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**HOUSE BILL NO. 165**

Offered January 14, 2004

Prefiled January 5, 2004

A *BILL to amend the Code of Virginia by adding a section numbered 2.2-4304.1, relating to the Public Procurement Act; consolidation of contracts.*

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Patron—Albo

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Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding a section numbered 2.2-4304.1 as follows:**

*§ 2.2-4304.1. Consolidation of contracts.*

*A. To the maximum extent practicable, public bodies shall facilitate the maximum participation of small businesses as prime contractors, subcontractors, and suppliers. Before proceeding with a procurement of goods, services or construction that could lead to a contract containing consolidated procurement requirements, a public body shall conduct market research to determine whether consolidation of the requirements is necessary and justified. For the purposes of the preceding sentence, consolidation of the requirements may be determined to be necessary and justified if, as compared to the benefits that would be derived from contracting to meet those requirements if not consolidated, the public body would derive from the consolidation measurably substantial benefits, including, but not limited to:*

- 1. Cost savings;*
- 2. Quality improvement;*
- 3. Reduction in acquisition cycle times;*
- 4. Better terms and conditions; and*
- 5. Any other benefit.*

*The reduction of administrative or personnel costs alone shall not be a justification for consolidation of contract requirements, unless the cost savings are expected to be substantial in relation to the dollar value of the procurement requirements to be consolidated.*

*B. If a public body determines that a proposed procurement will involve substantial consolidation of contract requirements, the public body shall:*

- 1. Identify specifically the benefits anticipated to be derived from the consolidation of the contract requirements;*
- 2. Set forth an assessment of the specific impediments to participation by small businesses as prime contractors that result from the consolidation of the contract requirements, and specify actions designed to maximize small business participation as subcontractors or suppliers at various tiers under the contract that are awarded to meet the requirements; and*
- 3. Include a specific determination that the anticipated benefits of the proposed consolidated contract justify its use.*

*C. In the case of a solicitation of offers for a consolidated contract that is issued by a public body, a small business may submit an offer that provides for use of a particular team of subcontractors for the performance of the contract. The public body shall evaluate the offer in the same manner as other offers, with due consideration to the capabilities of all of the proposed subcontractors. If a small business participates as provided in this subsection, it shall not affect its status as a small business for any other purpose.*

INTRODUCED

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