SF 183 – Guaranteed Maximum Price Contracts, Public Improvements (LSB1182SV.2)
Staff Contact: Adam Broich (515.281.8223) adam.broich@legis.iowa.gov
Fiscal Note Version – Final Action

Description
Senate File 183 consists of two divisions that make the following changes:

Division I
- 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 utilizing the fee-based selection of an architect, landscape architect, or engineer for a public improvement.

Division II
- Adopts new definitions for “construction manager-at-risk,” “governmental entity,” “guaranteed maximum price contract,” and other terms.
- Authorizes a governmental entity to enter into a guaranteed maximum price contract for the construction of a public improvement.
- 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 governmental entities from entering into a design-build contract for the construction of a public improvement.
- Prohibits governmental entities from entering into a guaranteed maximum price contract for public improvements relating to highway, bridge, or culvert 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 both 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 2021, the Board had completed seven projects using design-build. These projects are listed in Table 1.
The Board is also planning or currently working on seven projects that will use design-build. These projects are reflected in Table 2.

Table 2 — Ongoing Board of Regents Projects Under Design-Build

<table>
<thead>
<tr>
<th>Institution</th>
<th>Project</th>
<th>Scheduled Completion</th>
<th>Phase</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa</td>
<td>Oakdale Studio</td>
<td>Dec. 2021</td>
<td>Construction</td>
<td>$ 2,500,000</td>
</tr>
<tr>
<td>Iowa</td>
<td>Women's Soccer</td>
<td>Fall 2021</td>
<td>Construction</td>
<td>$ 3,900,000</td>
</tr>
<tr>
<td>Iowa State</td>
<td>Curtiss Farm-Feed Mill and Grain Science</td>
<td>Summer 2021</td>
<td>Select DB</td>
<td>21,200,000</td>
</tr>
<tr>
<td>Iowa State</td>
<td>Veterinary Diagnostic Lab</td>
<td>Summer 2023</td>
<td>RPF for DB</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Iowa State</td>
<td>Industrial and Manufacturings Sys. Engin.</td>
<td>tbd.</td>
<td>Programming</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Iowa State</td>
<td>LeBaron Hall</td>
<td>Summer 2024</td>
<td>Programming</td>
<td>55,000,000</td>
</tr>
<tr>
<td>Iowa State</td>
<td>Utilities Power Plant</td>
<td>Jun. 2023</td>
<td>Programming</td>
<td>14,000,000</td>
</tr>
<tr>
<td>Iowa State</td>
<td>Veterinary Diagnostic Lab - Addition</td>
<td>tbd.</td>
<td>Programming</td>
<td>62,400,000</td>
</tr>
</tbody>
</table>

**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 impact expenses for future Board 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
June 27, 2022

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.

www.legis.iowa.gov