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HOUSE BILL NO. 478

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Science and Technology
on January 26, 2004)

(Patron Prior to Substitute—Delegate Nixon)

A BILL to amend and reenact §§ 2.2-2006, 2.2-4343, and 23-77.4 of the Code of Virginia, relating to information technology and telecommunications at the University of Virginia Medical Center.

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-2006, 2.2-4343, and 23-77.4 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-2006. Definitions.

As used in this chapter:

"Board" means the Information Technology Investment Board created in § 2.2-2457.

"Communications services" includes telecommunications services, automated data processing services, and management information systems that serve the needs of state agencies and institutions.

"Information technology" means telecommunications, automated data processing, databases, the Internet, management information systems, and related information, equipment, goods, and services. It is in the interest of the Commonwealth that its public institutions of higher education in Virginia be in the forefront of developments in technology. Therefore, the provisions of this chapter shall not be construed to hamper the pursuit of the missions of the institutions in instruction and research.

"Major information technology project" means any state agency information technology project that (i) is mission-critical, (ii) has statewide application, or (iii) has a total estimated cost of more than \$1 million.

"Noncommercial telecommunications entity" means any public broadcasting station as defined in § 2.2-2427.

"Public telecommunications entity" means any public broadcasting station as defined in § 2.2-2427.

"Public telecommunications facilities" means all apparatus, equipment and material necessary for or associated in any way with public broadcasting stations or public broadcasting services as those terms are defined in § 2.2-2427, including the buildings and structures necessary to house such apparatus, equipment and material, and the necessary land for the purpose of providing public broadcasting services, but not telecommunications services.

"Public telecommunications services" means public broadcasting services as defined in § 2.2-2427.

"Secretary" means the Secretary of Technology.

"State agency" or "agency" means any agency, institution, board, bureau, commission, council, or instrumentality of state government in the executive branch listed in the appropriation act. *However, the terms "state agency," "agency," "institution," "public body," and "public institution of higher education," shall not include the University of Virginia Medical Center.*

"Telecommunications" means any origination, transmission, emission, or reception of signs, signals, writings, images, and sounds or intelligence of any nature, by wire, radio, television, optical, or other electromagnetic systems.

"Telecommunications facilities" means apparatus necessary or useful in the production, distribution, or interconnection of electronic communications for state agencies or institutions including the buildings and structures necessary to house such apparatus and the necessary land.

§ 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 and approved by the Department of General Services, 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, including but not limited to actuarial 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

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motor vehicles for sale or transfer to Temporary Assistance to Needy Families (TANF) recipients.

5. The University of Virginia in the selection of services related to the management and investment of its endowment funds, endowment income, or gifts pursuant to § 23-76.1. However, selection of these services shall be governed by the Uniform Management of Institutional Funds Act (§ 55-268.1 et seq.) as required by § 23-76.1.

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 § 23-38.80.

7. Public institutions of higher education for the purchase of ~~Items~~ *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 § 2.2-2011 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 ~~which~~ *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, 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.

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

This exemption shall be applicable only so long as such policies and procedures, or other policies or procedures meeting the requirements of § 2.2-4300, 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.

12. Notwithstanding the exemptions set forth in subdivisions 9 through 11, the provisions of 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, 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 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 § 2.2-4301 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 \$30,000 in the aggregate or for the sum of all phases of a contract or project. A school board that makes purchases through its public school foundation or purchases educational technology through its educational technology foundation, either as may be 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 §§ 2.2-4311 and 2.2-4367 through 2.2-4377.

13. A public body ~~which~~ *that* is also a utility operator may purchase services through or participate in contracts awarded by one or more utility operators ~~which~~ *that* are not public bodies for utility marking services as required by the Underground Utility Damage Prevention Act (§ 56-265.14 et seq.). A purchase of services under this subdivision may deviate from the procurement procedures set forth in this chapter 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, and the contract is awarded based on competitive principles.

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

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

16. The Eastern Virginia Medical School in the selection of services related to the management and investment of its endowment and other institutional funds. The selection of these services shall, however, be governed by the Uniform Management of Institutional Funds Act (§ 55-268.1 et seq.).

17. The Department of Corrections in the selection of pre-release and post-incarceration services.

18. The Board of the Chippokes Plantation Farm Foundation in entering into agreements with persons for the construction, operation, and maintenance of projects consistent with the Chippokes Plantation State Park Master Plan approved by the Director of the Department of Conservation and Recreation pursuant to the requirements of § 10.1-200.1 and designed to further an appreciation for rural living and the contributions of the agricultural, forestry, and natural resource based industries of the Commonwealth, provided such projects are supported solely by private or nonstate funding.

19. *The University of Virginia Medical Center to the extent provided by subdivision B 3 of § 23-77.4.*

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

§ 23-77.4. Medical center management.

A. The General Assembly recognizes and finds that the economic viability of the University of Virginia Medical Center, hereafter referred to as the Medical Center, together with the requirement for its specialized management and operation, and the need of the Medical Center to participate in cooperative arrangements reflective of changes in health care delivery, as set forth in § 23-77.3, are dependent upon the ability of the management of the Medical Center to make and implement promptly decisions necessary to conduct the affairs of the Medical Center in an efficient, competitive manner. The General Assembly also recognizes and finds that it is critical to, and in the best interests of, the Commonwealth that the University continue to fulfill its mission of providing quality medical and health sciences education and related research and, through the presence of its Medical Center, continue to provide for the care, treatment, health-related services, and education activities associated with Virginia patients, including indigent and medically indigent patients. Because the General Assembly finds that the ability of the University to fulfill this mission is highly dependent upon revenues derived from providing health care through its Medical Center, and because the General Assembly also finds that the ability of the Medical Center to continue to be a reliable source of such revenues is heavily dependent upon its ability to compete with other providers of health care that are not subject to the requirements of law applicable to agencies of the Commonwealth, the University is hereby authorized to implement the following modifications to the management and operation of the affairs of the Medical Center in order to enhance its economic viability:

B. Capital projects; leases of property; procurement of goods, services and construction.

1. Capital projects.

a. For any Medical Center capital project entirely funded by a nongeneral fund appropriation made by the General Assembly, all post-appropriation review, approval, administrative, and policy and procedure functions performed by the Department of General Services, the Division of Engineering and Buildings, the Department of Planning and Budget and any other agency that supports the functions performed by these departments are hereby delegated to the University, subject to the following stipulations and conditions: (i) the Board of Visitors shall develop and implement an appropriate system of policies, procedures, reviews and approvals for Medical Center capital projects to which this subdivision applies; (ii) the system so adopted shall provide for the review and approval of any Medical Center capital project to which this subdivision applies in order to ensure that, except as provided in clause (iii), the cost of any such capital project does not exceed the sum appropriated therefor and that the project otherwise complies with all requirements of the Code of Virginia regarding capital projects, excluding only the post-appropriation review, approval, administrative, and policy and procedure functions performed by the Department of General Services, the Division of Engineering and Buildings, the Department of Planning and Budget and any other agency that supports the functions performed by these departments; (iii) the Board of Visitors may, during any fiscal year, approve a transfer of up to a total of ~~fifteen~~ 15 percent of the total nongeneral fund appropriation for the Medical Center in order to supplement funds appropriated for a capital project or capital projects of the Medical Center, provided that the Board of Visitors finds that the transfer is necessary to effectuate the original intention of the General Assembly in making the appropriation for the capital project or projects in question; (iv) the

183 University shall report to the Department of General Services on the status of any such capital project
184 prior to commencement of construction of, and at the time of acceptance of, any such capital project;
185 and (v) the University shall ensure that Building Officials and Code Administrators (BOCA) Code and
186 fire safety inspections of any such project are conducted and that such projects are inspected by the
187 State Fire Marshal or his designee prior to certification for building occupancy by the University's
188 assistant state building official to whom such inspection responsibility has been delegated pursuant to
189 § 36-98.1. Nothing in this section shall be deemed to relieve the University of any reporting requirement
190 pursuant to § 2.2-1513. Notwithstanding the foregoing, the terms and structure of any financing of any
191 capital project to which this subdivision applies shall be approved pursuant to § 2.2-2416.

192 b. No capital project to which this subdivision applies shall be materially increased in size or
193 materially changed in scope beyond the plans and justifications ~~which~~*that* were the basis for the project's
194 appropriation unless: (i) the Governor determines that such increase in size or change in scope is
195 necessary due to an emergency or (ii) the General Assembly approves the increase or change in a
196 subsequent appropriation for the project. After construction of any such capital project has commenced,
197 no such increase or change may be made during construction unless the conditions in (i) or (ii) have
198 been satisfied.

199 2. Leases of property.

200 a. The University shall be exempt from the provisions of § 2.2-1149 and from any rules, regulations
201 and guidelines of the Division of Engineering and Buildings in relation to leases of real property
202 ~~which~~*that* it enters into on behalf of the Medical Center and, pursuant to policies and procedures
203 adopted by the Board of Visitors, may enter into such leases subject to the following conditions: (i) the
204 lease must be an operating lease and not a capital lease as defined in guidelines established by the
205 Secretary of Finance and Generally Accepted Accounting Principles (GAAP); (ii) the University's
206 decision to enter into such a lease shall be based upon cost, demonstrated need, and compliance with
207 guidelines adopted by the Board of Visitors which direct that competition be sought to the maximum
208 practical degree, that all costs of occupancy be considered, and that the use of the space to be leased
209 actually is necessary and is efficiently planned; (iii) the form of the lease is approved by the Special
210 Assistant Attorney General representing the University; (iv) the lease otherwise meets all requirements of
211 law; (v) the leased property is certified for occupancy by the building official of the political subdivision
212 in which the leased property is located; and (vi) upon entering such leases and upon any subsequent
213 amendment of such leases, the University shall provide copies of all lease documents and any
214 attachments thereto to the Department of General Services.

215 b. Notwithstanding the provisions of §§ 2.2-1155 and 23-4.1, but subject to policies and procedures
216 adopted by the Board of Visitors, the University may lease, for a purpose consistent with the mission of
217 the Medical Center and for a term not to exceed ~~forty~~*50* years, property in the possession or control of
218 the Medical Center.

219 c. Notwithstanding the foregoing, the terms and structure of any financing arrangements secured by
220 capital leases or other similar lease financing agreements shall be approved pursuant to § 2.2-2416.

221 3. Procurement of goods, services and construction.

222 Contracts awarded by the University in compliance with this section, on behalf of the Medical
223 Center, for the procurement of goods,; services, including professional services,; ~~and~~ construction; *and*
224 *information technology and telecommunications*, shall be exempt from (i) the Virginia Public
225 Procurement Act (§ 2.2-4300 et seq.), except as provided below; (ii) *the requirements of the Division of*
226 *Purchases and Supply of the Department of General Services as set forth in Article 3 (§ 2.2-1109 et*
227 *seq.) of Chapter 11 of Title 2.2; and* (iii) *the requirements of the Division of Engineering and Buildings*
228 *as set forth in Article 4 (§ 2.2-1129 et seq.) of Chapter 11 of Title 2.2; and (iv) the authority of the*
229 *Virginia Information Technologies Agency as set forth in Chapter 20.1 (§ 2.2-2005 et seq.) of Title 2.2*
230 *and the Information Technology Investment Board created pursuant to § 2.2-2457* regarding the review
231 and approval of contracts for (a) the construction of Medical Center capital projects *and (b) information*
232 *technology and telecommunications projects*; however, the provisions of this ~~paragraph~~*subdivision* may
233 not be implemented by the University until such time as the Board of Visitors has adopted guidelines
234 generally applicable to the procurement of goods, services, ~~and~~ construction *and information technology*
235 *and telecommunications projects* by the Medical Center or by the University on behalf of the Medical
236 Center. Such guidelines shall be based upon competitive principles and shall in each instance seek
237 competition to the maximum practical degree. The guidelines shall implement a system of competitive
238 negotiation for professional services; shall prohibit discrimination because of race, religion, color, sex, or
239 national origin of the bidder or offeror in the solicitation or award of contracts; may take into account in
240 all cases the dollar amount of the intended procurement, the term of the anticipated contract, and the
241 likely extent of competition; may implement a prequalification procedure for contractors or products;
242 may include provisions for cooperative procurement arrangements with private health or educational
243 institutions, or with public agencies or institutions of the several states, territories of the United States or
244 the District of Columbia; shall incorporate the prompt payment principles of §§ ~~11-62.10 and 11-62.11~~

245 2.2-4350 and 2.2-4354; and may implement provisions of law. The following sections of the Virginia
246 Public Procurement Act shall continue to apply to procurements by the Medical Center or by the
247 University on behalf of the Medical Center: §§ ~~11-49, 11-51, 11-52~~ 2.2-4311, 2.2-4315, and 2.2-4342
248 (which section shall not be construed to require compliance with the prequalification application
249 procedures of subsection B of § ~~11-46~~ 2.2-4317), ~~11-54, 11-56 through 11-61, and 11-72 through 11-80~~
250 2.2-4330, 2.2-4333 through 2.2-4341, and 2.2-4367 through 2.2-4377.

251 C. Subject to such conditions as may be prescribed in the budget bill under § 2.2-1509 as enacted
252 into law by the General Assembly, the State Comptroller shall credit, on a monthly basis, to the
253 nongeneral fund operating cash balances of the University of Virginia Medical Center the imputed
254 interest earned by the investment of such nongeneral fund operating cash balances, including but not
255 limited to those balances derived from patient care revenues, on deposit with the State Treasurer.