

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 713 (Third Edition)

SHORT TITLE: Public Contracts/Multiple Award.

SPONSOR(S): Representatives Stam, Lewis, and Murry

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2011-12 FY 2012-13 FY 2013-14 FY 2014-15 FY 2015-16

REVENUES

EXPENDITURES

Department of Administration *See Assumptions and Methodology*

University of North Carolina *See Assumptions and Methodology*

POSITIONS (cumulative):

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: All eligible purchasers including, State agencies, departments, institutions, public school districts, political subdivisions, community colleges, and constituent institutions of the University of North Carolina.

EFFECTIVE DATE: When the bill becomes law.

BILL SUMMARY:

This Bill enacts a new GS 143-64.1 to require that the acquisition of communications, ground maintenance, construction, and forestry equipment (as each is defined by the statutes) be conducted using multiple award schedule contracts. Multiple award schedule contracts are defined as a contract that allows multiple vendors to be awarded a state contract for goods or services by providing their total catalogue for lines of equipment and attachments to eligible purchasers, including state agencies, departments, institutions, public school districts, political subdivisions, community colleges, and constituent institutions of the University of North Carolina. The Department of Administration is directed to issue requests for proposals for multiple award schedule contracts no later than August 30, 2011. The multiple award contracts must span a term of not less than three years, with annual product and pricing update periods. The Department of

Administration may issue additional term contracts for the specific purchase of equipment otherwise available through a multiple award schedule contract. Multiple award contracts are in addition to any existing term contract.

ASSUMPTIONS AND METHODOLOGY:

The Department of Administration estimates that two additional full time equivalent staff and related operating expenditures would be required to fulfill the requirements of H713, for a total cost of \$165,605 in FY 2011-12. This would be a recurring cost. One position would be tasked with carrying out the development, administration, and catalog management for the full range of products under the bill. The other position would be a contract monitor responsible for these and other multiple award contracts.

The University of North Carolina estimates that \$1,483,333 of recurring appropriations will be required across the campuses to support this bill. Of this cost \$893,333 is assumed to be lost annually to reduced discounts in the provision of related services; \$305,000 is assumed in increased parts cost; and \$285,000 is assumed for increased costs to support an additional 7.83 positions to oversee the new contracts resulting from the Bill. The University of North Carolina further assumes \$54,667 in non-recurring costs for training personnel.

Fiscal Research does not concur with these estimates. Requiring certain types of contracts may result in lost savings from strategically sourcing procurement, however at this time the State would be allowed to utilize existing term contract methods. The Department of Administration also issues multiple award contracts in other areas. For example under G.S. 143-57.1, the Department is required to use such contracts for furniture purchases. Multiple award contracting is already an allowed method of purchase for the State, however it is not required for these areas; as such additional training and personnel should not be required.

SOURCES OF DATA: Department of Administration, University of North Carolina

TECHNICAL CONSIDERATIONS: None

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DATE: June 14, 2011



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