



Bill Number: House Bill 1489

Bill Title: Public Projects Construction Bonds

Bill Sponsor: Government Efficiency & Accountability Council and Representative Aubuchon

Effective Date: July 1, 2007

DOE Contact: Linda Champion, Deputy Commissioner, Finance and Operations, (850) 245-0406

Executive Summary:

This act stipulates that the amount of a construction bond for a public construction contract shall equal the contract price. An exception is made for construction projects costing more than \$250 million. In that case, if the public entity finds that a bond amount of the contract price is not reasonably available, the public owner shall set the bond amount at the largest amount reasonably available, but not less than \$250 million.

For a construction management or design-build contract when the public owner does not require the bond to include design or non-construction services, the bond may not be conditioned on the performance of those services. Such a bond may exclude persons furnishing those services from the classes of persons protected from the bond.

The act also adds requirements for construction management or program management entities. The bill defines local government as a county, municipality, special district or other political subdivision of the state.

Construction management and program management entities are to be selected following the procedures provided in s. 287.055, F.S. The construction manager is to be responsible for construction project scheduling and coordination in both preconstruction and construction phases and is generally responsible for the successful, timely, and economical completion of the construction project. The program management entity is responsible for the schedule control, cost control, and coordination in providing or procuring planning, design, and construction services. The construction management or program management entity must consist of or contract with licensed or registered professional for the specific fields or areas of the construction work. The construction management or program management entity may retain design professionals selected using the process provided in s. 287.055, F.S. The construction management or program management entity may be required to offer a guaranteed completion date and either a guaranteed maximum price and or a lump-sum price, in which case, the construction management or program management entity must secure the appropriate surety bond and must hold construction subcontracts. If the project includes a grouping of substantially similar construction, rehabilitation, or renovation activities, the local government may require the construction management or program management entity to provide a separate guaranteed completion date and either a guaranteed maximum price and or a lump-sum price for each grouping of substantially similar construction, rehabilitation, or renovation activities.

Design-build entities are required to establish a guaranteed maximum price and guaranteed completion date subsequent to competitive negotiations.