

Department of Planning and Budget

2018 Fiscal Impact Statement

1. Bill Number: SB125

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

2. Patron: Black.

3. Committee: Passed Both Houses.

4. Title: Value engineering.

5. Summary: Raises the minimum project cost requiring the use of value engineering from \$5 million to \$15 million. The bill exempts projects that are designed utilizing (i) a design-build contract or (ii) the Public-Private Transportation Act of 1995 from the value engineering requirements.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Final. See Item 8.

8. Fiscal Implications: According to the Virginia Department of Transportation (VDOT), this legislation will result in cost savings. On average, each Value Engineering workshop costs approximately \$20,000 for the time and travel related expenses of those involved in the review. Based on historical experience, VDOT estimates that increasing the Value Engineering threshold from \$5 million to \$15 million and exempting Design-Build/PPTA projects will reduce the number of required Value Engineering workshops by 10-15 studies each year. This will result in an estimated cost savings of \$200,000 - \$300,000 annually.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Transportation.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to HB134.