

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** HB1008

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Rust

**3. Committee** General Laws

**4. Title** Capital Outlay Construction for Certain Educational Institutions

**5. Summary/Purpose:**

Provides that notwithstanding any standards established by the Department of General Services (DGS) Division of Engineering and Buildings or law to the contrary, public institutions of higher education, including such other educational institutions so designated by law, may enter into contracts for specific construction projects without the review and approval of the DGS Bureau of Capital Outlay Management, provided such institutions are in compliance with the requirements of the Virginia Public Procurement Act (§ 2.2-4300 et seq.) and the conditions specified in the bill.

**6.** Fiscal impact cannot be determined (see Item 8).

**7. Budget amendment necessary:** No

**8. Fiscal implications:** This proposal allows institutions of higher education and other so-designated educational institutions to hire pre-selected private contractors for building plan reviews, to contract for project construction without the review and approval of the Bureau of Capital Outlay Management, and to develop local contract forms rather than use the established state contract forms. The fiscal impact of these changes cannot be measured. There could be savings by expediting the contracting process, but there will be an administrative cost to the Bureau of Capital Outlay Management to establish a list of private architects and engineers for the pre-selection process.

There could be a future liability impact on the Commonwealth. The Virginia Uniform Statewide Building Code establishes standards designed to ensure the safety of individuals. By decentralizing the review process, the requirements of the building code may not be applied consistently resulting in potential safety issues. Likewise, the current state contract forms were designed in conjunction with the Office of the Attorney General and contain language to protect the contractor and the Commonwealth's contracting agencies. If local forms are used that do not contain some of these provisions, there could be potential contracting liability issues.

**9. Specific agency or political subdivisions affected:** Institutions of Higher Education, Department of General Services, Office of the Attorney General

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 01/23/04 / amk

**Document:** G\ 04 FISs\HB1008.DOC

cc: Secretary of Administration