

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	SB 1714
Version:	FA1-A1
Author:	Representative Morrissette/ Senator Justice
Date:	4/19/2010
Impact:	\$0 State Cost
	Department of Central Services – Potential Project Management Savings

Bill Summary

Research Analyst: Dante Giancola

The amendment to the amendment for SB1714 is a floor substitute which adds the system of evaluation known as ‘best value’ to the Public Competitive Bidding Act of 1974.

‘Best value’ evaluates and ranks information provided by a bidder and includes among other things: price proposal, past performance information, safety record, ability to minimize risk to the owner, disadvantaged business participation, and the ability to deliver the project on time and within the budget.

As amended, SB1714 permits contracts to be awarded to the lowest responsible or best value bidder for all public construction contracts.

Fiscal Summary

Fiscal Analyst: Terry McKenna

The FA1-A1 for ESB 1714 relates to the Public Competitive Bidding Act of 1974. The amendment defines the term “Best value” to mean an optional competitive bidding system for objective evaluation and ranking of competitive proposals submitted by bidders, where such competitive proposals are used to identify the lowest price bidder that can best complete the proposed contract with a minimum of deviation from the owner’s cost and schedule requirements. Information requested by the awarding public agency and provided by the bidder for evaluation and ranking purposes includes: a price proposal, past performance information, a risk assessment plan, and additional information detailed in Section 1. The amendment also authorizes the Department of Central Services (DCS) to use best value construction contracting in advance of issuing a bid solicitation and requirements for bid submission information shall be stated in the bid documents. The bid price shall be publicly opened and read aloud at the time and place stated in the competitive proposal solicitation. Other than the price proposal, interviews with shortlisted firms and preproject planning data, information submitted with a sealed competitive proposal shall be evaluated and ranked by the awarding agency’s selection committee without knowledge of the bidder’s identity.

Fiscal Analysis

“Best Value” describes an evaluation and ranking system which stresses objective performance data with an emphasis on pre-project planning, controlling cost, meeting the required schedule and achieving high customer satisfaction. To obtain a high ranking, a bidder must demonstrate the ability to pre-plan the work, identify project risks and establish a management plan that would minimize risks and deliver the project on time and within the budget.

DCS anticipates that the proposed legislation would not affect the cost of operations for the Construction and Properties Division. National research shows that individual projects would require additional staff efforts prior to contract award, but also require less management effort after the award dealing with contract disputes, performance issues and legal actions. Day-to-day management efforts by the owner, according to the research, are reduced by up to 90%.

Long Term Fiscal Considerations

DCS advises that under the current low bid system, a contractor is forced to perform at the lowest possible standard just to win the bid. Under the “Best Value” system, the contractor has tangible incentives to perform to the highest possible standard while keeping costs as low as possible. Best Value would essentially precipitate a shift from the old system of inefficiency and conflict to a new paradigm of efficiency and teamwork.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director