

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6036-01  
Bill No.: HB 2052  
Subject: Office of Administration  
Type: Original  
Date: March 24, 2014

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Bill Summary: This proposal requires, during the bidding process, to consider bids or bidders with the best value rather than the lowest and best.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at the **Office of Administration's Division of Facilities Maintenance, Design and Construction, Division of Purchasing and Materials Management** and the **Information Technology Services Division** each assume there is no fiscal impact to their respective Divisions from this proposal.

Officials at the **Department of Corrections (DOC)** assume this change from “lowest and best” to “best value” in determining contract award is of considerable concern. This proposal outlines very subjective criteria that is to be used in determining the “best value”. It is believed the increased focus on more subjective criteria will place unrealistic burdens on purchasing staff and evaluators to document their collective ratings of proposals in order to defend said ratings. Subjective criteria tends to allow for more personal or “gut feelings” regarding a bidder's proposal. As such, evaluations where the subjective evaluation is weighted more heavily tend to be challenged more frequently. The higher the total dollar amount of the awarded contract, the greater the likelihood a losing bidder will challenge or litigate the contract award, citing biases in the subjective evaluation. The listed subjective criteria could also compromise an ethical procurement process.

As it is difficult to anticipate the number and scope of proposals DOC might encounter, it is not possible to estimate the potential fiscal impact of this proposed legislation. However, given the potential for increased challenges and/or litigation, possibly requiring additional staff, it is believed the fiscal impact of this proposed legislation would be a significant unknown amount per each fiscal year.

Officials at the **Department of Conservation** assume an unknown impact on the Department estimated to be greater than \$100,000 annually.

Officials at the **Department of Revenue** assume this proposal would require the License Offices Bureau to work with the Office of Administration's Division of Purchasing to revise the Request For Proposal (RFP) for all License Office RFPs issued on or after August 28, 2014 and related Exhibits and affected Attachments as well as related evaluation tools and instructions. The current evaluation criteria do not consider local citizen and government comments or the bidder's plans to employ local contractors and residents (aside from Missouri based suppliers). The Department will implement these changes with existing resources.

ASSUMPTION (continued)

Officials at the **City of Columbia**, the **City of Kansas City**, **Cole County**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Higher Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Public Safety**, the **Department of Public Safety's Division of Alcohol and Tobacco Control**, the **Department of Public Safety's Capitol Police**, the **Missouri Department of Transportation**, the **Missouri Gaming Commission**, the **Missouri Highway Patrol**, the **Missouri National Guard**, the **Missouri State University**, the **Missouri Western State University**, the **Missouri Veterans Commission**, the **Office of Prosecution Services**, the **Office of the Secretary of State**, the **Office of the State Auditor**, the **Office of State Courts Administrator**, the **Office of State Treasurer**, the **Office of the State Public Defender**, the **Platte County Board of Election Commission**, the **Special School District**, the **State Emergency Management Agency**, **St. Louis County**, the **St. Louis County Board of Election Commission** and the **University of Central Missouri** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the **Department of Social Services** defer to the Office of Administration for fiscal impact.

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Linn State Technical College** assume a minimal impact.

Officials at the **University of Missouri** assume an impact less than \$100,000.

Officials at the **Northwest Missouri State University** assume the impact is undetermined. At this time, the University does not know what purchases we will be making, in which projects are produced in Missouri and what those savings might be.

Officials at the **City of O'Fallon** responded to Oversight's request but did not indicate a fiscal impact.

ASSUMPTION (continued)

**Oversight** assumes that under the current competitive bidding rules only bids deemed to be the "lowest and best" as defined by statute were considered. This proposal expands the rules to allow for the "best value" which allows other criteria to be considered in addition to the "lowest and best" criteria. Oversight assumes expansion of the criteria allows for options for the organization that is contracting but would not result in any direct additional impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Charleston R-I Schools, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Fulton Public School, Independence Public Schools, Jefferson City Public Schools, Johnson County R-7 Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Malden R-I Schools, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools and Warren County R-III School District did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Kansas City Metro Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College and the Truman State University did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

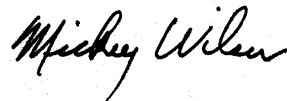
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

City of Columbia  
City of Kansas City  
City of O'Fallon  
Cole County  
Department of Agriculture  
Department of Conservation  
Department of Corrections  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Public Safety  
    Division of Alcohol and Tobacco Control  
    Capitol Police  
Department of Revenue  
Department of Social Services  
Linn State Technical College  
Missouri Department of Transportation  
Missouri Gaming Commission  
Missouri Highway Patrol  
Missouri National Guard  
Missouri State University  
Missouri Western State University  
Missouri Veterans Commission  
Northwest Missouri State University  
Office of Prosecution Services  
Office of the Secretary of State  
Office of Administration  
    Division of Facilities Maintenance, Design and Construction  
    Division of Purchasing and Materials Management  
    Information Technology Services Division  
Office of Attorney General  
Office of the State Auditor  
Office of State Courts Administrator  
Office of the State Public Defender  
Office of State Treasurer

SOURCES OF INFORMATION (continued)

Platte County Board of Election Commission  
Special School District  
State Emergency Management Agency  
St. Louis County  
St. Louis County Board of Election Commission  
University of Central Missouri  
University of Missouri



Mickey Wilson, CPA  
Director  
March 24, 2014

Ross Strobe  
Assistant Director  
March 24, 2014