

**March 9, 2023**

**House Government & Veterans Affairs Committee  
SB 2347**

Mr. Chairman and members of the House Government & Veterans Affairs Committee, my name Mike Dunn. For the last 20 years I have worked as the Business Development Manager for Construction Engineers – a long time Grand Forks based construction company which specializes in vertical commercial construction across the State. I also serve on the board of the Associated General Contractors of North Dakota.

Engrossed SB 2347 proposes to increase the design threshold to \$500,000 for most public projects and \$1,000,000 for “pre-engineered units”. At first glance, such a proposal appears innocuous. However, when one further considers it, there are serious consequences such a law change could cause.

When it comes to public improvement projects, our firm operates within the parameters of NDCC Section 48. The current procedures and requirements in place are practical and provide the opportunity for the industry to compete and innovate while protecting the taxpayer with transparency and accountability.

As a design-builder in the private sector, the minimum level of design that we need for a building remodel project that materially changes building layout is a code study stamped by a licensed architect. This will at least ensure that the project is meeting ADA and life safety standards. This is also the minimum design required by most municipalities that have a legitimate code official. For any project more involved than a simple remodel we would need to add in civil and structural design, and likely

have some form of mechanical and/or electrical design, whether procured by us or by the M/E contractor.

That being said, design being an important requirement isn't really the question, it's what should the threshold be? The threshold was recently raised to \$200,000 for both design and construction. Any additional adjustments to the threshold would logically apply to both design and construction and should be supported by the design and construction industry. Although I would be supportive of periodic increases in this threshold to keep in line with inflationary construction costs, SB 2347 doesn't seem to be following this as it's guiding logic. A better plan going forward would be to craft a periodic adjustment based on actual inflationary costs in order to keep the spirit of the Century Code.

Additionally, as a general contractor who has been building pre-engineered buildings for 16 years, I can't even begin to understand why utilizing a pre-engineered building system would have any impact on the design threshold. Every project requires a custom design to be built in its unique location. A pre-engineered building system is only a portion of an entire building project. That project will also require soil analysis and correction, site work and utilities, concrete foundations and slabs, interior finishes, and HVAC, plumbing, and electrical systems to be completed in order to occupy the building. With a pre-engineered system, the structural design for the building system itself is done by the same company who supplies the building system. It does not change any other requirements as it relates to design of the entire project. Again, that isn't even in the spirit of the threshold. It's not about the technical work required to design the building, but rather the point at which a public project should need to be procured through a public competitive process. Therefore, having any building system type fall under a separate threshold does not make any sense.

For those reasons, I do not view SB 2347 as necessary, and I would request a Do Not Pass Committee Recommendation.

Thank you for allowing me to present this testimony.