

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

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10/2/03  
Date

2003 HOUSE TRANSPORTATION

HB 1113

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1113

House Transportation Committee

Conference Committee

Hearing Date January 10, 2003

Tape Number	Side A	Side B	Meter #
1	X		61.4 (Backwards)
			48.8 end
Committee Clerk Signature <i>Saunders</i>			

Minutes:

Rep. Weisz, Chairman opened the hearing on HB 1113, a bill for an Act to amend and reenact section 24-02-17 of the North Dakota Century Code, relating to bidding of highway contracts; and to declare an emergency.

Gary Berreth, Director of Operations for the North Dakota Department of Transportation spoke on behalf of this department sponsored bill. A copy of his prepared testimony is attached.

Rep. Delmore: ( 59.2 ) ---asked whether there was a reason or purpose for the 'coma' in line 10?

Gary Berreth: No.

Rep. Weisz, Chairman: How do you intend to 'time stamp' receipt of the data when it comes in?

Gary Berreth: I can tell you how some the states are doing that now. Generally the way it works is that the agency would use a software packaged which was developed by the Association of

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House Transportation Committee  
Bill/Resolution Number HB 1113  
Hearing Date January 10, 2003

Transportation and Highway Officials and using a third party communications vendor who is the go-between using the internet -- everything is in codes and every user has their own codes -- the bidders have their own codes and nobody can use another's code -- bidding deadlines will be setup and observed the same as now. These times will be set in the internet and after the set deadlines have expired no transmissions could be accepted or transmitted. Prior to the deadline the bidder would have access to his bid data to correct errors, change entries, --- DOT would have a code "key" to access the box.

Rep. Delmore: Will this bill limit the bidders who can bid?

Gary Berreth: No it will not.

Rep. Delmore: What I am asking is, does everybody who would bid has access to this technology?

Gary Berreth: Our plan is not to deny anyone and to begin with we will be using a dual system ( both the way do it now and electronically).

Rep. Weisz, Chairman: ( 56.1 ) Isn't your intent though to eventually eliminate the paper?

Gary Berreth: The way we are proceeding now is to work toward a time when we are sure that everyone can go electronic. It appears there are very few now who are not able to implement this now --- industry seems to be way ahead of us now -- Rep. Weisz, Chairman: have been working with them ---but we will be using parallel systems to begin with.

Rep. Bernstein: ( 55.1 ) Is it your intention then to send out notifications electronically or will you still send out notices for bids by hard copy?

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Hearing Date January 10, 2003

Gary Berreth: Right now both ways are being used as far as notices. Contractors are now using our web site to gather bid information and to order plans. They seem to be evolving very well on their own. It seems that it is easier for them with less travel.

Rep. Thorpe: ( 53.9 ) Can you divulge what the emergency on this bill is?

Gary Berreth: The capability exists now and with the emergency this electronic usage could be implemented sooner. The sooner this can be phased in with industry.

Rep. Ruby: Just a question on the time frame for setting up codes, can they apply and be on line the same day with their codes?

Gary Berreth: I am not sure but with this bill the procedures could be setup and established.

Rep. Ruby: Would there have to be a way to verify the bid bond?

Gary Berreth: Yes and there are mechanism now which other states are using.

Rep. Delmore: Do you have an estimated cost to implement this?

Gary Berreth: Not precisely but it is thought that efficiencies would offset the cost.

Rep. Delmore: I know that eventually it would cost initially to develop the software.

Gary Berreth: I don't know the cost to other states but can get that for you. I do know that one of the software packages does cost \$10,000 to use the one which the Highway Officials developed and are using. There is a cost or fee for using security codes, keys, which are the users need to pay.

Rep. Price: Do you currently accept bids by Fax?

Gary Berreth: No, it is required that an original signature be on the documents. That is another reason for asking for this bill is that electronic signatures can be accepted.

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House Transportation Committee  
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p. Weisz, Chairman: You made the statement that you had great confidentiality in electronic data security, bid information and how are going to insure and verify that electronic signature-- is that already in place?

Gary Berreth: There are some of other state who have entered into these areas and they report 99.5 per cent accuracy which is good.

Curt Peterson: I am here today representing AGC of North Dakota. Our people have been working with the DOT, that is our members here instate and out of state. Our members have the technology to go with this. The DOT appears to have covered all the bases and our members believe that they will save time and travel.

Rep. Delmore: ( 46.9 ) Are there problems in the bidding process now that you see this is a solution for?

Curt Peterson: I guess there will always be problems but I don't that this will increase or decrease the problems.

Rep: Hawken, Vice Chairman: I would like to see the language in line 10 corrected -- that is remove the coma and a motion to that effect.

Rep. Schmidt: I would move to remove the coma and move a do pass for HB 1113.

Rep. Ruby: I move a second.

On a roll call vote the motion carried unanimously.

Rep. Headland was designated by the Chairman to carry HB 113 on the floor.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1113

House Transportation Committee

Conference Committee

Hearing Date 1-16-03

Tape Number	Side A	Side B	Meter #
3		xx	0-5

Committee Clerk Signature

*Lauren Headland*

**Minutes:**

**Chairman Weisz:** What are the committee's wishes in regard to HB 1113.

**Rep. Price:** I move to reconsider the action by which HB 1113 pass.

**Rep. Dosch:** Seconded.

**Voice vote:** Carried.

**Rep. Bernstein:** I move a Do Pass as amended, 38169.0101 and be rereferred to Appropriations.

**Rep. Price:** Seconded.

**13 YES 0 NO 0 ABSENT DO PASS AS AMENDED and referred to Appropriations**

**CARRIER: Rep. Headland**

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**FISCAL NOTE**  
 Requested by Legislative Council  
 01/15/2003

Amendment to: HB 1113

**1A. State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$76,000		(\$14,000)
Appropriations						

**1B. County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

This bill would allow the DOT to accept bids electronically for highway construction bid openings. After the initial, one time third party processor costs of \$52,000 and the one-time data conversion costs of \$38,000, the DOT would save approximately \$14,000 per biennium.

It is expected the construction industry would realize some savings and benefits such as increased bid accuracy resulting in lower review costs, and the ability to modify bids up to the bid deadline.

**3. State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

**A. Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

**B. Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The DOT conducts about 20 construction bid openings per biennium. The DOT should realize savings of approximately \$14,000 per biennium as a result of reduced time for the bidding process, bid data entry, and bid checking (20 bid openings X 35 hrs. per bid opening X \$20 per hour).

In addition, it is possible the DOT will realize other savings such as reduction in paper usage, reduction in filing and data retrieval costs, and a reduction in needed storage space. However, we have no way of determining the extent of such benefits and thus we cannot determine an amount for those items at this time.

The first biennium the DOT will experience a net increase in expenditures of approximately \$76,000 as a result of the initial, one-time third party processor costs of \$52,000, the one-time data conversion costs of approximately \$38,000, and the offsetting \$14,000 biennial cost savings (\$52,000 third party processor costs + \$38,000 data conversion costs - \$14,000 per biennium cost savings = \$76,000).

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