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SENATE BILL NO. 1107

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws

on January 26, 2005)

(Patron Prior to Substitute—Senator Stosch)

A BILL to amend and reenact §§ 56-575.1 through 56-575.5, 56-575.7 through 56-575.13 and 56-575.16 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 56-575.3:1, and 56-575.9:1, relating to the Public Private Education Facilities and Infrastructure Act of 2002.

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-575.1 through 56-575.4, 56-575.7 through 56-575.11 and 56-575.16 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 56-575.3:1, and 56-575.9:1 as follows:

§ 56-575.1. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Affected local jurisdiction" means any county, city or town in which all or a portion of a qualifying project is located.

"Commission" means the State Corporation Commission.

"Comprehensive agreement" means the comprehensive agreement between the ~~operator~~ private entity and the responsible public entity required by § 56-575.9.

"Develop" or "development" means to plan, design, develop, finance, lease, acquire, install, construct, or expand.

"Interim agreement" means an agreement between the private entity and the responsible public entity that provides for phasing of development and/or operation of a qualifying project. Such phases may include, but are not limited to, design, planning, engineering, environmental analysis and mitigation, financial and revenue analysis, or any other phase of the project that constitutes activity on any part of the qualifying project.

"Lease payment" means any form of payment, including a land lease, by a public entity to the ~~operator~~ private entity for the use of a qualifying project.

"Material default" means any default by the ~~operator~~ private entity in the performance of its duties under subsection E of § 56-575.8 that jeopardizes adequate service to the public from a qualifying project.

"Operate" means to finance, maintain, improve, equip, modify, repair, or operate.

"Operator" means the ~~private or other non-governmental~~ entity that is responsible for any and all of the stages of a qualifying project, or a portion thereof, including (i) acquisition, (ii) design, (iii) construction, (iv) improvement, (v) renovation, (vi) expansion, (vii) equipping, (viii) maintenance, (ix) operation, (x) implementation, and (xi) installation.

"Private entity" means any natural person, corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, non-profit entity, or other ~~private~~ business entity.

"Public entity" means the Commonwealth and any agency or authority thereof, any county, city or town and any other political subdivision of the Commonwealth or any regional entity that serves a public purpose.

"Qualifying project" means (i) any education facility, including, but not limited to a school building, any functionally related and subordinate facility and land to a school building (including any stadium or other facility primarily used for school events), and any depreciable property provided for use in a school facility that is operated as part of the public school system or as an institution of higher education; (ii) any building or facility that meets a public purpose and is developed and/or operated ~~for principal use~~ by or for any public entity; (iii) any improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity; (iv) utility and telecommunications and other communications infrastructure; (v) a recreational facility; or (vi) technology infrastructure, including, but not limited to, telecommunications, automated data processing, word processing and management information systems, and related information, equipment, goods and services.

"Responsible public entity" means a public entity that has the power to ~~acquire, design, construct, improve, renovate, expand, equip, maintain, operate, implement, or install~~ develop or operate the applicable qualifying project.

"Revenues" means all revenues, income, earnings, user fees, lease payments, or other service payments generated by arising out of or in connection with supporting the development and/or operation of a qualifying project, including without limitation, money received as grants or otherwise from the

60 *United States of America, from any public entity, or from any agency or instrumentality of the foregoing*
61 *in aid of such facility.*

62 "Service contract" means a contract entered into between a public entity and the ~~operator~~private
63 entity pursuant to § 56-575.5.

64 "Service payments" means payments to the ~~operator~~private entity of a qualifying project pursuant to a
65 service contract.

66 "State" means the Commonwealth of Virginia.

67 "User fees" mean the rates, fees or other charges imposed by the ~~operator~~private entity of a
68 qualifying project for use of all or a portion of such qualifying project pursuant to the comprehensive
69 agreement pursuant to § 56-575.9.

70 § 56-575.2. Declaration of public purpose.

71 A. The General Assembly finds that:

72 1. There is a public need for timely acquisition, design, construction, improvement, renovation,
73 expansion, equipping, maintenance, operation, implementation, or installation of education facilities,
74 technology infrastructure and other public infrastructure and government facilities within the
75 Commonwealth that serve a public need and purpose;

76 2. Such public need may not be wholly satisfied by existing methods of procurement in which
77 qualifying projects are acquired, designed, constructed, improved, renovated, expanded, equipped,
78 maintained, operated, implemented, or installed;

79 3. There are inadequate resources to develop new education facilities, technology infrastructure and
80 other public infrastructure and government facilities for the benefit of citizens of the Commonwealth,
81 and there is demonstrated evidence that public-private partnerships can meet these needs by improving
82 the schedule for delivery, lowering the cost, and providing other benefits to the public;

83 4. Financial incentives exist under state and federal tax provisions that promote public entities to
84 enter into partnerships with private entities to develop qualifying projects; and

85 5. Authorizing private entities to ~~acquire, design, construct, improve, renovate, expand, equip,~~
86 ~~maintain, operate, implement, or install~~ develop and/or operate one or more qualifying projects may
87 result in the availability of such projects to the public in a more timely or less costly fashion, thereby
88 serving the public safety, benefit, and welfare.

89 B. An action under § 56-575.4 shall serve the public purpose of this chapter if such action facilitates
90 the timely ~~development and/or operation~~ acquisition, design, construction, improvement, renovation,
91 expansion, equipping, maintenance, operation, implementation, or installation of qualifying projects.

92 C. It is the intent of this chapter, among other things, to *encourage investment in the Commonwealth*
93 *by private entities and* facilitate the bond financing provisions of the Economic Growth and Tax Relief
94 Reconciliation Act of 2001 or other similar financing mechanisms, private capital and other funding
95 sources that support the ~~development and/or operation~~ acquisition, design, construction, improvement,
96 renovation, expansion, equipping, maintenance, operation, implementation, or installation of qualifying
97 projects, to the end that financing for qualifying projects be expanded and accelerated to improve and
98 add to the convenience of the public, and such that public and private entities may have the greatest
99 possible flexibility in contracting with each other for the provision of the public services that are the
100 subject of this chapter.

101 D. This chapter shall be liberally construed in conformity with the purposes hereof.

102 § 56-575.3. Prerequisite for operation of a qualifying project.

103 A. Any private entity seeking authorization under this chapter to ~~acquire, design, construct, improve,~~
104 ~~renovate, expand, equip, maintain, operate, implement, or install~~ develop and/or operate a qualifying
105 project shall first obtain approval of the responsible public entity under § 56-575.4. Such private entity
106 may initiate the approval process by requesting approval pursuant to subsection A of § 56-575.4 or the
107 responsible public entity may request proposals or invite bids pursuant to subsection B of § 56-575.4.

108 B. Any facility, building, infrastructure or improvement included in a proposal as a part of a
109 qualifying project shall be identified specifically or conceptually.

110 C. Upon receipt by the responsible public entity of a proposal submitted by a private entity initiating
111 the approval process pursuant to subsection A of § 56-575.4, the responsible public entity shall
112 determine whether to accept such proposal for consideration in accordance with § 56-575.16. If the
113 responsible public entity determines not to accept for consideration the proposal submitted by the private
114 entity pursuant to subsection A of § 56-575.4, it shall return the proposal, together with all fees and
115 accompanying documentation, to the private entity.

116 D. The responsible public entity may reject any proposal initiated by a private entity pursuant to
117 subsection A of § 56-575.4 at any time.

118 § 56-575.3:1. Adoption of guidelines by responsible public entities.

119 A. Any responsible public entity requesting or considering a proposal for a qualifying facility shall
120 adopt and make publicly available guidelines that are sufficient to enable the responsible public entity
121 to comply with this chapter. Such guidelines shall guide the selection of projects under the purview of

the responsible public entity and include, but not be limited to, reasonable criteria for choosing among competitive proposals and timelines for selecting proposals and negotiating an interim or comprehensive agreement.

B. Such guidelines shall permit accelerated selection, review and documentation timelines for proposals involving a qualifying facility that the responsible public entity deems a priority.

§ 56-575.4. Approval of qualifying projects by the responsible public entity.

A. A private entity may request approval of a qualifying project by the responsible public entity. Any such request shall be accompanied by the following material and information unless waived by the responsible public entity:

1. A topographic map (1:2,000 or other appropriate scale) indicating the location of the qualifying project;

2. A description of the qualifying project, including the conceptual design of such facility or facilities or a conceptual plan for the provision of services or technology infrastructure, and a schedule for the initiation of and completion of the qualifying project to include the proposed major responsibilities and timeline for activities to be performed by both the public and private entity;

3. A statement setting forth the method by which the ~~operator~~private entity proposes to secure any necessary property interests required for the qualifying project. The statement shall include: (i) the names and addresses, if known, of the current owners of the property needed for the qualifying project; (ii) the nature of the property interests to be acquired; and (iii) any property that the responsible public entity expects it will be requested to condemn;

4. Information relating to the current plans for development of facilities or technology infrastructure to be used by a public entity that are similar to the qualifying project being proposed by the private entity, if any, of each affected local jurisdiction;

5. A list of all permits and approvals required for the qualifying project from local, state, or federal agencies and a projected schedule for obtaining such permits and approvals;

6. A list of public utility facilities, if any, that will be crossed by the qualifying project and a statement of the plans of the ~~operator~~private entity to accommodate such crossings;

7. A statement setting forth the ~~operator's~~private entity's general plans for financing the qualifying project including the sources of the ~~operator's~~private entity's funds and identification of any dedicated revenue source or proposed debt or equity investment on the behalf of the private entity;

8. The names and addresses of the persons who may be contacted for further information concerning the request;

9. User fees, lease payments, and other service payments over the term of the *interim or comprehensive agreement pursuant to § 56-575.9 or 56-575.9:1* and the methodology and circumstances for changes to such user fees, lease payments, and other service payments over time; and

10. Such additional material and information as the responsible public entity may reasonably request.

B. The responsible public entity may request proposals or invite bids from private entities for the acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, operation, ~~implementation, or installation development or operation~~ of qualifying projects.

C. The responsible public entity may grant approval of the ~~acquisition, construction, improvement, renovation, expansion, maintenance, operation, implementation, or installation development and/or operation~~ of the education facility, technology infrastructure or other public infrastructure or government facility needed by a public entity as a qualifying project, or the design or equipping of a qualifying project so acquired, constructed, improved, renovated, expanded, maintained, operated, implemented, or ~~installed developed and/or operated~~, if the responsible public entity determines that the project serves the public purpose of this chapter. The responsible public entity may determine that the ~~acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, operation, implementation, or installation development and/or operation~~ of the qualifying project as a qualifying project serves such public purpose if:

1. There is a public need for or benefit derived from the qualifying project of the type the private entity proposes as a qualifying project;

2. The estimated cost of the qualifying project is reasonable in relation to similar facilities; and

3. The private entity's plans will result in the timely ~~acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, operation, implementation, or installation development and/or operation~~ of the qualifying project.

In evaluating any request, the responsible public entity may rely upon internal staff reports prepared by personnel familiar with the operation of similar facilities or the advice of outside advisors or consultants having relevant experience.

D. The responsible public entity may charge a reasonable fee to cover the costs of processing, reviewing and evaluating the request, including without limitation, reasonable attorney's fees and fees for financial, technical, and other necessary advisors or consultants.

183 E. The approval of the responsible public entity shall be subject to the private entity's entering into a
184 *an interim or* comprehensive agreement pursuant to § 56-575.9 with the responsible public entity.

185 F. In connection with its approval of the qualifying project, the responsible public entity shall
186 establish a date for the commencement of activities related to the qualifying project. The responsible
187 public entity may extend such date from time to time.

188 G. The responsible public entity shall take appropriate action to protect confidential and proprietary
189 information provided by the ~~operator~~ private entity pursuant to an agreement under subdivision 11 of
190 § 2.2-3705.6.

191 H. Nothing in this chapter or in ~~aan interim or~~ comprehensive agreement entered into pursuant to
192 this chapter shall be deemed to enlarge, diminish or affect the authority, if any, otherwise possessed by
193 the responsible public entity to take action that would impact the debt capacity of the Commonwealth.

194 § 56-575.5. Service contracts.

195 In addition to any authority otherwise conferred by law, any public entity may contract with an
196 ~~operator~~ a private entity for the delivery of services to be provided as part of a qualifying project in
197 exchange for such service payments and other consideration as such public entity may deem appropriate.

198 § 56-575.7. Dedication of public property.

199 Any public entity may dedicate any property interest, including land, improvements, and tangible
200 personal property, that it has for public use in a qualifying project if it finds that so doing will serve the
201 public purpose of this chapter by minimizing the cost of a qualifying project to the public entity or
202 reducing the delivery time of a qualifying project. In connection with such dedication, a public entity
203 may convey any property interest that it has, subject to the conditions imposed by general law governing
204 *such conveyances*, to the ~~operator~~ private entity subject to the provisions of this chapter, for such
205 consideration as such public entity may determine. The aforementioned consideration may include,
206 without limitation, the agreement of the ~~operator~~ private entity to develop and/or operate the qualifying
207 project. *The property interests that the public entity may convey to the private entity in connection with*
208 *a dedication under this section may include licenses, franchises, easements, or any other right or*
209 *interest the public entity deems appropriate.*

210 § 56-575.8. Powers and duties of the private entity.

211 A. The ~~operator~~ private entity shall have all power allowed by law generally to a private entity having
212 the same form of organization as the ~~operator~~ private entity and shall have the power to ~~acquire, design,~~
213 ~~construct, improve, renovate, maintain, expand, equip, operate, implement, or install~~ develop and/or
214 operate the qualifying project and collect lease payments, impose user fees or enter into service
215 contracts in connection with the use thereof.

216 B. The ~~operator~~ private entity may own, lease or acquire any other right to use or operate the
217 qualifying project.

218 C. Any financing of the qualifying project may be in such amounts and upon such terms and
219 conditions as may be determined by the ~~operator~~ private entity. Without limiting the generality of the
220 foregoing, the ~~operator~~ private entity may issue debt, equity or other securities or obligations, enter into
221 sale and leaseback transactions and secure any financing with a pledge of, security interest in, or lien
222 on, any or all of its property, including all of its property interests in the qualifying project.

223 D. In operating the qualifying project, the ~~operator~~ private entity may:

- 224 1. Make classifications according to reasonable categories for assessment of user fees; and
225 2. With the consent of the responsible public entity, make and enforce reasonable rules to the same
226 extent that the responsible public entity may make and enforce rules with respect to similar facilities.

227 E. The ~~operator~~ private entity shall:

- 228 1. ~~Acquire, design, construct, improve, renovate, expand, equip, maintain, operate, implement, or~~
229 ~~install~~ Develop and/or operate the qualifying project in a manner that is acceptable to the responsible
230 public entity, all in accordance with the provisions of the *interim or* comprehensive agreement pursuant
231 to § 56-575.9 or § 56-575.9:1;

- 232 2. Keep the qualifying project open for use by the members of the public at all times, or as
233 appropriate based upon the use of the facility, after its initial opening upon payment of the applicable
234 user fees, lease payments, or service payments; provided that the qualifying project may be temporarily
235 closed because of emergencies or, with the consent of the responsible public entity, to protect the safety
236 of the public or for reasonable construction or maintenance ~~procedures~~ activities. In the event that a
237 qualifying project is technology infrastructure, access may be limited as determined by the conditions of
238 the *interim or* comprehensive agreement;

- 239 3. Maintain, or provide by contract for the maintenance or upgrade of the qualifying project, if
240 required by the *interim or* comprehensive agreement;

- 241 4. Cooperate with the responsible public entity in making best efforts to establish any interconnection
242 with the qualifying project requested by the responsible public entity; and

- 243 5. Comply with the provisions of the *interim or* comprehensive agreement and any *lease or* service
244 contract.

F. Nothing shall prohibit an ~~operator~~*private entity* of a qualifying project from providing additional services for the qualifying project to public or private entities other than the responsible public entity so long as the provision of additional service does not impair the ~~operator's~~*private entity's* ability to meet its commitments to the responsible public entity pursuant to the *interim or* comprehensive agreement as provided for in § 56-575.9 or § 56-575.9:1.

§ 56-575.9. Comprehensive agreement.

A. Prior to *developing and or operating* ~~acquiring, designing, constructing, improving, renovating, expanding, equipping, maintaining, operating, implementing, or installing~~ the qualifying project, the private entity shall enter into a comprehensive agreement with the responsible public entity. The comprehensive agreement shall provide for:

1. Delivery of maintenance, performance and payment bonds, ~~or~~ letters of credit in connection with the *development and/or operation* ~~acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, operation, implementation, or installation~~ of the qualifying project, in the forms and amounts satisfactory to the responsible public entity and in compliance with § 2.2-4337 for those components of the qualifying project that involve construction;

2. Review of plans and specifications for the qualifying project by the responsible public entity and approval by the responsible public entity if the plans and specifications conform to standards acceptable to the responsible public entity. This shall not be construed as requiring the private entity to complete design of a qualifying project prior to the execution of a comprehensive agreement;

3. Inspection of the qualifying project by the responsible public entity to ensure that the ~~operator's~~*private entity's* activities are acceptable to the responsible public entity in accordance with the provisions of the comprehensive agreement;

4. Maintenance of a policy or policies of public liability insurance (copies of which shall be filed with the responsible public entity accompanied by proofs of coverage), *or* self-insurance, *each* in form and amount satisfactory to the responsible public entity and reasonably sufficient to insure coverage of tort liability to the public and employees and to enable the continued operation of the qualifying project;

5. Monitoring of the practices of the ~~operator~~*private entity* by the responsible public entity to ensure that the qualifying project is properly maintained;

6. Reimbursement to be paid to the responsible public entity for services provided by the responsible public entity;

7. Filing of appropriate financial statements on a periodic basis; and

8. Policies and procedures governing the rights and responsibilities of the responsible public entity and the ~~operator~~*private entity* in the event the comprehensive agreement is terminated or there is a material default by the ~~operator~~*private entity*. Such policies and ~~procedures~~ *guidelines* shall include conditions governing assumption of the duties and responsibilities of the ~~operator~~ *private entity* by the responsible public entity and the transfer or purchase of property or other interests of the ~~operator~~*private entity* by the responsible public entity.

B. The comprehensive agreement shall provide for such user fees, lease payments, or service payments as may be established from time to time by agreement of the parties. A copy of any service contract shall be filed with the responsible public entity. In negotiating user fees under this section, the parties shall establish payments or fees that are the same for persons using the facility under like conditions and that will not materially discourage use of the qualifying project. The execution of the comprehensive agreement or any amendment thereto shall constitute conclusive evidence that the user fees, lease payments, or service payments provided for comply with this chapter. User fees or lease payments established in the comprehensive agreement as a source of revenues may be in addition to, or in lieu of, service payments.

C. In the comprehensive agreement, the responsible public entity may agree to make grants or loans to the ~~operator~~*private entity* from time to time from amounts received from the federal, state, or local government or any agency or instrumentality thereof.

D. The comprehensive agreement shall incorporate the duties of the ~~operator~~ *private entity* under this chapter and may contain such other terms and conditions that the responsible public entity determines serve the public purpose of this chapter. Without limitation, the comprehensive agreement may contain provisions under which the responsible public entity agrees to provide notice of default and cure rights for the benefit of the ~~operator~~ *private entity* and the persons specified therein as providing financing for the qualifying project. The comprehensive agreement may contain such other lawful terms and conditions to which the ~~operator~~*private entity* and the responsible public entity mutually agree, including, without limitation, provisions regarding unavoidable delays or provisions providing for a loan of public funds to the ~~operator~~*private entity* to *develop and/or operate* ~~acquire, design, construct, improve, renovate, expand, equip, maintain, operate, implement, or install~~ one or more qualifying projects. The comprehensive agreement may also contain provisions where the authority and duties of the ~~operator~~*private entity* under this chapter shall cease, and the qualifying project is dedicated to the

306 responsible public entity or, if the qualifying project was initially dedicated by an affected local
307 jurisdiction, to such affected local jurisdiction for public use.

308 E. Any changes in the terms of the comprehensive agreement, as may be agreed upon by the parties
309 from time to time, shall be added to the comprehensive agreement by written amendment.

310 F. When a responsible public entity that is not an agency or authority of the Commonwealth enters
311 into a comprehensive agreement pursuant to this chapter, it shall within 30 days thereafter submit a copy
312 of the comprehensive agreement to the Auditor of Public Accounts.

313 G. *The comprehensive agreement may provide for the development and/or operation of phases or*
314 *segments of the qualifying project.*

315 § 56-575.9:1. *Interim agreement.*

316 *Prior to or in connection with the negotiation of the comprehensive agreement, the responsible*
317 *public entity may enter into an interim agreement with the private entity proposing the development*
318 *and/or operation of the qualifying project. Such interim agreement may (i) permit the private entity to*
319 *commence activities for which it may be compensated relating to the proposed qualifying project,*
320 *including, but not limited to, project planning and development, design and engineering, environmental*
321 *analysis and mitigation, survey, and ascertaining the availability of financing for the proposed facility or*
322 *facilities; (ii) establish the process and timing of the negotiation of the comprehensive agreement; and*
323 *(iii) contain any other provisions related to any aspect of the development and/or operation of a*
324 *qualifying project that the parties may deem appropriate.*

325 § 56-575.10. Federal, state and local assistance.

326 A. Any financing of a qualifying facility may be in such amounts and upon such terms and conditions
327 as may be determined by the parties to the interim or comprehensive agreement. Without limiting the
328 generality of the terms and conditions of the financing, the private entity and the responsible public
329 entity may propose to utilize any and all funding resources that may be available to them and may, to
330 the fullest extent permitted by applicable law, issue debt, equity, or other securities or obligations, enter
331 into leases, access any designated trust funds, borrow or accept grants from any state infrastructure
332 bank, and secure any financing with a pledge of, security interest in, or lien on, any or all of its
333 property, including all of its property interests in the qualifying facility.

334 B. The responsible public entity may take any action to obtain federal, state, or local assistance for a
335 qualifying project that serves the public purpose of this chapter and may enter into any contracts
336 required to receive such assistance. If the responsible public entity is a state agency, any funds received
337 from the state or federal government or any agency or instrumentality thereof shall be subject to
338 appropriation by the General Assembly. The responsible public entity may determine that it serves the
339 public purpose of this chapter for all or any portion of the costs of a qualifying project to be paid,
340 directly or indirectly, from the proceeds of a grant or loan made by the local, state, or federal
341 government or any agency or instrumentality thereof.

342 § 56-575.11. Material default; remedies.

343 A. In the event of a material default by the ~~operator~~ private entity, the responsible public entity may
344 elect to assume the responsibilities and duties of the ~~operator~~ private entity of the qualifying project, and
345 in such case, it shall succeed to all of the right, title and interest in such qualifying project, subject to
346 any liens on revenues previously granted by the ~~operator~~ private entity to any person providing financing
347 thereof.

348 B. Any responsible public entity having the power of condemnation under state law may exercise
349 such power of condemnation to acquire the qualifying project in the event of a material default by the
350 ~~operator~~ private entity. Any person who has provided financing for the qualifying project, and the
351 ~~operator~~ private entity, to the extent of its capital investment, may participate in the condemnation
352 proceedings with the standing of a property owner.

353 C. The responsible public entity may terminate, with cause, the *interim or comprehensive agreement*
354 and exercise any other rights and remedies that may be available to it at law or in equity.

355 D. The responsible public entity may make or cause to be made any appropriate claims under the
356 maintenance, performance, or payment bonds; or lines of credit required by subsection A 1 of
357 § 56-575.9.

358 E. In the event the responsible public entity elects to take over a qualifying project pursuant to
359 subsection A, the responsible public entity may ~~acquire, design, construct, improve, renovate, operate,~~
360 ~~expand, equip, maintain, implement, or install~~ *develop and/or operate* the qualifying project, impose user
361 fees, impose and collect lease payments for the use thereof and comply with any service contracts as if
362 it were the ~~operator~~ private entity. Any revenues that are subject to a lien shall be collected for the
363 benefit of and paid to secured parties, as their interests may appear, to the extent necessary to satisfy the
364 ~~operator~~ private entity's obligations to secured parties, including the maintenance of reserves. Such liens
365 shall be correspondingly reduced and, when paid off, released. Before any payments to, or for the
366 benefit of, secured parties, the responsible public entity may use revenues to pay current operation and
367 maintenance costs of the qualifying project, including compensation to the responsible public entity for

its services in operating and maintaining the qualifying project. The right to receive such payment, if any, shall be considered just compensation for the qualifying project. The full faith and credit of the responsible public entity shall not be pledged to secure any financing of the ~~operator~~private entity by the election to take over the qualifying project. Assumption of operation of the qualifying project shall not obligate the responsible public entity to pay any obligation of the ~~operator~~private entity from sources other than revenues.

§ 56-575.12. Condemnation.

At the request of the ~~operator~~private entity, the responsible public entity may exercise any power of condemnation that it has under law for the purpose of acquiring any lands or estates or interests therein to the extent that the responsible public entity finds that such action serves the public purpose of this chapter. Any amounts to be paid in any such condemnation proceeding shall be paid by the ~~operator~~private entity.

§ 56-575.13. Utility crossing.

The ~~operator~~private entity and each public service company, public utility, railroad, and cable television provider, whose facilities are to be crossed or affected shall cooperate fully with the other entity in planning and arranging the manner of the crossing or relocation of the facilities. Any such entity possessing the power of condemnation is hereby expressly granted such powers in connection with the moving or relocation of facilities to be crossed by the qualifying project or that must be relocated to the extent that such moving or relocation is made necessary or desirable by construction of, renovation to, or improvements to the qualifying project, which shall be construed to include construction of, renovation to, or improvements to temporary facilities for the purpose of providing service during the period of construction or improvement. Any amount to be paid for such crossing, construction, moving or relocating of facilities shall be paid for by the ~~operator~~private entity. Should the ~~operator~~private entity and any such public service company, public utility, railroad, and cable television provider not be able to agree upon a plan for the crossing or relocation, the Commission may determine the manner in which the crossing or relocation is to be accomplished and any damages due arising out of the crossing or relocation. The Commission may employ expert engineers who shall examine the location and plans for such crossing or relocation, hear any objections and consider modifications, and make a recommendation to the Commission. In such a case, the cost of the experts is to be borne by the ~~operator~~private entity. Such determination shall be made by the Commission within ninety days of notification by the private entity that the qualifying project will cross utilities subject to the Commission's jurisdiction.

§ 56-575.16. Procurement.

The Virginia Public Procurement Act (§ 2.2-4300 et seq.) and any interpretations, regulations, or guidelines of the Division of Engineering and Buildings of the Department of General Services or the Virginia Information Technologies Agency, including the Capital Outlay Manual and those interpretations, regulations or guidelines developed pursuant to §§ 2.2-1131, 2.2-1132, 2.2-1133, 2.2-1149, and 2.2-1502, except those developed by the Division or the Virginia Information Technologies Agency in accordance with this chapter when the Commonwealth is the responsible public entity, shall not apply to this chapter. However, a responsible public entity may enter into a comprehensive agreement only in accordance with ~~procedures~~ guidelines adopted by it as follows:

1. A responsible public entity may enter into a comprehensive agreement in accordance with ~~procedures~~ guidelines adopted by it that are consistent with procurement through competitive sealed bidding as defined in § 2.2-4301 and subsection B of § 2.2-4310.

2. A responsible public entity may enter into a comprehensive agreement in accordance with ~~procedures~~ guidelines adopted by it that are consistent with the procurement of "other than professional services" through competitive negotiation as defined in § 2.2-4301 and subsection B of § 2.2-4310. Such responsible public entity shall not be required to select the proposal with the lowest price offer, but may consider price as one factor in evaluating the proposals received. *Other factors that may be considered include (i) the proposed cost of the qualifying facility; (ii) the general reputation, industry experience, and financial capacity of the private entity; (iii) the proposed design of the qualifying project; (iv) the eligibility of the facility for accelerated selection, review, and documentation timelines under the responsible public entities guidelines; (v) local citizen and government comments; (vi) benefits to the public; (vii) the private entity's compliance with a minority business enterprise participation plan or good faith effort to comply with the goals of such plan; (viii) the private entity's plans to employ local contractors and residents; and (ix) other criteria that the responsible public entity deems appropriate.*

A responsible public entity shall proceed in accordance with the ~~procedures~~ guidelines adopted by it pursuant to subdivision 1 unless it determines that proceeding in accordance with the ~~procedures~~ guidelines adopted by it pursuant to this subdivision is likely to be advantageous to the responsible public entity and the public, based on (i) the probable scope, complexity or ~~urgency~~ priority of the project; ~~or~~ (ii) risk sharing *including guaranteed cost or completion guarantees*, added value ~~or~~ debt or equity investments proposed by the private entity; or (iii) an increase in funding, dedicated revenue

429 *source or other economic benefit from the project* that would not otherwise be available. When the
430 responsible public entity determines to proceed according to the ~~procedures~~ *guidelines* adopted by it
431 pursuant to this subdivision, it shall state the reasons for its determination in writing. If a state agency is
432 the responsible public entity, the approval of the responsible Governor's Secretary, or the Governor, shall
433 be required before the responsible public entity may enter into a comprehensive agreement pursuant to
434 this subdivision.

435 3. Nothing in this chapter shall authorize or require that a responsible public entity obtain
436 professional services through any process except in accordance with ~~procedures~~ *guidelines* adopted by it
437 that are consistent with the procurement of "professional services" through competitive negotiation as
438 defined in § 2.2-4301 and subsection B of § 2.2-4310.

439 4. A responsible public entity shall not proceed to consider any request by a private entity for
440 approval of a qualifying project pursuant to subsection A of § 56-575.4 until the responsible public
441 entity has adopted and made publicly available ~~procedures~~ *guidelines* that are sufficient to enable the
442 responsible public entity to comply with this chapter. Such ~~procedures~~ *guidelines* shall:

443 a. If the responsible public entity is not an agency or authority of the Commonwealth, require the
444 responsible public entity to engage the services of qualified professionals, which may include an
445 architect, professional engineer or certified public accountant, not employed by the responsible public
446 entity to provide to the responsible public entity independent analysis regarding the specifics,
447 advantages, disadvantages, and the long- and short-term costs of any request by a private entity for
448 approval of a qualifying project, unless the governing body of the responsible public entity determines
449 that such analysis of a request by a private entity for approval of a qualifying project shall be performed
450 by employees of the responsible public entity.

451 b. Provide for the posting and publishing of public notice of a private entity's request for approval of
452 a qualifying project pursuant to subsection A of § 56-575.4 and a reasonable time period, determined by
453 the responsible public entity to be appropriate to encourage competition and public-private partnerships
454 pursuant to the goals of this chapter, such reasonable period not to be less than 45 days, during which
455 the responsible public entity will receive competing proposals pursuant to that subsection.

456 Such ~~procedures~~ *guidelines* shall also require advertising the public notice in the Virginia Business
457 Opportunities publication and posting a notice on the Commonwealth's electronic procurement website.

458 5. Once a comprehensive agreement has been entered into, and the process of bargaining of all
459 phases or aspects of the comprehensive agreement is complete, a responsible public entity shall make
460 available, upon request, procurement records in accordance with § 2.2-4342.

461 6. A responsible public entity that is a school board or a county, city or town may enter into a *an*
462 *interim or* comprehensive agreement under this chapter only with the approval of the local governing
463 body.

464 2. That the Chairmen of the Senate and House General Laws Committees shall convene a
465 working group of representatives of public and private entities to revise the current model
466 guidelines to incorporate amendments to the Public Private Education Facilities and Infrastructure
467 Act of 2002 in accordance with this act. The group shall make its recommendations available to
468 the responsible public entities by September 30, 2005.

469 3. That the provisions of this act shall apply to existing and prospective qualifying projects.