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## HOUSE BILL NO. 97

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology  
on February 26, 2018)

(Patron Prior to Substitute—Delegate Bell, John J.)

A *BILL to amend and reenact §§ 2.2-4303 and 2.2-4303.1 of the Code of Virginia, relating to the Virginia Public Procurement Act; methods of procurement; professional services.*

**Be it enacted by the General Assembly of Virginia:**

1. That §§ 2.2-4303 and 2.2-4303.1 of the Code of Virginia are amended and reenacted as follows:

**§ 2.2-4303. 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. Goods, services other than professional services, and insurance may be procured by competitive sealed bidding or competitive negotiation.

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 set forth in § 2.2-4302.2. The basis for this determination shall be documented in writing.

D. Construction may be procured only by competitive sealed bidding, except that competitive negotiation may be used in the following instances:

1. By any public body on a fixed price design-build basis or construction management basis as provided in Chapter 43.1 (§ 2.2-4378 et seq.); or

2. By any public body for the construction of highways and any draining, dredging, excavation, grading or similar work upon real property 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.

E. Upon a determination in writing that there is only one source practicably available for that which is to be procured, a contract may be negotiated and awarded to that source without competitive sealed bidding or competitive negotiation. The writing shall document the basis for this determination. The public body shall issue a written notice stating that only one source was determined to be practicably available, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded. This notice shall be posted on the Department of General Services' central electronic procurement website or other appropriate websites, and in addition, public bodies may publish in a newspaper of general circulation on the day the public body awards or announces its decision to award the contract, whichever occurs first. Posting on the Department of General Services' central electronic procurement website shall be required of any state public body. Local public bodies are encouraged to utilize the Department of General Services' central electronic procurement website to provide the public with centralized visibility and access to the Commonwealth's procurement opportunities.

F. In case of emergency, a contract may be awarded without competitive sealed bidding or competitive negotiation; however, such procurement shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. The public body shall issue a written notice stating that the contract is being awarded on an emergency basis, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded. This notice shall be posted on the Department of General Services' central electronic procurement website or other appropriate websites, and in addition, public bodies may publish in a newspaper of general circulation on the day the public body awards or announces its decision to award the contract, whichever occurs first, or as soon thereafter as is practicable. Posting on the Department of General Services' central electronic procurement website shall be required of any state public body. Local public bodies are encouraged to utilize the Department of General Services' central electronic procurement website to provide the public with centralized visibility and access to the Commonwealth's procurement opportunities.

G. A public body may establish purchase procedures, if adopted in writing, not requiring competitive

60 sealed bids or competitive negotiation for single or term contracts for:

61 1. Goods and services other than professional services and non-transportation-related construction, if  
62 the aggregate or the sum of all phases is not expected to exceed \$100,000; and

63 2. Transportation-related construction, if the aggregate or sum of all phases is not expected to exceed  
64 \$25,000.

65 However, such small purchase procedures shall provide for competition wherever practicable.

66 Such purchase procedures may allow for single or term contracts for professional services without  
67 requiring competitive negotiation, provided the aggregate or the sum of all phases is not expected to  
68 exceed ~~\$60,000~~ \$80,000.

69 Where small purchase procedures are adopted for construction, the procedures shall not waive  
70 compliance with the Uniform State Building Code.

71 For state public bodies, purchases under this subsection that are expected to exceed \$30,000 shall  
72 require the (a) written informal solicitation of a minimum of four bidders or offerors and (b) posting of  
73 a public notice on the Department of General Services' central electronic procurement website or other  
74 appropriate websites. Posting on the Department of General Services' central electronic procurement  
75 website shall be required of any state public body. Local public bodies are encouraged to utilize the  
76 Department of General Services' central electronic procurement website to provide the public with  
77 centralized visibility and access to the Commonwealth's procurement opportunities.

78 H. Upon a determination made in advance by a public body and set forth in writing that the purchase  
79 of goods, products or commodities from a public auction sale is in the best interests of the public, such  
80 items may be purchased at the auction, including online public auctions. Purchase of information  
81 technology and telecommunications goods and nonprofessional services from a public auction sale shall  
82 be permitted by any authority, department, agency, or institution of the Commonwealth if approved by  
83 the Chief Information Officer of the Commonwealth. The writing shall document the basis for this  
84 determination. However, bulk purchases of commodities used in road and highway construction and  
85 maintenance, and aggregates shall not be made by online public auctions.

86 I. The purchase of goods or nonprofessional services, but not construction or professional services,  
87 may be made by reverse auctioning. However, bulk purchases of commodities used in road and highway  
88 construction and maintenance, and aggregates shall not be made by reverse auctioning.

89 **§ 2.2-4303.1. Architectural and professional engineering term contracting; limitations.**

90 A. A contract for architectural or professional engineering services relating to multiple construction  
91 projects may be awarded by a public body, provided (i) the projects require similar experience and  
92 expertise, (ii) the nature of the projects is clearly identified in the Request for Proposal, and (iii) the  
93 contract is limited to a term of one year or when the cumulative total project fees reach the maximum  
94 authorized in this section, whichever occurs first.

95 Such contracts may be renewable for four additional one-year terms at the option of the public body.  
96 The fair and reasonable prices as negotiated shall be used in determining the cost of each project  
97 performed.

98 B. The sum of all projects performed in a one-year contract term shall not exceed ~~\$500,000~~  
99 \$750,000, except that for:

100 1. A state agency, as defined in § 2.2-4347, the sum of all projects performed in a one-year contract  
101 term shall not exceed \$1 million;

102 2. Any locality with a population in excess of 78,000 or school division within such locality, or any  
103 authority, sanitation district, metropolitan planning organization, transportation district commission, or  
104 planning district commission, or any city within Planning District 8, the sum of all projects performed in  
105 a one-year contract term shall not exceed \$6 million and those awarded for any airport as defined in  
106 § 5.1-1 and aviation transportation projects, the sum of all such projects shall not exceed \$1.5 million;

107 3. Architectural and engineering services for rail and public transportation projects by the Director of  
108 the Department of Rail and Public Transportation, the sum of all projects in a one-year contract term  
109 shall not exceed \$2 million. Such contract may be renewable for two additional one-year terms at the  
110 option of the Director; and

111 4. Environmental location, design, and inspection work regarding highways and bridges by the  
112 Commissioner of Highways, the initial contract term shall be limited to two years or when the  
113 cumulative total project fees reach \$5 million, whichever occurs first. Such contract may be renewable  
114 for two additional one-year terms at the option of the Commissioner, and the sum of all projects in each  
115 one-year contract term shall not exceed \$5 million.

116 C. Competitive negotiations for such architectural or professional engineering services contracts may  
117 result in awards to more than one offeror, provided (i) the Request for Proposal so states and (ii) the  
118 public body has established procedures for distributing multiple projects among the selected contractors  
119 during the contract term. Such procedures shall prohibit requiring the selected contractors to compete for  
120 individual projects based on price.

121 D. The fee for any single project shall not exceed \$150,000; however, for architectural or

engineering services for airports as defined in § 5.1-1 and aviation transportation projects, the project fee of any single project shall not exceed \$500,000, except that for:

1. A state agency as defined in § 2.2-4347, the project fee shall not exceed \$200,000, as may be determined by the Director of the Department of General Services or as otherwise provided by the Restructured Higher Education Financial and Administrative Operations Act (§ 23.1-1000 et seq.); and

2. Any locality with a population in excess of 78,000 or school division within such locality, or any authority, transportation district commission, or sanitation district, or any city within Planning District 8, the project fee shall not exceed \$2.5 million.

The limitations imposed upon single-project fees pursuant to this subsection shall not apply to environmental, location, design, and inspection work regarding highways and bridges by the Commissioner of Highways or architectural and engineering services for rail and public transportation projects by the Director of the Department of Rail and Public Transportation.

E. For the purposes of subsection B, any unused amounts from one contract term shall not be carried forward to any additional term, except as otherwise provided by the Restructured Higher Education Financial and Administrative Operations Act (§ 23.1-1000 et seq.).