

By: Swinford

H.B. No. 3005

A BILL TO BE ENTITLED

AN ACT

relating to state contracts and procurement.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 531, Government Code, is amended by adding Section 531.063 to read as follows:

Sec. 531.063. CONTRACTS FOR TRANSPORTATION BROKERAGE SERVICES. (a) The commission shall contract with a single statewide transportation broker or with an appropriate number of regional transportation brokers for administrative assistance in providing transportation services under the medical transportation program.

(b) The commission may contract under this section with any person who meets the criteria established by the commission, including a nonprofit organization, public entity, or private contractor.

(c) A contract between the commission and a broker must:

(1) require the broker to act as a gatekeeper to control costs and the use of transportation services, as well as to ensure consistent quality of and access to those services;

(2) require the broker to implement procedures designed to:

(A) prevent fraud and abuse in the medical transportation program; and

(B) promote use of the most efficient and least

1 costly modes of transportation; and

2 (3) include an overall cap on the amount that may be
3 paid by the commission under the contract.

4 (d) The broker or brokers selected by the commission may
5 contract with transportation providers as necessary to provide
6 transportation services to persons eligible for those services.

7 SECTION 2. Subchapter C, Chapter 2054, Government Code, is
8 amended by adding Section 2054.062 to read as follows:

9 Sec. 2054.062. STATE AGENCY LETTERHEAD. The department
10 shall create a program that automatically generates letterhead for
11 a state agency on an agency computer.

12 SECTION 3. Section 2171.055, Government Code, is amended by
13 adding Subsection (f) to read as follows:

14 (f) An officer or employee of a public junior college, as
15 defined by Section 61.003, Education Code, or of a school district
16 who is engaged in official business may participate in the
17 commission's contract for travel services for the purpose of
18 obtaining reduced airline fares and reduced travel agent fees. The
19 commission may charge a participating public junior college or
20 school district a fee not to exceed the costs incurred by the
21 commission in providing services under this subsection. The
22 commission shall periodically review fees and shall adjust them as
23 needed to ensure recovery of costs incurred in providing services
24 to public junior colleges and school districts under this
25 subsection. The commission shall deposit the fees collected under
26 this subsection to the credit of the school district airline fares
27 account. The school district airline fares account is an account in

1 the general revenue fund that may be appropriated only for the
2 purposes of this chapter. The commission shall adopt rules and make
3 or amend contracts as necessary to administer this subsection.

4 SECTION 4. Subchapter H, Chapter 201, Transportation Code,
5 is amended by adding Section 201.616 to read as follows:

6 Sec. 201.616. CONSULTANT SELECTION PROCESS. The department
7 shall work with the consulting engineering design community to
8 improve its consultant selection process and with representatives
9 of other states to find ways to reduce administrative burdens on the
10 department and consulting firms.

11 SECTION 5. Subchapter H, Chapter 201, Transportation Code,
12 is amended by adding Sections 201.617 and 201.618 to read as
13 follows:

14 Sec. 201.617. PUBLIC-PRIVATE COMPETITION FOR HIGHWAY
15 MAINTENANCE. The department shall increase the number of highway
16 maintenance projects that are open to private competition and shall
17 contract with private businesses to perform highway maintenance if
18 a private business is capable of performing better maintenance than
19 the department is capable of performing at a lower cost than the
20 department's cost for the same maintenance.

21 Sec. 201.618. HIGHWAY MAINTENANCE PILOT PROJECT. (a) The
22 department shall create a pilot project to outsource highway
23 maintenance to private businesses. The project shall include all
24 aspects of highway maintenance, including capital work and bridge
25 maintenance, and shall focus on costs over the highway's life cycle
26 and encourage vendor innovation. The term of the project must be of
27 adequate duration and the highway segment of sufficient size to

1 allow the department to determine the effectiveness of the project.

2 (b) A project under this section may be a new project or a
3 renegotiation of an existing project.

4 (c) This section expires December 31, 2005.

5 SECTION 6. Subchapter I, Chapter 201, Transportation Code,
6 is amended by adding Section 201.708 to read as follows:

7 Sec. 201.708. PURCHASING METHOD. In purchasing goods and
8 services the department may use, but is not limited to, the reverse
9 auction procedure.

10 SECTION 7. Subchapter I, Chapter 201, Transportation Code,
11 is amended by adding Sections 201.711-201.714 to read as follows:

12 Sec. 201.711. JUST-IN-TIME INVENTORY PILOT PROGRAM. (a)
13 Before January 1, 2004, the Texas Building and Procurement
14 Commission and the department shall implement a just-in-time
15 inventory pilot program for the purchase of office and janitorial
16 supplies for the department in small quantities with frequent
17 deliveries.

18 (b) The Texas Building and Procurement Commission and the
19 department shall determine which office supplies and janitorial
20 items are to be included in the pilot program.

21 (c) To the extent necessary to implement the inventory pilot
22 program, the department or the Texas Building and Procurement
23 Commission, as applicable, may modify the terms of contracts
24 offered to vendors as part of the pilot program to ensure that items
25 are delivered to the department within 24 to 48 hours from the time
26 the department orders those items.

27 (d) To the extent practicable, items to be purchased under

1 the pilot program should not be inventoried at a regional supply
2 center or district warehouse of the department but should be
3 delivered directly to the location where they are to be used.

4 (e) The Texas Building and Procurement Commission and the
5 department shall use as the model for the pilot program under this
6 section the program for just-in-time inventory approaches for the
7 purchase of office supplies and the program for the purchase of
8 office or janitorial supplies adopted by other states with
9 populations that exceed the population of this state.

10 (f) Under the pilot program developed by the Texas Building
11 and Procurement Commission and the department, the department
12 should offer one contract for office supplies and a separate
13 contract for janitorial items. A contract offered under the pilot
14 program must:

15 (1) require service guarantees similar to those
16 required by the programs in the other states; and

17 (2) allow orders to be placed by telephone, facsimile,
18 mail, or the Internet, with the Internet to be used as the primary
19 communication mode.

20 (g) This section expires December 31, 2005.

21 Sec. 201.712. SUPPLY CHAIN MANAGEMENT GROUP. (a) The
22 department shall create a supply chain management group to lead the
23 application of "best practices" in logistics and materials
24 management throughout the department. The group shall be placed
25 within the purchasing section of the department's general services
26 division at a level that supports organizational visibility.

27 (b) The supply chain management group may not be composed of

1 more than five employees located at the department's Austin
2 headquarters. At least two members of the group should have
3 private-sector experience in supply chain management and possess
4 professional certification in that area. The remaining group
5 members should be recruited from within the department and have
6 demonstrated innovative work in purchasing or warehousing.

7 (c) As its initial task, the supply chain management group
8 shall review all existing reports, including the June 1997 KPMG
9 Peat Marwick report and the November 1998 report by the state
10 auditor, identify viable recommendations, develop implementation
11 strategies, and seek approval from executive management to
12 implement those recommendations.

13 (d) After the supply chain management group completes its
14 task under Subsection (c), the group shall travel to the department
15 districts and divisions and facilitate the establishment of
16 permanent supply chain committees, composed of seven to nine
17 members from within the department having staggered terms to ensure
18 continuity. Purchasing, warehousing, and district or division
19 management personnel shall select representatives from end user
20 groups to fill the remaining positions on the committee.

21 (e) The supply chain management group shall focus its
22 efforts on conducting "yellow pages tests" to determine whether the
23 department should do particular jobs if there are businesses that
24 advertise in the telephone directory yellow pages that can do those
25 jobs better and at a lower cost. The group should first review
26 warehousing operations and then review other areas of supply chain
27 management.

1 Sec. 201.713. SUPPLY CHAIN MANAGEMENT TRAINING. (a) The
2 department shall collaborate with private-sector logistics
3 organizations to provide supply chain management training for the
4 department's purchasing and warehouse managers.

5 (b) The supply chain management group established under
6 Section 201.712 may assist in providing training under Subsection
7 (a). In addition, and so as to complement the efforts of the supply
8 chain management group and to integrate supply chain management
9 principles throughout the department's divisions and districts,
10 the department shall encourage department purchasing and warehouse
11 managers to pursue additional training and certification.

12 Sec. 201.714. EVALUATION OF WAREHOUSE SPACE. (a) The
13 department shall evaluate the department's warehouse space and
14 determine how to maximize the use of that space.

15 (b) If the implementation of Sections 201.711-201.713
16 results in the identification or creation of warehouse space that
17 is not being used by the department, and depending on the amount of
18 that unused space, the department shall consider leasing the unused
19 space to other entities or converting the space to other uses.

20 SECTION 8. Subchapter I, Chapter 201, Transportation Code,
21 is amended by adding Section 201.715 to read as follows:

22 Sec. 201.715. CERTAIN CONTRACTS WITH THE TEXAS DEPARTMENT
23 OF CRIMINAL JUSTICE. The department shall renegotiate a contract
24 for signs with the Texas Department of Criminal Justice as
25 necessary to reduce:

- 26 (1) the sign inventory of the department; and
27 (2) the number of days allowed for the Texas

1 Department of Criminal Justice to deliver signs.

2 SECTION 9. Section 202.055, Transportation Code, is amended
3 by adding Subsection (e) to read as follows:

4 (e) The department shall:

5 (1) seek information from potential lessees of rest
6 areas to determine interest in leasing rest areas and ways that rest
7 areas could be used to benefit the public and reduce state expenses;
8 and

9 (2) consider, in determining proposed uses of a rest
10 area, the opinions of government officials serving the area in
11 which the rest area is located and of businesses and residents in
12 that area.

13 SECTION 10. Subchapter A, Chapter 223, Transportation Code,
14 is amended by adding Section 223.017 to read as follows:

15 Sec. 223.017. PREQUALIFICATION-BASED BIDDING. (a) The
16 department shall establish a formal process to establish strict
17 initial prequalification criteria and provide for ongoing
18 follow-up evaluations to assess the quality of work performed by
19 bidders. The process must be simple and straightforward so as to
20 minimize the administrative burden of the department and
21 contractors.

22 (b) The department shall evaluate each project of the
23 department after completion and compile a performance index for
24 each contractor. The performance index may be used to increase or
25 decrease the amount of work a contractor may be given on the basis
26 of the prequalification limit. A higher performance index shall
27 allow bidding on larger jobs. To reduce concerns of the

1 contractors, information collected under this subsection may not be
2 used to adjust bid prices.

3 (c) The department shall tier the qualifications so that
4 specialized expertise is necessary only if that element is included
5 in the particular bid under consideration.

6 SECTION 11. Subchapter B, Chapter 223, Transportation Code,
7 is amended by adding Section 223.049 to read as follows:

8 Sec. 223.049. USE OF WARRANTIES. (a) The department shall
9 increase its use of warranties.

10 (b) The department shall begin implementing warranties in a
11 sample of new construction contracts with appropriate associated
12 surety provisions. The use of warranties may be extended as the
13 department and contractors and insurers develop experience and
14 expertise. In implementing warranties, the department shall
15 develop strict prequalification guidelines to ensure that this
16 state receives the maximum benefit.

17 (c) The department shall determine warranty length based on
18 its experience, construction practices, and the project involved.
19 Life cycle cost analysis shall be used to determine when to use
20 warranties. Appropriate quality control processes must remain in
21 place for the projects.

22 (d) The department shall conduct analyses of warranties in
23 high-volume restricted access road projects, such as interstate
24 highways, toll roads, and bridges. The department shall also
25 analyze warranties for specific elements of larger projects, such
26 as asphalt-concrete pavement, bridge decks, bridge painting, and
27 bridge expansion dams.

1 (e) For a contract that combines both the design and
2 construction elements, including an exclusive developer agreement,
3 the department must include as part of the bidding process an option
4 for an extended warranty for items such as pavement so that life
5 cycle cost analysis can determine cost-effectiveness.

6 SECTION 12. This Act takes effect September 1, 2003.