

Testimony
Senate Bill 2246
House Political Subdivisions Committee
March 13, 2015; 9:30 a.m.
North Dakota Department of Health

Good morning, Chairman Klemin and members of the House Political Subdivisions Committee. My name is Wayne Kern, and I am Director of the North Dakota Department of Health's Division of Municipal Facilities. I am here to provide information regarding engrossed Senate Bill 2246.

Under current state law, public improvement projects costing over \$100,000 cannot proceed to construction without engineer-prepared plans and specifications. Section 1 of engrossed Senate Bill 2246 proposes to increase this threshold amount to \$150,000 for public improvement projects except those involving water works, sewerage, or solid waste. If engrossed Senate Bill 2246 is enacted, the state and its political subdivisions would be allowed to undertake all other public improvement projects costing up to \$150,000 without engineer-prepared plans and specifications.

Section 2 of engrossed Senate Bill 2246 proposes an interim legislative management study. The study would address current state law requirements for public improvement projects pertaining to use of single and multiple prime bids, bidding thresholds, design service thresholds, and indemnification. It is important to note that the current requirements resulted from legislation introduced in 2007. The legislation came from an interim committee study that used a collaborative process involving input from a broad array of stakeholders. It is also important to note that Section 2 proposes to study one of the same issues that Section 1 proposes to change now, the design services threshold. Engrossed HB 1182 proposes the same type of study.

Several bills have been introduced this session proposing changes to the design services threshold and other requirements pertaining to public improvement projects. These changes need to be coordinated and further evaluated as to their consequences. Deferring these issues to an interim study would enable lawmakers to thoroughly evaluate current requirements and gather input from stakeholders on changes. The result may be one bill draft that addresses and balances pertinent issues and has stakeholder support. In summary, the Department of Health advocates a "study before change" approach and proposes that engrossed Senate Bill 2246 be amended to solely an interim study.

This concludes my testimony. I would be happy to answer any questions you have at this time.