Department of Planning and Budget
2017 Fiscal Impact Statement

1. **Bill Number:** HB1808

House of Origin	☒	Introduced	☐	Substitute	☐	Engrossed
Second House	☐	In Committee	☐	Substitute	☐	Enrolled

2. **Patron:** Bell, John J.

3. **Committee:** General Laws

4. **Title:** Virginia Public Procurement Act; use of best value contracting; construction/professional services.

5. **Summary:** Authorizes any public body to procure construction on a best value procurement basis using a numerical scoring system consisting of the following: (i) technical solution, 30 percent; (ii) past performance, 30 percent, including (a) price history of cost overruns, (b) schedule history of on-time delivery, and (c) contractor performance ratings from the immediately preceding five-year period; and (iii) price, 40 percent. The Request for Proposal shall contain a notice to potential offerors that the procurement decision will be made on a best value procurement basis. The Request for Proposal shall describe (1) the criteria that will be considered in evaluating the proposals and (2) the numerical scoring system that will be used in evaluating the proposals, including identification of the factors and weight values set forth above.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates:** Fiscal impact is indeterminate. See Item 8, below.

8. **Fiscal Implications:** The fiscal impact of this bill is indeterminate. The bill allows another procurement method for construction, best value procurement, and defines the required percentage breakdown of evaluation factors for the solicitation. It is indeterminate how this may affect construction project costs or the administrative workloads of public bodies.

   Public bodies with procurement authority and oversight responsibilities will need to develop policies and procedures specific to this new procurement method and train public procurement staff and the contractor community on the procurement process. The Department of General Services (DGS) is responsible for updating procurement standards and guidelines and providing training for state agencies that fall under DGS construction oversight authority. DGS routinely conducts these tasks in order to implement changes in the Virginia Public Procurement Act and can absorb any associated costs within existing resources.

   The bill specifies evaluation factors and associated weights for the solicitation of construction on a best value procurement basis. This could constrain the ability to tailor evaluation factors and weights to individual projects or require public bodies to analyze

additional information that they would not have otherwise requested. However, the bill is permissive and provides best value procurement only as an additional option.

9. **Specific Agency or Political Subdivisions Affected:** All public bodies subject to the Virginia Public Procurement Act. This includes all public bodies except those institutions of higher education that have executed a valid management agreement under the Restructured Higher Education Financial and Administrative Operations Act of 2005 where such agreements exclude them from the statute amended by this bill; and, those public bodies that have exempted themselves from this statute pursuant to § 2.2-4343, Code of Virginia.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/18/2017
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