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CHAMBER ACTION

Senate House Comm: WD 4/17/2008

The Committee on Community Affairs (Haridopolos) recommended the following amendment:

Senate Amendment (with title amendment)

Delete everything after the enacting clause and insert:

Section 1. Subsection (1) of section 255.20, Florida Statutes, is amended to read:

255.20 Local bids and contracts for public construction works; specification of state-produced lumber .--

A county, municipality, special district as defined in chapter 189, or other political subdivision of the state seeking to construct, or improve, repair, or perform maintenance on a public building, structure, or other public construction works must competitively award to an appropriately licensed contractor each project that is estimated in accordance with generally

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accepted cost-accounting principles to have total construction project costs of more than \$200,000. For electrical work, local government must competitively award to an appropriately licensed contractor each project that is estimated in accordance with generally accepted cost-accounting principles to have a cost of more than \$50,000. As used in this section, the term "competitively award" means to award contracts based on the submission of sealed bids, proposals submitted in response to a request for proposal, proposals submitted in response to a request for qualifications, or proposals submitted for competitive negotiation. This subsection expressly allows contracts for construction management services, design/build contracts, continuation contracts based on unit prices, and any other contract arrangement with a private sector contractor permitted by any applicable municipal or county ordinance, by district resolution, or by state law. For purposes of this section, construction costs include the cost of all labor, except inmate labor, and include the cost of equipment and materials to be used in the construction of the project. Subject to the provisions of subsection (3), the county, municipality, special district, or other political subdivision may establish, by municipal or county ordinance or special district resolution, procedures for conducting the bidding process.

(a) Notwithstanding any other law to the contrary, a county, municipality, special district as defined in chapter 189, or other political subdivision of the state seeking to construct or improve bridges, roads, streets, highways, or railroads, and services incidental thereto, at costs in excess of \$250,000 may require that persons interested in performing work under contract first be certified or qualified to perform such work. Any

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contractor may be considered ineligible to bid by the governmental entity if the contractor is behind on completing an approved progress schedule for the governmental entity by 10 percent or more at the time of advertisement of the work. Any contractor prequalified and considered eligible by the Department of Transportation to bid to perform the type of work described under the contract shall be presumed to be qualified to perform the work described. The governmental entity may provide an appeal process to overcome that presumption with de novo review based on the record below to the circuit court.

- (b) With respect to contractors not prequalified with the Department of Transportation, the governmental entity shall publish prequalification criteria and procedures prior to advertisement or notice of solicitation. Such publications shall include notice of a public hearing for comment on such criteria and procedures prior to adoption. The procedures shall provide for an appeal process within the authority for objections to the prequalification process with de novo review based on the record below to the circuit court within 30 days.
 - The provisions of this subsection do not apply:
- 1. When the project is undertaken to replace, reconstruct, or repair an existing public building, structure, or other public construction works facility damaged or destroyed by a sudden unexpected turn of events, such as an act of God, riot, fire, flood, accident, or other urgent circumstances, and such damage or destruction creates:
 - a. An immediate danger to the public health or safety;
- Other loss to public or private property which requires emergency government action; or
 - c. An interruption of an essential governmental service.

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- 2. When, after notice by publication in accordance with the applicable ordinance or resolution, the governmental entity does not receive any responsive bids or proposals responses.
- 3. To construction, remodeling, repair, or improvement to a public electric or gas utility system when such work on the public utility system is performed by personnel of the system.
- To construction, remodeling, repair, or improvement by a utility commission whose major contracts are to construct and operate a public electric utility system.
- 5. When the project is undertaken as repair or maintenance of an existing public facility.
- 5.6. When the project is undertaken exclusively as part of a public educational program.
- 6.7. When the funding source of the project will be diminished or lost because the time required to competitively award the project after the funds become available exceeds the time within which the funding source must be spent, so long as the governmental entity undertaking the project has not materially contributed to a delay in funding or competitively awarding the project.
- 7.8. When the local government has competitively awarded a project to a private sector contractor and the contractor has abandoned the project before completion or the local government has terminated the contract.
- 8.9. When the local government, after receiving competitive bids or proposals, decides to perform the project using its own services, employees, and equipment in compliance with the procedure in this subparagraph. If the local government receives bids or proposals that are otherwise responsive but are all at least 10 percent greater than the local government's estimated

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cost of the project, the governing board of the local government, after public notice, must conduct conducts a public meeting under s. 286.011 and decide finds by a majority vote of the governing board that it is in the public's best interest to perform the project using its own services, employees, and equipment. The public notice must be published at least 14 days prior to the date of the public meeting at which the governing board takes final action to apply this subparagraph. The notice must identify the project and τ the estimated cost of the project τ and specify that the purpose for the public meeting is to consider whether it is in the public's best interest to perform the project using the local government's own services, employees, and equipment. A local government's determination In deciding whether it is in the public's best interest for local government to perform a project using its own services, employees, and equipment must be supported by the following factual findings, which are subject to challenge under subsection (4):

- a. The local government's estimated cost of the project as specified in the bid documents reasonably represents the fair market cost of performing the project using private-sector contractors; and
- b. The local government can perform the project using its own services, employees, and equipment at a cost equal to or less than its estimated cost of the project, <u>using generally accepted</u> accounting principles that fully account for all employee compensation and benefits, equipment, and material costs and any other associated costs and expenses, the governing board may consider the cost of the project, whether the project requires an increase in the number of government employees, an increase in capital expenditures for public facilities, equipment or other

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capital assets, the impact on local economic development, the impact on small and minority business owners, the impact on state and local tax revenues, whether the private sector contractors provide health insurance and other benefits equivalent to those provided by the local government, and any other factor relevant to what is in the public's best interest.

9.10. When the governing board of the local government determines upon consideration of specific substantive criteria and administrative procedures that it is in the best interest of the local government to award the project to an appropriately licensed private sector contractor according to procedures established by and expressly set forth in a charter, ordinance, or resolution of the local government adopted prior to July 1, 1994. The criteria and procedures must be set out in the charter, ordinance, or resolution and must be applied uniformly by the local government to avoid award of any project in an arbitrary or capricious manner. This exception shall apply when all of the following occur:

a. When the governing board of the local government, after public notice, conducts a public meeting under s. 286.011 and finds by a two-thirds vote of the governing board that it is in the public's best interest to award the project according to the criteria and procedures established by charter, ordinance, or resolution. The public notice must be published at least 14 days prior to the date of the public meeting at which the governing board takes final action to apply this subparagraph. The notice must identify the project, the estimated cost of the project, and specify that the purpose for the public meeting is to consider whether it is in the public's best interest to award the project

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using the criteria and procedures permitted by the preexisting ordinance.

- If In the event the project is to be awarded by any method other than a competitive selection process, the governing board must find evidence that:
- There is one appropriately licensed contractor who is uniquely qualified to undertake the project because that contractor is currently under contract to perform work that is affiliated with the project; or
- (II) The time to competitively award the project will jeopardize the funding for the project, or will materially increase the cost of the project or will create an undue hardship on the public health, safety, or welfare.
- c. If In the event the project is to be awarded by any method other than a competitive selection process, the published notice must clearly specify the ordinance or resolution by which the private sector contractor will be selected and the criteria to be considered.
- If In the event the project is to be awarded by a method other than a competitive selection process, the architect or engineer of record has provided a written recommendation that the project be awarded to the private sector contractor without competitive selection; and the consideration by, and the justification of, the government body are documented, in writing, in the project file and are presented to the governing board prior to the approval required in this paragraph.
 - 10.11. To projects subject to chapter 336.
- (d)1. If the project is to be awarded based on price, the contract must be awarded to the lowest qualified and responsive bidder in accordance with the applicable county or municipal

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ordinance or district resolution and in accordance with the applicable contract documents. The county, municipality, or special district may reserve the right to reject all bids and to rebid the project or elect not to proceed with the project. This subsection is not intended to restrict the rights of any local government to reject the low bid of a nonqualified or nonresponsive bidder and to award the contract to any other qualified and responsive bidder in accordance with the standards and procedures of any applicable county or municipal ordinance or any resolution of a special district.

- 2. If the project uses a request for proposal or a request for qualifications, the request must be publicly advertised and the contract must be awarded in accordance with the applicable local ordinances.
- If the project is subject to competitive negotiations, the contract must be awarded in accordance with s. 287.055.
- If a construction project greater than \$200,000, or \$50,000 for electrical work, is started after October 1, 1999, and is to be performed by a local government using its own employees in a county or municipality that issues registered contractor licenses and the project would require a licensed contractor under chapter 489 if performed by a private sector contractor, the local government must use a person appropriately registered or certified under chapter 489 to supervise the work.
- (f) If a construction project greater than \$200,000, or \$50,000 for electrical work, is started after October 1, 1999, and is to be performed by a local government using its own employees in a county that does not issue registered contractor licenses and the project would require a licensed contractor under chapter 489 if performed by a private sector contractor,

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the local government must use a person appropriately registered or certified under chapter 489 or a person appropriately licensed under chapter 471 to supervise the work.

- Projects performed by a local government using its own services and employees must be inspected in the same manner as inspections required for work performed by private sector contractors.
- (h) A construction project provided for in this subsection may not be divided into more than one project for the purpose of evading this subsection.
- This subsection does not preempt the requirements of any small-business or disadvantaged-business enterprise program or any local-preference ordinance.
- (j) Notwithstanding any other law to the contrary, any provision contained in a public construction contract with a county, municipality, special district as defined in chapter 189, or other political subdivision of the state which purports to limit, waive, release, or extinguish the rights of a contractor to recover costs or damages for delay in performing such contract, on its behalf or on behalf of its subcontractors, if and to the extent the delay is caused by acts or omissions of the county, municipality, special district, or political subdivision, its agents or employees, or other entities with which it is in privity and due to causes within its control, is void and unenforceable as against public policy. The decisions of a county, municipality, special district, or other political subdivision concerning additional compensation or time to which a contractor is entitled in connection with any public construction contract is subject to de novo review in a state court of appropriate jurisdiction. This paragraph does not make void any

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provision in such construction contract which provides for reasonable liquidated damages in case of a delay to the completion of the project for which the contractor is responsible or which provides for reasonable liquidated damages to fairly compensate the contractor for its indirect costs and overhead expenses associated with a delay.

- (k) A local government owning or operating a public-use airport, as defined in s. 332.04(1), is exempt from this section if performing repairs or maintenance on the airport's buildings, structures, or public construction works using the local government's own services, employees, and equipment, regardless of the total construction cost. A public construction contract with such a local government for any construction, improvement, repair, or maintenance work performed on a public-use airport is not subject to paragraph (j).
- (1) A local government owning or operating a seaport, as identified in s. 403.021(9)(b), is exempt from this section if performing repairs or maintenance on the seaport's buildings, structures, or public construction works using the local government's own services, employees, and equipment, regardless of the total construction cost. A public construction contract with such a local government for any construction, improvement, repair, or maintenance work performed on a public seaport is not subject to paragraph (j).
- Section 2. Section 336.41, Florida Statutes, is amended to read:
- 336.41 Counties and municipalities; employing labor and providing road equipment; accounting; when competitive bidding required. --

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- (1) The commissioners may employ labor and provide equipment as may be necessary, except as provided in subsection (3), for constructing and opening of new roads or bridges and repair and maintenance of any existing roads and bridges.
- (1) (1) (2) It is shall be the duty of all persons to whom the governing body of a county or municipality delivers commissioners deliver equipment and construction materials supplies for road and bridge purposes to make a strict accounting of the same to the governing body commissioners.
- (2)(a)(3) The governing body of a county or municipality shall competitively award to a private-sector contractor all construction, and reconstruction, or repair of roads and bridges, including resurfacing, full scale mineral seal coating, and major bridge and bridge system repairs., to be performed utilizing the proceeds of the 80-percent portion of the surplus of the constitutional gas tax shall be let to contract to the lowest responsible bidder by competitive bid
- (b) Notwithstanding paragraph (a), the county or municipality may use its own forces, except for:
- 1. (a) Construction and maintenance in emergency situations., and
- 2.(b) In addition to emergency work, Construction, and reconstruction, or repair of roads and bridges, including resurfacing, full-scale mineral seal coating, and major bridge and bridge system repairs. However: , having a total cumulative annual value not to exceed 5 percent of its 80-percent portion of the constitutional gas tax or \$400,000, whichever is greater, and
- a. A single project may not exceed \$250,000 in value or as adjusted by the percentage change in the Construction Cost Index



315 dated January 1, 2009, exclusive of materials purchased in 316 accordance with sub-subparagraph c.

- b. A project under this subsection may not be divided into more than one project for the purpose of avoiding the requirements of this subsection.
- c. All materials for such projects must be purchased or furnished from a commercial source, with the exception of government-owned local material pits for sand, shell, gravel, and rock existing before January 1, 2008.
- d. A county or municipality is not subject to the maximum project value in sub-subparagraph a. for paving dirt roads only. Such county or municipality is subject to sub-subparagraph c.
- 3.(c) Construction of sidewalks, curbing, accessibility ramps, or appurtenances incidental to roads and bridges if each project is estimated in accordance with generally accepted costaccounting principles to have total construction project costs of less than \$400,000 or as adjusted by the percentage change in the Construction Cost Index from January 1, 2008.7

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for which the county may utilize its own forces.

- (c) However, if, after proper advertising, no bids are received by a county or municipality for a specific project, the county or municipality may use its own forces to construct the project, notwithstanding the limitation of this subsection.
- (d) As used in this section, the term "competitively award" means to award a contract based on the submission of sealed bids, proposals submitted in response to a request for qualifications, or proposals submitted for competitive negotiations. This subsection expressly allows contracts for construction management services, design-build contracts, continuation contracts based on

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unit prices, and any other contract arrangement with a privatesector contractor permitted by any applicable municipal or county ordinance, by district resolution, or by state law.

- (e) For purposes of this section, the value of a project includes the cost of all labor, except inmate labor, labor burden, and equipment, including ownership, fuel, and maintenance costs to be used in the construction and reconstruction of the project.
- (f) Nothing in This section does not shall prevent the county or municipality from performing routine maintenance as authorized by law and defined in s. 334.03, including the grading and shaping of dirt roads.
- (g) Notwithstanding any law to the contrary, a county, municipality, or special district may not own or operate an asphalt plant or a portable or stationary concrete batch plant having an independent mixer.
- (3) (4) (a) For contracts in excess of \$250,000, any county or municipality may require that persons interested in performing work under the contract first be certified or qualified to do the work. Any contractor prequalified and considered eligible to bid by the department to perform the type of work described under the contract shall be presumed to be qualified to perform the work so described. Any contractor may be considered ineligible to bid by the county or municipality if the contractor is behind an approved progress schedule by 10 percent or more on another project for that county or municipality at the time of the advertisement of the work. The county or municipality may provide an appeal process to overcome such consideration with de novo review based on the record below to the circuit court.

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- The county or municipality, as appropriate, shall publish prequalification criteria and procedures prior to advertisement or notice of solicitation. Such publications shall include notice of a public hearing for comment on such criteria and procedures before prior to adoption. The procedures shall provide for an appeal process within the county or municipality for objections to the prequalification process with de novo review based on the record below to the circuit court.
- The county or municipality, as appropriate, shall also publish for comment, before prior to adoption, the selection criteria and procedures to be used by the county or municipality if such procedures would allow selection of other than the lowest responsible bidder. The selection criteria shall include an appeal process within the county or municipality with de novo review based on the record below to the circuit court.
- Section 3. Subsection (1) of section 336.44, Florida Statutes, is amended, and subsection (6) is added to that section, to read:
- 336.44 Counties; contracts for construction of roads; procedure; contractor's bond.--
- The commissioners shall let the work on roads out on contract, in accordance with s. 336.41(2) s. 336.41(3).
- (6) Notwithstanding any other law to the contrary, any provision contained in any public construction contract with a county, municipality, special district as defined in chapter 189, or other political subdivision of the state which purports to limit, waive, release, or extinguish the rights of a contractor to recover costs or damages for delay in performing such contract, on its behalf or on behalf of its subcontractors, if and to the extent the delay is caused by acts or omissions of the

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county, municipality, special district, or political subdivision, its agents or employees, or other entities with which it is in privity and due to causes within its control, is void and unenforceable as against public policy. A decision of a county, municipality, special district, or other political subdivision concerning additional compensation or time to which a contractor is entitled in connection with any public construction contract is subject to de novo review in a state court of appropriate jurisdiction. This subsection does make void any provision in such construction contract which provides for reasonable liquidated damages in case of a delay to the completion of the project for which the contractor is responsible or which provides for reasonable liquidated damages to fairly compensate the contractor for its indirect costs and overhead expenses associated with a delay. A public construction contract with a local government owning or operating a public-use airport, as defined in s. 332.04(1), is not required to comply with this section for any construction, improvement, repair, or maintenance work performed on a public-use airport. A public construction contract with a local government owning or operating a seaport, as identified in s. 403.021(9)(b), is not required to comply with this section for any construction, improvement, repair, or maintenance work performed on a public seaport. Section 4. This act shall take effect July 1, 2008.

======= T I T L E A M E N D M E N T ========= And the title is amended as follows:

Delete everything before the enacting clause and insert:

A bill to be entitled

Page 15 of 18

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An act relating to public construction works; amending s. 255.20, F.S.; revising provisions requiring a county, municipality, special district, or other political subdivision of the state to competitively award contracts for certain construction projects; revising exceptions to such requirements; revising provisions relating to an exemption for projects performed by a local government using its own services, employees, and equipment; providing that certain construction contract terms purporting to limit recovery of certain costs or damages by a contractor are void; providing that certain decisions by the local governmental entity concerning additional compensation or time to which a contractor is entitled are subject to de novo review in state court; providing an exception; exempting a local government owning or operating a public-use airport from specified requirements if performing certain tasks relating to the airport's buildings, structures, or public construction works; exempting a local government owning or operating a seaport from specified requirements when performing certain tasks relating to the seaport's buildings, structures, or public construction works; amending s. 336.41, F.S.; revising provisions authorizing a county to employ labor and provide equipment for road and bridge projects; removing a provision authorizing a county to use its own resources for constructing and opening new roads and bridges; revising requirements regarding contracting for certain county road and bridge projects; requiring that certain

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contracts be competitively awarded; authorizing a county or municipality to use its own forces for certain projects; providing restrictions and limitations; providing for the purchase of materials for such projects; providing that a county or municipality is exempt from a certain restriction with regard to paving dirt roads; defining the term "competitively award" for specified purposes; clarifying applicability of certain provisions; specifying costs included in determining the value of a project for certain purposes; revising provisions allowing a county or municipality to perform routine maintenance; prohibiting a county, municipality, or special district from owning or operating an asphalt plant or a portable or stationary concrete batch plant with an independent mixer; authorizing a municipality to require that persons interested in performing work under the contract first be certified or qualified to do the work when the contract amount exceeds a certain threshold; providing that a contractor may be considered ineligible to bid by the municipality if the contractor is behind an approved progress schedule by more than a certain amount on another project for that municipality at the time of the advertisement of the work requiring prequalification; authorizing an appeal process; requiring that prequalification criteria and procedures be published before advertisement or notice of solicitation; requiring notice of a public hearing for comment on such criteria and procedures before adoption; requiring that the procedures provide for an

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appeal process for objections to the prequalification process; requiring the municipality to publish for comment, before adoption, the selection criteria and procedures to be used if such procedures would allow selection of other than the lowest responsible bidder; requiring that the selection criteria include an appeal process; amending s. 336.44, F.S.; conforming a crossreference; providing that certain construction contract terms purporting to limit recovery of certain costs or damages by contractors are void; providing that certain decisions by the local governmental entity concerning additional compensation or time to which a contractor is entitled are subject to de novo review in state court; providing an exception; providing an effective date.