



THE VOICE of BUSINESS

July 27, 2022

Public Body Procurement Workgroup
Department of General Services
James Monroe Building
101 N 14th St.
Richmond, Virginia 23219

Dear Workgroup Members:

With more than 28,000 member companies, the Virginia Chamber of Commerce is the leading non-partisan business advocacy organization in the Commonwealth. The Chamber is dedicated to working with our state leaders to champion long-term economic growth in Virginia. I write to provide public comment regarding your review of SB 550.

The Virginia Chamber has members who are owners of projects, members who are contractors, and members who are subcontractors. Therefore, the Chamber has widespread interest among our membership in this legislation. We are grateful to Senator Bell, Delegate Wiley, and Governor Youngkin and his team for their work on this legislation.

SB 550 deals with both public sector construction contracting and contracts for construction projects between private companies. As you also know, the Public Body Procurement Workgroup was created to evaluate changes to the public procurement process and is made up of individuals with expertise in public procurement.

We hope, as you consider the issues with which you are charged by the General Assembly, that you will seek significant private sector input for any proposed changes related to private party construction contracts. We hope this input will include representatives of the owner community, the contractor community, and the subcontractor community.

Virginia is proud of its pro-business reputation, and an important part of preserving our business climate is ensuring that the state does not create regulatory burdens or excessive constraints in the dealings between private actors in business transactions.

Thank you for your work on these important issues.

Best regards,

A handwritten signature in dark ink, reading "Barry E. DuVal". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Barry E. DuVal
President and CEO



Procurement Workgroup, rr <pwg@dgs.virginia.gov>

Procurement Work Group Request for Information

Duffy, Michael Edward (med7p) <med7p@virginia.edu>
To: "pwg@dgs.virginia.gov" <pwg@dgs.virginia.gov>

Wed, Jul 27, 2022 at 12:51 PM

Hello,

I wish to comment on SB575, concerning Information on the appropriateness of requiring DGS and all state agencies to use a TCO calculator to assess and compare the total cost to purchase, own, lease, and operate medium-duty and heavy-duty internal combustion-engine vehicles versus comparable electric vehicles prior to purchasing or leasing any medium-duty or heavy-duty vehicle.

Specifically, "miles driven" and "vehicle class" is not enough of a metric to make a comparison of Total Cost of Ownership of a fleet. You cannot use a "one-size-fits-all" metric, because fleets are unique in the service they perform, and the environment within which they operate. Total Cost of Ownership has dramatically increased over the past 2 years, due to less miles driven, higher replacement costs and ever-rising fuel costs. A utilization metric must be explored and set for every agency, as a part of the cost per mile metric of is defined.

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Public Body Procurement Workgroup
Meeting #2 July 28, 2022
SB575 Comments
by Lena Lewis on behalf of The Nature Conservancy

My name is Lena Lewis, and I am the Energy and Climate Policy Manager for the Virginia Chapter of The Nature Conservancy. The Nature Conservancy is a science-based, collaborative, non-partisan, solutions-oriented non-profit. One of our priorities is to tackle climate change, and we support SB575 because it is a fiscally responsible way for the state to lead by example in making the transition to electric vehicles as they become economically feasible.

I'd like to start by highlighting a couple of details and key dates for the light-duty vehicle component of SB575:

For light duty vehicles, the legislation states *"By October 1, 2022, the Department shall identify a **publicly available** total cost of ownership calculator [that will be used to assess and compare the total cost to purchase, own, lease, and operate light-duty internal combustion-engine vehicles (ICEVs) versus comparable electric vehicles (EVs).]"*

"Beginning on January 1, 2023, the Department and all agencies of the Commonwealth shall utilize the calculator [prior to purchasing or leasing any light-duty vehicles]."

Once DGS has identified a publicly available TCO calculator, as a stakeholder, The Nature Conservancy would be interested to learn about what they have selected and how they will prepare state agencies to use it by January 1, 2023. Of course, we and other stakeholders are available to assist DGS.

Turning to the section on medium and heavy-duty vehicles (MHDV),

This workgroup *"shall evaluate the appropriateness of requiring the Department and all agencies of the Commonwealth to use a total cost of ownership (TCO) calculator to, prior to purchasing or leasing any medium-duty or heavy-duty vehicle, assess and compare the total cost to purchase, own, lease, and operate medium-duty or heavy-duty internal combustion-engine vehicles versus comparable electric vehicles."*

I suggest breaking this evaluation down into four component questions:

- First, is it appropriate to consider the TCO at all when procuring MDHVs?
 - From a fiscally responsible perspective, I expect the answer would be yes.
- Second, should a TCO calculator be used to compare different models of conventional diesel and gas-powered vehicles?

- Given the number of cost inputs and variables involved, it seems like again the answer should be yes.
- Third, should that TCO calculator also have the capability to compare the TCO of conventional vehicles to electric vehicles?
 - Yes, if you are going to use a calculator, you might as well use one that is capable of not only comparing conventional vehicles to each other, but also can compare them to electric medium and heavy-duty vehicles.
- Fourth and last question: if the answer to the first three questions is “yes,” then *which* TCO calculator should be used?

For the fourth question, of *which* calculator to use, I have researched the publicly available TCO calculators for MDHVs, and one stands out to me that is definitely up to the job and is user friendly. That TCO calculator is the Dashboard for Rapid Vehicle Electrification, or DRVE Tool. If the user enters in the make and model of the ICE MHDV, the DRVE Tool will offer the comparable electric MHDV, so the user does not have to be knowledgeable about the current EV marketplace.

But rather than spend your time now comparing and contrasting the attributes of the TCO calculators, I’d like to make another suggestion. I know you’ve got a lot on your plate generally, and especially with the task of coming to a decision about SB550. The Nature Conservancy and other stakeholders stand ready to engage on this task for SB575. At your request, stakeholders can form a stakeholder subgroup and evaluate TCO calculators for their ability to handle the specific characteristics of MDHVs. This stakeholder subgroup would be happy to make recommendations for your report that would streamline your workgroup’s workload.

I do not expect that a TCO analysis will result in the procurement of electric MHDVs very often in the first couple of years, because the economics still usually favor conventional vehicles. For now.

And that is actually a good reason to start using a TCO calculator now, to get the hang of it, to give feedback to the software designers, and to recognize the financial trend as it starts to shift in favor of electric MDHV, as we expect it will in a few short years. It makes fiscal sense for DGS to be ready to seize the moment as soon as the economics shift favorably towards electric MHDVs, not years afterwards.

Thank you.