

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 667

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:

Permits contracting agency to enter into indefinite quantity contract for architectural, engineering or land surveying services.

Government Unit(s) Affected:

Department of Administrative Services (DAS), State Agencies that use architectural, surveying and engineering services

Fiscal Impact Summary:

Indeterminate, please see analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure creates a new contracting type for architectural, surveying and engineering services that would allow for the purchase of indefinite quantities of consulting services with a maximum limit, in terms of dollars or otherwise, by state agencies and public bodies. This is similar to a contracting method that is now currently in place commonly called price agreements, flex services contracts, or agreements to agree. This primary difference between the two is that the new indefinite quantity agreement has a stated maximum amount but also requires that the contract must specify a minimum amount of services the contracting agency expects to purchase under the agreement in a specified time. The minimum expected purchase quantity cannot be a nominal amount.

Once an indefinite quantity contract has been awarded, the contracting agency can simply issue work orders to the one or more contractors that are included in the contract award. If the agency does not issue a work order for at least the minimum amount specified in the contract, the agency must pay the contractor or contractors a minimum of two percent of the amount that the agency budgeted for the procurement of the services under the contract regardless of whether this amount is more or less than the minimum specified in the contract.

The potential fiscal impact of this measure relates to the alternative minimum payment required even if services under the contract are not utilized. This impact is indeterminate and directly tied to an agency's ability to manage contracts appropriately, as well as to the actual value and financial risk associated with contracts issued under this method.

