

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **S.B. 268** DATE: **March 10, 2008**
STATUS: **As Introduced** SPONSOR: **Sen. Seitz**
LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**
CONTENTS: **To allow a county contracting authority to use competitive sealed proposals instead of competitive sealed bidding when doing so would be advantageous to the county**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase or decrease in contract costs depending on contract terms	Potential increase or decrease in contract costs depending on contract terms	Potential increase or decrease in contract costs depending on contract terms

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Authorizes county contracting authorities to use a competitive sealed proposal process instead of competitive bidding when it is advantageous to the county. This option would likely be used to purchase employee health insurance, utilities, and equipment. While this option would give county contracting authorities more flexibility in evaluating bids for goods and services, whether it would increase or decrease the cost of purchased items is unclear.



Detailed Fiscal Analysis

The bill authorizes county contracting authorities to use competitive sealed proposals instead of competitive bidding of contracts when it is determined to be advantageous to the county. This form of competitive selection would allow county contracting authorities to evaluate the merits of a bid on the basis of a bidder's experience, previous performance, and other such factors, not just bid price alone. This would not apply to the bidding process for county construction contracts. Proposals must be solicited through a Request for Proposals (RFP) process, stating the relative importance of price and other evaluation factors in making contract awards. Granting this authority to counties may result in the ability to negotiate better terms in contracts for certain goods or services, such as utility, health care or insurance contracts, or certain types of equipment. How this option would affect costs would depend on the terms of these contracts.

One area where such a bidding process would be used is county employee health care. For example, Franklin County paid approximately \$56 million in employee health insurance costs in calendar year 2006, and Cuyahoga County paid approximately \$52 million. A smaller county such as Preble County paid approximately \$150,000 in health insurance costs in calendar year 2006. While it is unknown whether or not the bill would allow these counties to negotiate a better rate for these services, the counties could be able to negotiate the terms of the contract, which could lead to more desirable terms of service.

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