

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 688 (Prince George’s County and Montgomery County Delegations)  
Commerce and Government Matters Referred To Select Bi-County

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**Washington Suburban Sanitary Commission - Design/Build and Construction  
Contracts  
PG/MC 10-96**

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This amended bill allows the Washington Suburban Sanitary Commission (WSSC) to use the same contractor to both design and construct a facility for which the contract cost exceeds \$2 million. The design/build system cannot be used for pipeline contracts. Design/build and construction contracts must be awarded through competitive sealed bids or competitive sealed proposals. The WSSC must award contracts to the responsible bidder who submits the lowest bid price or lowest evaluated bid price. The WSSC may develop regulations to pre-qualify bidders or offerors.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential indeterminate decrease in expenditures. Revenues would not be affected.

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**Fiscal Analysis**

**Local Expenditures:** The WSSC reports that it could save approximately \$1 million on large capital construction contracts through the design/build system, since the contractor does not have to wait until the design is finished in order begin construction, resulting in savings on overhead costs. In addition, the need to coordinate between two different contractors on a project is eliminated. The Department of Fiscal Services was not provided with the detailed information needed to verify these cost savings.

State procurement officials indicate that while the design/build system is a very effective way to save time, this does not necessarily translate into quantifiable cost savings. Under such a system the agency also loses a certain amount of control over the design itself.

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**Information Source(s):** Washington Suburban Sanitary Commission, Department of General Services, Department of Fiscal Services

**Fiscal Note History:** First Reader - March 5, 1996  
ncs Revised - House Third Reader - April 1, 1996

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