

# 1997 RECONVENED SESSION

## HOUSE SUBSTITUTE

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### HOUSE BILL NO. 2285

#### AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Governor  
on March 24, 1997)

(Patron Prior to Substitute—Delegate Dillard)

*A BILL to amend and reenact §11-35, and to amend the Code of Virginia by adding in Article 1 of Chapter 13 of Title 22.1 a section numbered 22.1-212.2:2, relating to authority of local school boards to establish educational technology corporations.*

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

**1. That § 11-35 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding in Article 1 of Chapter 13 of Title 22.1 a section numbered 22.1-212.2:2 as follows:**

§ 11-35. 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, to include governmental procurement which may or may not result in monetary consideration for either party. This chapter shall apply whether the consideration is monetary or nonmonetary and regardless of whether the public body, the contractor, or some third party is providing the consideration.

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 standards 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. *A school board that purchases educational technology through its educational technology corporation established pursuant to § 22.1-212.2:2 shall be exempt from the provisions of this chapter, except, relative to such purchases, the school board shall comply with the provisions of § 11-51, and §§ 11-72 through 11-80.*

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

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60 be made clear in advance of the competition, that specifications reflect the procurement needs of the  
61 purchasing body rather than being drawn to favor a particular vendor, and that purchaser and vendor  
62 freely exchange information concerning what is sought to be procured and what is offered.

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

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

74 J. The provisions of this chapter shall not apply to items purchased by public institutions of higher  
75 education for resale at retail bookstores and similar retail outlets operated by such institution. However,  
76 such purchase procedures shall provide for competition where practicable.

77 § 22.1-212.2:2. *Educational technology corporations.*

78 A. *As used in this section:*

79 *"Educational technology" means any software, hardware, or other equipment or infrastructure or*  
80 *technical assistance or instruction in the use of such software, hardware or other equipment or*  
81 *infrastructure which may be required to implement a local school board's approved plan for educational*  
82 *technology or the Board of Education's Six-Year Plan for Educational Technology.*

83 *"Educational technology foundation" means a nonstock, nonprofit corporation, established for the*  
84 *express purpose of implementing a public/private partnership to expand access to and improve the*  
85 *quality of educational technology in a school division.*

86 B. *Any school board may establish an educational technology foundation. Such foundation may be*  
87 *established directly by the school board or by the school board and other organizations or persons, on*  
88 *behalf of the school board by a third party, or through a contract with a corporation as defined in this*  
89 *section. An educational technology foundation may be established as a cooperative regional effort by*  
90 *two or more school boards.*

91 C. *Upon establishing or contracting with such corporation, whether or not other organizations,*  
92 *school boards or persons are involved, a school board shall:*

93 1. *Review and approve the articles of incorporation and bylaws;*

94 2. *Establish a system of accounting to protect public funds;*

95 3. *Establish agreement that, upon dissolution of the corporation, any assets remaining after payment*  
96 *of just debts shall be transferred to and become the property of the school board or, if a regional effort,*  
97 *the procedure by which the property may be divided among the school boards;*

98 4. *Require, in any instance in which the school board advances, contributes or loans funds to the*  
99 *corporation, that such contract shall provide for the posting of a bond with surety by the officers of the*  
100 *corporation conditioned to protect the rights of the school board;*

101 5. *Establish terms for the allocation of any profits or revenues between the school board and the*  
102 *corporation; and*

103 6. *Take such other steps as may be necessary to comply with applicable law.*

104 D. *A school board may (i) advance, contribute or loan funds to such foundation and (ii) establish an*  
105 *escrow fund for the purpose of funding various educational technology projects.*