RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

ENROLLED BILL ANALYSIS

BILL NUMBER: HB 4611 (S-1)

TOPIC: Competitive bidding on county, city, and village road projects over $100,000

SPONSOR: Rep. Canfield

CO-SPONSORS: Reps. Farrington, Runestad, Cole, Leutheuser, Inman, Iden, Theis, Sheppard and Potvin

COMMITTEE: House Transportation and Infrastructure

ANALYSIS DONE BY: Aarne H. Frobom

DATE OF COMPLETED ANALYSIS: October 26, 2015

REVIEWED BY: DA ML

SHORT SUMMARY of the BILL

Amend Sec. 11c of Act 51 of 1951 (road finance) to require that all local-agency contracts over $100,000 for construction or preservation be awarded by competitive bidding, except for maintenance, signals, and installation of advanced traffic management, beginning Oct. 1, 2015. Exceptions are available if the agency finds that competitive bidding is not in the public interest. Require reports to county commissions and city councils.

Tie-barred to HB 4610.

ADMINISTRATION POSITION

Support.

PROBLEM / BACKGROUND

It is supposed that county road agencies, cities, and villages may prefer to perform road projects with their own forces instead of offering the work to contractors by competitive bid, and that this practice leads to excessive costs.

DESCRIPTION of BILL

This bill imposes the same requirement on county road agencies, cities, and villages as is required of MDOT, to offer contracts for larger road projects on the basis of competitive bids

instead of performing work by the agency's own forces, or on the basis of non-competitive contracting.

SUMMARY of ARGUMENTS

Pro There is no reason why the same practices should not be required of local road agencies as are known to be beneficial for MDOT. Only the largest projects will be required to be offered for bids, and many local projects will be exempt from this bill.

Con It may be said that this bill will complicate project development by counties and cities, and drive up costs.

FINAL VOTE

Senate: 27–11
House: 62–44

FISCAL/ECONOMIC IMPACT

(a) Department

Budgetary: none

Revenue: none

Comments: **M**DOT are not involved

(b) State

Budgetary: none

Revenue: none

Comments: The state budget is not involved.

(c) Local Government

Budgetary: Through the competitive bidding process, this bill may save money for local agencies.

Revenue: With greater assurance that they will be getting the best value for their money through competitive bidding, some townships that had been reluctant to contribute to county road projects may be willing to do so now, thereby increasing the amount of local funding going into road construction.

Comments: none

OTHER STATE DEPARTMENTS

None.

OTHER PERTINENT INFORMATION

Simpler than HB 5167 of last session (P.A.471 of 2014, rejected as part of Proposal 1). Omits performance-based maintenance, and requirements on 6 largest local agencies.

ADMINISTRATIVE RULES IMPACT

None.