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HOUSE BILL NO. 2198

Offered January 9, 2019

Prefiled January 8, 2019

A *BILL to amend and reenact § 2.2-4343 of the Code of Virginia, relating to the Virginia Public Procurement Act; exempt counties, cities, school boards, and towns with populations greater than 3,500; competitive negotiation for professional services.*

Patron—Gilbert

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 respective public institution of higher education 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, 2.2-4311, 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 and Chapter 43.1 (§ 2.2-4378 et seq.).

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 B, C, and D of § 2.2-4303, §§ 2.2-4305, 2.2-4311, 2.2-4315, 2.2-4317, 2.2-4330, 2.2-4333
70 through 2.2-4338, 2.2-4342, 2.2-4343.1, and 2.2-4367 through 2.2-4377, and Chapter 43.1 (§ 2.2-4378 et
71 seq.) shall apply to all counties, cities, and school divisions, and to all towns having a population greater
72 than 3,500 in the Commonwealth.

73 The method for procurement of professional services through competitive negotiation set forth in §§
74 2.2-4302.2, 2.2-4303.1, and 2.2-4303.2 shall also apply to all counties, cities, and school divisions, and
75 to all towns having a population greater than 3,500, where the cost of the professional service is
76 expected to exceed ~~\$60,000~~ \$80,000 in the aggregate or for the sum of all phases of a contract or
77 project. A school board that makes purchases through its public school foundation or purchases
78 educational technology through its educational technology foundation, either as may be established
79 pursuant to § 22.1-212.2:2 shall be exempt from the provisions of this chapter, except, relative to such
80 purchases, the school board shall comply with the provisions of §§ 2.2-4311 and 2.2-4367 through
81 2.2-4377.

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

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

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

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

100 17. The Department of Corrections in the selection of pre-release and post-incarceration services and
101 the Department of Juvenile Justice in the selection of pre-release and post-commitment services.

102 18. The University of Virginia Medical Center to the extent provided by subdivision A 3 of
103 § 23.1-2213.

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

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

110 21. [Expired].

111 22. The purchase of Virginia-grown food products for use by a public body where the annual cost of
112 the product is not expected to exceed \$100,000, provided that the procurement is accomplished by (i)
113 obtaining written informal solicitation of a minimum of three bidders or offerors if practicable and (ii)
114 including a written statement regarding the basis for awarding the contract.

115 23. The Virginia Industries for the Blind when procuring components, materials, supplies, or services
116 for use in commodities and services furnished to the federal government in connection with its operation
117 as an AbilityOne Program-qualified nonprofit agency for the blind under the Javits-Wagner-O'Day Act,
118 41 U.S.C. §§ 8501-8506, provided that the procurement is accomplished using procedures that ensure
119 that funds are used as efficiently as practicable. Such procedures shall require documentation of the
120 basis for awarding contracts. Notwithstanding the provisions of § 2.2-1117, no public body shall be

121 required to purchase such components, materials, supplies, services, or commodities.

122 B. Where a procurement transaction involves the expenditure of federal assistance or contract funds,
123 the receipt of which is conditioned upon compliance with mandatory requirements in federal laws or
124 regulations not in conformance with the provisions of this chapter, a public body may comply with such
125 federal requirements, notwithstanding the provisions of this chapter, only upon the written determination
126 of the Governor, in the case of state agencies, or the governing body, in the case of political
127 subdivisions, that acceptance of the grant or contract funds under the applicable conditions is in the
128 public interest. Such determination shall state the specific provision of this chapter in conflict with the
129 conditions of the grant or contract.