

## **BILL ANALYSIS**

Senate Research Center  
83R6427 SCL-F

S.B. 1430  
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Government Organization  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, under Section 2267.354 (Limitation on Number of Projects), Government Code, a city with a population of less than 500,000 is restricted in the number of design-build public works contracts it can award. Larger cities are allowed twice as many. Mid-sized cities have the contracting expertise and project management experience to award more design-build contracts just like larger cities of 500,000 or more. Being limited to four projects hinder capable mid-sized cities' ability to maximize economic development and public works plans.

For almost 40 years, cities have had the statutory authority and managed administrative approval of contract change orders without population bracket limitations. From 1973 to 2011 (38 years), the only limitation on an administrative official's ability to approve a change order was the dollar size of the change order—not the population size of a city. Under current law, change order authority is now reserved for municipalities with a population of least 500,000. Limiting administrative approval of public works change orders causes unnecessary and costly delays to projects.

S.B. 1430 scales back the population bracket for municipalities regarding limitations on design-build public works contracts and change order authority from 500,000 to 300,000. This bill effectively allows the City of Corpus Christi and the City of Arlington to maximize economic development by taking advantage of more design build public works contracts and change order authority.

As proposed, S.B. 1430 amends current law relating to the applicability of certain public works contracting requirements.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 2267.354(a), (b), and (c), Government Code, as follows:

(a) Provides that, before September 1, 2013, a governmental entity with a population of 300,000 or more, rather than 500,000 or more, within the entity's geographic boundary or service area is authorized, under this subchapter, to enter into contracts for not more than three projects in any fiscal year, and a municipally owned water utility with a separate governing board appointed by the governing body of a municipality with a population of 300,000 or more, rather than 500,000 or more, is authorized to enter into certain contracts under certain conditions.

(b) Authorizes a governmental entity that has a population of 100,000 or more but less than 300,000, rather than less than 500,000, or is a board of trustees governed by Chapter 54 (Harbor and Port Facilities in Certain Municipalities), Transportation Code, before September 1, 2015, to enter into contracts under this subchapter for not more than two projects in any fiscal year.

(c) Provides that after the period described by Subsection (a) or (b):

(1) a governmental entity with a population of 300,000 or more, rather than a population 500,000 or more, within the entity's geographic boundary or service area is authorized under this subchapter to enter into contracts for not more than six projects in any fiscal year;

(2) a municipally owned water utility with a separate governing board appointed by the governing body of a municipality with a population of 300,000 or more, rather than a population of 500,000 or more, is authorized to enter into certain contracts under certain conditions; and

(3) a governmental entity that has a population of 100,000 or more but less than 300,000, rather than less than 500,000, or is a board of trustees governed by Chapter 54, Transportation Code, is authorized to enter into contracts under this subchapter for not more than four projects in any fiscal year.

SECTION 2. Amends Section 252.048(c-1), Local Government Code, to authorize the governing body of the municipality, if a change order for a public works contract in a municipality with a population of 300,000, rather than a population of 500,000, or more involves a decrease or an increase of \$100,000 or less, or a lesser amount as provided by ordinance, to grant general authority to an administrative official of the municipality to approve the change order.

SECTION 3. Effective date: upon passage or September 1, 2013.