

014581200

SENATE BILL NO. 1024

Offered January 10, 2001

Prefiled January 9, 2001

A BILL to amend and reenact §§ 11-37 and 11-41 of the Code of Virginia, relating to the Virginia Public Procurement Act; procurement by reverse auctioning.

Patron—Stosch

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That §§ 11-37 and 11-41 of the Code of Virginia are amended and reenacted as follows:****§ 11-37. Definitions.**

The words defined in this section shall have the meanings set forth below throughout this chapter.

"Best value," as predetermined in the solicitation, means the overall combination of quality, price, and various elements of required services that in total are optimal relative to a public body's needs.

"Competitive sealed bidding" is a method of contractor selection which includes the following elements:

1. Issuance of a written Invitation to Bid containing or incorporating by reference the specifications and contractual terms and conditions applicable to the procurement. Unless the public body has provided for prequalification of bidders, the Invitation to Bid shall include a statement of any requisite qualifications of potential contractors. When it is impractical to prepare initially a purchase description to support an award based on prices, an Invitation to Bid may be issued requesting the submission of unpriced offers to be followed by an Invitation to Bid limited to those bidders whose offers have been qualified under the criteria set forth in the first solicitation.

2. Public notice of the Invitation to Bid at least ten days prior to the date set for receipt of bids by posting in a designated public area, or publication in a newspaper of general circulation, or both. Public notice may also be published on the Department of General Services' central electronic procurement Web site and other appropriate Web sites. Effective July 1, 2002, posting by state agencies, departments and institutions on the public Internet procurement Web site designated by the Department of General Services shall be required. In addition, bids may be solicited directly from potential contractors. Any additional solicitations shall include businesses selected from a list made available by the Department of Minority Business Enterprise.

3. Public opening and announcement of all bids received.

4. Evaluation of bids based upon the requirements set forth in the invitation, which may include special qualifications of potential contractors, life-cycle costing, value analysis, and any other criteria such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose, which are helpful in determining acceptability.

5. Award to the lowest responsive and responsible bidder. When the terms and conditions of multiple awards are so provided in the Invitation to Bid, awards may be made to more than one bidder.

6. Competitive sealed bidding shall not be required for procurement of professional services.

"Competitive negotiation" is a method of contractor selection which includes the following elements:

1. Issuance of a written Request for Proposal indicating in general terms that which is sought to be procured, specifying the factors which will be used in evaluating the proposal and containing or incorporating by reference the other applicable contractual terms and conditions, including any unique capabilities or qualifications which will be required of the contractor.

2. Public notice of the Request for Proposal at least ten days prior to the date set for receipt of proposals by posting in a public area normally used for posting of public notices and by publication in a newspaper or newspapers of general circulation in the area in which the contract is to be performed so as to provide reasonable notice to the maximum number of offerors that can be reasonably anticipated to submit proposals in response to the particular request. Public notice may also be published on the Department of General Services' central electronic procurement Web site and other appropriate Web sites. Effective July 1, 2002, publishing by state agencies, departments and institutions on the public Internet procurement Web site designated by the Department of General Services shall be required. In addition, proposals may be solicited directly from potential contractors.

3. a. Procurement of professional services. The public body shall engage in individual discussions with two or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. The offerors shall be encouraged to elaborate on their

INTRODUCED

SB1024

59 qualifications and performance data or staff expertise pertinent to the proposed project, as well as
60 alternative concepts. The Request for Proposal shall not, however, request that offerors furnish estimates
61 of man-hours or cost for services. At the discussion stage, the public body may discuss nonbinding
62 estimates of total project costs, including, but not limited to, life-cycle costing, and where appropriate,
63 nonbinding estimates of price for services. Proprietary information from competing offerors shall not be
64 disclosed to the public or to competitors. At the conclusion of discussion, outlined in this subdivision,
65 on the basis of evaluation factors published in the Request for Proposal and all information developed in
66 the selection process to this point, the public body shall select in the order of preference two or more
67 offerors whose professional qualifications and proposed services are deemed most meritorious.
68 Negotiations shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory
69 and advantageous to the public body can be negotiated at a price considered fair and reasonable, the
70 award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be
71 formally terminated and negotiations conducted with the offeror ranked second, and so on until such a
72 contract can be negotiated at a fair and reasonable price. Should the public body determine in writing
73 and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more
74 highly qualified and suitable than the others under consideration, a contract may be negotiated and
75 awarded to that offeror.

76 A contract for architectural or professional engineering services relating to construction projects may
77 be negotiated by a state agency, as defined in § 11-62.1, for multiple projects provided (i) the projects
78 require similar experience and expertise, (ii) the nature of the projects is clearly identified in the Request
79 for Proposal, and (iii) the contract term is limited to one year or when the cumulative total project fees
80 reach the maximum cost authorized in this paragraph, whichever occurs first. Such contract may be
81 renewable for one additional term at the option of the state agency. Under such contract, (i) the fair and
82 reasonable prices, as negotiated, shall be used in determining the cost of each project performed, (ii) the
83 sum of all projects performed in one contract term shall not exceed \$500,000 or such lesser amount as
84 may be determined by the Director of the Department of General Services, and (iii) the project fee of
85 any single project shall not exceed \$100,000 or such lesser amount as may be determined by the
86 Director of the Department of General Services. Any unused amounts from the first contract term shall
87 not be carried forward to the additional term. Competitive negotiations for such contracts may result in
88 awards to more than one offeror provided (i) the Request for Proposal so states and (ii) the state agency
89 has established procedures for distributing multiple projects among the selected contractors during the
90 contract term.

91 Multiphase professional services contracts satisfactory and advantageous to the Department of
92 Transportation for environmental, location, design and inspection work regarding highways and bridges
93 may be negotiated and awarded based on a fair and reasonable price for the first phase only, when
94 completion of the earlier phases is necessary to provide information critical to the negotiation of a fair
95 and reasonable price for succeeding phases.

96 b. Procurement of other than professional services. Selection shall be made of two or more offerors
97 deemed to be fully qualified and best suited among those submitting proposals, on the basis of the
98 factors involved in the Request for Proposal, including price if so stated in the Request for Proposal.
99 Negotiations shall then be conducted with each of the offerors so selected. Price shall be considered, but
100 need not be the sole determining factor. After negotiations have been conducted with each offeror so
101 selected, the public body shall select the offeror which, in its opinion, has made the best proposal, and
102 shall award the contract to that offeror. When the terms and conditions of multiple awards are so
103 provided in the Request for Proposal, awards may be made to more than one offeror. Should the public
104 body determine in writing and in its sole discretion that only one offeror is fully qualified, or that one
105 offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated
106 and awarded to that offeror.

107 "Construction" means building, altering, repairing, improving or demolishing any structure, building
108 or highway, and any draining, dredging, excavation, grading or similar work upon real property.

109 "Construction management contract" means a contract in which a party is retained by the owner to
110 coordinate and administer contracts for construction services for the benefit of the owner, and may also
111 include, if provided in the contract, the furnishing of construction services to the owner.

112 "Design-build contract" means a contract between a public body and another party in which the party
113 contracting with the public body agrees to both design and build the structure, roadway or other item
114 specified in the contract.

115 "Goods" means all material, equipment, supplies, printing, and automated data processing hardware
116 and software.

117 "Informality" means a minor defect or variation of a bid or proposal from the exact requirements of
118 the Invitation to Bid, or the Request for Proposal, which does not affect the price, quality, quantity or
119 delivery schedule for the goods, services or construction being procured.

120 "Multiphase professional services contract" means a contract for the providing of professional

services where the total scope of work of the second or subsequent phase of the contract cannot be specified without the results of the first or prior phase of the contract.

"Nonprofessional services" means any services not specifically identified as professional services in the definition of professional services.

"Potential bidder or offeror" for the purposes of §§ 11-66 and 11-70 means a person who, at the time a public body negotiates and awards or proposes to award a contract, is engaged in the sale or lease of goods, or the sale of services, insurance or construction, of the type to be procured under such contract, and who at such time is eligible and qualified in all respects to perform that contract, and who would have been eligible and qualified to submit a bid or proposal had the contract been procured through competitive sealed bidding or competitive negotiation.

"Professional services" means work performed by an independent contractor within the scope of the practice of accounting, actuarial services, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacy or professional engineering. "Professional services" shall also include the services of an economist procured by the State Corporation Commission.

"Public body" means any legislative, executive or judicial body, agency, office, department, authority, post, commission, committee, institution, board or political subdivision created by law to exercise some sovereign power or to perform some governmental duty, and empowered by law to undertake the activities described in this chapter.

"Public contract" means an agreement between a public body and a nongovernmental source that is enforceable in a court of law.

"Responsible bidder" or "offeror" means a person who has the capability, in all respects, to perform fully the contract requirements and the moral and business integrity and reliability which will assure good faith performance, and who has been prequalified, if required.

"Responsive bidder" means a person who has submitted a bid which conforms in all material respects to the Invitation to Bid.

"Reverse auctioning" means a procurement method wherein bidders are invited to bid on specified goods or nonprofessional services through real-time electronic bidding, with the award being made to the lowest responsive and responsible bidder. During the bidding process, bidders' prices are revealed and bidders shall have the opportunity to modify their bid prices for the duration of the time period established for bid opening.

"Services" means any work performed by an independent contractor wherein the service rendered does not consist primarily of acquisition of equipment or materials, or the rental of equipment, materials and supplies.

"Sheltered workshop" means a work-oriented rehabilitative facility with a controlled working environment and individual goals which utilizes work experience and related services for assisting the handicapped person to progress toward normal living and a productive vocational status.

§ 11-41. Methods of procurement.

A. All public contracts with nongovernmental contractors for the purchase or lease of goods, or for the purchase of services, insurance, or construction, shall be awarded after competitive sealed bidding, or competitive negotiation as provided in this section, unless otherwise authorized by law.

B. Professional services shall be procured by competitive negotiation.

C. 1. Upon a determination made in advance by the public body and set forth in writing that competitive sealed bidding is either not practicable or not fiscally advantageous to the public, goods, services, or insurance may be procured by competitive negotiation. The writing shall document the basis for this determination.

Upon a written determination made in advance by (i) the Governor or his designee in the case of a procurement by the Commonwealth or by a department, agency or institution thereof or (ii) the local governing body in the case of a procurement by a political subdivision of the Commonwealth, that competitive negotiation is either not practicable or not fiscally advantageous, insurance may be procured through a licensed agent or broker selected in the manner provided for the procurement of things other than professional services in subdivision 3 b of the definition of "competitive negotiation" in § 11-37. The basis for this determination shall be documented in writing.

2. Construction may be procured only by competitive sealed bidding, except that competitive negotiation may be used in the following instances upon a determination made in advance by the public body and set forth in writing that competitive sealed bidding is either not practicable or not fiscally advantageous to the public, which writing shall document the basis for this determination:

a. By the Commonwealth, its departments, agencies and institutions on a fixed price design-build basis or construction management basis under § 11-41.2;

b. By any public body for the alteration, repair, renovation or demolition of buildings when the contract is not expected to cost more than \$500,000;

c. By any public body for the construction of highways and any draining, dredging, excavation,

182 grading or similar work upon real property; or

183 d. As otherwise provided in § 11-41.2:2.

184 D. Upon a determination in writing that there is only one source practicably available for that which
185 is to be procured, a contract may be negotiated and awarded to that source without competitive sealed
186 bidding or competitive negotiation. The writing shall document the basis for this determination. The
187 public body shall issue a written notice stating that only one source was determined to be practicably
188 available, and identifying that which is being procured, the contractor selected, and the date on which
189 the contract was or will be awarded. This notice shall be posted in a designated public area or published
190 in a newspaper of general circulation on the day the public body awards or announces its decision to
191 award the contract, whichever occurs first. Public notice may also be published on the Department of
192 General Services' central electronic procurement Web site and other appropriate Web sites.

193 E. In case of emergency, a contract may be awarded without competitive sealed bidding or
194 competitive negotiation; however, such procurement shall be made with such competition as is
195 practicable under the circumstances. A written determination of the basis for the emergency and for the
196 selection of the particular contractor shall be included in the contract file. The public body shall issue a
197 written notice stating that the contract is being awarded on an emergency basis, and identifying that
198 which is being procured, the contractor selected, and the date on which the contract was or will be
199 awarded. This notice shall be posted in a designated public area or published in a newspaper of general
200 circulation on the day the public body awards or announces its decision to award the contract, whichever
201 occurs first, or as soon thereafter as is practicable. Public notice may also be published on the
202 Department of General Services' central electronic procurement Web site and other appropriate Web
203 sites.

204 F. A public body may establish purchase procedures, if adopted in writing, not requiring competitive
205 sealed bids or competitive negotiation for single or term contracts for goods and services other than
206 professional services if the aggregate or the sum of all phases is not expected to exceed \$50,000;
207 however, such small purchase procedures shall provide for competition wherever practicable. Purchases
208 under this subsection that are expected to exceed \$30,000 shall require the written informal solicitation
209 of a minimum of four bidders or offerors.

210 G. A public body may establish purchase procedures, if adopted in writing, not requiring competitive
211 negotiation for single or term contracts for professional services if the aggregate or the sum of all phases
212 is not expected to exceed \$30,000; however such small purchase procedures shall provide for
213 competition wherever practicable.

214 H. Any local school board may authorize any of its public schools or its school division to enter into
215 contracts providing that caps and gowns, photographs, class rings, yearbooks and graduation
216 announcements will be available for purchase or rental by students, parents, faculty or other persons
217 using nonpublic money through the use of competitive negotiation as provided in this chapter;
218 competitive sealed bidding is not necessarily required for such contracts. The Superintendent of Public
219 Instruction may provide assistance to public school systems regarding this chapter and other related
220 laws.

221 I. Upon a determination made in advance by the local governing body and set forth in writing that
222 the purchase of goods, products or commodities from a public auction sale is in the best interests of the
223 public, such items may be purchased at the auction. The writing shall document the basis for this
224 determination.

225 J. Effective until January 1, 2001, procurement of goods, services, or construction to address
226 computers, software programs, databases, networks, information systems, firmware, or any other devices
227 which are not compliant with the "Year 2000" date change shall be deemed emergency procurements
228 under subsection E.

229 K. *The purchase of goods or nonprofessional services, but not construction or professional services,*
230 *may be made by reverse auctioning.*