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**HOUSE BILL NO. 1940**

Offered January 11, 2017

Prefiled January 10, 2017

A *BILL to amend and reenact § 2.2-4343 of the Code of Virginia, relating to the Virginia Public Procurement Act; exemptions; Department of Juvenile Justice; pre-release and post-commitment services.*

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Patron—Carr

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Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:****1. That § 2.2-4343 of the Code of Virginia is amended and reenacted as follows:****§ 2.2-4343. Exemption from operation of chapter for certain transactions.**

A. The provisions of this chapter shall not apply to:

1. The Virginia Port Authority in the exercise of any of its powers in accordance with Chapter 10 (§ 62.1-128 et seq.) of Title 62.1, provided the Authority implements, by policy or regulation adopted by the Board of Commissioners, procedures to ensure fairness and competitiveness in the procurement of goods and services and in the administration of its capital outlay program. This exemption shall be applicable only so long as such policies and procedures meeting the requirements remain in effect.

2. The Virginia Retirement System for selection of services related to the management, purchase or sale of authorized investments, actuarial services, and disability determination services. Selection of these services shall be governed by the standard set forth in § 51.1-124.30.

3. The State Treasurer in the selection of investment management services related to the external management of funds shall be governed by the standard set forth in § 2.2-4514, and shall be subject to competitive guidelines and policies that are set by the Commonwealth Treasury Board and approved by the Department of General Services.

4. The Department of Social Services or local departments of social services for the acquisition of motor vehicles for sale or transfer to Temporary Assistance to Needy Families (TANF) recipients.

5. The College of William and Mary in Virginia, Virginia Commonwealth University, the University of Virginia, and Virginia Polytechnic Institute and State University in the selection of services related to the management and investment of their endowment funds, endowment income, gifts, all other nongeneral fund reserves and balances, or local funds of or held by the College or Universities pursuant to § 23.1-2210, 23.1-2306, 23.1-2604, or 23.1-2803. However, selection of these services shall be governed by the Uniform Prudent Management of Institutional Funds Act (§ 64.2-1100 et seq.) as required by §§ 23.1-2210, 23.1-2306, 23.1-2604, and 23.1-2803.

6. The Board of the Virginia College Savings Plan for the selection of services related to the operation and administration of the Plan, including, but not limited to, contracts or agreements for the management, purchase, or sale of authorized investments or actuarial, record keeping, or consulting services. However, such selection shall be governed by the standard set forth in § 23.1-706.

7. Public institutions of higher education for the purchase of items for resale at retail bookstores and similar retail outlets operated by such institutions. However, such purchase procedures shall provide for competition where practicable.

8. The purchase of goods and services by agencies of the legislative branch that may be specifically exempted therefrom by the Chairman of the Committee on Rules of either the House of Delegates or the Senate. Nor shall the contract review provisions of § 2.2-2012 apply to such procurements. The exemption shall be in writing and kept on file with the agency's disbursement records.

9. Any town with a population of less than 3,500, except as stipulated in the provisions of §§ 2.2-4305, 2.2-4308, 2.2-4311, 2.2-4315, 2.2-4330, 2.2-4333 through 2.2-4338, 2.2-4343.1, and 2.2-4367 through 2.2-4377.

10. Any county, city or town whose governing body has adopted, by ordinance or resolution, alternative policies and procedures which are (i) based on competitive principles and (ii) generally applicable to procurement of goods and services by such governing body and its agencies, except as stipulated in subdivision 12.

This exemption shall be applicable only so long as such policies and procedures, or other policies and procedures meeting the requirements of § 2.2-4300, remain in effect in such county, city or town. Such policies and standards may provide for incentive contracting that offers a contractor whose bid is accepted the opportunity to share in any cost savings realized by the locality when project costs are reduced by such contractor, without affecting project quality, during construction of the project. The fee,

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59 if any, charged by the project engineer or architect for determining such cost savings shall be paid as a  
60 separate cost and shall not be calculated as part of any cost savings.

61 11. Any school division whose school board has adopted, by policy or regulation, alternative policies  
62 and procedures that are (i) based on competitive principles and (ii) generally applicable to procurement  
63 of goods and services by the school board, except as stipulated in subdivision 12.

64 This exemption shall be applicable only so long as such policies and procedures, or other policies or  
65 procedures meeting the requirements of § 2.2-4300, remain in effect in such school division. This  
66 provision shall not exempt any school division from any centralized purchasing ordinance duly adopted  
67 by a local governing body.

68 12. Notwithstanding the exemptions set forth in subdivisions 9 through 11, the provisions of  
69 subsections C and D of § 2.2-4303, and §§ 2.2-4305, 2.2-4308, 2.2-4311, 2.2-4315, 2.2-4317, 2.2-4330,  
70 2.2-4333 through 2.2-4338, 2.2-4343.1, and 2.2-4367 through 2.2-4377 shall apply to all counties, cities  
71 and school divisions, and to all towns having a population greater than 3,500 in the Commonwealth.

72 The method for procurement of professional services through competitive negotiation set forth in  
73 §§ 2.2-4303.1 and 2.2-4303.2 shall also apply to all counties, cities and school divisions, and to all  
74 towns having a population greater than 3,500, where the cost of the professional service is expected to  
75 exceed \$60,000 in the aggregate or for the sum of all phases of a contract or project. A school board  
76 that makes purchases through its public school foundation or purchases educational technology through  
77 its educational technology foundation, either as may be established pursuant to § 22.1-212.2:2 shall be  
78 exempt from the provisions of this chapter, except, relative to such purchases, the school board shall  
79 comply with the provisions of §§ 2.2-4311 and 2.2-4367 through 2.2-4377.

80 13. A public body that is also a utility operator may purchase services through or participate in  
81 contracts awarded by one or more utility operators that are not public bodies for utility marking services  
82 as required by the Underground Utility Damage Prevention Act (§ 56-265.14 et seq.). A purchase of  
83 services under this subdivision may deviate from the procurement procedures set forth in this chapter  
84 upon a determination made in advance by the public body and set forth in writing that competitive  
85 sealed bidding is either not practicable or not fiscally advantageous to the public, and the contract is  
86 awarded based on competitive principles.

87 14. Procurement of any construction or planning and design services for construction by a Virginia  
88 nonprofit corporation or organization not otherwise specifically exempted when (i) the planning, design  
89 or construction is funded by state appropriations of \$10,000 or less or (ii) the Virginia nonprofit  
90 corporation or organization is obligated to conform to procurement procedures that are established by  
91 federal statutes or regulations, whether those federal procedures are in conformance with the provisions  
92 of this chapter.

93 15. Purchases, exchanges, gifts or sales by the Citizens' Advisory Council on Furnishing and  
94 Interpreting the Executive Mansion.

95 16. The Eastern Virginia Medical School in the selection of services related to the management and  
96 investment of its endowment and other institutional funds. The selection of these services shall, however,  
97 be governed by the Uniform Prudent Management of Institutional Funds Act (§ 64.2-1100 et seq.).

98 17. The Department of Corrections in the selection of pre-release and post-incarceration services *and*  
99 *the Department of Juvenile Justice in the selection of pre-release and post-commitment services.*

100 18. The University of Virginia Medical Center to the extent provided by subdivision A 3 of  
101 § 23.1-2213.

102 19. The purchase of goods and services by a local governing body or any authority, board,  
103 department, instrumentality, institution, agency or other unit of state government when such purchases  
104 are made under a remedial plan established by the Governor pursuant to subsection C of § 2.2-4310 or  
105 by a chief administrative officer of a county, city or town pursuant to § 15.2-965.1.

106 20. The contract by community services boards or behavioral health authorities with an administrator  
107 or management body pursuant to a joint agreement authorized by § 37.2-512 or 37.2-615.

108 21. [Expired].

109 22. The purchase of Virginia-grown food products for use by a public body where the annual cost of  
110 the product is not expected to exceed \$100,000.

111 B. Where a procurement transaction involves the expenditure of federal assistance or contract funds,  
112 the receipt of which is conditioned upon compliance with mandatory requirements in federal laws or  
113 regulations not in conformance with the provisions of this chapter, a public body may comply with such  
114 federal requirements, notwithstanding the provisions of this chapter, only upon the written determination  
115 of the Governor, in the case of state agencies, or the governing body, in the case of political  
116 subdivisions, that acceptance of the grant or contract funds under the applicable conditions is in the  
117 public interest. Such determination shall state the specific provision of this chapter in conflict with the  
118 conditions of the grant or contract.