

SB 1565 A STAFF MEASURE SUMMARY

Senate Committee On General Government and Accountability

Action Date: 02/13/18

Action: Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

Vote: 5-0-0-0

Yeas: 5 - Hass, Linthicum, Manning Jr, Prozanski, Thatcher

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Directs the Departments of Justice, Transportation, and Administrative Services (DAS) to develop electronic procurement system rules that, at a minimum, designate a particular system, specify when state agencies must use it, and address access. Requires a state contracting agency, and allows a contracting entity that is not a state agency, to conduct procurement pursuant to such rules by January 2, 2021. Requires state contracting agencies to weight proposed contract prices at, at least 30 percent of the total weight given to all factors in the final evaluation of proposals, as a pilot for one year. Provides for waiver of the weight requirement if determined to be in the agency's best interest. Requires written notice and explanation of such waiver be provided to DAS. Directs DAS to establish a one-year pilot project to evaluate the "reverse auction method" as defined, and specifies minimum parameters of such project. Requires regular reporting to Governor and Joint Legislative Committee on Information Management and Technology with final report by December 31, 2019. Exempts Treasurer and Secretary of State from communicating certain records and information to DAS. Makes provisions operative January 1, 2019. Allows rulemaking and other activity in advance of operative date. Sunsets pilot projects January 2, 2020. Effective 91st day after *sine die*.

ISSUES DISCUSSED:

- History of transition to e-procurement
- Limitations of current procurement system
- Vetting process and identification of e-procurement system
- Anticipated efficiencies of e-procurement system
- Anticipated benefits of detailed data capture enabled by use of e-procurement system in executive department's ability to analyze and leverage agency purchasing

EFFECT OF AMENDMENT:

Replaces DAS requirement to submit a written report with regular reporting on implementation of e-procurement system and both pilot programs to Governor and Joint IT committee with final report by December 31, 2019. Makes use of e-procurement system a requirement for state contracting agencies and permissive for other contracting entities, by January 2, 2021. Clarifies "reverse auction method." Pilots 30 percent weight requirement, along with use of reverse auction method, operative January 1, 2019, and repealed January 2, 2020. Exempts the Treasurer and Secretary of State from reporting certain records and information to DAS.

BACKGROUND:

According to the Department of Administrative Services (DAS), procurement makes up nearly 10 percent of Oregon's all funds budget and represents \$8 billion in biennial spending. The state has unified procurement rules, but lacks a standardized processing and tracking system, so steps vary by agency, are manual, and can be labor-intensive. At the

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same time, the available data is limited, which impairs the state's ability to evaluate, analyze, manage, and leverage spending. Oregon has been moving toward the use of an e-procurement system since 2014 and 10 state agencies are currently poised to make the transition.

Senate Bill 1565A directs the development of electronic procurement system rules and requires use by state agencies by January 2, 2021. Use is permissive for other contracting agencies. The measure also pilots two potential tools for evaluation for one year: a "reverse auction method," and a requirement to weight contract prices at 30 percent of the total weight given to all factors in an agency's final evaluation of proposals.