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MEMORANDUM OF SUPPORT

BILL: S.1508-A (Budget – Part D) / A.2008-A (Budget – Part D)

SUBJECT: Support Design-Build/CM at Risk – Extend Authorization to NYC

DATE: February 21, 2019

The Associated General Contractors of New York State, (AGC NYS) the leading statewide trade association representing union and non-union construction companies supports S.1508-A (Budget - Part D) / A.2008-A (Budget – Part D) which extends the Infrastructure Investment Act and expands the definition of an authorized entity that may utilize design-build contracts and other alternative project delivery methods

The bill would make the Infrastructure Investment Act permanent, expand design-build authorization to other alternative project delivery methods, and expand the current list of authorized entities that may utilize design-build contracts to include the Dormitory Authority of the State of New York (DASNY), the New York State Urban Development Corporation (UDC), New York State Office of General Services (OGS), the New York State Department of Health (DOH) and the New York State Olympic Regional Development Authority (ORDA). The bill would expand the types of contract that may be utilized under the Infrastructure Investment Act to also include construction manager-build and construction manager at risk.

Moreover, AGC NYS urges the Governor and Legislature to expand design-build and CM at Risk authorization for the City of New York. On March 28, 2018, the New York City Council published a Report of the Finance Division on the Fiscal 2019 Preliminary Budget and the Fiscal 2018 Preliminary Mayor’s Management Report for the Department of Design and Construction. The report states that Council Speaker Corey Johnson and the New York City Council have been outspoken proponents for State approval of the Design Build procurement process for capital construction projects in the City of New York. Currently the State allows Design-Bid procurement on select projects state-wide with the notable exception of New York City. To date no official reason has been given as to why this approval has been denied to the City, but the potential benefits cannot be denied.

What type of procurement method is the City currently using? The current system goes back more than a Century. New York City currently uses the Design-Bid-Build method of procurement. What this means is that separate firms design and then build the capital projects resulting in the City’s slow pace of project completions, along with time, money, and consuming change orders. For these reasons the process needs to be revisited.

Who uses Design-Build now? The answer is all 50 states including the State of New York and the federal government. Every large municipality with the exception of New York City makes use of Design-Build as well. The chart below indicates how much funding the City believes it can save by adding Design-Build as a tool in its arsenal.

Potential Cost Savings from Design-Build

Project	Budgeted Cost	Estimated Savings of 6 percent
BQE - Atlantic to Sands	\$1.89 billion	\$113.4 million
Rodman's Neck Training Facility	\$275 million	\$16.5 million
Crossroads Youth Facility	\$129 million	\$7.7 million
Horizons Adolescent Facility	\$170 million	\$10.2 million
New NYPD Precinct - SE Queens	\$70 million	\$4.2 million
Staten Island Ferry Resiliency	\$25 million	\$1.5 million
Pelham Parkway Bridge	\$54.5 million	\$3.3 million
Elmhurst Hospital ER Renovation	\$20 million	\$1.2 million

Modern infrastructure is of paramount importance not only as a catalyst for job creation but also as a key driver for the state's economic performance and competitiveness. It contributes to the health, safety, education and quality of life of our citizens and as the means to ensure the efficient movement of people and goods. Therefore, New York's economic recovery is jeopardized by the expiration of the design-build law leaving the plans for many critical major infrastructure projects in peril.

AGC NYS supports S.1508-A (Budget - Part D) / A.2008-A (Budget - Part D) and urges the Governor and Legislature to expand design-build and CM at Risk authorization for the City of New York.