

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 306

Short Title: GPAC/Purchasing Activities.

(Public)

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Sponsors: (by request) Representatives Hensley, Blue, Barnes, Diamont, Hackney, H. Hunter, G. Miller, Nesbitt, and Robinson.

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Referred to: Appropriations.

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February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT  
PERFORMANCE AUDIT COMMITTEE REGARDING STATE PURCHASING  
ACTIVITIES.

The General Assembly of North Carolina enacts:

—UPDATE STATE PURCHASING MANUAL

Section 1. (a) The Division of Purchase and Contract of the Department of Administration shall update the State Purchasing Manual so that it:

- (1) Reflects current statutory and administrative requirements;
- (2) Provides agencies that are carrying out purchasing activity under delegated authority with guidance on informal purchasing policies such as proposed dollar thresholds on oral and written quotes, the number of quotes required, and documentation requirements;
- (3) Includes a buyer's code of ethics that sets out the conduct expected of State employees and prospective vendors; and
- (4) Includes policies and procedures for the handling of bid protests.

(b) G.S. 143-53 reads as rewritten:

**"§ 143-53. Rules.**

The Secretary of Administration may adopt rules governing the following:

- (1) Prescribing the routine and procedures to be followed in canvassing bids and awarding contracts, and for reviewing decisions made pursuant thereto, and the decision of the reviewing body shall be the final administrative review.

- 1 (2) Prescribing routine for securing bids on items that do not exceed the  
2 bid value benchmark established under the provisions of G.S. 143-  
3 53.1.
- 4 (3) Defining contractual services for the purposes of G.S. 143-49 (3).
- 5 (4) Prescribing items and quantities, and conditions and procedures,  
6 governing the acquisition of goods and services which may be  
7 delegated to departments, institutions and agencies, notwithstanding  
8 any other provisions of this Article.
- 9 (5) Prescribing conditions under which purchases and contracts for the  
10 purchase, rental or lease of equipment, materials, supplies or services  
11 may be entered into by means other than competitive bidding.
- 12 (6) Prescribing conditions under which partial, progressive and multiple  
13 awards may be made.
- 14 (7) Prescribing conditions and procedures governing the purchase of used  
15 equipment, materials and supplies.
- 16 (8) Providing conditions under which bids may be rejected in whole or in  
17 part.
- 18 (9) Prescribing conditions under which information submitted by bidders  
19 or suppliers may be considered proprietary or confidential.
- 20 (10) Prescribing procedures for making purchases under programs  
21 involving participation by two or more levels or agencies of  
22 government, or otherwise with funds other than State-appropriated.
- 23 (11) Prescribing procedures to encourage the purchase of North Carolina  
24 farm products, and products of North Carolina manufacturing  
25 enterprises.
- 26 (12) Repealed by Session Laws 1987, c. 827, s. 216.
- 27 (13) Prescribing procedures for handling bid protests.

28 The purpose of rules promulgated hereunder shall be to promote sound purchasing  
29 management.

30 Prior to adopting rules under this section, the Secretary of Administration may  
31 consult with the Advisory Budget Commission."

32 (c) This section is effective upon ratification.

33 —IMPROVE GOV'T PURCHASE STDS

34 Sec. 2. (a) G.S. 143-49 reads as rewritten:

35 "**§ 143-49. Powers and duties of Secretary.**

36 The Secretary of Administration shall have power and authority, and it shall be his  
37 duty, subject to the provisions of this Article:

- 38 (1) To canvass sources of supply, and to purchase or to contract for the  
39 purchase, lease and lease-purchase of all supplies, materials,  
40 equipment and other tangible personal property required by the State  
41 government, or any of its departments, institutions or agencies under  
42 competitive bidding or otherwise as hereinafter provided.
- 43 (2) To establish and enforce specifications ~~which~~ or standards that shall  
44 apply to all supplies, materials and equipment to be purchased or

1 leased for the use of the State government or any of its departments,  
2 institutions or agencies. The Secretary shall develop a program for  
3 prioritizing the commodities for which specifications or standards need  
4 to be developed according to the existing demand for the commodities  
5 and the current volume of purchases of the commodities. The  
6 Secretary shall also consider the adoption of specifications or  
7 standards that have been developed or adopted by other governmental  
8 entities.

- 9 (3) To purchase or to contract for, by sealed, competitive bidding or other  
10 suitable means, all contractual services and needs of the State  
11 government, or any of its departments, institutions, or agencies; or to  
12 authorize any department, institution or agency to purchase or contract  
13 for such services.

14 When the award of any contract for contractual services  
15 exceeding a cost of one hundred thousand dollars (\$100,000)  
16 requires negotiation with prospective contractors, the Secretary  
17 shall request and the Attorney General shall assign a  
18 representative of the office of the Attorney General to assist in  
19 negotiation for the award of the contract. It shall be the duty of  
20 such representative to assist and advise in obtaining the most  
21 favorable contract for the State, to evaluate all proposals  
22 available from prospective contractors for that purpose, to  
23 interpret proposed contract terms and to advise the Secretary or  
24 his representatives of the liabilities of the State and validity of  
25 the contract to be awarded. All contracts and drafts of such  
26 contracts shall be prepared by the office of the Attorney  
27 General and copies thereof shall be retained by such office for a  
28 period of three years following the termination of such  
29 contracts. The term 'contractual services' as used in this  
30 subsection shall mean work performed by an independent  
31 contractor requiring specialized knowledge, experience,  
32 expertise or similar capabilities wherein the service rendered  
33 does not consist primarily of acquisition by this State of  
34 equipment or materials and the rental of equipment, materials  
35 and supplies. The term 'negotiation' as used herein shall not be  
36 deemed to refer to contracts entered into or to be entered into as  
37 a result of a competitive bidding process.

- 38 (4) To have general supervision of all storerooms and stores operated by  
39 the State government, or any of its departments, institutions or  
40 agencies and to have supervision of inventories of all tangible personal  
41 property belonging to the State government, or any of its departments,  
42 institutions or agencies. The duties imposed by this subdivision shall  
43 not relieve any department, institution or agency of the State

1 government from accountability for equipment, materials, supplies and  
2 tangible personal property under its control.

3 (5) To make provision for or to contract for all State printing, including all  
4 printing, binding, paper stock and supplies or materials in connection  
5 with the same.

6 (6) To make available to nonprofit corporations operating charitable  
7 hospitals, to local nonprofit community sheltered workshops or centers  
8 that meet standards established by the Division of Vocational  
9 Rehabilitation of the Department of Human Resources, to private  
10 nonprofit agencies licensed or approved by the Department of Human  
11 Resources as child placing agencies or residential child-care facilities,  
12 and to counties, cities, towns, governmental entities and other  
13 subdivisions of the State and public agencies thereof in the expenditure  
14 of public funds, the services of the Department of Administration in  
15 the purchase of materials, supplies and equipment under such rules,  
16 regulations and procedures as the Secretary of Administration may  
17 adopt. In adopting rules and regulations any or all provisions of this  
18 Article may be made applicable to such purchases and contracts made  
19 through the Department of Administration, and in addition the rules  
20 and regulations shall contain a requirement that payment for all such  
21 purchases be made in accordance with the terms of the contract. Prior  
22 to adopting rules and regulations under this subdivision, the Secretary  
23 of Administration may consult with the Advisory Budget  
24 Commission."

25 (b) The Secretary of Administration shall evaluate the need to reassign standards  
26 engineers to the Division of Purchase and Contract and shall make the reassignments as  
27 he deems appropriate.

28 (c) Subsection (a) of this section is effective upon ratification. Subsection (b) of  
29 this section becomes effective July 1, 1993.

30 ---IMPROVE GOV'T PROCUREMENT

31 Sec. 3. (a) G.S. 143-49 is amended by adding a new subdivision to read:

32 "(3b) To develop and implement innovative procurement practices so as to  
33 reduce the cost of ordering supplies and services, reduce the volume of  
34 inventory maintained by State departments and agencies, and increase  
35 the quality of products purchased. These innovative procurement  
36 practices shall include (i) requiring State departments and agencies to  
37 order items from prime vendors for delivery at the time the items are  
38 needed instead of ordering for stock, when it is advisable to do so, and  
39 (ii) urging State departments and agencies to place orders with vendors  
40 electronically.

41 The Secretary may appoint a task force to assist him in the  
42 implementation of this duty."

43 (b) This section is effective upon ratification.

44 ---PRIVATIZATION OF STATE SERVICES

1 Sec. 4. (a) Prior to March 15, 1994, the Office of State Budget and  
2 Management shall develop and propose to the General Assembly a policy and a  
3 program for contracting out to the private sector services traditionally performed by  
4 State employees. The policy shall define the goals and objectives of a program for  
5 contracting out to the private sector, identify a strategy for implementation of the  
6 program, and assign responsibility for administration of the program to the Office of  
7 State Budget and Management.

8 The program to implement the policy shall consist of the following  
9 components:

10 (1) The identification of the current functions and activities performed by  
11 the State that have the greatest potential to benefit from contracting  
12 out. In making this determination, the Office of State Budget and  
13 Management shall consider whether (i) the service is available in the  
14 private sector, (ii) the demand for the service is increasing, decreasing,  
15 or remaining constant, (iii) management of the proposal can ensure  
16 quality, and (iv) outside cost is less expensive.

17 (2) A framework for determining whether the identified functions should  
18 be contracted out. This framework shall provide for (i) a study of the  
19 identified function by a task force made up of at least one  
20 representative of the Division of Purchase and Contract and one  
21 representative of each agency that will be using the service, (ii) the  
22 identification of direct service costs, overhead costs, and general  
23 administrative costs of the function being performed, (iii) the  
24 identification of the annual, one-time, and other costs to the State of  
25 contracting out, (iv) the disposition of any State assets used in the  
26 current process, and (v) the determination of whether contracting out  
27 of the function would be financially beneficial.

28 Except as otherwise provided by law, the Office of State Budget and  
29 Management shall not implement either the policy or program without the approval of  
30 the General Assembly.

31 (b) This section is effective upon ratification.

32 —IMPROVE STATE TERM CONTRACTS

33 Sec. 5. (a) G.S. 143-53 reads as rewritten:

34 "§ 143-53. Rules.

35 The Secretary of Administration may adopt rules governing the following:

36 (1) Prescribing the routine and procedures to be followed in canvassing  
37 bids and awarding contracts, and for reviewing decisions made  
38 pursuant thereto, and the decision of the reviewing body shall be the  
39 final administrative review.

40 (2) Prescribing routine for securing bids on items that do not exceed the  
41 bid value benchmark established under the provisions of G.S. 143-  
42 53.1.

43 (2a) Prescribing the terms and conditions under which the State enters into  
44 term contracts so that all term contracts shall permit State departments,

1 institutions, and agencies to make (i) purchases of under fifty dollars  
2 (\$50.00) off term contracts and (ii) large-volume purchases, which  
3 exceed limits established by the Secretary, under separate contracts.

4 (3) Defining contractual services for the purposes of G.S. 143-49 (3).

5 (4) Prescribing items and quantities, and conditions and procedures,  
6 governing the acquisition of goods and services which may be  
7 delegated to departments, institutions and agencies, notwithstanding  
8 any other provisions of this Article.

9 (5) Prescribing conditions under which purchases and contracts for the  
10 purchase, rental or lease of equipment, materials, supplies or services  
11 may be entered into by means other than competitive bidding.

12 (6) Prescribing conditions under which partial, progressive and multiple  
13 awards may be made.

14 (7) Prescribing conditions and procedures governing the purchase of used  
15 equipment, materials and supplies.

16 (8) Providing conditions under which bids may be rejected in whole or in  
17 part.

18 (9) Prescribing conditions under which information submitted by bidders  
19 or suppliers may be considered proprietary or confidential.

20 (10) Prescribing procedures for making purchases under programs  
21 involving participation by two or more levels or agencies of  
22 government, or otherwise with funds other than State-appropriated.

23 (11) Prescribing procedures to encourage the purchase of North Carolina  
24 farm products, and products of North Carolina manufacturing  
25 enterprises.

26 (12) Repealed by Session Laws 1987, c. 827, s. 216.

27 The purpose of rules promulgated hereunder shall be to promote sound purchasing  
28 management.

29 Prior to adopting rules under this section, the Secretary of Administration may  
30 consult with the Advisory Budget Commission."

31 (b) This section is effective upon ratification.

32 —EXPEDITE STATE BID REVIEW

33 Sec. 6. (a) G.S. 143-52 reads as rewritten:

34 "**§ 143-52. Competitive bidding procedure; consolidation of estimates by**  
35 **Secretary; bids; awarding of contracts.**

36 As feasible, the Secretary of Administration ~~will~~shall compile and consolidate all  
37 ~~such~~ estimates of supplies, materials, equipment and contractual services needed and  
38 required by State departments, institutions and agencies to determine the total  
39 requirements of any given commodity. Where ~~such~~the total requirements ~~will~~are  
40 projected to involve an expenditure in excess of the expenditure benchmark established  
41 under the provisions of G.S. 143-53.1 and where the competitive bidding procedure is  
42 employed as ~~hereinafter provided~~, provided in this Article, sealed bids shall be solicited  
43 by advertisement in a newspaper of statewide circulation at least once and at least 10  
44 days prior to the date designated for opening of the bids and awarding of the contract:

1 Provided, other methods of advertisement may be adopted by the Secretary of  
2 Administration when such other method is deemed more advantageous for certain items  
3 or commodities. Regardless of the amount of the expenditure, under the competitive  
4 bidding procedure it shall be the duty of the Secretary of Administration to solicit bids  
5 direct by mail from qualified sources of supply. Except as otherwise provided under  
6 this Article, contracts for the purchase of supplies, materials or equipment shall be  
7 based on competitive bids and acceptance made of the lowest and best bid(s) most  
8 advantageous to the State as determined upon consideration of the following criteria:  
9 prices offered; the quality of the articles offered; the general reputation and performance  
10 capabilities of the bidders; the substantial conformity with the specifications and other  
11 conditions set forth in the request for bids; the suitability of the articles for the intended  
12 use; the personal or related services needed; the transportation charges; the date or dates  
13 of delivery and performance; and ~~such any other factor(s) factors~~ deemed pertinent or  
14 peculiar to the purchase in question, which if controlling shall be made a matter of  
15 record. Competitive bids on ~~such the~~ contracts shall be received in accordance with  
16 rules and regulations to be adopted by the Secretary of Administration, which rules and  
17 regulations shall prescribe for the manner, time and place for proper advertisement for  
18 ~~such the~~ bids, the time and place when bids will be received, the articles for which ~~such~~  
19 the bids are to be submitted and the specifications prescribed for ~~such the~~ articles, the  
20 number of the articles desired or the duration of the proposed contract, and the amount,  
21 if any, of bonds or certified checks to accompany the bids. Bids shall be publicly  
22 opened. Any and all bids received may be rejected. Each and every bid conforming to  
23 the terms of the invitation, together with the name of the bidder, shall be tabulated or  
24 otherwise entered as a matter of record, and all such records with the name of the  
25 successful bidder indicated thereon shall, after the award of the contract, be open to  
26 public inspection. Provided, that trade secrets, test data and similar proprietary  
27 information may remain confidential. Bids shall not be provided to the ordering State  
28 departments, institutions, or agencies for their review before an award is made unless  
29 the ordering departments, institutions, or agencies request the opportunity to review  
30 them. Bids shall not be provided to the Board of Award for review prior to award  
31 unless the award is in excess of one hundred thousand dollars (\$100,000) or the  
32 Secretary of Administration determines that review by the Board of Award is  
33 appropriate in a given case. A bond for the faithful performance of any contract may be  
34 required of the successful bidder at bidder's expense and in the discretion of the  
35 Secretary of Administration. After contracts have been awarded, the Secretary of  
36 Administration shall certify to the departments, institutions and agencies of the State  
37 government the sources of supply and the contract price of the supplies, materials and  
38 equipment so contracted for. Prior to adopting other methods of advertisement under  
39 this section, the Secretary of Administration may consult with the Advisory Budget  
40 Commission. Prior to adopting rules and regulations under this section, the Secretary of  
41 Administration may consult with the Advisory Budget Commission."

42 (b) This section becomes effective October 1, 1993.

43 —INFO. SYS./GOVT. PURCHASES

44 Sec. 7. (a) G.S. 143-49 is amended by adding a new subdivision to read:

1           "(3a) To monitor the purchasing activity of the State and its departments,  
2 institutions, and agencies and to require standardized periodic reporting on the volume  
3 of purchases by commodity, service, and vendor category, and the volume of purchases  
4 under term contract and open-market procedures. The Secretary shall compile and  
5 analyze the data no less than annually.

6           The Secretary shall also conduct a biennial management review of  
7 the purchasing operations in State government and in each of its  
8 departments, institutions, and agencies to assure that they are using  
9 effective and efficient purchasing practices in accordance with law.  
10 The Secretary may recommend measures to improve purchasing  
11 operations.

12           The Secretary shall report his findings and recommendations under  
13 this subdivision to the Governor and the General Assembly on an  
14 annual basis."

15       (b) The General Assembly finds that the Division of Purchase and Contract of the  
16 Department of Administration needs information on commodities purchased by State  
17 departments and agencies on the open market and under term contract so that the Office  
18 of State Controller can (i) determine expected volume of purchases by line items for  
19 new term contract solicitations, and (ii) oversee the use of term contracts and open-  
20 market purchases; therefore, the Office of State Controller shall give high priority to a  
21 management information system on purchase activity by State departments and agencies  
22 when it plans for the implementation of a new accounting system. Until the State  
23 Controller has such a system in operation, the Division of Purchase and Contract of the  
24 Department of Administration shall direct all State departments and agencies to report  
25 to it on commodities purchased on the open market and under term contract, in  
26 accordance with G.S. 143-49(3a), and all State departments and agencies shall report as  
27 directed by the Division of Purchase and Contract.

28       (c) This section is effective upon ratification.

29 —CLARIFY CORRECTION ENTERPRISES

30       Sec. 8. (a) The Department of Administration, Purchase and Contracts  
31 Division, in consultation with the Department of Correction, shall develop policy  
32 concerning the manufacture of goods and the provision of services by Correction  
33 Enterprises. The policy shall be for distribution to all State agencies and departments  
34 and shall:

- 35           (1) Address the appropriate levels of production and services by  
36           Correction Enterprises;
- 37           (2) Provide guidelines for purchase by State agencies from Correction  
38           Enterprises whenever Correction Enterprises offers lower prices for  
39           quality products than other potential vendors; and
- 40           (3) Identify the potential benefits to prisoner rehabilitation as a result of  
41           the Correction Enterprises program.

42       The Department of Administration shall submit the policy for approval by the  
43 General Assembly by March 15, 1994.

44       (b) This section is effective upon ratification.



1 —COMBINE NC/US SURPLUS PROP

2 Sec. 9. (a) The Department of Administration shall study the feasibility of  
3 consolidating the property units of the State Surplus Property Section and the Federal  
4 Surplus Property Section at the federal facility site. In the course of the study the  
5 Department shall consider enhanced service the consolidation would provide to  
6 customers, the funds that the State would realize from the sale of the State facility,  
7 annual savings that would result from decreased staffing required by a consolidated  
8 facility, and the feasibility and cost of constructing sufficient additional space at the  
9 federal facility to house a consolidated facility.

10 The Department shall report to the General Assembly on the results of this  
11 study before March 15, 1994.

12 (b) This section is effective upon ratification.

13 —STATE SURPLUS MANAGEMENT SYSTEM

14 Sec. 10. (a) The Secretary of Administration shall, after consultation with the  
15 State Controller, develop a central automated inventory management system to facilitate  
16 agency and department access to information on surplus property. The system shall  
17 combine State and federal surplus inventory information and shall be accessible from all  
18 State agencies and local governments. The system shall provide information on the  
19 available surplus property inventory, the age and fair market value of the inventory, and  
20 the physical condition of the items and the dates they were reported as surplus.

21 The Secretary of Administration shall report to the General Assembly prior to  
22 March 15, 1994, on the system he develops pursuant to this section.

23 (b) This section is effective upon ratification.

24 —SURPLUS PROPERTY SALE PROCEEDS

25 Sec. 11. (a) G.S. 143-64.05 reads as rewritten:

26 "**§ 143-64.05. Warehousing, transfer, etc., charges.**

27 The State agency for surplus property may assess and collect service charges or fees  
28 for the acquisition, receipt, warehousing, distribution or transfer of any State surplus  
29 property. All receipts from the transfer or sale of surplus, obsolete, or unused  
30 equipment of State departments, institutions, and agencies, ~~that are supported by~~  
31 ~~appropriations from the General Fund, except where the receipts have been anticipated for, or~~  
32 ~~budgeted against the cost of replacements, shall be credited by the Secretary to the Office of~~  
33 ~~State Treasurer, Nontax Revenues.~~ agencies, shall be available to the State departments,  
34 institutions, and agencies that reported the surplus for the purchase of fixed assets and  
35 shall be in addition to all other funds appropriated for fixed assets."

36 (b) This section becomes effective July 1, 1993.

37 —MINORITY BUSINESS COORDINATOR

38 Sec. 12. (a) G.S. 143-49 reads as rewritten:

39 "**§ 143-49. Powers and duties of Secretary.**

40 The Secretary of Administration shall have power and authority, and it shall be his  
41 duty, subject to the provisions of this Article:

42 (1) To canvass sources of supply, and to purchase or to contract for the  
43 purchase, lease and lease-purchase of all supplies, materials,  
44 equipment and other tangible personal property required by the State

1 government, or any of its departments, institutions or agencies under  
2 competitive bidding or otherwise as hereinafter provided.

3 (2) To establish and enforce specifications which shall apply to all  
4 supplies, materials and equipment to be purchased or leased for the use  
5 of the State government or any of its departments, institutions or  
6 agencies.

7 (3) To purchase or to contract for, by sealed, competitive bidding or other  
8 suitable means, all contractual services and needs of the State  
9 government, or any of its departments, institutions, or agencies; or to  
10 authorize any department, institution or agency to purchase or contract  
11 for such services.

12 When the award of any contract for contractual services exceeding  
13 a cost of one hundred thousand dollars (\$100,000) requires negotiation  
14 with prospective contractors, the Secretary shall request and the  
15 Attorney General shall assign a representative of the office of the  
16 Attorney General to assist in negotiation for the award of the contract.  
17 It shall be the duty of such representative to assist and advise in  
18 obtaining the most favorable contract for the State, to evaluate all  
19 proposals available from prospective contractors for that purpose, to  
20 interpret proposed contract terms and to advise the Secretary or his  
21 representatives of the liabilities of the State and validity of the contract  
22 to be awarded. All contracts and drafts of such contracts shall be  
23 prepared by the office of the Attorney General and copies thereof shall  
24 be retained by such office for a period of three years following the  
25 termination of such contracts. The term 'contractual services' as used in  
26 this subsection shall mean work performed by an independent  
27 contractor requiring specialized knowledge, experience, expertise or  
28 similar capabilities wherein the service rendered does not consist  
29 primarily of acquisition by this State of equipment or materials and the  
30 rental of equipment, materials and supplies. The term 'negotiation' as  
31 used herein shall not be deemed to refer to contracts entered into or to  
32 be entered into as a result of a competitive bidding process.

33 (4) To have general supervision of all storerooms and stores operated by  
34 the State government, or any of its departments, institutions or  
35 agencies and to have supervision of inventories of all tangible personal  
36 property belonging to the State government, or any of its departments,  
37 institutions or agencies. The duties imposed by this subdivision shall  
38 not relieve any department, institution or agency of the State  
39 government from accountability for equipment, materials, supplies and  
40 tangible personal property under its control.

41 (5) To make provision for or to contract for all State printing, including all  
42 printing, binding, paper stock and supplies or materials in connection  
43 with the same.

- 1 (6) To make available to nonprofit corporations operating charitable  
 2 hospitals, to local nonprofit community sheltered workshops or centers  
 3 that meet standards established by the Division of Vocational  
 4 Rehabilitation of the Department of Human Resources, to private  
 5 nonprofit agencies licensed or approved by the Department of Human  
 6 Resources as child placing agencies or residential child-care facilities,  
 7 and to counties, cities, towns, governmental entities and other  
 8 subdivisions of the State and public agencies thereof in the expenditure  
 9 of public funds, the services of the Department of Administration in  
 10 the purchase of materials, supplies and equipment under such rules,  
 11 regulations and procedures as the Secretary of Administration may  
 12 adopt. In adopting rules and regulations any or all provisions of this  
 13 Article may be made applicable to such purchases and contracts made  
 14 through the Department of Administration, and in addition the rules  
 15 and regulations shall contain a requirement that payment for all such  
 16 purchases be made in accordance with the terms of the contract. Prior  
 17 to adopting rules and regulations under this subdivision, the Secretary  
 18 of Administration may consult with the Advisory Budget Commission.
- 19 (7) To designate an employee of the Purchase and Contract Division to  
 20 serve as a coordinator for the conduct of outreach programs designed  
 21 to encourage participation by small, minority, physically handicapped,  
 22 and women contractors in State purchasing of goods and services. The  
 23 minority business coordinator shall:  
 24 a. Conduct vendor fairs and seminars and prepare information packets  
 25 that provide such businesses with instructions on doing business with  
 26 the State; and  
 27 b. Coordinate with the Small Business Administration and the  
 28 Minority Business Development Administration to facilitate  
 29 participation by such businesses."

30 (b) This section is effective upon ratification.

31 ~~—SINGLE PRIME/CAPITAL PROJECTS~~

32 Section 13. (a) Section 3 of Chapter 480 of the 1989 Session Laws reads as  
 33 rewritten:

34 "Sec. 3. The State Construction Office of the Department of Administration, the  
 35 Division of School Planning of the Department of Public Education, the Division of  
 36 Facility Services of the Department of Human Resources, the North Carolina  
 37 Association of County Commissioners, the North Carolina League of Municipalities,  
 38 the School Board Association, and the North Carolina Hospital Association shall  
 39 monitor and study the ~~separate-prime-separate-prime~~ and single-prime contract systems  
 40 in the bidding of public building projects and shall compile data on the total verifiable  
 41 contractual, legal, and administrative cost to the public.

42 The State Building Commission shall develop the necessary forms and procedures to  
 43 survey the public contracts let. The public bodies responsible for the award of contracts  
 44 shall submit all necessary records to the appropriate office, division, association, or

1 individual as directed by the State Building Commission. The appropriate office,  
2 division, association, or individual shall maintain records of public contracts from  
3 bodies under their supervision or bodies that are their members.

4 The State Building Commission shall also develop additional forms and procedures  
5 to survey State agencies regarding the definitive and quantifiable impact in terms of  
6 State administrative costs, litigation costs, change orders, project completion, and  
7 occupancy costs resulting from using the separate-prime and single-prime contract  
8 systems.

9 An executive summary of data shall be submitted to the State Building Commission  
10 and such data shall be compiled and analyzed in a report to be made to the 1995 Session  
11 of the General Assembly. If the State Building Commission's analysis of the data on  
12 separate-prime and single-prime contracts indicates that it is financially beneficial to use  
13 single-prime contracting as the primary method of contracting, the State Building  
14 Commission shall recommend to the 1995 Session of the General Assembly that the  
15 State use single-prime as the primary method of contracting. The State Building  
16 Commission shall also identify the necessary steps, including statutory changes, that are  
17 needed to increase the use of single-prime contracts."

18 (b) This section is effective upon ratification.

19 —IMPROVE BLDG. DESIGNER SELECTION

20 Sec. 14. (a) G.S. 143-341(3) reads as rewritten:

21 "(3) Architecture and Engineering:

22 a. To examine and approve all plans and specifications for the  
23 construction or renovation of:

24 1. All State buildings; and

25 2. All community college buildings requiring the estimated  
26 expenditure for construction or repair work for which  
27 public bidding is required under G.S. 143-129

28 prior to the awarding of a contract for such work; and to examine  
29 and approve all changes in those plans and specifications made after  
30 the contract for such work has been awarded. To reduce the cost to the  
31 State of change orders, the Office of State Construction shall  
32 reevaluate the use of designers to issue construction change orders  
33 when the change orders may result from design defects.

34 b. To prepare preliminary studies and cost estimates and otherwise to  
35 assist all agencies in the preparation of requests for appropriations for  
36 the construction or renovation of all State buildings.

37 c. To supervise the letting of all contracts for the design, construction  
38 or renovation of all State buildings and all community college  
39 buildings whose plans and specifications must be examined and  
40 approved under a.2. of this subdivision.

41 The Office of State Construction shall develop detailed  
42 estimates of the expected design costs for capital projects to provide a  
43 basis for (i) evaluating the reasonableness of fees proposed by selected  
44 design firms and (ii) negotiating changes in contract fees when there is

1                    a change in the scope of work. If the Office of State Construction uses  
2                    an outside contractor to develop the estimates of expected design costs,  
3                    that contractor shall not be eligible for selection as the project  
4                    designer.

5                    d. To supervise and inspect all work done and materials used in the  
6                    construction or renovation of all State buildings and all community  
7                    college buildings whose plans and specifications must be examined  
8                    and approved under a.2. of this subdivision; and no such work may be  
9                    accepted by the State or by any State agency until it has been approved  
10                    by the Department. The contract with a designer shall require that the  
11                    designer provide a specific plan for inspection during the construction  
12                    phase of a project."

13                    (b) This section is effective upon ratification.