

LD2802443

## HOUSE BILL NO. 2459

Offered January 23, 1995

*A BILL to amend and reenact § 11-35 of the Code of Virginia, as it will become effective July 1, 1995, and as it will become effective July 1, 1996, relating to public procurement; incentive contracting for localities.*

Patrons—Scott, Abbitt, Armstrong, Barlow, Behm, Davies, Deeds, Diamonstein, Dillard, Giesen, Grayson, Hall, Hull, Jackson, Johnson, McClure, Mims, Phillips, Plum and Shuler; Senators: Barry, Calhoun and Reasor

Referred to Committee on Counties, Cities and Towns

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

**1. That § 11-35 of the Code of Virginia, as it will become effective July 1, 1995, and as it will become effective July 1, 1996, is amended and reenacted as follows:**

§ 11-35. (Effective July 1, 1995 until July 1, 1996) Title; purpose; applicability.

A. This chapter may be cited as the Virginia Public Procurement Act.

B. The purpose of this chapter is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources.

C. The provisions of this chapter, however, shall not apply, except as stipulated in the provisions of §§ 11-41.1, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80, to any town with a population of less than 3,500 as determined by the last official United States census.

D. Except to the extent adopted by such governing body, the provisions of this chapter also shall not apply, except as stipulated in subsection E, to any county, city or town whose governing body adopts by ordinance or resolution alternative policies and procedures which are based on competitive principles and which are generally applicable to procurement of goods and services by such governing body and the agencies thereof. This exemption shall be applicable only so long as such policies and procedures, or other policies and procedures meeting the requirements of this section, remain in effect in such county, city or town. *Such policies and procedures may provide for incentive contracting which 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, if any, charged by the project engineer or architect for determining such cost savings shall be paid as a separate cost and shall not be calculated as part of any cost savings.*

Except to the extent adopted by such school board, the provisions of this chapter shall not apply, except as stipulated in subsection E, to any school division whose school board adopts by policy or regulation alternative policies and procedures which are based on competitive principles and which are generally applicable to procurement of goods and services by such school board. This exemption shall be applicable only so long as such policies and procedures, or other policies or procedures meeting the requirements of this section, remain in effect in such school division. This provision shall not exempt any school division from any centralized purchasing ordinance duly adopted by a local governing body.

E. Notwithstanding the exemptions set forth in subsection D, the provisions of §§ 11-41 C, 11-41.1, 11-46 B, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80 shall apply to all counties, cities and school divisions, and to all towns having a population greater than 3,500 in the Commonwealth. The method for procurement of professional services set forth in subdivision 3 a of § 11-37 in the definition of competitive negotiation shall also apply to all counties, cities and school divisions, and to all towns having a population greater than 3,500, where the cost of the professional service is expected to exceed \$20,000.

F. The provisions of this chapter shall not apply to those contracts entered into prior to January 1, 1983, which shall continue to be governed by the laws in effect at the time those contracts were executed.

G. To the end that public bodies in the Commonwealth obtain high quality goods and services at reasonable cost, that all procurement procedures be conducted in a fair and impartial manner with avoidance of any impropriety or appearance of impropriety, that all qualified vendors have access to public business and that no offeror be arbitrarily or capriciously excluded, it is the intent of the General Assembly that competition be sought to the maximum feasible degree, that individual public bodies enjoy broad flexibility in fashioning details of such competition, that the rules governing contract awards be made clear in advance of the competition, that specifications reflect the procurement needs of the purchasing body rather than being drawn to favor a particular vendor, and that purchaser and vendor freely exchange information concerning what is sought to be procured and what is offered.

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60 H. Notwithstanding the foregoing provisions of this section, the selection of services by the Virginia  
61 Retirement System related to the management, purchase or sale of authorized investments, including but  
62 not limited to actuarial services, shall be governed by the standards set forth in § 51.1-124.30 and shall  
63 not be subject to the provisions of this chapter.

64 I. The provisions of this chapter shall apply to procurement of any construction or planning and  
65 design services for construction by a Virginia not-for-profit corporation or organization not otherwise  
66 specifically exempted when the planning, design or construction is funded by state appropriations greater  
67 than \$10,000 unless the Virginia not-for-profit corporation or organization is obligated to conform to  
68 procurement procedures which are established by federal statutes or regulations, whether or not those  
69 federal procedures are in conformance with the provisions of this chapter.

70 § 11-35. (Effective July 1, 1996) Title; purpose; applicability.

71 A. This chapter may be cited as the Virginia Public Procurement Act.

72 B. The purpose of this chapter is to enunciate the public policies pertaining to governmental  
73 procurement from nongovernmental sources.

74 C. The provisions of this chapter, however, shall not apply, except as stipulated in the provisions of  
75 §§ 11-41.1, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80, to any town with a  
76 population of less than 3,500 as determined by the last official United States census.

77 D. Except to the extent adopted by such governing body, the provisions of this chapter also shall not  
78 apply, except as stipulated in subsection E, to any county, city or town whose governing body adopts by  
79 ordinance or resolution alternative policies and procedures which are based on competitive principles and  
80 which are generally applicable to procurement of goods and services by such governing body and the  
81 agencies thereof. This exemption shall be applicable only so long as such policies and procedures, or  
82 other policies and procedures meeting the requirements of this section, remain in effect in such county,  
83 city or town. *Such policies and standards may provide for incentive contracting which offers a*  
84 *contractor whose bid is accepted the opportunity to share in any cost savings realized by the locality*  
85 *when project costs are reduced by such contractor, without affecting project quality, during construction*  
86 *of the project. The fee, if any, charged by the project engineer or architect for determining such cost*  
87 *savings shall be paid as a separate cost and shall not be calculated as part of any cost savings.*

88 Except to the extent adopted by such school board, the provisions of this chapter shall not apply,  
89 except as stipulated in subsection E, to any school division whose school board adopts by policy or  
90 regulation alternative policies and procedures which are based on competitive principles and which are  
91 generally applicable to procurement of goods and services by such school board. This exemption shall  
92 be applicable only so long as such policies and procedures, or other policies or procedures meeting the  
93 requirements of this section, remain in effect in such school division. This provision shall not exempt  
94 any school division from any centralized purchasing ordinance duly adopted by a local governing body.

95 E. Notwithstanding the exemptions set forth in subsection D, the provisions of §§ 11-41 C, 11-41.1,  
96 11-46 B, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80 shall apply to all counties,  
97 cities and school divisions, and to all towns having a population greater than 3,500 in the  
98 Commonwealth. The method for procurement of professional services set forth in subdivision 3 a of  
99 § 11-37 in the definition of competitive negotiation shall also apply to all counties, cities and school  
100 divisions, and to all towns having a population greater than 3,500, where the cost of the professional  
101 service is expected to exceed \$20,000.

102 F. The provisions of this chapter shall not apply to those contracts entered into prior to January 1,  
103 1983, which shall continue to be governed by the laws in effect at the time those contracts were  
104 executed.

105 G. To the end that public bodies in the Commonwealth obtain high quality goods and services at  
106 reasonable cost, that all procurement procedures be conducted in a fair and impartial manner with  
107 avoidance of any impropriety or appearance of impropriety, that all qualified vendors have access to  
108 public business and that no offeror be arbitrarily or capriciously excluded, it is the intent of the General  
109 Assembly that competition be sought to the maximum feasible degree, that individual public bodies  
110 enjoy broad flexibility in fashioning details of such competition, that the rules governing contract awards  
111 be made clear in advance of the competition, that specifications reflect the procurement needs of the  
112 purchasing body rather than being drawn to favor a particular vendor, and that purchaser and vendor  
113 freely exchange information concerning what is sought to be procured and what is offered.

114 H. Notwithstanding the foregoing provisions of this section, the selection of services by the Virginia  
115 Retirement System and the Board of the Virginia Higher Education Tuition Trust Fund related to the  
116 management, purchase or sale of authorized investments, including but not limited to actuarial services,  
117 shall be governed by the standards set forth in §§ 51.1-124.30 and 23-38.80, respectively, and shall not  
118 be subject to the provisions of this chapter.

119 I. The provisions of this chapter shall apply to procurement of any construction or planning and  
120 design services for construction by a Virginia not-for-profit corporation or organization not otherwise  
121 specifically exempted when the planning, design or construction is funded by state appropriations greater

122 than \$10,000 unless the Virginia not-for-profit corporation or organization is obligated to conform to  
123 procurement procedures which are established by federal statutes or regulations, whether or not those  
124 federal procedures are in conformance with the provisions of this chapter.

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