

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: SB1491

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Bell

3. Committee: General Laws and Technology

4. Title: Virginia Public Procurement Act; construction management, contract requirements.

5. Summary: Provides that construction management contracts shall require that the state public body, local public body, covered institution, or their designated project director shall have the authority to make a determination about whether to allow the construction manager to propose or bid on particular contracts if, given market and other relevant information, the state public body, local public body, covered institution, or their designated project director determines that such action may be in the best interest of the project and the Commonwealth. The bill also provides that construction management contracts shall require that the state public body, local public body, or covered institution shall have the option to negotiate particular contracts in an open-book manner with the construction manager at risk or the state public body, local public body, or covered institution may require the construction manager to submit a sealed bid or proposal to the state public body, local public body, covered institution, their designated project director, or procurement officer consistent with established procurement processes.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: None

8. Fiscal Implications: The Department of General Services indicates the fiscal impact on construction management contracting is indeterminate. By removing the construction manager's requirement to perform 10% of the work on a project, as well as removing the requirement to bid out the remaining 90% of work, the construction manager may potentially conduct more work than the original 10% cap. Therefore, this bill may reduce competition, driving up costs. On the other hand, using the construction manager to perform more than 10% of the work on a project might save money.

9. Specific Agency or Political Subdivisions Affected: The bill impacts state public bodies, institutions of higher education, and local public bodies by amending the current chapter of the Code of Virginia (Chapter 43.1 of Title 2.2) that establishes the Commonwealth's policies pertaining to the use of construction management (CM) and design-build (DB)

procurement methods for complex construction projects.

10. Technical Amendment Necessary: No

11. Other Comments: None