to promote the national defense. In the construction of such highways, it is also in the public interest to provide for efficient, economical procurement of the necessary design and construction services. The design-bid-build delivery method is the preferred project procurement delivery method for the department's transportation program and shall be used for the majority of highway program project procurement, unless the department determines that an alternative project delivery method is appropriate and in the best interests of the state for that project. The purpose of the Transportation Procurement Act is to authorize alternate project delivery methods for highway project procurement. The department shall strive to include outside stakeholders, including stakeholders from within the industry who are familiar with, and engaged in, the classification of work to be performed and in the development of policies and procedures implementing the Transportation Procurement Act."

**SECTION 3.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] DEFINITIONS.--Notwithstanding any other definition in the Procurement Code, and as used in the Transportation Procurement Act:

-	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

- A. "commission" means the state transportation commission as defined in Section 67-3-2 NMSA 1978;
- B. "construction manager general contractor" means a person who, pursuant to a contract with the department, provides the preconstruction services, construction management and construction services required in a construction manager general contractor delivery method;
- C. "construction manager general contractor delivery method" means a project delivery method in which:
- (1) there is a contract for construction services that is separate from the contract for design services;
- (2) design services are performed under a separate procurement for professional design services or with department employees or are performed with a combination of the two;
- (3) the contractor is engaged through a construction services contract to participate in project design efforts with the intent of awarding a construction contract should the guaranteed maximum price proposed by the contractor meet the department's expectations;
- (4) the contractor assumes the risk for construction at a contracted guaranteed maximum price and provides consultation and collaboration regarding the construction during and after design of the project;

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1	(5) a contract for construction services is
2	entered into at the same time as the design services are
3	commenced or at a later time;
4	(6) the contractor is required to self-perfor
5	with its own organization a minimum percentage of work as
6	required and defined in the New Mexico department of
7	transportation standard specifications, current edition,
8	pursuant to Section 18.27.2 NMAC;
9	(7) design and construction of the project is
10	in sequential phases or concurrent phases; and

(8)

self-perform

"construction services" means: D.

services and other related services may be included;

"construction", as defined in Section 13-1-40 NMSA 1978; or

warranty services, preconstruction services other than design

finance services, maintenance services,

a combination of construction and one or more related preconstruction and construction management services, such as finance services, maintenance services, warranty services, construction management, third-party coordination, constructability reviews, cost engineering reviews, cost estimating, value engineering, scheduling, contract package development, planning and design services and preconstruction services, as those services are authorized by the construction manager general contractor;

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1

2

3

5

7

8

9

- Ε. "contractor" means any individual, partnership, joint venture, corporation or other legal entity as defined in Section 13-1-43 NMSA 1978 that has a contract with the department;
- "department" means the department of transportation as defined in Section 67-3-6 NMSA 1978;
- "design-bid-build delivery method" means a project delivery method in which:
- there is a contract for construction (1) services that is separate from the contract for design services;
- (2) design services are performed under a separate procurement for professional services or with department employees or are performed with a combination of the two; and
- the contractor is engaged through a construction services contract that is determined through a competitive sealed bids process, initiated after design services are complete;
- "design-build delivery method" means the process of procuring and managing a lump-sum contract between the department and a contractor in which the contractor agrees to both design and construct a highway, a structure, a facility or any other project specified in the contract;
- "design-build offeror" means a contractor that .197741.5

offers to furnish the necessary design services, in addition to construction of the work, whether by itself or through subcontracts, including subcontracts for architectural and engineering services;

- J. "design services" means engineering services, surveying services or landscape architectural services;
- K. "engineering services" means those professional engineering services defined in Section 13-1-55 NMSA 1978;
- L. "finance services" means financing for a construction services project;
- M. "guaranteed maximum price" means the maximum amount to be paid by the department for construction, including the cost of the work, the general conditions and the fees charged by the construction manager general contractor;
- N. "landscape architectural services" means those professional landscape architect services as defined in Section 13-1-66 NMSA 1978;
- O. "maintenance services" means routine
  maintenance, repair and replacement of existing facilities,
  structures, buildings or real property;
- P. "offeror" means any individual, partnership, joint venture, corporation or other legal entity that submits a response to a request for qualifications or request for proposal;
- Q. "preconstruction services" means consulting .197741.5

services related to construction management and construction during the design phase;

- R. "secretary" means the secretary of transportation as defined in Section 67-3-7 NMSA 1978;
- S. "stipend" means a fee paid to design-build offerors that are selected by the department to submit a proposal and that submit proposals that are responsive to the criteria set forth in the request for proposals but that are not awarded the design-build contract;
- T. "subcontractor" means a person that contracts to perform work or render service to a contractor or to another subcontractor as a part of a contract with the department;
- U. "surveying services" means those professional survey services as defined in Section 13-1-65 NMSA 1978; and
- V. "warranty services" means a contract requirement for the contractor to fix or repair specific items of workmanship or material contained in the roadway prism that are detailed in the warranty terms."
- **SECTION 4.** A new section of the Procurement Code is enacted to read:

## "[NEW MATERIAL] DESIGN-BUILD DELIVERY METHOD.--

A. Notwithstanding any prohibition on road and highway construction projects in Section 13-1-119.1 NMSA 1978, the department may use the design-build delivery method on a project pursuant to the Transportation Procurement Act if the .197741.5

department makes a determination in writing that the method is appropriate and in the best interests of the state for that project, except that the department shall not utilize the design-build delivery method to operate any structure, facility or other item.

B. The secretary shall adopt or establish a procedure for solicitation and award of design-build delivery method contracts, which shall be designed to ensure fair, uniform, clear and effective delivery of a quality project on time and within budget. The procedure shall establish criteria for determining the amount of the stipend to be awarded and which criteria shall include the amount of information to be supplied by the department, the complexity of the project and the estimated cost of design and construction."

**SECTION 5.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] DESIGN-BUILD DELIVERY METHOD CRITERIA.-The department shall use the following criteria as the minimum basis for determining when to use the design-build delivery method instead of the design-bid-build delivery method:

- A. the extent to which the department can adequately define the project requirements;
- B. the extent to which the department has special funding that justifies the use of the design-build delivery method;

	9
	10
	11
	12
	13
	14
	15
	16
	17
	18
ı	19
	20
	21
	22
	23
i	24
	25

2

3

5

7

8

- C. the time constraints for delivery of the project;
- the capability and experience of potential D. teams;
- Ε. the suitability of the project for use of the design-build delivery method in the areas of safety, time, schedule, costs and quality;
- the capability of the department to manage and oversee the project, including the employment of experienced personnel or outside consultants; and
- any other criteria that the department deems relevant."
- SECTION 6. A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] DESIGN-BUILD DELIVERY METHOD--TWO-PHASE PROCEDURE. -- If the department determines that the design-build delivery method is appropriate for a specific, eligible project, the department shall implement a two-phase procedure for awarding the design-build contract, which shall be as follows:

- during phase one, and before solicitation:
- (1) the secretary shall appoint a selection committee pursuant to Section 13-1-121 NMSA 1978 that shall include, as needed, a New Mexico registered engineer or architect and a qualifying party from a contractor properly .197741.5

1	licensed in New Mexico for the type of work required as
2	consulting committee members. The department shall attempt to
3	include engineering or architect consultants and licensed
4	contractors from within the industry who are familiar with and
5	engaged in the classification of work to be performed. A
6	consultant or contractor who is serving on the selection team
7	and who is not a department employee shall not be otherwise
8	involved in the project as part of any offeror's team;
9	(2) the department shall prepare a request for
10	qualifications, which shall include:
11	(a) the minimum qualifications of the
12	design-build offeror;
13	(b) a scope-of-work statement and
14	schedule;
15	(c) documents defining the project
16	requirements;
17	(d) a description of the form of
18	contract to be awarded;
19	(e) the selection criteria for compiling
20	a short list of no more than five offerors;
21	(f) the amount of the stipend;
22	(g) a description of the phase-two
23	evaluation factors and selection process;
24	(h) the maximum time allowable for
25	design and construction; and

1	(i) the department's estimated budget
2	for design and construction;
3	(3) the selection team shall evaluate the
4	qualifications of responding offerors and shall compile a short
5	list of offerors in accordance with the request for
6	qualifications criteria; and
7	(4) in evaluating offerors' statements of
8	qualifications, the selection committee shall consider:
9	(a) the qualifications and experience of
10	the offerors' personnel, subcontractors and consultants and the
11	role of each in the project;
12	(b) the plan for management actions to
13	be undertaken on the project, including services to be rendered
14	in connection with safety and the safety plan for the project;
15	and
16	(c) all other selection criteria, as
17	stated in the request for qualifications; and
18	B. during phase two:
19	(1) the department shall issue a request for
20	proposals to the design-build offerors on the short list. The
21	request for proposals shall request submission of detailed,
22	specific technical concepts or solutions, costs and scheduling
23	data and shall include:
24	(a) the scope of work, including
25	programmatic, performance and technical requirements,
	.197741.5

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

1

2

3

conceptual design, specifications and functional and operational elements for the delivery of the completed project, which shall all be prepared by an architect or engineer, as appropriate, who is registered pursuant to Chapter 61, Article 23 NMSA 1978 or Chapter 61, Article 15 NMSA 1978, respectively;

- (b) a description of selection criteria;
- (c) copies of the contract documents that the successful offeror will be expected to sign;
- (d) the maximum time allowable for design and construction;
- (e) the department's estimated budget for design and construction;
- (f) the requirement that a proposal be segmented into two parts, a technical proposal and a price proposal, which shall each be in a separately sealed, clearly identified package and shall include the date and time of the submittal deadline;
- (g) the amount of the stipend to be paid to unsuccessful responsive offerors; and
- (h) any other information relevant to
  the project;
- (2) if stated in the request for proposals, the department may enter into a separate confidential discussion with each offeror on the short list to discuss alternative technical concepts that the offeror may propose in .197741.5

order to inform each offeror whether the offeror's concept is responsive to the request for proposals; and

## (3) the department:

- (a) shall award the contract to the highest-ranked responsive design-build offeror; or
- (b) may cancel the procurement or reject all proposals."

**SECTION 7.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] STIPEND.--In consideration for paying a stipend to an unsuccessful offeror under the Transportation

Procurement Act, the department may use any ideas or information contained in a proposal provided by that offeror."

**SECTION 8.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] CONSTRUCTION MANAGER GENERAL CONTRACTOR
DELIVERY METHOD.--

A. The department may use the construction manager general contractor delivery method on a project, pursuant to the Transportation Procurement Act, if the department makes a determination that it is in the best interests of the department to use this method of project delivery on a specific, eligible construction project, except that the department shall not enter into a contract to operate any structure, facility or other item.

2

3

5

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

В. The secretary shall adopt or establish a procedure for solicitation and award of construction manager general contractor delivery method contracts. The procedures shall establish criteria for selecting, procuring and contracting a project using the construction manager general contractor delivery method."

SECTION 9. A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] CONSTRUCTION MANAGER GENERAL CONTRACTOR METHOD CRITERIA. -- The department shall use the following criteria as a minimum in establishing the basis for determining when to use the construction manager general contractor delivery method instead of the design-bid-build delivery method:

- the extent to which the method can adequately define the project requirements;
- the extent to which the department has special funding that justifies the use of the construction manager general contractor delivery method;
- C. the time constraints for delivery of the project;
- the capability and experience of potential D. teams;
- Ε. the suitability of the project for use of the method in the areas of safety, time, schedule, costs and .197741.5

quality;

- F. the capability of the department to manage and oversee the project, including the employment of experienced personnel or outside consultants; and
- G. any other criteria the department deems relevant."

**SECTION 10.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] CONSTRUCTION MANAGER GENERAL CONTRACTOR
DELIVERY METHOD--PROCEDURE.--

A. If the department determines that the construction manager general contractor delivery method is appropriate for a specific, eligible project, the department shall establish a construction manager general contractor project team to include the department; the design services contractor or department design staff; and the construction manager general contractor after the contract award.

B. The department may use a design firm for design and preconstruction services or may perform the design and preconstruction services with department employees or may use a combination of the two. If the department elects to use a design firm to perform all or a portion of the design and preconstruction services, the department shall enter into a professional services agreement with the design firm using a qualifications-based selection process pursuant to Section

### 13-1-111 NMSA 1978.

- C. The department shall enter into a separate agreement with a construction manager general contractor for construction manager general contractor services. The construction manager general contractor services shall consist of a two-phase contract with the contractor. Phase one of the contract shall consist of design consultation or preconstruction services. Phase two shall consist of construction services to build the project.
- D. The construction manager general contractor services may be procured using either a two-step or three-step procedure. A two-step procedure shall include a request for qualifications and an interview. A three-step procedure shall include a request for qualifications, a request for proposals and an interview.
- general contractor contract, the secretary shall appoint a selection committee pursuant to Section 13-1-121 NMSA 1978 and additionally shall include, as needed, a New Mexico registered engineer or architect and a qualifying party from a contractor properly licensed in New Mexico for the type of work required as consulting committee members. The department shall attempt to include engineering or architect consultants and licensed contractors from within the industry who are familiar with, and engaged in, the classification of work to be performed. Any

2	committee and who is not a department employee shall not be
3	otherwise involved in the project as part of any offeror's
4	team.
5	F. The department shall specify either a two-step
6	or three-step selection procedure prior to solicitation.
7	G. To initiate either a two-step or three-step
8	selection procedure, a request for qualifications shall be
9	published in accordance with Section 13-1-104 NMSA 1978 and
10	shall include at a minimum the following:
11	(1) a statement of the minimum qualifications
12	for the construction manager general contractor, including the
13	requirements for:
14	(a) a contractor's license for the type
15	of work to be performed, issued pursuant to the Construction
16	Industries Licensing Act;
17	(b) registration pursuant to Section
18	13-4-13.1 NMSA 1978;
19	(c) a minimum bond capacity;
20	(d) the ability to self-perform, with
21	its own organization, a minimum percentage of construction work
22	as required and defined in the New Mexico department of
23	transportation standard specifications, current edition,
24	pursuant to Section 18.27.2 NMAC 1978; and
25	(e) a commitment that a minimum of
	.197741.5

consultant or contractor who is serving on the selection

shall not be

1	twenty-five percent of the total construction contract value
2	shall be subcontracted to qualified firms;
3	(2) a statement of the scope of work to be
4	performed, including:
5	(a) the location of the project and the
6	total amount of money available for the project;
7	(b) a proposed schedule, including a
8	deadline for submission of the statements of qualification;
9	(c) specific project requirements and
10	deliverables;
11	(d) the composition of the selection
12	committee;
13	(e) a description of the process that
14	the selection committee shall use to evaluate qualifications
15	and develop a short list of no more than five offerors;
16	(f) a description of the proposed
17	contract; and
18	(g) a detailed statement of the
19	relationships and obligations of all parties, including the
20	construction manager general contractor and agents of the
21	department, such as the design engineer and the department;
22	(3) a description of the multiphase selection
23	process and selection criteria; and
24	(4) a request for proposal bond pursuant to
25	Section 13-1-146 NMSA 1978 and performance and payment bonds
	.197741.5

pursuant to Section 13-4-18 NMSA 1978.

- H. The selection committee shall evaluate the statements of qualifications submitted by the offerors and shall determine the offerors that qualify for construction manager general contractor and shall compile a short list in accordance with the request for qualifications criteria.
- I. If the department has selected a two-step procedure, the committee shall interview the short-listed offerors. The selection committee shall rank the offerors interviewed and shall recommend to the department the offeror determined to be the most qualified based on the highest ranking.
- J. If the department has selected a three-step procedure, the selection committee shall recommend that the secretary issue a request for proposals to the short list of qualified offerors and shall evaluate the proposals pursuant to Sections 13-1-112 through 13-1-117 NMSA 1978, except that:
- (1) the request for proposals shall be sent only to those determined to be qualified and short-listed pursuant to this section;
- (2) the selection committee shall evaluate the proposals, rank the responsive proposals and conduct interviews with responsive offerors; and
- (3) the selection committee shall rank the offerors interviewed and shall recommend to the department the .197741.5

2

3

5

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

offeror determined to be the most qualified based on the highest ranking.

- In evaluating and ranking offerors' statements of qualifications, proposals and results of interviews and in the final recommendation of a construction manager general contractor, the selection committee shall consider:
- (1) the qualifications and experience of the offeror's personnel, subcontractors and consultants and the role of each in the project;
- (2) the plan for management actions to be undertaken on the project, including services to be rendered in connection with safety and the safety plan for the project; and
- all other selection criteria, as stated in (3) the request for qualifications and the request for proposals.
- The department shall negotiate the construction manager general contractor contract with the highest-ranked offeror pursuant to Section 13-1-122 NMSA 1978. The first phase of the construction manager general contractor contract shall consist of design consultation or preconstruction services.
- Should the department or designee be unable to Μ. negotiate a contract with any of the short-listed offerors, the department or designee shall formally terminate negotiations and reserves the right to terminate the procurement process.
- Nothing in this section precludes the selection .197741.5

committee from recommending the termination of the selection procedure pursuant to Section 13-1-131 NMSA 1978 and repeating the selection process pursuant to this section. Any material received by the selection committee in response to a solicitation that is terminated shall not be disclosed so as to be available to competing offerors.

O. After a construction manager general contractor contract is awarded, the selection committee shall make the names of all offerors and the names of all offerors on the short list and selected for interview available for public inspection along with the selection committee's final ranking and evaluation scores. Offerors who were interviewed but not selected for contract award shall be notified in writing within fifteen days of the award."

**SECTION 11.** A new section of the Procurement Code is enacted to read:

"[NEW MATERIAL] RESPONSIBILITIES OF CONSTRUCTION MANAGER
GENERAL CONTRACTOR FOLLOWING AWARD OF CONTRACT.--

A. As the design becomes finalized, the department and the construction manager general contractor shall enter into negotiations concerning the guaranteed maximum price for the second phase of the construction manager general contractor contract, which consists of construction services to build the project. The department shall prepare an independent estimate to assist in validating the construction manager general

contractor proposed guaranteed maximum price and the department's engineering estimate. The construction manager general contractor, at a minimum, shall submit a guaranteed maximum price proposal, the percentage of work to be performed by its own forces for consideration by the department and a listing of its subcontractors. Upon successful negotiations by the department and construction manager general contractor, the second phase of the construction contract shall be executed specifying the guaranteed maximum price and the percentage of work to be performed by its own forces.

- B. Should the department or designee be unable to negotiate a satisfactory guaranteed maximum price with the construction manager general contractor, negotiations shall be terminated. The department shall have the option to competitively bid the construction phase of the project by the design-bid-build delivery method. The construction manager general contractor shall not be eligible to bid on the project or serve as a subcontractor, pursuant to Section 10-16-13 NMSA 1978.
- C. The construction manager general contractor, following award of phase one, shall assist with project development, which may include:
  - (1) constructability reviews;
  - (2) value engineering;
  - (3) risk assessments;

= new	= delete
underscored material =	[bracketed material] =

2

3

4

5

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- (4) feedback on costs;
- third-party coordination, including (5) utilities, railroads and tribal consultation; and
- assisting the design architect and (6) engineer in optimizing the cost and efficiency of the project.
- The construction manager general contractor, in cooperation with the department, shall seek to develop subcontractor interest in the project and shall furnish to the department and any architect or engineer representing the department a list of subcontractors who state in writing that they are a responsible bidder or a responsible offeror, including suppliers who are to furnish materials or equipment fabricated to a special design and from whom proposals or bids will be requested for each principal portion of the project. The department and its architect or engineer shall promptly reply in writing to the construction manager general contractor if the department, architect or engineer knows of any objection to a listed subcontractor or supplier; provided that the receipt of the list shall not require the department, architect or engineer to investigate the qualifications of proposed subcontractors or suppliers, nor shall it waive the right of the department, architect or engineer later to object to or reject any proposed subcontractor or supplier.
- The construction manager general contractor shall construct the project in accordance with the contract .197741.5

= new	= delete
material	<u>naterial</u> ]
underscored	[bracketed n

A	00	11m	Δn	+	c	11

SECTION 12. Section 13-1-102 NMSA 1978 (being Laws 1984, Chapter 65, Section 75, as amended) is amended to read:

"13-1-102. COMPETITIVE SEALED BIDS REQUIRED.--All procurement shall be achieved by competitive sealed bid pursuant to Sections 13-1-103 through 13-1-110 NMSA 1978, except procurement achieved pursuant to the following sections of the Procurement Code:

- A. Sections 13-1-111 through 13-1-122 NMSA 1978, competitive sealed proposals;
  - B. Section 13-1-125 NMSA 1978, small purchases;
- C. Section 13-1-126 NMSA 1978, sole source procurement;
- D. Section 13-1-127 NMSA 1978, emergency procurements;
  - E. Section 13-1-129 NMSA 1978, existing contracts;
- F. Section 13-1-130 NMSA 1978, purchases from antipoverty program businesses; [and]
- - H. the Transportation Procurement Act."
- **SECTION 13.** EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2015.