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## SENATE BILL NO. 461

Senate Amendments in [ ] — January 23, 2014

A *BILL to amend and reenact § 2.2-4302.2, as it shall become effective, of the Code of Virginia, relating to the Virginia Public Procurement Act; competitive negotiation; limitation of certain term contracts; exception.*

Patron Prior to Engrossment—Senator Vogel

Referred to Committee on General Laws and Technology

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

**1. That § 2.2-4302.2, as it shall become effective, of the Code of Virginia is amended and reenacted as follows:**

**§ 2.2-4302.2. (Effective July 1, 2014) Process for competitive negotiation.**

A. The process for competitive negotiation shall include the following:

1. Issuance of a written Request for Proposal indicating in general terms that which is sought to be procured, specifying the factors that will be used in evaluating the proposal and containing or incorporating by reference the other applicable contractual terms and conditions, including any unique capabilities, specifications or qualifications that will be required;

2. Public notice of the Request for Proposal at least 10 days prior to the date set for receipt of proposals by posting on the Department of General Services' central electronic procurement website or other appropriate websites. Additionally, public bodies shall publish in a newspaper of general circulation in the area in which the contract is to be performed so as to provide reasonable notice to the maximum number of offerors that can be reasonably anticipated to submit proposals in response to the particular request. 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. In addition, proposals may be solicited directly from potential contractors. Any additional solicitations shall include certified businesses selected from a list made available by the Department of Small Business and Supplier Diversity; and

3. For goods, nonprofessional services, and insurance, selection shall be made of two or more offerors deemed to be fully qualified and best suited among those submitting proposals, on the basis of the factors involved in the Request for Proposal, including price if so stated in the Request for Proposal. Negotiations shall then be conducted with each of the offerors so selected. Price shall be considered, but need not be the sole or primary determining factor. After negotiations have been conducted with each offeror so selected, the public body shall select the offeror which, in its opinion, has made the best proposal and provides the best value, and shall award the contract to that offeror. When the terms and conditions of multiple awards are so provided in the Request for Proposal, awards may be made to more than one offeror. Should the public body determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that offeror; or

4. For professional services, the public body shall engage in individual discussions with two or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. The offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project, as well as alternative concepts. In addition, offerors shall be informed of any ranking criteria that will be used by the public body in addition to the review of the professional competence of the offeror. The Request for Proposal shall not, however, request that offerors furnish estimates of man-hours or cost for services. At the discussion stage, the public body may discuss nonbinding estimates of total project costs, including, but not limited to, life-cycle costing, and where appropriate, nonbinding estimates of price for services. In accordance with § 2.2-4342, proprietary information from competing offerors shall not be disclosed to the public or to competitors. At the conclusion of discussion, outlined in this subdivision, on the basis of evaluation factors published in the Request for Proposal and all information developed in the selection process to this point, the public body shall select in the order of preference two or more offerors whose professional qualifications and proposed services are deemed most meritorious.

Negotiations shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory and advantageous to the public body can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first

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60 shall be formally terminated and negotiations conducted with the offeror ranked second, and so on until  
61 such a contract can be negotiated at a fair and reasonable price.

62 Notwithstanding the foregoing, if the terms and conditions for multiple awards are included in the  
63 Request for Proposal, a public body may award contracts to more than one offeror.

64 Should the public body determine in writing and in its sole discretion that only one offeror is fully  
65 qualified or that one offeror is clearly more highly qualified and suitable than the others under  
66 consideration, a contract may be negotiated and awarded to that offeror.

67 B. For multiple projects, a contract for architectural or professional engineering services relating to  
68 construction projects, or a contract for job order contracting, may be negotiated by a public body,  
69 provided (i) the projects require similar experience and expertise, (ii) the nature of the projects is clearly  
70 identified in the Request for Proposal, and (iii) the contract is limited to a one-year term or when the  
71 cumulative total project fees reach the maximum cost authorized in this subsection, whichever occurs  
72 first.

73 Such contracts may be renewable for four additional one-year terms at the option of the public body.  
74 The fair and reasonable prices as negotiated shall be used in determining the cost of each project  
75 performed and the sum of all projects performed in a one-year contract term shall not exceed \$500,000,  
76 except that for:

77 1. A state agency, as defined in § 2.2-4347, the sum of all projects performed in a one-year contract  
78 term shall not exceed \$1 million as may be determined by the Director of the Department of General  
79 Services;

80 2. Any locality or any authority, sanitation district, metropolitan planning organization or planning  
81 district commission with a population in excess of 80,000, or any city within Planning District 8, the  
82 sum of all projects performed in a one-year contract term shall not exceed \$5 million and those awarded  
83 for any airport as defined in § 5.1-1 and aviation transportation projects, the sum of all such projects  
84 shall not exceed \$1.5 million;

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

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

94 5. Job order contracting, the sum of all projects performed in a one-year contract term shall not  
95 exceed \$2 million.

96 Competitive negotiations for such contracts may result in awards to more than one offeror provided  
97 (i) the Request for Proposal so states and (ii) the public body has established procedures for distributing  
98 multiple projects among the selected contractors during the contract term.

99 C. For any single project, for (i) architectural or professional engineering services relating to  
100 construction projects, or (ii) job order contracting, the project fee shall not exceed \$100,000, or for  
101 architectural or engineering services for airports as defined in § 5.1-1 and aviation transportation  
102 projects, the project fee of any single project shall not exceed \$500,000, except that for:

103 1. A state agency as defined in § 2.2-4347, the project fee shall not exceed \$200,000, as may be  
104 determined by the Director of the Department of General Services;

105 2. Any locality or any authority or sanitation district with a population in excess of 80,000, or any  
106 city within Planning District 8, the project fee shall not exceed \$2 million; and

107 3. Job order contracting, the project fee shall not exceed \$400,000.

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

112 D. For the purposes of subsections B and C, any unused amounts from the first contract term shall  
113 not be carried forward to the additional term.

114 E. Multiphase professional services contracts satisfactory and advantageous to the completion of  
115 large, phased, or long term projects may be negotiated and awarded based on a fair and reasonable price  
116 for the first phase only, where the completion of the earlier phases is necessary to provide information  
117 critical to the negotiation of a fair and reasonable price for succeeding phases. Prior to the entering into  
118 any such contract, the public body shall (i) state the anticipated intended total scope of the project and  
119 (ii) determine in writing that the nature of the work is such that the best interests of the public body  
120 require awarding the contract.