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## FACILITIES CONSTRUCTION COMMISSION

### Vocational School Facilities Assistance Program

- Permits the Facilities Construction Commission (FCC) to set aside a portion of its school facilities funds each biennium to assist at least two joint vocational school districts.

### Major sports facilities funding

- Authorizes \$600 million in unclaimed funds that have escheated to the state to pay the costs of the Cleveland Browns major sports facility stadium project in the city of Brook Park, Ohio, in Cuyahoga County.

### Sports facilities definitions

- Defines the following terms for the purpose of major sports facilities in Ohio:
  - “Major sports facility” means a stadium, arena, complex, or other facility that a governmental agency owns or has an ownership interest in, designed for the use of a professional sports franchise from certain major sports leagues.
  - “Transformational major sports facility mixed-use project” means a mixed-use project that includes the construction of a major sports facility, and integrates retail, residential, recreational, or other uses, the construction of which costs at least \$1 billion.
  - “Transformational major sports facility mixed-use project district” means the geographic area encompassing the land upon which the transformational major sports facility mixed-use project is located.
  - “Base professional sports franchise state tax revenues” means an amount either set by the General Assembly, or equal to all state tax revenues generated pursuant to state income, sales, and CAT taxes that are attributable to the professional sports franchise’s operations at existing facilities in Ohio, increasing by 3.5% every year.
  - “Total major sports facility mixed-use project district state tax revenues” means the total aggregate state tax revenue generated in the territory of a transformational major sports facility mixed-use project district.
  - “Incremental major sports facility mixed-use project district state tax revenues” means the amount of state tax revenues received by the state, subtracting base professional sports franchise state tax revenues from total major sports facility mixed-use project district state tax revenues in a calendar year.
  - “Owner” means a person that has a controlling interest in a professional sports franchise.

### State funding of major sports facilities

- Permits state funds to be used to pay or reimburse up to 25% of the costs of a major sports facility if certain criteria are met, including a contribution of at least 50% of the costs from the professional sports franchise that plans to use the facility.

- Prohibits the state from incurring debt to pay for a major sports facility.
- Creates the Ohio Cultural and Sports Facility Performance Grant Fund, consisting of money appropriated to it, including escheated unclaimed funds, to be used to pay for major sports facilities.
- Requires the professional sports franchise to deposit an amount equal to 8⅓% of the award into an escrow account, and create a supplemental reserve of equal amount, to be used to pay any deficits between tax revenues collected and the total grant amount.
- Establishes a schedule under which increased tax revenues produced by the major sports facility over a 16-year period must meet target amounts, which increase every four years, the sum of which is equal to the grant amount.
- If the total incremental major sports facility tax revenues do not achieve target amounts every four years, requires the deficit to be offset with money from the escrow account, and if that is insufficient, the supplemental reserve, to be deposited in the GRF.
- Permits revenue in excess of target amounts to be applied towards future target amounts.
- Returns the escrow amount, plus interest it has accrued, to the professional sports franchise upon hitting all target amounts after 16 years, and permits the professional sports franchise to apply to receive its escrow money early if the total increased tax revenues have already equaled or exceeded the performance grant amount.
- Requires that, if the owner loses a controlling share of ownership or control interest in the professional sports franchise, the rights and obligations of the owner are assigned to, and assumed by, any new owner with controlling ownership interest.
- Prohibits the professional sports franchise from moving to a stadium outside of the district until the franchise hits the target amounts, or 30 years after its initial home game, whichever is earlier.

### **Tax reporting requirements**

- Requires every person who owns real property in a project district to comply with special tax reporting requirements, as required by TAX.
- Requires persons that collect transformational major sports facility mixed-use project district tax revenues to report those tax revenues separately from other tax revenues in the state, on forms provided by TAX, including estimated payments on corporate income taxes and gross revenues generated from the district.
- Permits TAX, as well as municipal corporations, to disclose taxpayer information to the governmental agency that owns or has an ownership interest in the major sports facility.

### **Public improvements contracts**

#### **Electronic notices, advertisements, and filings**

- Requires several types of notices or advertisements to be sent via electronic media.

- Requires FCC to make copies of the plans, details, estimates of cost, and specifications available electronically.
- Removes the requirement that a public authority file a notice of commencement of a public improvement in affidavit form.
- Permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty by electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically.

### **Declaration of exigency**

- Requires that, when the FCC Executive Director issues a declaration of public exigency at the request of a state agency, the director of the state agency, at the determination of the FCC Executive Director, must enter into a contract with the proper persons to address the exigency.

### **Building information modeling systems**

- For public works contracts of \$200,000 or more, permits a public authority to require an architect or engineer, in preparing plans, details, specifications, estimates, analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.
- Defines “building information model” as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used in the aggregate.

### **Public improvements contracts retainage and escrow**

- For partial payments on a public improvements contract, decreases the public authority’s required retainage amount from 8% of the contractor’s estimate to 4% or less, but repeals a provision requiring the public authority to retain 0% after the job is 50% completed.
- Prohibits contractors from paying subcontractors at a retainage rate lower than the rate being paid to the contractor by the public authority.
- Repeals provisions of law requiring the public authority to deposit the retained amount in an escrow account.
- Clarifies that retained funds and the interest accrued by the funds is property of the contractor, and must be paid to the contractor not later than 30 days after the substantial completion of the work, withholding only funds reasonably necessary to ensure final completion of the work.
- Requires the remaining funds, and interest, to be released to the contractor within 30 days of final completion of the work.

## **Expedited processes for design-build firms and managers at risk**

- For contracts between public authorities and construction managers at risk or design-build firms, creates an expedited proposal and selection process for projects under \$4 million.
- Permits construction managers at risk or design-build firms, for contracts under \$4 million, to submit both an initial qualification proposal or statement along with a pricing proposal, instead of sending them in separate rounds.
- Requires the public authority to have a pre-proposal meeting with any such contractors who desire to jointly submit a statement or proposal and pricing proposal.
- Exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of work before accepting opening any bids for the same work when the public authority requests a guaranteed maximum price proposal due at the time of selection.

## **Vocational school facilities assistance program**

(R.C. 3318.40 and 3318.12)

The bill changes how the Facilities Construction Commission (FCC) allocates funding for the Vocational School Facilities Assistance Program. Specifically, it eliminates FCC's authority to annually set aside up to 2% of its aggregate funds to provide school facilities assistance to joint vocational school districts (JVSDs). Instead, the bill permits FCC to set aside a portion of its aggregate school facilities assistance funds each biennium to assist at least two JVSDs.

### **Background**

Several programs provide state assistance to school districts and other public schools in constructing classroom facilities. The main program, CFAP, is a graduated, cost-sharing program that provides each city, local, and exempted village school district with partial funding to address all of its classroom facilities needs. Because priority for state funding is based on a district's relative wealth, poorer districts were served first and received a greater amount of state assistance than wealthier districts will receive when it is their turn to be served. Each year, all districts are ranked into percentiles according to the three-year average adjusted tax valuations per pupil. A school district may divide the district's entire classroom facilities project under CFAP into discrete segments.

JVSDs are served by a similar program, the Vocational School Facilities Assistance Program. Other programs address the needs of particular types of districts and schools. Generally, they all operate on a cost-sharing basis.

## **Major sports facilities funding**

(R.C. 123.28, 123.281, 123.282, 169.08, 307.696 and 718.13; Section 229.40)

The bill creates the Ohio Cultural and Sports Facility Performance Grant Fund in the state treasury, the proceeds of which must be used to support construction of major sports facilities.

The bill permits the use of state funds to pay up to 25% of the costs of a major sports facility, if certain conditions are met.

The bill authorizes \$600 million in unclaimed funds that have escheated to the state (see “**Division of Unclaimed Funds**” in the Department of Commerce chapter) to pay the costs of the Cleveland Browns major sports facility stadium project in the city of Brook Park, Ohio, in Cuyahoga County.

### **Sports facilities definitions**

The bill defines a “major sports facility” as a stadium, arena, complex, or other facility that a governmental agency owns, will own, or has a sufficient ownership interest in, the primary purpose of which is to provide a site or venue for the presentation of events of a professional sports franchise for a period of at least 30 years after completion of the construction of the sports facility.

A “professional sports franchise” is a member of the National Football League, Women’s National Football Conference, Women’s Football Alliance, Women’s Football League Association, National Hockey League, Professional Women’s Hockey League, Major League Baseball, Women’s Professional Baseball League, Major League Soccer, National Women’s Soccer League, National Basketball Association, Women’s National Basketball Association, or a successor of such an entity.

A “transformational major sports facility mixed-use project” is a mixed-use project that includes the construction of a major sports facility; integrates some combination of retail, office, hotel, residential, recreation, structured parking, or other similar uses into one or more mixed-use developments; is expected to generate increased state tax revenues; and has an initial total estimated construction cost, excluding any site acquisition cost, greater than \$1 billion.

A transformational major sports facility mixed-use project also may include:

- Other projects supporting or relating to the major sports facility or the professional sports franchise;
- Any mixed-use project adjacent or relating to practice facilities for the professional sports franchise;
- Conference centers, concert, or other entertainment venues and facilities;
- Retail, food, restaurant, and beverage facilities, whether fixed or mobile;
- Parks and other public open spaces or facilities;
- Related on-site infrastructure necessary or desirable for all these elements for the major sports facility mixed-use project.

A “transformational major sports facility mixed-use project district” is the geographic area encompassing the land upon which the transformational major sports facility mixed-use project is located, as designated by a municipal corporation.

An “affiliate” is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, is under common control with, or acts in concert with, or is a participant

in a joint venture, partnership, consortium, or similar business arrangement with, a professional sports franchise or owner.

An “owner” is a person that has a controlling ownership interest in a professional sports franchise, and a “person,” for the purpose of these provisions, means “one or more individuals, receivers, assignees, trustees in bankruptcy, estates, firms, limited liability companies, partnerships, associations, joint-stock companies, joint ventures, clubs, societies, corporations, and combinations of individuals in any form.”

### **Major sports facility tax revenue definitions**

The bill creates tax reporting requirements by which increased tax revenues of the major sports facility mixed-use project district may be measured.

First, the “base professional sports franchise state tax revenue” is calculated. It measures how much income, sales, and CAT tax revenue the professional sports franchise currently generates in its existing facilities. It is calculated by TAX in the calendar year occurring immediately before the calendar year in which the professional sports franchise plays its initial regular season home game in the new major sports facility. It is increased by 3.5% each year for up to 16 years.

For the Brook Park Project, for the first three years while the new stadium is under construction and the current stadium in Cleveland still operates, the base amount will be equal to the actual state tax revenues generated at the Cleveland stadium, and the incremental major sports facility mixed-use project district state tax revenues will be equal to the state tax revenue from the construction of, and the purchasing of or leasing of materials and items used in the construction of, the Brook Park Project.

Then, the “total major sports facility mixed-use project district state tax revenues” is calculated by determining the total aggregate state tax revenue generated in the territory of a transformational major sports facility mixed-use project district, including state tax revenues attributable to purchasing or leasing materials and items used in construction in the territory of a transformational major sports facility mixed-use project district, beginning in the calendar year in which the performance grant is eligible for disbursement under an appropriation, and for 16 years afterwards.

The “incremental major sports facility mixed-use project district state tax revenues” is determined by subtracting base professional sports franchise state tax revenues from total major sports facility mixed-use project district state tax revenues in a calendar year, beginning with the calendar year in which the professional sports franchise plays its initial regular season home game in the major sports facility.

Finally, the “total incremental major sports facility mixed-use project district state tax revenues” is the sum of both of the total aggregate incremental major sports facility mixed-use project district state tax revenues beginning in the calendar year in which a performance grant is eligible for disbursement under an appropriation and for 16 years thereafter.

## State funding of major sports facilities

The bill permits state funds to be used to pay or reimburse up to 25% of the initial estimated construction costs of a major sports facility, in the form of a “performance grant,” if the following criteria are met:

- The major sports facility upon completion will be a part of a transformational major sports facility mixed-use project;
- OBM, in consultation with FCC, has received a satisfactory financial and development plan, including provision of 75% of the total initial estimated construction cost from sources other than the state, with at least 50% of the total from the professional sports franchise that plans to use the facility, or its owner or affiliate (“franchise”);
- The General Assembly has specifically authorized, or appropriated money for, the construction of the major sports facility, provided that the grant’s authorization or appropriation does not include planning or determining the feasibility of or need for the major sports facility as a cost of constructing the major sports facility;
- The franchise has entered into an agreement with OBM, under which total incremental tax revenues must equal or exceed the performance grant amount over a 16-year period, deficits to be offset by an escrow deposit and supplemental reserve, as described below.

The performance grant is not subject to Controlling Board review. The state may not incur debt to fund or assist a major sports facility under these provisions.

## Tax revenues and target amounts

When a performance grant is appropriated, the franchise must enter into an agreement with OBM, under which the total incremental major sports facility mixed-use project district state tax revenues meet target amounts every four years, over a 16-year period, the total of which must be greater than or equal to the original grant amount.

The four year target amounts, along with the calculation for the \$600 million grant under the Brook Park Project in parenthesis, are as follows:

- For the first four full calendar years beginning in the year in which the performance grant is eligible for disbursement under an appropriation,  $11\frac{2}{3}\%$  of the total appropriated amount (\$70 million);
- For the second four-year period,  $26\frac{2}{3}\%$  of the total appropriated amount (\$160 million);
- For the third four-year period,  $30\frac{15}{18}\%$  of the total appropriated amount (\$185 million);
- For the fourth four-year period,  $30\frac{15}{18}\%$  of the total appropriated amount (\$185 million).
- Incremental tax revenues in excess of target amounts must be credited towards future amounts.
- The bill establishes that the incremental major sports facility mixed-use project district state tax revenues generated for 2026-2028 are equal to the income, state, and CAT taxes for the construction of, and the purchasing of or leasing of materials and items used in

the construction of, the project. The bill explains that, because the new stadium will be under construction and the old stadium will still be operating, the base tax amount is automatically met – i.e., the revenues from the existing stadium – and any revenue from the construction of the new stadium is in excess of the base amount – i.e., the incremental revenue.

### **Escrow and supplemental reserve**

In order to receive the performance grant, the franchise must deposit an amount equal to 8½% of the award (\$50 million for the Brook Park Project) into an interest-bearing escrow account within the state treasury, to be used to pay any deficits between tax revenues collected and the target amounts.

The franchise must also establish a supplemental reserve amount in the same amount as the escrow account (\$50 million), which may take the form of a line of credit or other commercially reasonable type of certifiable and available liquidity.

Once OBM confirms receipt of the escrow amount and a certification of funds or other requisite proof of the supplemental reserve amount, the grant may be disbursed for payment or reimbursement of construction costs, without regard to the other sources of contribution for the costs of construction of the major sports facility and not on a pro rata basis.

If, after any four-year period, the incremental tax revenues do not hit target amounts, the deficit is first offset by any excess revenue from previous periods. If a deficit remains, the amount is taken from the escrow account and deposited into the GRF to offset the deficit. If a deficit still remains, the amount is taken from the supplemental reserve and deposited into the GRF. These amounts are nonrefundable. The bill does not address what happens if a deficit still remains in the event both accounts are depleted. Whatever remains in the escrow account after a 16-year period is refunded to the franchise, interest earnings included.

Beginning nine years after the performance grant is eligible for disbursement, and once each year afterwards until the 16<sup>th</sup> year, the franchise may apply to OBM, in consultation with TAX, for a determination that the total incremental tax revenues have equaled or surpassed the original performance grant amount. If the amount has been met, the franchise receives its escrow reimbursement early.

If the owner's share of the ownership interest in the professional sports franchise becomes less than a controlling ownership interest, all rights, privileges, responsibilities, and obligations of the owner are assigned to, and assumed by, any new owner with a controlling ownership interest.

The professional sports franchise may not cease playing most of its home games at the major sports facility and begin playing most of its home games at a different facility located outside of the transformational major sports facility mixed-use project until the tax revenues hit all target amounts, or until 30 years after the initial regular season home game, whichever comes earlier. The bill clarifies that this provision is "in addition to, independent of, and operates concurrently with" R.C. 9.67, an existing provision of law prohibiting the owner of a professional sports team that uses state funding from moving to a new stadium, unless the owner either gets

the permission of their host political subdivision, or gives six-months' notice of moving, along with an opportunity for locals to purchase the team.

### **Transformational major sports facility districts**

The agreement between the franchise and OBM also must establish the metes and bounds of the proposed transformational major sports facility mixed-use project district, including all areas within. The territory must be contiguous and contain only one transformational major sports facility mixed-use project.

OBM must receive a petition, accompanied by a description of the proposed district, signed by every record owner of a parcel of real property located in the district and the owner of every business that will operate in the district.

The district's territorial boundary may not be enlarged after it is established with OBM, which may consult with TAX and FCC, and any applicable county or municipal offices to ensure each tax reporting requirement is met.

### **Tax reporting requirements**

Every person who owns real property in a project district, or leases, licenses, uses, or operates all or a portion of a building or facilities in the project district, is subject to special reporting requirements as TAX may require, in consultation with OBM and FCC. These may be evidenced by an instrument duly recorded with the county recorder.

Each person doing business in a project district must file taxes and register for a separate withholding account, remitting the wages and salaries withheld from employees for activities performed in the territory of a project district separately from all income taxes withheld by the employer. If they collect transformational major sports facility mixed-use project district tax revenues, they must report those tax revenues separately from other tax revenues in Ohio, on forms provided by TAX, including estimated payments on corporate income taxes and gross revenues generated from the district. This includes tax revenues from construction or transactions in the territory of a project district, estimated payments for corporate income taxes generated from the project district, information regarding gross revenues generated from activities in the project district and gross revenues from all activities in Ohio, and payments to independent contractors attributable to construction or transactions in the territory of a project district, by January 31 of each year.

TAX may disclose taxpayer information regarding transactions, real or personal property, income, or business of any person to the governmental agency that owns, or holds a sufficient ownership interest in, a major sports facility as may be necessary for the administration of these provisions.

Likewise, municipal corporations may provide tax information related to municipal income tax revenues derived from a project district to both TAX and the fiscal officer of the governmental agency.

TAX must promulgate the forms necessary to implement and administer these requirements.

## **County sales tax levies and bond issuances**

Existing law permits a board of county commissioners to enter into an agreement with a corporation to issues bonds or sales tax levies to construct and operate a sports facility, and collect the tax revenue to pay back the bonds and be used for other purposes. If the sports facility would be in a host municipal corporation, the board also must include the host municipal corporation in the agreement, which must use the excess revenue for redevelopment and economic development purposes related to the sports facility.

Under current law, a municipal corporation is only eligible to be a host municipal corporation if it is associated with an NFL, MLB, or NBA sports franchise on March 20, 1990. The bill repeals this requirement permitting any municipal corporation to be a host municipal corporation for the purposes of the agreement.

## **Public improvements contracts**

### **Electronic notices, advertisements, and filings**

(R.C. 9.312, 9.331, 153.07, 153.09, 153.54, and 1311.252)

The bill requires certain notices, advertisements, and filings to be made via electronic media, rather than through various physical media like newspapers.

### **Competitive bidding notices**

For contracts let by competitive bidding, when a state agency or political subdivision finds that a low bidder is not responsive or responsible, the bill requires the state agency or political subdivision to send the bidder a notice in writing by an internet identifier of record associated with the bidder (such as an email address), and by certified mail only if an electronic method is not available. Current law permits either method.

### **Public improvements notices and advertisements**

For contracts to employ a construction manager or a construction manager at risk, the bill requires a public authority to advertise its intended contract by electronic means, and permits advertising in news media available in the county. Current law requires advertisement in a newspaper of general circulation, and permits electronic advertisement.

The bill requires the notice to be published at least 14 calendar days in advance, rather than 30 days.

For public improvements contracts, the bill requires the public authority to give notice of the time and place where bids will be received by electronic means at least 14 days in advance, and permits the authority to publish the notice in other news media in the county where the work is to occur. Current law requires publication in a newspaper at least eight days in advance.

The bill also requires plans, details, estimates of cost, and specifications to be available electronically, as well for physical inspection at the FCC's office under continuing law.

When the public authority rejects all bids and re-advertises, the bill requires the advertisement to be in electronic media, rather than newspaper, as FCC directs.

## **Notices of commencement**

The bill removes the requirement that the notice of commencement be in affidavit form.

Under current law, before work on a public improvement contract may begin, the public authority must file a notice of commencement of the work in affidavit form, with details about the work to be performed, the contractor, the public authority, and the bid guaranty.

## **Bid guaranties**

The bill permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty in the form of an electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically. Continuing law also permits the bidder to file it in the form of a bond, certified check, cashier's check, or letter of credit. Under continuing law, this requirement does not apply to contracts with construction managers at risk and design build firms.

## **Declaration of exigency**

(R.C. 123.10)

The bill requires the director of a state agency, when the FCC Executive Director issues a declaration of public exigency at the request of the state agency, and at the determination of the FCC Executive Director, to enter into a contract with the proper persons to address the exigency.

Continuing law permits the FCC Executive Director, upon the Director's own initiative or at the request of the director of a state agency, state institution of higher education, or state instrumentality, to issue a declaration of public exigency in the event of one of the following:

- An injury or obstruction that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it;
- An immediate danger of such an injury or obstruction; or
- An injury or obstruction, or an immediate danger of an injury or obstruction, that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it.

Current law requires the FCC Executive Director to enter into contracts with proper persons to alleviate or respond to the exigency.

The bill continues to require the FCC Executive Director to enter into these contracts when the FCC Executive Director issued the declaration of exigency at the Executive Director's own initiative. But the bill permits the FCC Executive Director, when the Executive Director issued the declaration at the request of one of the state bodies listed above, to require the state body to enter into the contract instead.

## **Building information modeling systems**

(R.C. 153.01)

The bill permits a public authority, for public improvements contracts worth \$200,000 or more, to require an architect or engineer, in preparing plans, details, specifications, estimates,

analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.

The bill defines a “building information model” as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used in the aggregate.

## **Public improvements contracts retainage and escrow**

(R.C. 153.12, 153.13, 153.14, and 153.63)

The bill makes changes to the process by which contractors are paid for completing public improvements contracts.

Under current law, the public authority must pay 92% of the contract price for labor performed before and up to the point when the job is 50% completed. After it is 50% completed, the public entity must pay 100% of the contract price during the remaining 50% of the project, and deposit the 8% that had been collected into an escrow account. When the major portion of the project is substantially completed and occupied, or in use, or otherwise accepted, the retained amount, with accumulated interest, is released from escrow and paid to the contractor within 30 days of completion of the contract.

The bill changes this process in the following ways: first, instead of 8% being retained for the first half of the contract, 4% or less is retained for the entirety of the contract. The total amount being retained is the same, and perhaps less if the public authority so chooses.

Second, the bill removes the escrow account provisions, instead merely specifying that the public authority must release the amount to the primary contractor upon, and within 30 days of, substantial completion of the work, retaining a portion of the funds as reasonably necessary for final completion of the project. These remaining withheld funds, and any interest, must then be released to the primary contractor within 30 days of final completion of the project. The bill clarifies that the retained funds and the accrued interest are the property of the contractor.

Finally, the bill prohibits contractors from paying subcontractors at a retainage rate lower than the rate paid to the contractor by the public authority. For instance, if FCC is paying a contractor at a retainage rate of 97% (withholding 3%), the contractor is not permitted to pay a subcontractor at a retainage rate of 96% (withholding 4%). In other words, the contractor may not retain more from a subcontract than is being retained from the contractor’s contract.

## **Expedited processes for design-build firms and managers at risk**

(R.C. 9.334, 153.501, and 153.693)

The bill creates an expedited proposal and selection process for contracts between public authorities and construction managers at risk or design-build firms, for projects under \$4 million.

Under the expedited process, the construction managers at risk or design-build firms may submit both an initial qualification proposal or statement, respectively, and a pricing proposal in the same submission. Current law (and continuing law, in the case of contracts worth more than \$4 million), requires the manager or firm to submit a proposal or statement, then for the public authority to rank and select at least three firms from the submissions, who then must submit a

pricing proposal. After the proposal is submitted, the public authority must hold discussions with each applicant before making a final selection.

The bill permits these contractors to submit both at once for contracts under \$4 million, and also requires a public authority to provide each such contractor using the expedited process with a pre-proposal meeting to explore the proposals further, in which the public authority provides the manager or firm with a description of the project, including the scope and nature of the proposed services and potential technical approaches.

Under the normal process, the manager or firm submits a proposal or statement of qualifications, is selected to move on, has a meeting with the public authority, and then submits a pricing proposal for final approval.

Under the expedited process, an interested manager or firm has a pre-proposal meeting with the public authority, then submits a proposal or statement of qualifications along with a pricing proposal. The public authority reviews the initial qualification proposal or statement, selects a certain number of managers or firms for the next round, reviews the pricing proposals only of those selected, and then continues the negotiation and selection process from there.

The bill also exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of the work if the public authority requests a guaranteed maximum price proposal due at the time of selection. This essentially means that a manager or firm may more easily subcontract with themselves as long as they have agreed to a certain price cap.