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[SF 2364](#) – Public Improvements, Guaranteed Maximum Price Contracts (LSB5829SVV.1)  
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Fiscal Note Version – As amended and passed by the Senate

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## **Description**

[Senate File 2364](#) as amended and passed by the Senate, does the following:

### **Division I**

- The Bill amends the definition of “public improvement” in Iowa Code section [26.2\(3\)](#).
- Prohibits the Iowa Board of Regents from entering into a design-build contract to construct, repair, or improve buildings or grounds. This prohibition does not apply to projects that are currently under contract. Provisions of Division I that amend Iowa Code section [262.34](#) are effective immediately.
- Prohibits governmental entities from the fee-based selection of an architect, landscape architect, or engineer for a public improvement.

### **Division II**

- The Bill adopts new definitions for “construction manager-at-risk,” “governmental entity,” and “guaranteed maximum price contract,” and other terms.
- Authorizes a governmental entity to enter into a guaranteed maximum price contract.
- Adopts procedures and requirements for public entities that are pursuing a guaranteed maximum price contract. These procedures include public disclosures, a request for qualifications, a request for proposal, and the selection of bid winners.
- Prohibits all other governmental entities from entering into a design-build contract.
- Prohibits governmental entities from entering into a guaranteed maximum price contract for highway or bridge construction.

## **Background**

With the exception of the Board of Regents, all current public improvement projects are completed using a process that requires governmental entities to bid projects using a design-bid-build contract.

The Board of Regents currently uses design-bid-build and design-build contracts. The Board has completed or initiated a total of 14 contracts using design-build to develop projects. As of February 2020, the Board had completed seven projects using design-build. These projects are listed in the table below.

### Board of Regents Projects Completed Under Design-Build

Institution	Project	Completion	Budget
Iowa	Hawkeye Tennis and Recreation Complex	Dec. 2014	\$15,000,000
Iowa	Biomedical Research Support Facility	Dec. 2015	33,868,000
Iowa	Elizabeth Catlett Residence Hall	Jun. 2017	95,000,000
Iowa	Chilled Water Plant 2 (West)	Jul. 2018	5,200,000
Iowa	Hancher Footbridge	Aug. 2018	3,200,000
Iowa State	Gregory L. Geoffroy Hall	Dec. 2016	49,500,000
Northern Iowa	McElroy Hall	Aug. 2001	2,000,000

The Board is also planning or currently working on seven additional projects that will use design-build. These projects are reflected in the table below.

### Ongoing Board of Regents Projects Under Design-Build (DB)

Institution	Project	Scheduled Completion	Phase	Budget
Iowa	Oakdale Studio	Dec. 2021	Construction	\$ 2,500,000
Iowa State	Poultry Farm	Spring 2020	Construction	5,750,000
Iowa State	Gerdin Business Building	Fall 2020	Construction	28,000,000
Iowa State	Curtiss Farm-Feed Mill and Grain Science	Summer 2021	Select DB	21,200,000
Iowa State	Veterinary Diagnostic Lab	Summer 2023	RPF for DB	75,000,000
Iowa State	Industrial and Manufacturing Sys. Engin.	Fall 2022	Programming	40,000,000
Iowa State	LeBaron Hall	Summer 2024	Programming	55,000,000

### Assumptions

- Allowing public entities to enter into guaranteed maximum price contracts may allow additional flexibility when designing public improvement projects. The extent to which governmental entities may use these agreements and the impact of them is unknown.
- Prohibiting the use of design-build may increase expenses for future Regents projects by an unknown amount. The extent to which the Board of Regents may use guaranteed maximum price contracts and the impact of them is unknown.

### Fiscal Impact

Prohibiting the use of design-build will have an unknown impact on Board of Regents building projects. The fiscal impact of allowing all public entities to enter into guaranteed maximum price contracts cannot be determined at this time.

**Sources**

Iowa Board of Regents  
Legislative Services Agency

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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