## Adopted SUBSTITUTE NO 1 FOR COMMITTEE AMENDMENT NO 1 PROPOSED TO

## House Bill No. 992

## BY: Senator(s) Harden

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

21 SECTION 1. The following shall be codified as Section 31-7-13.1, Mississippi Code of 1972: 2.2 31-7-13.1. (1) The method of contracting for construction 23 described in this section shall be known as the "dual-phase 24 25 design-build method" of construction contracting. This method of construction contracting may be used only when the Legislature has 26 27 specifically required or authorized the use of this method in the legislation authorizing a project, or when the Department of 28 Finance and Administration, the governing board or commission of 29 30 an agency or the governing authority makes a determination, entered on its minutes, with specific findings for the project 31 32 demonstrating how it is in the best interest of the public to 33 enter into a dual-phase design-build construction contract. Use 34 of this method for projects funded by the Legislature or administered by the Department of Finance and Administration shall 35 be at the discretion of the Bureau of Building, Grounds and Real 36 Property Management. At a minimum, the determination must include 37 38 a detailed explanation of why a dual-phase design-build approach

- 39 for a particular project satisfies the public need better than the
- 40 traditional design-bid-build approach.
- 41 (2) For each proposed dual-phase design-build project, a
- 42 two-phase procedure for awarding a contract must be adopted.
- 43 During Phase One, and before solicitation of initial proposals,
- 44 the agency or governing authority shall develop, with the
- 45 assistance of an architectural or engineering firm, a scope of
- 46 work statement that provides prospective offerors with sufficient
- 47 information regarding the requirements of the agency or governing
- 48 authority. The scope of work statement must include, but is not
- 49 limited to, the following information:
- 50 (a) Drawings must show overall building dimensions and
- 51 major lines of dimensions, and site plans that show topography,
- 52 adjacent buildings and utilities;
- (b) Drawings must include information to adequately
- 54 explain HVAC, electrical and structural requirements;
- 55 (c) The scope of work statement also must include
- 56 building elevations, sections and design details; and
- 57 (d) The scope of work statement must include general
- 58 budget parameters, schedule or delivery requirements, relevant
- 59 criteria for evaluation of proposals, and any other information
- 60 necessary to enable the design-builders to submit proposals that
- 61 meet the needs of the agency or governing authority.
- 62 (3) The agency or governing authority shall cause to be
- 63 published once a week, for at least two (2) consecutive weeks in a
- 64 regular newspaper published in the county in which the project is
- 65 to be located, a notice inviting proposals for the dual-phase
- 66 design-build construction project. Such proposals shall not be
- 67 opened in less than fifteen (15) working days after the last
- 68 notice is published. The notice must inform potential offerors of
- 69 how to obtain the scope of work statement developed for the
- 70 project, and the notice must contain such other information to

- 71 describe adequately the general nature and scope of the project so 72 as to promote full, equal and open competition.
- 73 (4) The agency or governing authority shall accept initial
- 74 proposals only from entities able to provide, either in-house or
- 75 through contractual arrangements, an experienced and qualified
- 76 design-build team that includes, at a minimum, an architectural or
- 77 engineering firm registered in Mississippi and a contractor
- 78 properly licensed in Mississippi for the type of work required.
- 79 From evaluation of initial proposals under Phase One, the agency
- 80 or governing authority shall select a minimum of two (2) and a
- 81 maximum of five (5) design-builders as "short-listed firms" to
- 82 submit proposals for Phase Two.
- 83 (5) During Phase Two, the short-listed firms will be invited
- 84 to submit detailed designs, specific technical concepts or
- 85 solutions, pricing, scheduling and other information deemed
- 86 appropriate by the agency or governing authority as necessary to
- 87 evaluate and rank acceptability of the Phase Two proposals. After
- 88 evaluation of these Phase Two proposals, the agency or governing
- 89 authority shall award a contract to the design-builder determined
- 90 to offer the best value to the public in accordance with
- 91 evaluation criteria set forth in the request for proposals, of
- 92 which price must be one, but not necessarily the only, criterion.
- 93 (6) If the agency or governing authority accepts a proposal
- 94 other than the lowest dollar proposal actually submitted, the
- 95 agency or governing authority shall enter on its minutes detailed
- 96 calculations and a narrative summary showing why the accepted
- 97 proposal was determined to provide the best value, and the agency
- 98 or governing authority shall state specifically on its minutes the
- 99 justification for its award.
- 100 (7) All private contractors or private entities contracting
- 101 or performing under this section must comply at all times with all

- applicable laws, codes and other legal requirements pertaining to 102 103 the project.
- (8) At its discretion, the agency or governing authority may 104 105 award a stipulated fee equal to a percentage, as prescribed in the
- 106 request for proposals, of the project's final design and
- 107 construction budget, as prescribed in the request for proposals,
- 108 but not less than two-tenths of one percent (2/10 of 1%) of the
- 109 project's final design and construction budget, to each short-list
- 110 offeror who provides a responsive, but unsuccessful, proposal.
- the agency or governing authority does not award a contract, all 111
- 112 responsive final list offerors shall receive the stipulated fee
- 113 based on the owner's estimate of the project final design and
- 114 construction budget as included in the request for proposals. The
- agency or governing authority shall pay the stipulated fee to each 115
- offeror within ninety (90) days after the award of the initial 116
- 117 contract or the decision not to award a contract.
- 118 consideration for paying the stipulated fee, the agency or
- 119 governing authority may use any ideas or information contained in
- 120 the proposals in connection with any contract awarded for the
- 121 project, or in connection with a subsequent procurement, without
- 122 any obligation to pay any additional compensation to the
- 123 unsuccessful offerors. Notwithstanding the other provisions of
- 124 this subsection, an unsuccessful short-list offeror may elect to
- waive the stipulated fee. If an unsuccessful short-list offeror 125
- 126 elects to waive the stipulated fee, the agency or governing
- authority may not use ideas and information contained in the 127
- 128 offeror's proposal, except that this restriction does not prevent
- 129 the agency or governing authority from using any idea or
- 130 information if the idea or information is also included in a
- proposal of an offeror that accepts the stipulated fee. 131
- 132 (9) This section shall not authorize the awarding of 133 construction contracts according to any contracting method that

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- 134 does not require the contractor to satisfactorily perform, at a
- 135 minimum, both any balance of design and construction of the
- 136 project for which the contract is awarded.
- 137 **SECTION 2.** The following shall be codified as Section
- 138 37-101-44, Mississippi Code of 1972:
- 139 37-101-44. (1) In lieu of exercising the authority set
- 140 forth in Section 37-101-43 and before entering into or awarding
- 141 any lease under Section 37-101-41, the Board of Trustees of State
- 142 Institutions of Higher Learning may award contracts to a single
- 143 entity for privately financed design and construction of
- 144 facilities on university campuses if the entities receiving the
- 145 contract or contracts and those entities to which work or services
- 146 are subcontracted are duly licensed and qualified in the state to
- 147 perform the contract or contracts. State General Fund
- 148 appropriations or bonds backed by the state may not be used to
- 149 finance the construction or maintenance of any such facility.
- 150 (2) The design-build delivery system described under
- 151 subsection (1) of this section shall be administered pursuant to
- 152 Section 31-7-13.1 and may be authorized only when the Board of
- 153 Trustees of State Institutions of Higher Learning makes a
- 154 determination, entered on its minutes, with specific findings for
- 155 the project demonstrating how it is in the best interest of the
- 156 public to enter into a design-build contract. At a minimum, the
- 157 determination must include a detailed explanation of why a
- 158 design-build approach for a particular project satisfies the
- 159 public need better than the traditional design-bid-build approach.
- 160 (3) For each proposed design-build project, a two-phase
- 161 procedure for awarding design-build contracts must be adopted and
- 162 must include the following:
- 163 (a) During phase one, and before solicitation of
- 164 initial proposals, the board shall develop, with the assistance of
- 165 a registered architect or engineer, a scope of work statement that

provides prospective offerors with sufficient information 166 167 regarding the board's requirements. The scope of work statement 168 must include floor plans showing spaces by name and number, actual 169 net area of each space, structural module, fixed equipment, 170 mechanical spaces, chases and circulation areas. Drawings must 171 show overall structure dimensions and major lines of dimensions, and site plans which show topography, adjacent buildings and 172 utilities. Drawings must include information to adequately 173 174 explain HVAC, electrical and structural requirements. Information concerning furnishings, miscellaneous equipment, layouts, lists 175 176 and schedules necessary to explain the plans must be indicated on 177 floor plans. The registered architect or engineer engaged by the 178 board also shall prepare preliminary specifications following the 179 Construction Specifications Institute format and giving basic descriptions of essential building materials, finishes, components 180 181 and all systems. The scope of work statement also must include 182 structure elevations, sections and design details. 183 elevations must show fenestration and proposed exterior materials. 184 The scope of work statement must include general budget 185 parameters, schedule or delivery requirements, relevant criteria 186 for evaluation of proposals, and any other information necessary 187 to enable the design-builders to submit proposals that meet the 188 board's needs. (b) The board shall cause to be published once a week, 189 190 for at least three (3) consecutive weeks and not less than twenty-one (21) days in at least one (1) newspaper having a 191 192 general circulation in the county in which the institution is 193 located and in one (1) newspaper with a general statewide 194 circulation, a notice inviting proposals for the leasing, 195 design-build deconstruction and leasing back of the land and 196 design-build constructed facility. The notice must inform 197 potential offerors of how to obtain the scope of work statement

- developed for the project, and the notice must contain such other information to describe adequately the general nature and scope of the design-build project so as to promote full, equal and open competition.
- 202 The board shall accept initial proposals only from 203 entities able to provide, either in-house or through contractual 204 arrangements, an experienced and qualified design-build team that 205 includes, at a minimum, an architect or engineer registered in 206 Mississippi and a contractor properly licensed in Mississippi for 207 the type of work required. From evaluation of initial proposals 208 under phase one, the board shall select a minimum of two (2) and a 209 maximum of five (5) design-builders to submit proposals for phase 210 two.
- 211 (d) During phase two, the shortlisted firms will be 212 invited to submit detailed designs, specific technical concepts or 213 solutions, pricing, scheduling and other information deemed 214 appropriate by the board as necessary to evaluate and rank 215 acceptability of the phase two proposals. After evaluation of 216 these phase two proposals, the board shall award a contract to the 217 design-builder determined to offer the best value to the public in 218 accordance with evaluation criteria set forth in the request for 219 proposals, of which price must be one, but not necessarily the 220 only, criterion.
- (e) If the board accepts a proposal other than the lowest dollar proposal actually submitted, the board shall enter on its minutes detailed calculations and a narrative summary showing why the accepted proposal was determined to provide the best value, and the board shall state specifically on its minutes the justification for its award.
- (4) All facilities that are governed by this section must be designed and constructed to equal or exceed the current
  International Code Council Family of Codes applicable to

- 230 commercial construction in force at the time of contracting. All
- 231 private contractors or private entities contracting or performing
- 232 under this section must comply at all times with all applicable
- 233 laws, codes and other legal requirements pertaining to the
- 234 project.
- 235 (5) (a) A public official or employee of a state agency who
- 236 has duties or responsibilities related to the contracting,
- 237 constructing, leasing, acquiring or operating of a facility under
- 238 this section may not become an employee, consultant or contract
- 239 vendor to a private entity providing such facility or services to
- 240 the state for a period of one (1) year after the date of
- 241 termination of the person's public service or state employment.
- 242 (b) Any person violating this subsection shall be
- 243 guilty of a misdemeanor and punished by a fine of not less than
- 244 Five Hundred Dollars (\$500.00) nor more than One Thousand Dollars
- 245 (\$1,000.00).
- SECTION 3. Section 37-101-43, Mississippi Code of 1972, is
- 247 amended as follows:
- 248 37-101-43. (a) Except as otherwise provided in Section
- 249 37-101-44, before entering into or awarding any such lease
- 250 contract under the provisions of Section 37-101-41, the Board of
- 251 Trustees of State Institutions of Higher Learning shall cause the
- 252 interested state-supported institution upon which a facility is
- 253 proposed to be constructed to select and submit three (3)
- 254 architects to the board. Thereupon, the board shall approve and
- 255 employ an architect, who shall be paid by the interested
- 256 institution from any funds available to the interested
- 257 institution. The architect, under the direction of the interested
- 258 institution, shall prepare complete plans and specifications for
- 259 the facility desired to be constructed on the leased property.
- Upon completion of the plans and specifications and the
- 261 approval thereof by the board, and before entering into any lease

262 contract, the board shall cause to be published once a week for at 263 least three (3) consecutive weeks and not less than twenty-one (21) days in at least one (1) newspaper having a general 264 265 circulation in the county in which the interested institution is 266 located and in one (1) newspaper with a general statewide 267 circulation, a notice inviting bids or proposals for the leasing, 268 construction and leasing back of the land and constructed facility, the facility to be constructed in accordance with the 269 270 plans and specifications. The notice shall distinctly state the thing to be done, and invite sealed proposals, to be filed with 271 272 the board, to do the thing to be done. The notice shall contain 273 the following specific provisions, together with such others as 274 the board in its discretion deems appropriate, to wit: bids shall 275 be accompanied by a bid security evidenced by a certified or 276 cashier's check or bid-bond payable to the board in a sum of not 277 less than five percent (5%) of the gross construction cost of the 278 facility to be constructed as estimated by the board and the bids 279 shall contain proof satisfactory to the board of interim and 280 permanent financing. The board shall state in the notice when 281 construction shall commence. The bid shall contain the proposed 282 contractor's certificate of responsibility number and bidder's 283 license. In all cases, before the notice shall be published, the 284 plans and specifications shall be filed with the board and also in the office of the president of the interested institution, there 285 286 to remain. 287 The board shall award the lease contract to the lowest and 288 best bidder, who will comply with the terms imposed by the 289 contract documents. At the time of the awarding of the lease contract the successful bidder shall enter into bond with 290 291 sufficient sureties, to be approved by the board, in such penalty 292 as may be fixed by the board, but in no case to be less than the 293 estimated gross construction cost of the facility to be

- 294 constructed as estimated by the board, conditioned for the prompt,
- 295 proper and efficient performance of the contract. The bond shall
- 296 be made by an authorized corporate surety bonding company.
- 297 The \* \* \* bid security herein provided for shall be forfeited if
- 298 the successful bidder fails to enter into lease contract and
- 299 commence construction within the time limitation set forth in the
- 300 notice. At such time, and simultaneously with the signing of  $\underline{\text{the}}$
- 301 contract, the successful bidder shall deposit a sum of money, in
- 302 cash or certified or cashier's check, not less than the bid
- 303 security previously deposited as bid security to reimburse the
- 304 interested institution for all sums expended by it for
- 305 architectural services and other expenditures of the board and
- 306 interested institution connected with the bided lease contract, of
- 307 which such other anticipated expenditures notice is to be given to
- 308 bidder in the notice. The bid security posted by an unsuccessful
- 309 bidder shall be refunded to him.
- 310 (b) Pursuant to the authority granted under Section
- 311 37-101-44, the requirements of paragraph (a) of this section shall
- 312 not apply to the Board of Trustees of State Institutions of Higher
- 313 Learning to grant to universities the authority to contract with a
- 314 single entity for privately financed design and construction of
- 315 <u>facilities on the university's campus.</u>
- 316 SECTION 4. Section 37-101-41, Mississippi Code of 1972, is
- 317 amended as follows:
- 318 37-101-41. (a) Except as otherwise provided in paragraph
- 319 (b) of this section, the Board of Trustees of State Institutions
- 320 of Higher Learning is hereby authorized and empowered to lease to
- 321 private individuals or corporations, for a term not exceeding
- 322 thirty-one (31) years, any land at any of the following
- 323 state-supported institutions: Mississippi State University of
- 324 Agriculture and Applied Science, Jackson State University,
- 325 Mississippi Valley State University, Alcorn State University,

- University of Southern Mississippi, Mississippi University for 326 Women and Delta State University, for the purpose of erecting 327 housing and dormitory facilities thereon for active faculty and 328 329 students. The housing facilities shall be constructed thereon by 330 private financing, and shall be leased back to the board for use 331 by the concerned state-supported institution of higher learning. 332 The lease shall contain a provision permitting the board to purchase the building located thereon for the sum of One Dollar 333 334 (\$1.00) after payment by the board of all sums of money due under 335 said lease. 336 (b) Pursuant to the authority granted under Section 337
- 37-101-44, the Board of Trustees of State Institutions of Higher 338 Learning may grant authority to universities to lease to private 339 individuals or corporations, for a term not exceeding thirty-one 340 (31) years, any land at the university, for the purpose of 341 erecting facilities thereon for active faculty and students. The 342 facilities shall be constructed thereon by private financing, and 343 shall be leased back to the board for use by the university. The lease shall contain a provision permitting the board to purchase 344 345 the facilities located thereon for the sum of One Dollar (\$1.00) 346 after payment by the board of all sums of money due under said 347 lease.
- 348 **SECTION 5.** Section 31-7-13, Mississippi Code of 1972, is amended as follows:
- 350 31-7-13. All agencies and governing authorities shall
  351 purchase their commodities and printing; contract for garbage
  352 collection or disposal; contract for solid waste collection or
  353 disposal; contract for sewage collection or disposal; contract for
  354 public construction; and contract for rentals as herein provided.
- 355 (a) Bidding procedure for purchases not over \$3,500.00.
  356 Purchases which do not involve an expenditure of more than Three
  357 Thousand Five Hundred Dollars (\$3,500.00), exclusive of freight or

shipping charges, may be made without advertising or otherwise requesting competitive bids. However, nothing contained in this paragraph (a) shall be construed to prohibit any agency or governing authority from establishing procedures which require competitive bids on purchases of Three Thousand Five Hundred Dollars (\$3,500.00) or less.

364 Bidding procedure for purchases over \$3,500.00 but 365 not over \$15,000.00. Purchases which involve an expenditure of 366 more than Three Thousand Five Hundred Dollars (\$3,500.00) but not 367 more than Fifteen Thousand Dollars (\$15,000.00), exclusive of 368 freight and shipping charges may be made from the lowest and best 369 bidder without publishing or posting advertisement for bids, 370 provided at least two (2) competitive written bids have been 371 obtained. Any governing authority purchasing commodities pursuant 372 to this paragraph (b) may authorize its purchasing agent, or his 373 designee, with regard to governing authorities other than 374 counties, or its purchase clerk, or his designee, with regard to 375 counties, to accept the lowest and best competitive written bid. 376 Such authorization shall be made in writing by the governing 377 authority and shall be maintained on file in the primary office of 378 the agency and recorded in the official minutes of the governing 379 authority, as appropriate. The purchasing agent or the purchase 380 clerk, or their designee, as the case may be, and not the 381 governing authority, shall be liable for any penalties and/or 382 damages as may be imposed by law for any act or omission of the purchasing agent or purchase clerk, or their designee, 383 384 constituting a violation of law in accepting any bid without 385 approval by the governing authority. The term "competitive 386 written bid" shall mean a bid submitted on a bid form furnished by 387 the buying agency or governing authority and signed by authorized 388 personnel representing the vendor, or a bid submitted on a 389 vendor's letterhead or identifiable bid form and signed by

390 authorized personnel representing the vendor. "Competitive" shall 391 mean that the bids are developed based upon comparable 392 identification of the needs and are developed independently and 393 without knowledge of other bids or prospective bids. Bids may be 394 submitted by facsimile, electronic mail or other generally 395 accepted method of information distribution. Bids submitted by 396 electronic transmission shall not require the signature of the 397 vendor's representative unless required by agencies or governing 398

Bidding procedure for purchases over \$15,000.00.

Publication requirement. Purchases which involve an expenditure of more than Fifteen Thousand Dollars (\$15,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder after advertising for competitive sealed bids once each week for two (2) consecutive weeks in a regular newspaper published in the county or municipality in which such agency or governing authority is The date as published for the bid opening shall not be less than seven (7) working days after the last published notice; however, if the purchase involves a construction project in which the estimated cost is in excess of Fifteen Thousand Dollars (\$15,000.00), such bids shall not be opened in less than fifteen (15) working days after the last notice is published and the notice for the purchase of such construction shall be published once each week for two (2) consecutive weeks. The notice of intention to let contracts or purchase equipment shall state the time and place at which bids shall be received, list the contracts to be made or types of equipment or supplies to be purchased, and, if all plans and/or specifications are not published, refer to the plans and/or specifications on file. If there is no newspaper published in the county or municipality, then such notice shall be given by posting same at the courthouse, or for municipalities at

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the city hall, and at two (2) other public places in the county or 422 423 municipality, and also by publication once each week for two (2) 424 consecutive weeks in some newspaper having a general circulation 425 in the county or municipality in the above provided manner. 426 the same date that the notice is submitted to the newspaper for 427 publication, the agency or governing authority involved shall mail written notice to, or provide electronic notification to the main 428 429 office of the Mississippi Contract Procurement Center that 430 contains the same information as that in the published notice. (ii) Bidding process amendment procedure. 431 432 plans and/or specifications are published in the notification, then the plans and/or specifications may not be amended. 433 434 plans and/or specifications are not published in the notification, 435 then amendments to the plans/specifications, bid opening date, bid 436 opening time and place may be made, provided that the agency or 437 governing authority maintains a list of all prospective bidders 438 who are known to have received a copy of the bid documents and all 439 such prospective bidders are sent copies of all amendments. 440 notification of amendments may be made via mail, facsimile, 441 electronic mail or other generally accepted method of information 442 distribution. No addendum to bid specifications may be issued 443 within two (2) working days of the time established for the 444 receipt of bids unless such addendum also amends the bid opening to a date not less than five (5) working days after the date of 445 446 the addendum. 447 (iii) Filing requirement. In all cases involving 448 governing authorities, before the notice shall be published or 449 posted, the plans or specifications for the construction or 450 equipment being sought shall be filed with the clerk of the board 451 of the governing authority. In addition to these requirements, a 452 bid file shall be established which shall indicate those vendors

to whom such solicitations and specifications were issued, and

454 such file shall also contain such information as is pertinent to 455 the bid.

456 (iv) Specification restrictions.

457 Specifications pertinent to such bidding 458 shall be written so as not to exclude comparable equipment of 459 domestic manufacture. However, if valid justification is 460 presented, the Department of Finance and Administration or the 461 board of a governing authority may approve a request for specific 462 equipment necessary to perform a specific job. Further, such justification, when placed on the minutes of the board of a 463 464 governing authority, may serve as authority for that governing 465 authority to write specifications to require a specific item of 466 equipment needed to perform a specific job. In addition to these 467 requirements, from and after July 1, 1990, vendors of relocatable 468 classrooms and the specifications for the purchase of such 469 relocatable classrooms published by local school boards shall meet all pertinent regulations of the State Board of Education, 470 471 including prior approval of such bid by the State Department of 472 Education.

473 2. Specifications for construction projects 474 may include an allowance for commodities, equipment, furniture, 475 construction materials or systems in which prospective bidders are 476 instructed to include in their bids specified amounts for such items so long as the allowance items are acquired by the vendor in 477 478 a commercially reasonable manner and approved by the agency/governing authority. Such acquisitions shall not be made 479 480 to circumvent the public purchasing laws.

(v) Agencies and governing authorities may
establish secure procedures by which bids may be submitted via
electronic means.

(d) Lowest and best bid decision procedure.

485	(i) <b>Decision procedure.</b> Purchases may be made
486	from the lowest and best bidder. In determining the lowest and
487	best bid, freight and shipping charges shall be included.
488	Life-cycle costing, total cost bids, warranties, guaranteed
489	buy-back provisions and other relevant provisions may be included
490	in the best bid calculation. All best bid procedures for state
491	agencies must be in compliance with regulations established by the
492	Department of Finance and Administration. If any governing
493	authority accepts a bid other than the lowest bid actually
494	submitted, it shall place on its minutes detailed calculations and
495	narrative summary showing that the accepted bid was determined to
496	be the lowest and best bid, including the dollar amount of the
497	accepted bid and the dollar amount of the lowest bid. No agency
498	or governing authority shall accept a bid based on items not
499	included in the specifications.
500	(ii) Decision procedure for Certified Purchasing
501	Offices. In addition to the decision procedure set forth in
502	paragraph (d)(i), Certified Purchasing Offices may also use the
503	following procedure: Purchases may be made from the bidder
504	offering the best value. In determining the best value bid,
505	freight and shipping charges shall be included. Life-cycle
506	costing, total cost bids, warranties, guaranteed buy-back
507	provisions, documented previous experience, training costs and
508	other relevant provisions may be included in the best value
509	calculation. This provision shall authorize Certified Purchasing
510	Offices to utilize a Request For Proposals (RFP) process when
511	purchasing commodities. All best value procedures for state
512	agencies must be in compliance with regulations established by the
513	Department of Finance and Administration. No agency or governing
514	authority shall accept a bid based on items or criteria not
515	included in the specifications.

516	(iii) Construction project negotiations authority.
517	If the lowest and best bid is not more than ten percent (10%)
518	above the amount of funds allocated for a public construction or
519	renovation project, then the agency or governing authority shall
520	be permitted to negotiate with the lowest bidder in order to enter
521	into a contract for an amount not to exceed the funds allocated.
522	(e) Lease-purchase authorization. For the purposes of
523	this section, the term "equipment" shall mean equipment, furniture
524	and, if applicable, associated software and other applicable
525	direct costs associated with the acquisition. Any lease-purchase
526	of equipment which an agency is not required to lease-purchase
527	under the master lease-purchase program pursuant to Section
528	31-7-10 and any lease-purchase of equipment which a governing
529	authority elects to lease-purchase may be acquired by a
530	lease-purchase agreement under this paragraph (e). Lease-purchase
531	financing may also be obtained from the vendor or from a
532	third-party source after having solicited and obtained at least
533	two (2) written competitive bids, as defined in paragraph (b) of
534	this section, for such financing without advertising for such
535	bids. Solicitation for the bids for financing may occur before or
536	after acceptance of bids for the purchase of such equipment or,
537	where no such bids for purchase are required, at any time before
538	the purchase thereof. No such lease-purchase agreement shall be
539	for an annual rate of interest which is greater than the overall
540	maximum interest rate to maturity on general obligation
541	indebtedness permitted under Section 75-17-101, and the term of
542	such lease-purchase agreement shall not exceed the useful life of
543	equipment covered thereby as determined according to the upper
544	limit of the asset depreciation range (ADR) guidelines for the
545	Class Life Asset Depreciation Range System established by the
546	Internal Revenue Service pursuant to the United States Internal
547	Revenue Code and regulations thereunder as in effect on December

31, 1980, or comparable depreciation guidelines with respect to 548 549 any equipment not covered by ADR guidelines. Any lease-purchase 550 agreement entered into pursuant to this paragraph (e) may contain 551 any of the terms and conditions which a master lease-purchase 552 agreement may contain under the provisions of Section 31-7-10(5), 553 and shall contain an annual allocation dependency clause 554 substantially similar to that set forth in Section 31-7-10(8). 555 Each agency or governing authority entering into a lease-purchase 556 transaction pursuant to this paragraph (e) shall maintain with 557 respect to each such lease-purchase transaction the same 558 information as required to be maintained by the Department of 559 Finance and Administration pursuant to Section 31-7-10(13). 560 However, nothing contained in this section shall be construed to 561 permit agencies to acquire items of equipment with a total 562 acquisition cost in the aggregate of less than Ten Thousand 563 Dollars (\$10,000.00) by a single lease-purchase transaction. All equipment, and the purchase thereof by any lessor, acquired by 564 565 lease-purchase under this paragraph and all lease-purchase 566 payments with respect thereto shall be exempt from all Mississippi 567 sales, use and ad valorem taxes. Interest paid on any lease-purchase agreement under this section shall be exempt from 568 569 State of Mississippi income taxation. 570 (f) Alternate bid authorization. When necessary to ensure ready availability of commodities for public works and the 571 572 timely completion of public projects, no more than two (2) alternate bids may be accepted by a governing authority for 573 574 commodities. No purchases may be made through use of such 575 alternate bids procedure unless the lowest and best bidder cannot 576 deliver the commodities contained in his bid. In that event, 577 purchases of such commodities may be made from one (1) of the 578 bidders whose bid was accepted as an alternate.

579 (g) Construction contract change authorization. In the 580 event a determination is made by an agency or governing authority 581 after a construction contract is let that changes or modifications 582 to the original contract are necessary or would better serve the 583 purpose of the agency or the governing authority, such agency or 584 governing authority may, in its discretion, order such changes 585 pertaining to the construction that are necessary under the 586 circumstances without the necessity of further public bids; 587 provided that such change shall be made in a commercially reasonable manner and shall not be made to circumvent the public 588 589 purchasing statutes. In addition to any other authorized person, 590 the architect or engineer hired by an agency or governing 591 authority with respect to any public construction contract shall 592 have the authority, when granted by an agency or governing 593 authority, to authorize changes or modifications to the original 594 contract without the necessity of prior approval of the agency or 595 governing authority when any such change or modification is less 596 than one percent (1%) of the total contract amount. The agency or 597 governing authority may limit the number, manner or frequency of 598 such emergency changes or modifications.

(h) Petroleum purchase alternative. In addition to other methods of purchasing authorized in this chapter, when any agency or governing authority shall have a need for gas, diesel fuel, oils and/or other petroleum products in excess of the amount set forth in paragraph (a) of this section, such agency or governing authority may purchase the commodity after having solicited and obtained at least two (2) competitive written bids, as defined in paragraph (b) of this section. If two (2) competitive written bids are not obtained, the entity shall comply with the procedures set forth in paragraph (c) of this section. In the event any agency or governing authority shall have advertised for bids for the purchase of gas, diesel fuel, oils and

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other petroleum products and coal and no acceptable bids can be obtained, such agency or governing authority is authorized and directed to enter into any negotiations necessary to secure the lowest and best contract available for the purchase of such commodities.

(i) Road construction petroleum products price adjustment clause authorization. Any agency or governing authority authorized to enter into contracts for the construction, maintenance, surfacing or repair of highways, roads or streets, may include in its bid proposal and contract documents a price adjustment clause with relation to the cost to the contractor, including taxes, based upon an industry-wide cost index, of petroleum products including asphalt used in the performance or execution of the contract or in the production or manufacture of materials for use in such performance. Such industry-wide index shall be established and published monthly by the Mississippi Department of Transportation with a copy thereof to be mailed, upon request, to the clerks of the governing authority of each municipality and the clerks of each board of supervisors throughout the state. The price adjustment clause shall be based on the cost of such petroleum products only and shall not include any additional profit or overhead as part of the adjustment. The bid proposals or document contract shall contain the basis and methods of adjusting unit prices for the change in the cost of such petroleum products.

(j) State agency emergency purchase procedure. If the governing board or the executive head, or his designee, of any agency of the state shall determine that an emergency exists in regard to the purchase of any commodities or repair contracts, so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interests of the state, then the provisions herein for competitive bidding shall not apply and

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the head of such agency shall be authorized to make the purchase 643 644 or repair. Total purchases so made shall only be for the purpose 645 of meeting needs created by the emergency situation. In the event 646 such executive head is responsible to an agency board, at the 647 meeting next following the emergency purchase, documentation of 648 the purchase, including a description of the commodity purchased, 649 the purchase price thereof and the nature of the emergency shall 650 be presented to the board and placed on the minutes of the board 651 of such agency. The head of such agency, or his designee, shall, 652 at the earliest possible date following such emergency purchase, 653 file with the Department of Finance and Administration (i) a 654 statement explaining the conditions and circumstances of the 655 emergency, which shall include a detailed description of the 656 events leading up to the situation and the negative impact to the 657 entity if the purchase is made following the statutory 658 requirements set forth in paragraph (a), (b) or (c) of this 659 section, and (ii) a certified copy of the appropriate minutes of 660 the board of such agency, if applicable. On or before September 1 661 of each year, the State Auditor shall prepare and deliver to the 662 Senate Fees, Salaries and Administration Committee, the House Fees 663 and Salaries of Public Officers Committee and the Joint 664 Legislative Budget Committee a report containing a list of all 665 state agency emergency purchases and supporting documentation for 666 each emergency purchase.

667 Governing authority emergency purchase procedure. 668 If the governing authority, or the governing authority acting 669 through its designee, shall determine that an emergency exists in 670 regard to the purchase of any commodities or repair contracts, so 671 that the delay incident to giving opportunity for competitive 672 bidding would be detrimental to the interest of the governing 673 authority, then the provisions herein for competitive bidding 674 shall not apply and any officer or agent of such governing

authority having general or special authority therefor in making such purchase or repair shall approve the bill presented therefor, and he shall certify in writing thereon from whom such purchase was made, or with whom such a repair contract was made. At the board meeting next following the emergency purchase or repair contract, documentation of the purchase or repair contract, including a description of the commodity purchased, the price thereof and the nature of the emergency shall be presented to the board and shall be placed on the minutes of the board of such governing authority.

## (1) Hospital purchase, lease-purchase and lease authorization.

(i) The commissioners or board of trustees of any public hospital may contract with such lowest and best bidder for the purchase or lease-purchase of any commodity under a contract of purchase or lease-purchase agreement whose obligatory payment terms do not exceed five (5) years.

(ii) In addition to the authority granted in subparagraph (i) of this paragraph (1), the commissioners or board of trustees is authorized to enter into contracts for the lease of equipment or services, or both, which it considers necessary for the proper care of patients if, in its opinion, it is not financially feasible to purchase the necessary equipment or services. Any such contract for the lease of equipment or services executed by the commissioners or board shall not exceed a maximum of five (5) years' duration and shall include a cancellation clause based on unavailability of funds. If such cancellation clause is exercised, there shall be no further liability on the part of the lessee. Any such contract for the lease of equipment or services executed on behalf of the

commissioners or board that complies with the provisions of this

- 706 subparagraph (ii) shall be excepted from the bid requirements set
- 707 forth in this section.
- 708 (m) Exceptions from bidding requirements. Excepted
- 709 from bid requirements are:
- 710 (i) Purchasing agreements approved by department.
- 711 Purchasing agreements, contracts and maximum price regulations
- 712 executed or approved by the Department of Finance and
- 713 Administration.
- 714 (ii) Outside equipment repairs. Repairs to
- 715 equipment, when such repairs are made by repair facilities in the
- 716 private sector; however, engines, transmissions, rear axles and/or
- 717 other such components shall not be included in this exemption when
- 718 replaced as a complete unit instead of being repaired and the need
- 719 for such total component replacement is known before disassembly
- 720 of the component; however, invoices identifying the equipment,
- 721 specific repairs made, parts identified by number and name,
- 722 supplies used in such repairs, and the number of hours of labor
- 723 and costs therefor shall be required for the payment for such
- 724 repairs.
- 725 (iii) **In-house equipment repairs.** Purchases of
- 726 parts for repairs to equipment, when such repairs are made by
- 727 personnel of the agency or governing authority; however, entire
- 728 assemblies, such as engines or transmissions, shall not be
- 729 included in this exemption when the entire assembly is being
- 730 replaced instead of being repaired.
- 731 (iv) Raw gravel or dirt. Raw unprocessed deposits
- 732 of gravel or fill dirt which are to be removed and transported by
- 733 the purchaser.
- 734 (v) Governmental equipment auctions. Motor
- 735 vehicles or other equipment purchased from a federal agency or
- 736 authority, another governing authority or state agency of the
- 737 State of Mississippi, or any governing authority or state agency

- of another state at a public auction held for the purpose of
  disposing of such vehicles or other equipment. Any purchase by a
  governing authority under the exemption authorized by this
  subparagraph (v) shall require advance authorization spread upon
  the minutes of the governing authority to include the listing of
  the item or items authorized to be purchased and the maximum bid
- 745 (vi) Intergovernmental sales and transfers.
- 746 Purchases, sales, transfers or trades by governing authorities or
- 747 state agencies when such purchases, sales, transfers or trades are
- 748 made by a private treaty agreement or through means of

authorized to be paid for each item or items.

- 749 negotiation, from any federal agency or authority, another
- 750 governing authority or state agency of the State of Mississippi,
- 751 or any state agency or governing authority of another state.
- 752 Nothing in this section shall permit such purchases through public
- 753 auction except as provided for in subparagraph (v) of this
- 754 section. It is the intent of this section to allow governmental
- 755 entities to dispose of and/or purchase commodities from other
- 756 governmental entities at a price that is agreed to by both
- 757 parties. This shall allow for purchases and/or sales at prices
- 758 which may be determined to be below the market value if the
- 759 selling entity determines that the sale at below market value is
- 760 in the best interest of the taxpayers of the state. Governing
- 761 authorities shall place the terms of the agreement and any
- 762 justification on the minutes, and state agencies shall obtain
- 763 approval from the Department of Finance and Administration, prior
- 764 to releasing or taking possession of the commodities.
- 765 (vii) **Perishable supplies or food.** Perishable
- 766 supplies or food purchased for use in connection with hospitals,
- 767 the school lunch programs, homemaking programs and for the feeding
- 768 of county or municipal prisoners.

769 (viii) Single source items. Noncompetitive items 770 available from one (1) source only. In connection with the 771 purchase of noncompetitive items only available from one (1) 772 source, a certification of the conditions and circumstances 773 requiring the purchase shall be filed by the agency with the 774 Department of Finance and Administration and by the governing 775 authority with the board of the governing authority. Upon receipt 776 of that certification the Department of Finance and Administration 777 or the board of the governing authority, as the case may be, may, in writing, authorize the purchase, which authority shall be noted 778 779 on the minutes of the body at the next regular meeting thereafter. 780 In those situations, a governing authority is not required to 781 obtain the approval of the Department of Finance and 782 Administration. (ix) Waste disposal facility construction 783 784 contracts. Construction of incinerators and other facilities for 785 disposal of solid wastes in which products either generated 786 therein, such as steam, or recovered therefrom, such as materials 787 for recycling, are to be sold or otherwise disposed of; however, 788 in constructing such facilities, a governing authority or agency 789 shall publicly issue requests for proposals, advertised for in the 790 same manner as provided herein for seeking bids for public 791 construction projects, concerning the design, construction, 792 ownership, operation and/or maintenance of such facilities, 793 wherein such requests for proposals when issued shall contain 794 terms and conditions relating to price, financial responsibility, 795 technology, environmental compatibility, legal responsibilities 796 and such other matters as are determined by the governing 797 authority or agency to be appropriate for inclusion; and after 798 responses to the request for proposals have been duly received, 799 the governing authority or agency may select the most qualified 800 proposal or proposals on the basis of price, technology and other

801 relevant factors and from such proposals, but not limited to	80T	relevant	iactors	and	irom	sucn	proposals,	but	not	limited	to	τn
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- 802 terms thereof, negotiate and enter contracts with one or more of
- 803 the persons or firms submitting proposals.
- 804 (x) Hospital group purchase contracts. Supplies,
- 805 commodities and equipment purchased by hospitals through group
- 806 purchase programs pursuant to Section 31-7-38.
- 807 (xi) Information technology products. Purchases
- 808 of information technology products made by governing authorities
- 809 under the provisions of purchase schedules, or contracts executed
- 810 or approved by the Mississippi Department of Information
- 811 Technology Services and designated for use by governing
- 812 authorities.
- 813 (xii) Energy efficiency services and equipment.
- 814 Energy efficiency services and equipment acquired by school
- 815 districts, community and junior colleges, institutions of higher
- 816 learning and state agencies or other applicable governmental
- 817 entities on a shared-savings, lease or lease-purchase basis
- 818 pursuant to Section 31-7-14.
- 819 (xiii) Municipal electrical utility system fuel.
- 820 Purchases of coal and/or natural gas by municipally-owned electric
- 821 power generating systems that have the capacity to use both coal
- 822 and natural gas for the generation of electric power.
- 823 (xiv) Library books and other reference materials.
- 824 Purchases by libraries or for libraries of books and periodicals;
- 825 processed film, video cassette tapes, filmstrips and slides;
- 826 recorded audio tapes, cassettes and diskettes; and any such items
- 827 as would be used for teaching, research or other information
- 828 distribution; however, equipment such as projectors, recorders,
- 829 audio or video equipment, and monitor televisions are not exempt
- 830 under this subparagraph.
- 831 (xv) **Unmarked vehicles.** Purchases of unmarked
- 832 vehicles when such purchases are made in accordance with

- 833 purchasing regulations adopted by the Department of Finance and
- 834 Administration pursuant to Section 31-7-9(2).
- 835 (xvi) **Election ballots.** Purchases of ballots
- 836 printed pursuant to Section 23-15-351.
- 837 (xvii) Multichannel interactive video systems.
- 838 From and after July 1, 1990, contracts by Mississippi Authority
- 839 for Educational Television with any private educational
- 840 institution or private nonprofit organization whose purposes are
- 841 educational in regard to the construction, purchase, lease or
- 842 lease-purchase of facilities and equipment and the employment of
- 843 personnel for providing multichannel interactive video systems
- 844 (ITSF) in the school districts of this state.
- 845 (xviii) Purchases of prison industry products.
- 846 From and after January 1, 1991, purchases made by state agencies
- 847 or governing authorities involving any item that is manufactured,
- 848 processed, grown or produced from the state's prison industries.
- 849 (xix) **Undercover operations equipment.** Purchases
- 850 of surveillance equipment or any other high-tech equipment to be
- 851 used by law enforcement agents in undercover operations, provided
- 852 that any such purchase shall be in compliance with regulations
- 853 established by the Department of Finance and Administration.
- 854 (xx) **Junior college books for rent.** Purchases by
- 855 community or junior colleges of textbooks which are obtained for
- 856 the purpose of renting such books to students as part of a book
- 857 service system.
- 858 (xxi) Certain school district purchases.
- 859 Purchases of commodities made by school districts from vendors
- 860 with which any levying authority of the school district, as
- 861 defined in Section 37-57-1, has contracted through competitive
- 862 bidding procedures for purchases of the same commodities.
- 863 (xxii) Garbage, solid waste and sewage contracts.
- 864 Contracts for garbage collection or disposal, contracts for solid

865	waste collection or disposal and contracts for sewage collection
866	or disposal.
867	(xxiii) Municipal water tank maintenance
868	contracts. Professional maintenance program contracts for the
869	repair or maintenance of municipal water tanks, which provide
870	professional services needed to maintain municipal water storage
871	tanks for a fixed annual fee for a duration of two (2) or more
872	years.
873	(xxiv) Purchases of Mississippi Industries for the
874	Blind products. Purchases made by state agencies or governing
875	authorities involving any item that is manufactured, processed or
876	produced by the Mississippi Industries for the Blind.
877	(xxy) Purchases of state-adopted textbooks.
878	Purchases of state-adopted textbooks by public school districts.
879	(xxvi) Certain purchases under the Mississippi
880	Major Economic Impact Act. Contracts entered into pursuant to the
881	provisions of Section 57-75-9(2) and (3).
882	(xxvii) Used heavy or specialized machinery or
883	equipment for installation of soil and water conservation
884	practices purchased at auction. Used heavy or specialized
885	machinery or equipment used for the installation and
886	implementation of soil and water conservation practices or
887	measures purchased subject to the restrictions provided in
888	Sections 69-27-331 through 69-27-341. Any purchase by the State
889	Soil and Water Conservation Commission under the exemption
890	authorized by this subparagraph shall require advance
891	authorization spread upon the minutes of the commission to include
892	the listing of the item or items authorized to be purchased and
893	the maximum bid authorized to be paid for each item or items.

Leases by hospitals of equipment or services if the leases are in

(xxviii) Hospital lease of equipment or services.

compliance with paragraph (1)(ii).

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897	(xxix) Purchases made pursuant to qualified
898	cooperative purchasing agreements. Purchases made by certified
899	purchasing offices of state agencies or governing authorities
900	under cooperative purchasing agreements previously approved by the
901	Office of Purchasing and Travel and established by or for any
902	municipality, county, parish or state government or the federal
903	government, provided that the notification to potential
904	contractors includes a clause that sets forth the availability of
905	the cooperative purchasing agreement to other governmental
906	entities. Such purchases shall only be made if the use of the
907	cooperative purchasing agreements is determined to be in the best
908	interest of the governmental entity.
909	(xxx) School yearbooks. Purchases of school
910	yearbooks by state agencies or governing authorities; provided,
911	however, that state agencies and governing authorities shall use
912	for these purchases the RFP process as set forth in the
913	Mississippi Procurement Manual adopted by the Office of Purchasing
914	and Travel.
915	(xxxi) <u>Dual-phase</u> design-build method * * * of
916	contracting. Contracts entered into the provisions of Section
917	31-7-13.1 or $37-101-44$ .
918	(n) Term contract authorization. All contracts for the
919	<pre>purchase of:</pre>
920	(i) All contracts for the purchase of commodities,
921	equipment and public construction (including, but not limited to,
922	repair and maintenance), may be let for periods of not more than
923	sixty (60) months in advance, subject to applicable statutory
924	provisions prohibiting the letting of contracts during specified
925	periods near the end of terms of office. Term contracts for a
926	period exceeding twenty-four (24) months shall also be subject to
927	ratification or cancellation by governing authority boards taking

928 office subsequent to the governing authority board entering the 929 contract.

- (ii) Bid proposals and contracts may include price adjustment clauses with relation to the cost to the contractor based upon a nationally published industry-wide or nationally published and recognized cost index. The cost index used in a price adjustment clause shall be determined by the Department of Finance and Administration for the state agencies and by the governing board for governing authorities. The bid proposal and contract documents utilizing a price adjustment clause shall contain the basis and method of adjusting unit prices for the change in the cost of such commodities, equipment and public construction.
- Purchase law violation prohibition and vendor (0)penalty. No contract or purchase as herein authorized shall be made for the purpose of circumventing the provisions of this section requiring competitive bids, nor shall it be lawful for any person or concern to submit individual invoices for amounts within those authorized for a contract or purchase where the actual value of the contract or commodity purchased exceeds the authorized amount and the invoices therefor are split so as to appear to be authorized as purchases for which competitive bids are not required. Submission of such invoices shall constitute a misdemeanor punishable by a fine of not less than Five Hundred Dollars (\$500.00) nor more than One Thousand Dollars (\$1,000.00), or by imprisonment for thirty (30) days in the county jail, or both such fine and imprisonment. In addition, the claim or claims submitted shall be forfeited.
- 956 (p) Electrical utility petroleum-based equipment
  957 purchase procedure. When in response to a proper advertisement
  958 therefor, no bid firm as to price is submitted to an electric
  959 utility for power transformers, distribution transformers, power

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960 breakers, reclosers or other articles containing a petroleum 961 product, the electric utility may accept the lowest and best bid 962 therefor although the price is not firm.

963 Fuel management system bidding procedure. Any 964 governing authority or agency of the state shall, before 965 contracting for the services and products of a fuel management or 966 fuel access system, enter into negotiations with not fewer than 967 two (2) sellers of fuel management or fuel access systems for 968 competitive written bids to provide the services and products for 969 the systems. In the event that the governing authority or agency 970 cannot locate two (2) sellers of such systems or cannot obtain bids from two (2) sellers of such systems, it shall show proof 971 972 that it made a diligent, good-faith effort to locate and negotiate 973 with two (2) sellers of such systems. Such proof shall include, 974 but not be limited to, publications of a request for proposals and 975 letters soliciting negotiations and bids. For purposes of this 976 paragraph (q), a fuel management or fuel access system is an 977 automated system of acquiring fuel for vehicles as well as 978 management reports detailing fuel use by vehicles and drivers, and 979 the term "competitive written bid" shall have the meaning as 980 defined in paragraph (b) of this section. Governing authorities 981 and agencies shall be exempt from this process when contracting 982 for the services and products of a fuel management or fuel access systems under the terms of a state contract established by the 983 984 Office of Purchasing and Travel.

entering into any contract for garbage collection or disposal, contract for solid waste collection or disposal or contract for sewage collection or disposal, which involves an expenditure of more than Fifty Thousand Dollars (\$50,000.00), a governing authority or agency shall issue publicly a request for proposals concerning the specifications for such services which shall be

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992 advertised for in the same manner as provided in this section for 993 seeking bids for purchases which involve an expenditure of more 994 than the amount provided in paragraph (c) of this section. 995 request for proposals when issued shall contain terms and 996 conditions relating to price, financial responsibility, 997 technology, legal responsibilities and other relevant factors as 998 are determined by the governing authority or agency to be appropriate for inclusion; all factors determined relevant by the 999 1000 governing authority or agency or required by this paragraph (r) 1001 shall be duly included in the advertisement to elicit proposals. 1002 After responses to the request for proposals have been duly 1003 received, the governing authority or agency shall select the most 1004 qualified proposal or proposals on the basis of price, technology 1005 and other relevant factors and from such proposals, but not 1006 limited to the terms thereof, negotiate and enter contracts with 1007 one or more of the persons or firms submitting proposals. 1008 governing authority or agency deems none of the proposals to be 1009 qualified or otherwise acceptable, the request for proposals 1010 process may be reinitiated. Notwithstanding any other provisions 1011 of this paragraph, where a county with at least thirty-five thousand (35,000) nor more than forty thousand (40,000) 1012 1013 population, according to the 1990 federal decennial census, owns 1014 or operates a solid waste landfill, the governing authorities of 1015 any other county or municipality may contract with the governing 1016 authorities of the county owning or operating the landfill, pursuant to a resolution duly adopted and spread upon the minutes 1017 1018 of each governing authority involved, for garbage or solid waste 1019 collection or disposal services through contract negotiations. 1020 (s) Minority set-aside authorization. Notwithstanding any provision of this section to the contrary, any agency or 1021 1022 governing authority, by order placed on its minutes, may, in its

discretion, set aside not more than twenty percent (20%) of its

- 1024 anticipated annual expenditures for the purchase of commodities 1025 from minority businesses; however, all such set-aside purchases 1026 shall comply with all purchasing regulations promulgated by the 1027 Department of Finance and Administration and shall be subject to 1028 bid requirements under this section. Set-aside purchases for 1029 which competitive bids are required shall be made from the lowest 1030 and best minority business bidder. For the purposes of this 1031 paragraph, the term "minority business" means a business which is 1032 owned by a majority of persons who are United States citizens or 1033 permanent resident aliens (as defined by the Immigration and 1034 Naturalization Service) of the United States, and who are Asian, 1035 Black, Hispanic or Native American, according to the following 1036 definitions:
- (i) "Asian" means persons having origins in any of the original people of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.
- 1040 (ii) "Black" means persons having origins in any 1041 black racial group of Africa.
- 1042 (iii) "Hispanic" means persons of Spanish or 1043 Portuguese culture with origins in Mexico, South or Central 1044 America, or the Caribbean Islands, regardless of race.
- 1045 (iv) "Native American" means persons having

  1046 origins in any of the original people of North America, including

  1047 American Indians, Eskimos and Aleuts.
- 1048 Construction punch list restriction. 1049 architect, engineer or other representative designated by the 1050 agency or governing authority that is contracting for public 1051 construction or renovation may prepare and submit to the 1052 contractor only one (1) preliminary punch list of items that do not meet the contract requirements at the time of substantial 1053 1054 completion and one (1) final list immediately before final 1055 completion and final payment.

- 1056 (u) **Purchase authorization clarification.** Nothing in 1057 this section shall be construed as authorizing any purchase not
- 1058 authorized by law.
- 1059 SECTION 6. Section 31-11-3, Mississippi Code of 1972, is
- 1060 amended as follows:
- 1061 31-11-3. (1) The Department of Finance and Administration,
- 1062 for the purposes of carrying out the provisions of this chapter,
- 1063 in addition to all other rights and powers granted by law, shall
- 1064 have full power and authority to employ and compensate architects
- 1065 or other employees necessary for the purpose of making
- 1066 inspections, preparing plans and specifications, supervising the
- 1067 erection of any buildings, and making any repairs or additions as
- 1068 may be determined by the Department of Finance and Administration
- 1069 to be necessary, pursuant to the rules and regulations of the
- 1070 State Personnel Board. The department shall have entire control
- 1071 and supervision of, and determine what, if any, buildings,
- 1072 additions, repairs or improvements are to be made under the
- 1073 provisions of this chapter, pursuant to regulations adopted by the
- 1074 Public Procurement Review Board.
- 1075 (2) The department shall have full power to erect buildings,
- 1076 make repairs, additions or improvements, and buy materials,
- 1077 supplies and equipment for any of the institutions or departments
- 1078 of the state <u>pursuant to regulations adopted by</u> the Public
- 1079 Procurement Review Board. In addition to other powers conferred,
- 1080 the department shall have full power and authority as directed by
- 1081 the Legislature, or when funds have been appropriated for its use
- 1082 for these purposes, to:
- 1083 (a) Build a state office building;
- 1084 (b) Build suitable plants or buildings for the use and
- 1085 housing of any state schools or institutions, including the
- 1086 building of plants or buildings for new state schools or
- 1087 institutions, as provided for by the Legislature;

- 1088 (c) Provide state aid for the construction of school
- 1089 buildings;
- 1090 (d) Promote and develop the training of returned
- 1091 veterans of the United States in all sorts of educational and
- 1092 vocational learning to be supplied by the proper educational
- 1093 institution of the State of Mississippi, and in so doing allocate
- 1094 monies appropriated to it for these purposes to the Governor for
- 1095 use by him in setting up, maintaining and operating an office and
- 1096 employing a state director of on-the-job training for veterans and
- 1097 the personnel necessary in carrying out Public Law No. 346 of the
- 1098 United States;
- 1099 (e) Build and equip a hospital and administration
- 1100 building at the Mississippi State Penitentiary;
- 1101 (f) Build and equip additional buildings and wards at
- 1102 the Boswell Retardation Center;
- 1103 (g) Construct a sewage disposal and treatment plant at
- 1104 the state insane hospital, and in so doing acquire additional land
- 1105 as may be necessary, and to exercise the right of eminent domain
- 1106 in the acquisition of this land;
- 1107 (h) Build and equip the Mississippi central market and
- 1108 purchase or acquire by eminent domain, if necessary, any lands
- 1109 needed for this purpose;
- 1110 (i) Build and equip suitable facilities for a training
- 1111 and employing center for the blind;
- 1112 (j) Build and equip a gymnasium at Columbia Training
- 1113 School;
- 1114 (k) Approve or disapprove the expenditure of any money
- 1115 appropriated by the Legislature when authorized by the bill making
- 1116 the appropriation;
- 1117 (1) Expend monies appropriated to it in paying the
- 1118 state's part of the cost of any street paving;

1119	(m) Sell and convey state lands when authorized by the
1120	Legislature, cause said lands to be properly surveyed and platted,
1121	execute all deeds or other legal instruments, and do any and all
1122	other things required to effectively carry out the purpose and
1123	intent of the Legislature. Any transaction which involves state
1124	lands under the provisions of this paragraph shall be done in a
1125	manner consistent with the provisions of Section 29-1-1;
1126	(n) Collect and receive from educational institutions
1127	of the State of Mississippi monies required to be paid by these
1128	institutions to the state in carrying out any veterans'
1129	educational programs;
1130	(o) Purchase lands for building sites, or as additions
1131	to building sites, for the erection of buildings and other
1132	facilities which the department is authorized to erect, and
1133	demolish and dispose of old buildings, when necessary for the
1134	proper construction of new buildings. Any transaction which
1135	involves state lands under the provisions of this paragraph shall
1136	be done in a manner consistent with the provisions of Section
1137	29-1-1;
1138	(p) Obtain business property insurance with a
1139	deductible of not less than One Hundred Thousand Dollars
1140	(\$100,000.00) on state-owned buildings under the management and
1141	control of the department; and
1142	(q) In consultation with and approval by the Chairmen
1143	of the Public Property Committees of the Senate and the House of
1144	Representatives, enter into contracts for the purpose of providing
1145	parking spaces for state employees who work in the Woolfolk
1146	Building, the Carroll Gartin Justice Building or the Walter
1147	Sillers Office Building. The provisions of this paragraph (q)
1148	shall stand repealed on July 1, 2010.

state-utilized buildings to establish an estimate of the costs of

(3) The department shall survey state-owned and

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1151	architectural alterations, pursuant to the Americans With
1152	Disabilities Act of 1990, 42 USCS, Section 12111 et seq. The
1153	department shall establish priorities for making the identified
1154	architectural alterations and shall make known to the Legislative
1155	Budget Office and to the Legislature the required cost to
1156	effectuate such alterations. To meet the requirements of this
1157	section, the department shall use standards of accessibility that
1158	are at least as stringent as any applicable federal requirements
1159	and may consider:

- 1160 (a) Federal minimum guidelines and requirements issued 1161 by the United States Architectural and Transportation Barriers 1162 Compliance Board and standards issued by other federal agencies;
- 1163 (b) The criteria contained in the American Standard
  1164 Specifications for Making Buildings Accessible and Usable by the
  1165 Physically Handicapped and any amendments thereto as approved by
  1166 the American Standards Association, Incorporated (ANSI Standards);
- 1167 (c) Design manuals;
- 1168 (d) Applicable federal guidelines;
- 1169 (e) Current literature in the field;
- 1170 (f) Applicable safety standards; and
- 1171 (g) Any applicable environmental impact statements.
- 1172 (4) The department shall observe the provisions of Section
- 1173 31-5-23, in letting contracts and shall use Mississippi products,
- 1174 including paint, varnish and lacquer which contain as vehicles
- 1175 tung oil and either ester gum or modified resin (with rosin as the
- 1176 principal base of constituents), and turpentine shall be used as a
- 1177 solvent or thinner, where these products are available at a cost
- 1178 not to exceed the cost of products grown, produced, prepared, made
- 1179 or manufactured outside of the State of Mississippi.
- 1180 (5) The department shall have authority to accept grants,
- 1181 loans or donations from the United States government or from any

- 1182 other sources for the purpose of matching funds in carrying out
- 1183 the provisions of this chapter.
- 1184 (6) The department shall build a wheelchair ramp at the War
- 1185 Memorial Building which complies with all applicable federal laws,
- 1186 regulations and specifications regarding wheelchair ramps.
- 1187 (7) The department shall review and preapprove all
- 1188 architectural or engineering service contracts entered into by any
- 1189 state agency, institution, commission, board or authority
- 1190 regardless of the source of funding used to defray the costs of
- 1191 the construction or renovation project for which services are to
- 1192 be obtained. The provisions of this subsection (7) shall not
- 1193 apply to any architectural or engineering contract paid for by
- 1194 self-generated funds of any of the state institutions of higher
- 1195 learning, nor shall they apply to community college projects that
- 1196 are funded from local funds or other nonstate sources which are
- 1197 outside the Department of Finance and Administration's
- 1198 appropriations or as directed by the Legislature. The provisions
- 1199 of this subsection (7) shall not apply to any construction or
- 1200 design projects of the State Military Department that are funded
- 1201 from federal funds or other nonstate sources.
- 1202 (8) The department shall have the authority to obtain
- 1203 annually from the state institutions of higher learning
- 1204 information on all building, construction and renovation projects
- 1205 including duties, responsibilities and costs of any architect or
- 1206 engineer hired by any such institutions.
- 1207 (9) \* \* \* As an alternative to other methods of awarding
- 1208 contracts as prescribed by law, the department may elect to use
- 1209 the method of contracting for construction projects set out in
- 1210 Section 31-7-13.1.
- 1211 \* \* \*
- 1212 SECTION 7. Section 65-1-85, Mississippi Code of 1972, is
- 1213 amended as follows:

- 1214 65-1-85. (1) All contracts by or on behalf of the 1215 commission for the purchase of materials, equipment and supplies 1216 shall be made in compliance with Section 31-7-1 et seq. 1217 contracts by or on behalf of the commission for construction, 1218 reconstruction or other public work authorized to be done under 1219 the provisions of this chapter, except maintenance, shall be made 1220 by the executive director, subject to the approval of the 1221 commission, only upon competitive bids after due advertisement as 1222 follows, to wit:
- 1223 (a) Advertisement for bids shall be in accordance with
  1224 such rules and regulations, in addition to those herein provided,
  1225 as may be adopted therefor by the commission, and the commission
  1226 is authorized and empowered to make and promulgate such rules and
  1227 regulations as it may deem proper, to provide and adopt standard
  1228 specifications for road and bridge construction, and to amend such
  1229 rules and regulations from time to time.
- 1230 (b) The advertisement shall be inserted twice, being 1231 once a week for two (2) successive weeks in a newspaper published at the seat of government in Jackson, Mississippi, having a 1232 1233 general circulation throughout the state, and no letting shall be less than fourteen (14) days nor more than sixty (60) days after 1234 1235 the publication of the first notice of such letting, and notices of such letting may be placed in a metropolitan paper or national 1236 1237 trade publication.
- 1238 (c) Before advertising for such work, the executive
  1239 director shall cause to be prepared and filed in the department
  1240 detailed plans and specifications covering the work proposed to be
  1241 done and copies of the plans and specifications shall be subject
  1242 to inspection by any citizen during all office hours and made
  1243 available to all prospective bidders upon such reasonable terms
  1244 and conditions as may be required by the commission. A fee shall

- 1245 be charged equal to the cost of producing a copy of any such plans 1246 and specifications.
- 1247 (d) All such contracts shall be let to a responsible
  1248 bidder with the lowest and best bid, and a record of all bids
  1249 received for construction and reconstruction shall be preserved.
- 1250 Each bid for such a construction and reconstruction 1251 contract must be accompanied by a cashier's check, a certified 1252 check or bidders bond executed by a surety company authorized to do business in the State of Mississippi, in the principal amount 1253 1254 of not less than five percent (5%) of the bid, guaranteeing that 1255 the bidder will give bond and enter into a contract for the faithful performance of the contract according to plans and 1256 1257 specifications on file.
- Bonds shall be required of the successful bidder in 1258 (f) an amount equal to the contract price. The contract price shall 1259 mean the entire cost of the particular contract let. In the event 1260 1261 change orders are made after the execution of a contract which 1262 results in increasing the total contract price, additional bond in the amount of the increased cost may be required. The surety or 1263 1264 sureties on such bonds shall be a surety company or surety companies authorized to do business in the State of Mississippi, 1265 1266 all bonds to be payable to the State of Mississippi and to be conditioned for the prompt, faithful and efficient performance of 1267 1268 the contract according to plans and specifications, and for the 1269 prompt payment of all persons furnishing labor, material, 1270 equipment and supplies therefor. Such bonds shall be subject to 1271 the additional obligation that the principal and surety or sureties executing the same shall be liable to the state in a 1272 civil action instituted by the state at the instance of the 1273 commission or any officer of the state authorized in such cases, 1274 1275 for double any amount in money or property the state may lose or 1276 be overcharged or otherwise defrauded of by reason of any wrongful

- 1277 or criminal act, if any, of the contractor, his agent or 1278 employees.
- (2) With respect to equipment used in the construction, 1279 1280 reconstruction or other public work authorized to be done under 1281 the provisions of this chapter: the word "equipment," in addition 1282 to all equipment incorporated into or fully consumed in connection 1283 with such project, shall include the reasonable value of the use of all equipment of every kind and character and all accessories 1284 and attachments thereto which are reasonably necessary to be used 1285 1286 and which are used in carrying out the performance of the 1287 contract, and the reasonable value of the use thereof, during the period of time the same are used in carrying out the performance 1288 1289 of the contract, shall be the amount as agreed upon by the persons furnishing the equipment and those using the same to be paid 1290 therefor, which amount, however, shall not be in excess of the 1291 maximum current rates and charges allowable for leasing or renting 1292 as specified in Section 65-7-95; the word "labor" shall include 1293 1294 all work performed in repairing equipment used in carrying out the performance of the contract, which repair labor is reasonably 1295 1296 necessary to the efficient operation of said equipment; and the words "materials" and "supplies" shall include all repair parts 1297 1298 installed in or on equipment used in carrying out the performance of the contract, which repair parts are reasonably necessary to 1299 1300 the efficient operation of said equipment.
- 1301 (3) The executive director, subject to the approval of the 1302 commission, shall have the right to reject any and all bids, 1303 whether such right is reserved in the notice or not.
- 1304 (4) The commission may require the pre-qualification of any and all bidders and the failure to comply with pre-qualification requirements may be the basis for the rejection of any bid by the commission. The commission may require the pre-qualification of

- any and all subcontractors before they are approved to participate in any contract awarded under this section.
- 1310 (5) The commission may adopt rules and regulations for the 1311 termination of any previously awarded contract which is not timely 1312 proceeding toward completion. The failure of a contractor to 1313 comply with such rules and regulations shall be a lawful basis for 1314 the commission to terminate the contract with such contractor. Tn the event of a termination under such rules and regulations, the 1315 contractor shall not be entitled to any payment, benefit or 1316 1317 damages beyond the cost of the work actually completed.
- 1318 (6) Any contract for construction or paving of any highway may be entered into for any cost which does not exceed the amount 1319 1320 of funds that may be made available therefor through bond issues or from other sources of revenue, and the letting of contracts for 1321 such construction or paving shall not necessarily be delayed until 1322 the funds are actually on hand, provided authorization for the 1323 1324 issuance of necessary bonds has been granted by law to supplement 1325 other anticipated revenue, or when the department certifies to the Department of Finance and Administration and the Legislative 1326 1327 Budget Office that projected receipts of funds by the department 1328 will be sufficient to pay such contracts as they become due and 1329 the Department of Finance and Administration determines that the projections are reasonable and receipts will be sufficient to pay 1330 1331 the contracts as they become due. The Department of Finance and 1332 Administration shall spread such determination on its minutes 1333 prior to the letting of any contracts based on projected receipts. 1334 Nothing in this subsection shall prohibit the issuance of bonds, 1335 which have been authorized, at any time in the discretion of the State Bond Commission, nor to prevent investment of surplus funds 1336 in United States government bonds or State of Mississippi bonds as 1337 1338 presently authorized by Section 12, Chapter 312, Laws of 1956.

- 1339 (7) All other contracts for work to be done under the 1340 provisions of this chapter and for the purchase of materials, 1341 equipment and supplies to be used as provided for in this chapter 1342 shall be made in compliance with Section 31-7-1 et seq.
  - (8) The commission shall not empower or authorize the executive director, or any one or more of its members, or any engineer or other person to let or make contracts for the construction or repair of public roads, or building bridges, or for the purchase of material, equipment or supplies contrary to the provisions of this chapter as set forth in this section, except in cases of flood or other cases of emergency where the public interest requires that the work be done or the materials, equipment or supplies be purchased without the delay incident to advertising for competitive bids. Such emergency contracts may be made without advertisement under such rules and regulations as the commission may prescribe.
- (9) The executive director, subject to the approval of the 1355 1356 commission, is authorized to negotiate and make agreements with communities and/or civic organizations for landscaping, 1357 1358 beautification and maintenance of highway rights-of-way; however, nothing in this subsection shall be construed as authorization for 1359 1360 the executive director or commission to participate in such a 1361 project to an extent greater than the average cost for maintenance 1362 of shoulders, backslopes and median areas with respect thereto.
  - (10) The executive director may negotiate and enter into contracts with private parties for the mowing of grass and trimming of vegetation on the rights-of-way of state highways whenever such practice is possible and cost effective.
- 1367 (11) (a) As an alternative to the method of awarding
  1368 contracts as otherwise provided in this section, the commission
  1369 may use the design-build method of contracting for the following:

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1370	(i)	Projects	for	the	Mississippi	Development

1371 Authority pursuant to agreements between both governmental

1372 entities;

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1373 (ii) Any project with an estimated cost of not

1374 more than Ten Million Dollars (\$10,000,000.00), not to exceed two

1375 (2) projects per fiscal year; and

1376 (iii) Any project which has an estimated cost of

1377 more than Fifty Million Dollars (\$50,000,000.00), not to exceed

1378 one (1) project per fiscal year.

1379 (b) As used in this subsection, the term "design-build"

method of contracting means a contract that combines the design

and construction phases of a project into a single contract and

the contractor is required to satisfactorily perform, at a

1383 minimum, both the design and construction of the project.

1384 (c) The commission shall establish detailed criteria

for the selection of the successful design-build contractor in

each request for design-build proposals. The evaluation of the

1387 selection committee is a public record and shall be maintained for

1388 a minimum of ten (10) years after project completion.

1389 (d) The commission shall maintain detailed records on

projects separate and apart from its regular record keeping. The

1391 commission shall file a report to the Legislature evaluating the

1392 design-build method of contracting by comparing it to the low-bid

1393 method of contracting. At a minimum, the report must include:

1394 (i) The management goals and objectives for the

1395 design-build system of management;

1396 (ii) A complete description of the components of

1397 the design-build management system, including a description of the

1398 system the department put into place on all projects managed under

1399 the system to insure that it has the complete information on

1400 highway segment costs and to insure proper analysis of any

1401 proposal the commission receives from a highway contractor;

1402	(iii) The accountability systems the
1403	Transportation Department established to monitor any design-build
1404	project's compliance with specific goals and objectives for the
1405	project;
1406	(iv) The outcome of any project or any interim
1407	report on an ongoing project let under a design-build management
1408	system showing compliance with the goals, objectives, policies and
1409	procedures the department set for the project; and
1410	(v) The method used by the department to select
1411	projects to be let under the design-build system of management and
1412	all other systems, policies and procedures that the department
1413	considered as necessary components to a design-build management
1414	system.
1415	(e) All contracts let under the provisions of this
1416	subsection shall be subject to oversight and review by the State
1417	Auditor. The State Auditor shall file a report with the
1418	Legislature on or before January 1 of each year detailing his
1419	findings with regard to any contract let or project performed in
1420	violation of the provisions of this subsection. The actual and
1421	necessary expenses incurred by the State Auditor in complying with
1422	this paragraph (e) shall be paid for and reimbursed by the
1423	Mississippi Department of Transportation out of funds made
1424	available for the contract or contracts let and project or
1425	projects performed.
1426	(f) As an alternative to the authority granted to the
1427	commission in this subsection, the commission may elect to use the
1428	method of contracting for construction projects set out in Section
1429	<u>31-7-13.1.</u>
1430	SECTION 8. This act shall take effect and be in force from

Further, amend by striking the title in its entirety and inserting in lieu thereof the following:

and after July 1, 2006.

AN ACT TO CREATE NEW SECTION 31-7-13.1, MISSISSIPPI CODE OF 1972, TO AUTHORIZE AND PRESCRIBE THE PROCEDURES FOR USING THE 2 DUAL-PHASE DESIGN-BUILD METHOD OF CONSTRUCTION CONTRACTING; TO 4 PROVIDE THAT A TWO-PHASE PROCEDURE FOR AWARDING A CONTRACT MUST BE 5 ADOPTED FOR EACH PROPOSED DUAL-PHASE DESIGN-BUILD PROJECT; TO PRESCRIBE THE PROCEDURES TO BE FOLLOWED FOR EACH PHASE; TO AMEND 6 SECTIONS 31-11-3 AND 65-1-85, MISSISSIPPI CODE OF 1972, TO CONFORM 7 8 TO THE PRECEDING PROVISIONS; TO CREATE A NEW SECTION TO BE 9 CODIFIED AS SECTION 37-101-44, MISSISSIPPI CODE OF 1972, TO 10 AUTHORIZE THE BOARD OF TRUSTEES TO AUTHORIZE UNIVERSITIES TO CONTRACT WITH A SINGLE ENTITY FOR THE DESIGN AND CONSTRUCTION OF 11 FACILITIES AT UNIVERSITIES; TO AMEND SECTION 37-101-43, 12 13 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; TO AMEND SECTION 14 37-101-41, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE BOARD OF 15 TRUSTEES TO AUTHORIZE UNIVERSITIES TO LEASE LAND AT THE UNIVERSITY FOR THE CONSTRUCTION OF FACILITIES BY PRIVATE FINANCING; TO AMEND 16 17 SECTION 31-7-13, MISSISSIPPI CODE OF 1972, TO EXEMPT FROM STATE 18 BID REQUIREMENTS CONTRACTS FOR THE DUAL-PHASE DESIGN-BUILD METHOD 19 OF CONFORMITY; AND FOR RELATED PURPOSES.