

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: SB311

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: McEachin

3. Committee: General Laws and Technology

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. Under the bill, if proceeding on a best value procurement basis, the Request for Proposal must contain a notice to potential offerors that the procurement decision will be made on a best value procurement basis and describe (i) the criteria that will be considered in evaluating the proposals and (ii) the rating or weighting system that will be used in evaluating the proposals, including a disclosure that price will be weighted at least 51 percent as a factor.

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 would allow public bodies to procure construction on a best value procurement basis, which would introduce a new method of procurement for construction. It is indeterminate how this may affect construction project costs or the administrative workloads of public bodies. Training and updates to procurement manuals will also be required.

The Department of General Services (DGS) would be responsible for providing training and updating procurement standards and guidelines for state agencies that fall under DGS construction oversight authority. Such tasks are routinely conducted to implement changes in the Virginia Public Procurement Act (VPPA) and any associated costs could be absorbed within existing resources, according to DGS. State entities that are required to follow the VPPA but do not fall under DGS construction authority include the Virginia Community College System, some universities with Level II authority under the Restructured Higher Education Financial and Administrative Operations Act of 2005, and the Virginia Department of Transportation for highway construction.

DGS began collecting and reporting information on the construction procurement methods of all public bodies on July 1, 2015, as part of a two-year reporting period required by Chapter 776, 2015 Acts of Assembly. The data is intended to be used to make recommendations for improvements in the selection of appropriate construction procurement methods. However, sufficient data and analysis is not yet available to draw conclusions on the expected impact of this bill.

- 9. Specific Agency or Political Subdivisions Affected:** 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: February 9, 2016
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