

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB475

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

2. Patron: Bell

3. Committee: General Laws and Technology

4. Title: Virginia Public Procurement Act; use of best value contracting; construction 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 in the bill.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate, see Item 8.

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 (VPPA).

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: January 15, 2020

File: SB475