



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1228: BEST VALUE DESIGN-BUILD TRANSP CONTRACTS

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**Prime Sponsors:**

Rep. Barron

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**Version:** Initial Fiscal Note

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**Date:** February 21, 2025

**Fiscal note status:** The fiscal note reflects the introduced bill.

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### Summary Information

**Overview.** The bill changes the definition of "best value" for design-build transportation contracts administered by the Department of Transportation.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

<b>Type of Impact</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

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## Summary of Legislation

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The bill changes the definition of “best value” for design-build transportation contracts administered by the Department of Transportation (CDOT). Currently the definition of “best value” means overall maximum value of a proposal to CDOT after considering all of the evaluation factors described in the specifications for the transportation project or the request for proposals. The bill changes the definition to mean a determination resulting from CDOT’s analysis of proposals to identify the proposal that offers the greatest overall value to the state or community, considering factors including:

- the initial cost and long-term life-cycle cost of the project;
- balancing initial costs with long-term value;
- technical quality and project performance;
- sustainability;
- environmental impact;
- impact on local communities;
- long-term public asset value; and
- resilience based on predictable risk.

## Background

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The Federal Highway Administration (FHWA) has policies and procedures for approving design-build projects they help finance. “Best value selection” is defined in Code of Federal Regulations as any selection process in which proposals contain both price and qualitative components and an award is based upon a combination of price and qualitative considerations. Additionally, it specifies that price must be evaluated in every source selection where construction is a significant component of the scope of work.

## State Expenditures

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The bill may impact CDOT’s ability to receive or retain federal funding for design bid projects from the FHWA. The bill strikes the inclusion of the “total cost of the transportation project” from the definition of best value, which may put CDOT out of compliance with the FHWA requirements described in the Background section.

To the extent that CDOT loses or cannot receive federal funding for design bid projects, funding for these projects may need to be provided by the state or other sources.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State and Local Government Contacts**

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Transportation