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*Testimony of Anya Trundy, Deputy Commissioner
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testifying in Support*

**LD 100, An Act to Increase the Expenditure Limit for the Informal Bidding Process for the
Selection of Professional, Architect and Engineer Services**

Presented by Representative Salisbury of Westbrook

To the Joint Standing Committee on State and Local Government

Senator Baldacci and members of the Joint Standing Committee on State and Local Government, I am Anya Trundy, Deputy Commissioner for the Department of Administrative and Financial Services. I am providing testimony in support of LD 100, which is a department-initiated bill. Thank you, Rep. Salisbury, for presenting this bill.

Last legislative session, as some committee members may recall, DAFS brought you a bill to update the expenditure limit for utilizing the informal bidding process for the procurement of goods and services. The previous limit had been set at \$10,000 and had not been adjusted for inflation since it was established in the early 2000s. This meant that State agencies seeking to acquire goods and services regularly had to navigate the formal bidding process for small expenses, as \$10,000 relatively speaking is not what it used to be. That bill, increasing the threshold to \$25,000 was passed into law, and State procurement of goods and services is now able to proceed with significantly less congestion, with the formal bidding process aptly reserved for expenses which require greater scrutiny, and state time and resources are not unduly burdened by an outdated threshold.

This legislative session, we are following up on those efforts with a bill that provides a similar resolution to an identical problem facing the Bureau of General Services' Division of Planning, Design and Construction. Currently, selection of an Architect or Engineer involves public advertisement and a rigorous, formal procurement process requiring public advertisement, submission of proposals, evaluation of proposals, interviews of A&E firms, and final selection, if the cost of those services is anticipated to exceed \$25,000. However, 5 MRS §1742(6) allows the Bureau to maintain a list of prequalified A&E firms that have demonstrated their expertise to undertake \$25,000 in design services, which corresponds with about \$250,000 in construction costs. This bill proposes raising that threshold to \$50,000, which would correspond with about \$500,000 in construction and \$650,000 in overall project costs.

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The threshold for prequalified A&E services has not been adjusted since the process was enacted in 2001. Based on inflation rates for the time period 2001 through 2025, \$25,000 in 2001 is equivalent to about \$47,000 in 2025. Furthermore, the Associated Builders and Contractors, a national organization that tracks construction costs, reports that material and labor have increased 37.7% just since the beginning of the COVID pandemic in February 2020.

Increasing this threshold from \$25,000 to \$50,000 for A&E firms that have been prequalified is essentially a housekeeping measure, so that the formal selection process noted above does not encompass a much greater proportion of projects than originally intended and necessary to appropriately mitigate financial risk, consuming agency and BGS staff time and slowing down overall construction timelines.

Finally, I would like to note that the other amendment seen in the draft before you have been made by the Revisor's Office to provide a more succinct draft: they do not reflect any substantive changes in the bill itself.

Thank you for the opportunity to testify, I am happy to answer any questions you may have.