

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** HB2437

|                        |  |                                     |                                    |
|------------------------|--|-------------------------------------|------------------------------------|
| <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:** Davis

**3. Committee:** General Laws

**4. Title:** Virginia Public Procurement Act; use of best value contracting; construction and 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 allows another procurement method for construction, best value procurement, and defines a required percentage for the price criterion in the Request for Proposals. 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 requires price to be weighted at least 51 percent as a factor in the evaluation of proposals on a best value procurement basis. This could constrain the ability to tailor evaluation weight factors to individual projects. However, the bill is permissive and provides best value procurement only as an 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: 1/27/17

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