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State of Minnesota

HOUSE OF REPRESENTATIVES

A bill for an act

relating to Hennepin County; modifying contracting procedures; authorizing the

NINETY-FIRST SESSION

н. г. №. 4028

03/02/2020 Authored by Nelson, M.,

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The bill was read for the first time and referred to the Committee on Government Operations

1.3	use of construction manager at risk; amending Minnesota Statutes 2018, section 383B.145, subdivision 5; proposing coding for new law in Minnesota Statutes,
1.4 1.5	chapter 383B; repealing Minnesota Statutes 2018, section 383B.143, subdivisions
1.6	2, 3.
1.7	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.8	Section 1. Minnesota Statutes 2018, section 383B.145, subdivision 5, is amended to read:
1.9	Subd. 5. Set-aside contracts. (a) Notwithstanding any other law to the contrary, the
1.10	board may set aside an amount, for each fiscal year, for awarding contracts to businesses
1.11	and social services organizations which have a majority of employees that employ persons
1.12	who would be eligible for public assistance or who would require rehabilitative services in
1.13	the absence of their employment. The set-aside amount may not exceed two percent of the
1.14	amount appropriated by the board in the budget for the preceding fiscal year. Failure by the
1.15	board to designate particular procurements for the set-aside program shall not prevent
1.16	vendors from seeking the procurement award through the normal solicitation and bidding
1.17	processes pursuant to the provisions of the Uniform Municipal Contracting Act, section
1.18	471.345.
1.19	(b) The board may elect to use a negotiated price or bid contract procedure in the awarding
1.20	of a procurement contract under the set-aside program. The amount of the award shall not
1.21	exceed by more than five percent the estimated price for the goods or services, if they were
1.22	to be purchased on the open market and not under the set-aside program.

(c) Before contracting with a business or social service organization under the set-aside

program, the board or authorized person shall conduct an investigation of the business or

Section 1.

02/20/20	REVISOR	MS/KM	20-7205

<u>social</u> service organization with whom it seeks to contract and shall make findings, to be contained in the provisions of the contract, that:

- (1) the vendor has in its employ at least 50 percent of its employees who would be eligible to receive some form of public assistance or other rehabilitative services in the absence of the award of a contract to the vendor; or the vendor, if a business delivering construction services, will seek to employ persons who would be eligible to receive some form of public assistance or other rehabilitative services in the absence of the award of a contract to the vendor for not less than 20 percent of the total labor hours performed by all persons under the contract;
- (2) the vendor has elected to apply to the board for a contract under the set-aside provisions; and
 - (3) the vendor is able to perform the set-aside contract.

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(d) The board shall publicize the provisions of the set-aside program, attempt to locate vendors able to perform set-aside procurement contracts and otherwise encourage participation therein.

Sec. 2. [383B.1587] CONSTRUCTION MANAGER AT RISK.

- Subdivision 1. **Definitions.** (a) For purposes of this section, the definitions in this subdivision have the meanings given them.
- (b) "Construction manager at risk" means a person who is selected by the county to act as a construction manager to manage the construction process, including but not limited to responsibility for the price, schedule, and workmanship of the construction performed according to the procedures in this section.
- (c) "Construction manager at risk contract" means a contract for construction of a project between a construction manager at risk and the county, which shall include a guaranteed maximum price, construction schedule, and workmanship of the construction performed.
- (d) "Guaranteed maximum price" means the maximum amount that a construction manager at risk will be paid pursuant to a contract to perform a defined scope of work.
- (e) "Guaranteed maximum price contract" means a contract under which a construction manager or subcontractor is paid on the basis of the actual cost to perform the work specified in the contract plus an amount for overhead and profit, the sum of which must not exceed the guaranteed maximum price in the contract.

Sec. 2. 2

02/20/20	REVISOR	MS/KM	20-7205

<u>(1</u>) "Past performance" or "experience" does not include the exercise or assertion of a
perso	on's legal rights.
<u>(</u> §	g) "Person" means an individual, corporation, partnership, association, or other legal
entity	<u>/.</u>
<u>(ł</u>	n) "Project" means an undertaking to construct, alter, or enlarge a building, structure,
or otl	ner improvements, except highways and bridges, by or for the county.
<u>(i</u>) "Request for qualifications" means the document or publication soliciting qualifications
for a	construction manager at risk contract as provided in this section.
<u>(j</u>) "Request for proposals" means the document or publication soliciting proposals for
con	struction manager at risk contract as provided in this section.
<u>(k</u>	x) "Trade contract work" means labor, materials, or equipment furnished by contractors
or ve	ndors that are incorporated into the completed project or are major components of the
mear	s of construction. Work performed by trade contractors involves specific portions of
the p	roject, but not the entire project.
S	ubd. 2. Authority. Notwithstanding any other law to the contrary, for a project estimated
to ex	ceed \$20,000,000, the county may use a construction manager at risk method of project
deliv	ery and award a construction manager at risk contract on the basis of the selection
criter	ria described in this section.
<u>S</u>	ubd. 3. Solicitation of qualifications. (a) A request for qualifications shall be prepared
for ea	ach construction manager at risk contract as provided in this section. The request for
quali	fications shall contain, at a minimum, the following elements:
<u>(1</u>) procedures for submitting qualifications, the criteria and subcriteria for evaluating
the q	ualifications and the relative weight for each criteria and subcriteria, and the procedures
for m	aking awards in an open, competitive, and objective manner, applying a scoring or
trade	-off evaluation method, including a reference to the requirements of this section;
<u>(2</u>	2) the proposed terms and conditions for the contract;
<u>(3</u>	s) the desired qualifications of the construction manager at risk;
<u>(</u> 4	the schedule for commencement and completion of the project;
<u>(5</u>	s) any applicable budget limits for the project;
<u>(6</u>	b) the requirements for insurance and statutorily required performance and payment
bond	s; and

Sec. 2. 3

4.1	(7) the identification and location of any other information in the possession or control
4.2	of the county that the county determines is material, which may include surveys, soils
4.3	reports, drawings or models of existing structures, environmental studies, photographs, or
4.4	references to public records.
4.5	(b) The request for qualifications criteria shall not impose unnecessary conditions beyond
4.6	reasonable requirements to ensure maximum participation of construction managers at risk
4.7	The criteria shall not consider the collective bargaining status of the construction manager
4.8	at risk.
4.9	(c) The request for qualifications criteria may include a requirement that the proposer
4.10	include the cost for its services.
4.11	(d) Notice of requests for qualifications must be advertised in a manner designated by
4.12	the county.
4.13	Subd. 4. Construction manager at risk selection process. (a) In a construction manager
4.14	at risk selection process, the following shall apply:
4.15	(1) upon determining to use a construction manager at risk method of project delivery,
4.16	the county shall create a selection committee composed of a minimum of three persons, at
4.17	least one of whom has construction industry expertise; and
4.18	(2) the county shall establish procedures for determining the appropriate content of a
4.19	request for qualifications, as provided in subdivision 3.
4.20	(b) In accordance with the criteria and procedures set forth in the request for
4.21	qualifications, the selection committee shall evaluate the proposer's experience as a
4.22	construction manager at risk, including but not limited to capacity of key personnel, technical
4.23	competence, capability to perform, past performance of the firm and its employees, safety
4.24	record and compliance with state and federal law, availability to and familiarity with the
4.25	project locale, and other appropriate facts submitted by the proposer in response to the
4.26	request for qualifications.
4.27	(c) If the county receives fewer than three proposals from construction managers, it may
4.28	(1) proceed as described in paragraph (d);
4.29	(2) solicit new proposals;
4.30	(3) revise the request for qualifications and thereafter solicit new proposals using the
4.31	revised request for qualifications;
4.32	(4) select another allowed procurement method;

Sec. 2. 4

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02/20/20	REVISOR	MS/KM	20-7205

(5) proceed with a sole proposer if it determines the construction manager at risk 5.1 marketplace is limited and the benefit of issuing a new solicitation is not practicable; or 5.2 (6) reject all proposals. 5.3 (d) The selection committee shall review the qualifications of each proposer. If there is 5.4 5.5 more than one proposer, the selection committee shall create a short list of two to five proposers. 5.6 5.7 (e) The county shall issue a request for proposals requiring cost and other information as desired from the short-listed proposers. 5.8 (f) The selection committee shall conduct formal interviews with the short-listed proposers 5.9 but shall not disclose any proprietary or confidential information contained in one proposal 5.10 to another proposer, and shall rank the proposers by applying a scoring or trade-off evaluation 5.11 method. The scoring or trade-off evaluation method must be described in the request for 5.12 5.13 proposals. Subd. 5. Construction manager at risk contract. (a) The county shall conduct contract 5.14 negotiations with the highest ranked proposer to reach agreement on the cost and terms of 5.15 the contract. If an agreement cannot be reached with the highest ranked proposer, the county 5.16 may begin negotiations with the next highest ranked proposer. The negotiation process will 5.17 continue until an agreement is reached with a proposer or the county rejects all proposals. 5.18 (b) The construction manager at risk shall competitively bid all trade contract work for 5.19 the project from a list of qualified firms. The list of qualified firms may be limited for one 5.20 or more types of trade contract work to qualified Small Business Enterprise and/or 5.21 Disadvantaged Business Enterprise (SBE/DBE) firms, subject to availability of qualified 5.22 SBE/DBE firms for the specific work. The list of qualified firms shall be based on an open, 5.23 competitive, and objective prequalification process in which the selection criteria, approved 5.24 by the county, may include but is not limited to the firm's experience as a constructor, 5.25 including capacity of key personnel, technical competence, capability to perform, past 5.26 performance of the firm and its employees, safety record and compliance with state and 5.27 federal law, availability to and familiarity with the project locale, SBE/DBE certification, 5.28 and other considerations as defined by the construction manager at risk and the county. The 5.29 construction manager at risk and the county shall jointly determine the composition of the 5.30

list of qualified firms. With the county's approval, upon request, the construction manager

at risk may also submit bids for trade contract work if the construction manager at risk does

not participate in the county's review of the bids or selection decision.

Sec. 2. 5

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02/20/20 REVISOR MS/KM 20-7205

- 6.1 (c) The construction manager at risk and the county shall enter into a guaranteed
- 6.2 <u>maximum price contract for the project.</u>
- Sec. 3. **REPEALER.**
- 6.4 Minnesota Statutes 2018, section 383B.143, subdivisions 2 and 3, are repealed.

Sec. 3. 6

APPENDIX Repealed Minnesota Statutes: 20-7205

383B.143 CONTRACTS FOR PURCHASES.

- Subd. 2. **Installment purchases.** The board may enter into agreements for installment purchases or lease purchases of equipment for periods not to exceed seven years. Authority therefor shall not be delegated. When the agreements have been entered into, the board shall make annual appropriations sufficient to pay the annual amount due under the agreements.
- Subd. 3. **Agreement duration.** Agreements, other than installment purchase agreements or lease purchases, may be entered into by the board for a duration not to exceed seven years where performance thereunder so requires.