## 5713--A

2015-2016 Regular Sessions

IN SENATE

May 29, 2015

- Introduced by Sens. DeFRANCISCO, FUNKE -- (at request of the State Comptroller) -- read twice and ordered printed, and when printed to be committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee
- AN ACT to amend the state finance law, in relation to allowing the state comptroller to excuse non-material deviations in a procurement; in relation to participation by state agencies in a system used by the comptroller to compile vendor responsibility information; in relation to defining information technology for procurement purposes; in relation to authorizing the commissioner of the office of general services and state agencies to develop alternative procurement methods not otherwise authorized by law under certain circumstances; in relation to authorizing competitive negotiation concluding with a best and final offer; in relation to clarifying the use of best and final offers for invitations for bids and requests for proposals for goods, services and technology; in relation to providing unsuccessful offerors a reasonable opportunity for debriefing; in relation to increasing the threshold for construction bonds and requiring performance bonds for certain installation projects; in relation to clarifying the use of contracts let by another governmental agency; in relation to reports on centralized contracts; in relation to increasing the threshold for the state comptroller's approval of certain contracts and clarifying the valuation of non-cash contracts by the state comptroller; and to amend the education law, in relation to defining construction related services

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-BLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 12 of section 163 of the state finance law, 1 as 2 added by chapter 83 of the laws of 1995, is amended to read as follows:

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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12. Review by the office of the state comptroller. Review by the 1 office of the state comptroller shall be in accordance with section one 2 hundred twelve of this chapter. WHERE THE CONTRACTING AGENCY HAS NOT 3 4 COMPLIED WITH ONE OR MORE PROVISIONS OF THIS ARTICLE, THE STATE COMP-5 TROLLER MAY APPROVE THE AWARDED CONTRACT IF:

6 THE CONTRACTING AGENCY DETERMINES AND CERTIFIES, BASED UPON A Α. 7 PREPONDERANCE OF THE EVIDENCE DOCUMENTED IN THE PROCUREMENT RECORD, THAT 8 THE NONCOMPLIANCE WAS A NON-MATERIAL DEVIATION FROM ONE OR MORE PROVISIONS OF THIS ARTICLE. FOR THE PURPOSES OF THIS SUBDIVISION 9 10 "NON-MATERIAL DEVIATION" SHALL MEAN THAT SUCH NONCOMPLIANCE DID NOT PREJUDICE OR FAVOR ANY VENDOR OR POTENTIAL VENDOR, SUCH NONCOMPLIANCE 11 DID NOT SUBSTANTIALLY AFFECT THE FAIRNESS OF THE COMPETITIVE 12 PROCESS, THAT A NEW PROCUREMENT WOULD NOT BE IN THE BEST INTEREST OF THE 13 AND 14 STATE. SUCH DETERMINATION BY THE CONTRACTING AGENCY AND THE STATE COMP-TROLLER SHALL BE DOCUMENTED IN THE PROCUREMENT RECORD; AND 15 16

B. THE STATE COMPTROLLER CONCURS IN SUCH DETERMINATION.

S 2. The state finance law is amended by adding a new section 163-c to 17 18 read as follows:

19 S 163-C. VENDOR RESPONSIBILITY; ONLINE SYSTEM PARTICIPATION. 1. DEFI-20 NITIONS. AS USED IN THIS SECTION THE FOLLOWING TERMS SHALL HAVE THE 21 FOLLOWING MEANINGS:

"ENROLLMENT" SHALL MEAN THE ESTABLISHMENT OF AN ONLINE SERVICES 22 Α. ACCOUNT WITH THE STATE COMPTROLLER, INCLUDING, BUT NOT LIMITED TO, THE 23 CREATION OF A UNIQUE USER IDENTIFICATION AND PASSWORD. ENROLLMENT 24 25 PROVIDES A USER ACCESS TO THE SYSTEM.

26 B. "ONLINE SERVICES" SHALL MEAN THE SERVICES PROVIDED ELECTRONICALLY SECURELY BY THE STATE COMPTROLLER FOR THE BENEFIT OF NEW YORK'S 27 AND CUSTOMERS, CLIENTS AND BUSINESS PARTNERS. SUCH ONLINE 28 SERVICES MAY BE EXPANDED AND ENHANCED AS TECHNOLOGY ALLOWS. 29

30 C. "STATE AGENCY" OR "STATE AGENCIES" SHALL MEAN ALL STATE DEPART-MENTS, BOARDS, COMMISSIONS, OFFICES OR INSTITUTIONS. SUCH TERM SHALL NOT 31 32 INCLUDE THE LEGISLATURE OR THE JUDICIARY.

D. "STATE CONTRACT" OR "CONTRACT" SHALL MEAN AND INCLUDE ANY WRITTEN 33 AGREEMENT FOR THE ACQUISITION OF GOODS, SERVICES OR CONSTRUCTION OF ANY 34 KIND BETWEEN A VENDOR AND A STATE AGENCY, OR A WRITTEN AGREEMENT OR 35 OTHER INSTRUMENT WHEREIN A STATE AGENCY AGREES TO GIVE CONSIDERATION 36 OTHER THAN THE PAYMENT OF MONEY AS CONTEMPLATED IN SUBDIVISION THREE OF 37 SECTION ONE HUNDRED TWELVE OF THIS CHAPTER. E. "SUBCONTRACTOR" SHALL MEAN AN INDIVIDUAL, SOLE PROPRIETORSHIP, 38

39 40 PARTNERSHIP, JOINT VENTURE OR CORPORATION, WHICH IS ENGAGED IN A SUBCON-TRACT BY A VENDOR PURSUANT TO A STATE CONTRACT AND SUCH SUBCONTRACT IS 41 VALUED AT ONE HUNDRED THOUSAND DOLLARS OR MORE AND IS KNOWN AT THE TIME 42 43 OF THE AWARD OF THE STATE CONTRACT TO THE VENDOR.

44 F. "SYSTEM" SHALL MEAN THE ON-LINE SOFTWARE, DATA AND RELATED 45 RESOURCES MAINTAINED BY THE COMPTROLLER TO COMPILE VENDOR RESPONSIBILITY 46 INFORMATION.

47 G. "TERMS OF SERVICE" SHALL MEAN THE TERMS AND CONDITIONS DEVELOPED BY THE48 STATE COMPTROLLER AND AGREED TO BY EACH AUTHORIZED USER PRIOR TO 49 GAINING ACCESS TO ONLINE SERVICES. TERMS OF SERVICE SHALL INCLUDE A 50 DESCRIPTION OF THE SERVICES, OBLIGATIONS OF THE STATE COMPTROLLER AND THE AUTHORIZED USER, A DESCRIPTION OF THE STATE COMPTROLLER'S PRIVACY 51 POLICY, AUTHORIZED USER CODE OF CONDUCT, AND INDEMNITY FOR THE STATE 52 COMPTROLLER AND THE STATE OF NEW YORK. TERMS OF SERVICE ARE SUBJECT TO 53 54 CHANGE AS PRESCRIBED BY THE STATE COMPTROLLER. AUTHORIZED USERS MAY 55 VIEW CHANGES VIA THE STATE COMPTROLLER'S INTERNET SITE.

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I. "VENDOR RESPONSIBILITY" SHALL MEAN THAT A VENDOR HAS THE CAPACITY
TO FULLY PERFORM THE TERMS OF A CONTRACT AND THE INTEGRITY AND BUSINESS
ETHICS TO JUSTIFY AN AWARD OF PUBLIC DOLLARS. A DETERMINATION OF VENDOR
RESPONSIBILITY SHALL INCLUDE CONSIDERATION OF FACTORS INCLUDING, BUT NOT
LIMITED TO, FINANCIAL AND ORGANIZATIONAL CAPACITY, LEGAL AUTHORITY,
INTEGRITY AND PAST PERFORMANCE ON GOVERNMENTAL CONTRACTS.

10 2. A. STATE AGENCIES SHALL ENROLL WITH THE STATE COMPTROLLER TO ACCESS 11 THE SYSTEM MAINTAINED BY THE COMPTROLLER TO COMPILE VENDOR RESPONSIBIL-12 ITY INFORMATION. STATE AGENCIES SHALL AGREE TO AND ABIDE BY THE TERMS OF 13 SERVICE FOR SUCH SYSTEM AS THE STATE COMPTROLLER DEEMS NECESSARY.

14 B. FOR EACH CONTRACT OR SUBCONTRACT BETWEEN A VENDOR AND A SUBCONTRAC-15 TOR WHERE, PURSUANT TO LAW OR BY DIRECTION OF THE STATE AGENCY, DISCLO-16 SURE FOR VENDOR RESPONSIBILITY IS REQUIRED, THE STATE AGENCY SHALL:

(I) PROVIDE NOTICE TO VENDORS BIDDING FOR PROCUREMENTS ADMINISTERED BY
THE STATE AGENCY THAT ANY VENDOR AND SUBCONTRACTOR, SUBMITTING A VENDOR
RESPONSIBILITY QUESTIONNAIRE SHALL DO SO VIA THE SYSTEM MAINTAINED TO
COMPILE VENDOR RESPONSIBILITY INFORMATION;

21 (II) PROVIDE VENDORS WITH INSTRUCTIONS ON HOW TO ELECTRONICALLY ACCESS 22 SYSTEM AND PROVIDE CONTACT INFORMATION FOR ASSISTANCE WITH ENROLL-THE 23 MENT. THIS INFORMATION SHALL BE MADE AVAILABLE PRIOR TO THE TIME WHEN VENDORS ARE REQUIRED TO SUBMIT DISCLOSURE FOR VENDOR RESPONSIBILITY; AND 24 25 (III) ACCESS THE SYSTEM TO OBTAIN AND EVALUATE ANY DATA SUBMITTED BY A 26 VENDOR PROPOSED FOR CONTRACT AWARD. STATE AGENCIES SHALL ENSURE THE SUBMISSION FILED BY THE VENDOR MEETS SUCH SYSTEM'S TIMELINESS STANDARDS. 27 28 SUCH PROVISIONS APPLY REGARDLESS OF WHETHER THE CONTRACT IS SUBJECT TO 29 PRE-REVIEW AND APPROVAL BY THE STATE COMPTROLLER.

30 FOR CONTRACTS WHERE VENDOR DISCLOSURE IS NOT OTHERWISE REQUIRED, С. 31 THE STATE AGENCY AT ITS DISCRETION, MAY REQUIRE VENDORS BIDDING ON PROCUREMENTS, AND/OR SUBCONTRACTORS, TO SUBMIT A VENDOR RESPONSIBILITY 32 33 QUESTIONNAIRE VIA THE SYSTEM. NOTHING CONTAINED IN THIS PARAGRAPH SHALL BE CONSTRUED TO ALTER THE EXISTING AUTHORITY OF THE STATE COMPTROLLER TO 34 REQUIRE THE SUBMISSION OF A VENDOR RESPONSIBILITY QUESTIONNAIRE IN 35 CONJUNCTION WITH HIS OR HER DUTY TO REVIEW AND APPROVE STATE CONTRACTS 36 PRIOR TO SUCH CONTRACTS BECOMING EFFECTIVE. 37

D. STATE AGENCIES SHALL PROVIDE ACCESS TO THE SYSTEM TO USERS WITHIN THEIR ORGANIZATION, AS DEEMED APPROPRIATE BY THE HEAD OF THE STATE AGEN-CY OR HIS OR HER DESIGNEE. STATE AGENCY USERS PROVIDED WITH SUCH ACCESS SHALL BE THOSE INDIVIDUALS, WHO, AS PART OF THEIR OFFICIAL JOB DUTIES, ARE REQUIRED TO ASSESS AND/OR REVIEW VENDOR RESPONSIBILITY FOR THE AGEN-CY'S CONTRACTS.

44 S 3. Subdivisions 7 and 10 of section 160 of the state finance law, 45 subdivision 7 as amended by section 30 of part L of chapter 55 of the 46 laws of 2012 and subdivision 10 as added by chapter 83 of the laws of 47 1995, are amended to read as follows:

"Service" or 48 7. "services" means the performance of a task or tasks and may include a material good or a quantity of material goods, and which is the subject of any purchase or other exchange. For the purposes 49 50 51 this article, INFORMATION technology shall be deemed a service. of Services, as defined in this article, shall not apply to those contracts 52 for architectural, engineering or surveying services, or those contracts 53 54 approved in accordance with article eleven-B of this chapter.

55 10. "[Technology] INFORMATION TECHNOLOGY" means either a good or a 56 service or a combination thereof, [that results in a technical method of

achieving a practical purpose or in improvements in productivity] USED 1 2 IN THE APPLICATION OF ANY COMPUTER OR ELECTRONIC INFORMATION EQUIPMENT 3 SYSTEM THAT OR INTERCONNECTED IS USED IN THE ACQUISITION, STORAGE, 4 MANIPULATION, MANAGEMENT, MOVEMENT, CONTROL, DISPLAY, SWITCHING, INTER-5 CHANGE, TRANSMISSION, OR RECEPTION OF DATA INCLUDING, BUT NOT LIMITED HARDWARE, SOFTWARE, FIRMWARE, PROGRAMS, SYSTEMS, NETWORKS, INFRAS-6 TO, 7 TRUCTURE, MEDIA, AND RELATED MATERIAL USED TO AUTOMATICALLY AND ELEC-8 TRONICALLY COLLECT, RECEIVE, ACCESS, TRANSMIT, DISPLAY, STORE, RECORD, RETRIEVE, ANALYZE, EVALUATE, PROCESS, CLASSIFY, MANIPULATE, MANAGE, 9 10 ASSIMILATE, CONTROL, COMMUNICATE, EXCHANGE, CONVERT, CONVERGE, INTER-11 FACE, SWITCH, OR DISSEMINATE DATA OF ANY KIND OR FORM. Goods may be 12 either new or used.

13 S 4. Paragraphs g and i of subdivision 2 of section 161 of the state 14 finance law, as added by chapter 83 of the laws of 1995, are amended to 15 read as follows:

16 Consult with and advise the commissioner on strategic INFORMATION g. technology investments that will facilitate electronic access 17 to the 18 terms and conditions of existing procurement contracts, promote elec-19 tronic commerce including, but not limited to, payment to vendors, promote and enhance the efficiency of the procurement of products and 20 21 services by or for state agencies and produce useful information that 22 supports state procurement operations, management, analysis and decision 23 making including, but not limited to, data concerning the status and use 24 of procurement contracts and the number and type of contracts and award 25 recipients;

26 i. Establish and, from time to time, amend guidelines for the procurement of services and INFORMATION technology in accordance with the 27 28 provisions of this article. Such guidelines shall ensure the wise and 29 prudent use of public money in the best interest of the taxpayers of the state; guard against favoritism, improvidence, extravagance, fraud and 30 corruption; and ensure that service contracts are awarded on the basis 31 32 of best value, including, but not limited to, the following criteria: 33 quality, cost, and efficiency;

S 5. Paragraph k of subdivision 1 and subdivisions 6 and 7 of section S 163 of the state finance law, paragraph k of subdivision 1 as added by section 36 of part L of chapter 55 of the laws of 2012, subdivision 6 as amended by section 1 of part P of chapter 55 of the laws of 2013 and subdivision 7 as amended by section 10 of part L of chapter 55 of the laws of 2012, are amended to read as follows:

40 "Authorized user" or "non-state agency purchaser" means (i) any k. officer, body or agency of the state or of a political subdivision or a 41 district therein, or fire company or volunteer ambulance service as such 42 43 are defined in section one hundred of the general municipal law, to make purchases of commodities, services and INFORMATION technology through 44 45 the office of general services' centralized contracts, pursuant to the of section one hundred four of the general municipal law; 46 provisions 47 (ii) any county extension service association as authorized under subdi-48 vision eight of section two hundred twenty-four of the county law; (iii) any association or other entity as specified in and in accordance with 49 50 section one hundred nine-a of the general municipal law; (iv) any asso-51 ciation, consortium or group of privately owned or municipal, federal or state owned or operated hospitals, medical schools, other health related 52 facilities or voluntary ambulance services, which have entered into a 53 54 contract and made mutual arrangements for the joint purchase of commod-55 ities, services and INFORMATION technology pursuant to section twenty-56 eight hundred three-a of the public health law; (v) any institution for

the instruction of the deaf or of the blind listed in section forty-two 1 hundred one of the education law; (vi) any qualified non-profit-making 2 3 agency for the blind approved by the commissioner of the office of chil-4 dren and family services or the office of temporary and disability 5 assistance; (vii) any qualified charitable non-profit-making agency for 6 the severely disabled approved by the commissioner of education; (viii) 7 any hospital or residential health care facility as defined in section 8 twenty-eight hundred one of the public health law; (ix) any private not-for-profit mental hygiene facility as defined in section 1.03 of the 9 10 mental hygiene law; (x) any public authority or public benefit corpo-11 ration of the state, including the port authority of New York and New Jersey and the interstate environmental commission; (xi) any public 12 association library, library system, cooperative library 13 library, 14 system, the New York Library Association, and the New York State Associ-15 ation of Library Boards or any other library except those which are 16 operated by for profit entities; (xii) any other association or entity as specified in state law, to make purchases of commodities, 17 services INFORMATION technology through the office of general services' 18 and 19 centralized contracts. Such qualified non-profit-making agencies for the blind and severely disabled may make purchases from the correctional industries program of the department of corrections and community super-20 21 22 vision subject to rules pursuant to the correction law.

23 6. Discretionary buying thresholds. Pursuant to guidelines established by the state procurement council: the commissioner may purchase services 24 25 and commodities in an amount not exceeding eighty-five thousand dollars without a formal competitive process; state agencies may purchase 26 services and commodities in an amount not exceeding fifty thousand 27 dollars without a formal competitive process; and state agencies 28 may 29 purchase commodities or services from small business concerns or those 30 certified pursuant to article fifteen-A of the executive law, or commodities or INFORMATION technology that are recycled or remanufactured, 31 or 32 commodities that are food, including milk and milk products, grown, 33 produced or harvested in New York state in an amount not exceeding two hundred thousand dollars without a formal competitive process. 34

35 7. Method of procurement. Consistent with the requirements of subdivi-36 sions three and four of this section, state agencies shall select among 37 permissible methods of procurement including, but not limited to, an 38 invitation for bid, request for proposals or other means of solicitation 39 pursuant to guidelines issued by the state procurement council. State 40 agencies may accept bids electronically including submission of the statement of non-collusion required by section one hundred thirty-nine-d 41 this chapter and, starting April first, two thousand twelve, and 42 of 43 ending March thirty-first, two thousand fifteen, may, for commodity, 44 service and INFORMATION technology contracts require electronic 45 submission as the sole method for the submission of bids for the solicitation. State agencies shall undertake no more than eighty-five such 46 47 electronic bid solicitations, none of which shall be reverse auctions, prior to April first, two thousand fifteen. In addition, state agencies 48 may conduct up to twenty reverse auctions through electronic means, prior to April first, two thousand fifteen. Prior to requiring the elec-49 50 tronic submission of bids, the agency shall make a determination, which 51 52 shall be documented in the procurement record, that electronic submission affords a fair and equal opportunity for offerers to submit 53 54 responsive offers. Within thirty days of the completion of the eighty-55 fifth electronic bid solicitation, or by April first, two thousand fifteen, whichever is earlier, the commissioner shall prepare a report 56

assessing the use of electronic submissions and make recommendations 1 2 regarding future use of this procurement method. In addition, within 3 thirty days of the completion of the twentieth reverse auction through 4 electronic means, or by April first, two thousand fifteen, whichever is 5 earlier, the commissioner shall prepare a report assessing the use of 6 reverse auctions through electronic means and make recommendations 7 regarding future use of this procurement method. Such reports shall be 8 published on the website of the office of general services. Except where otherwise provided by law, procurements shall be competitive, and state 9 10 agencies shall conduct formal competitive procurements to the maximum 11 extent practicable. State agencies shall document the determination of 12 the method of procurement and the basis of award in the procurement 13 Where the basis for award is the best value offer, the state record. 14 agency shall document, in the procurement record and in advance of the 15 initial receipt of offers, the determination of the evaluation criteria, which whenever possible, shall be quantifiable, and the process to be 16 17 used in the determination of best value and the manner in which the 18 evaluation process and selection shall be conducted.

19 S 6. Paragraph (a) of subdivision 2 of section 112 of the state 20 finance law, as amended by section 18 of part L of chapter 55 of the 21 laws of 2012, is amended to read as follows:

22 (a) Before any contract made for or by any state agency, department, board, officer, commission, or institution, except the office of general services, shall be executed or become effective, whenever such contract 23 24 25 exceeds fifty thousand dollars in amount and before any contract made 26 for or by the office of general services shall be executed or become 27 effective, whenever such contract exceeds eighty-five thousand dollars in amount, it shall first be approved by the comptroller and filed in 28 29 or her office, with the exception of contracts established as a his 30 centralized contract through the office of general services [and 31 purchase orders or other procurement transactions issued under such 32 centralized contracts] THAT WERE NOT AWARDED PURSUANT TO SUBDIVISION SECTION ONE HUNDRED SIXTY-THREE OF THIS CHAPTER. 33 SIXTEEN OF The comp-34 troller shall make a final written determination with respect to approval of such contract within ninety days of the submission of such 35 contract to his or her office unless the comptroller shall notify, 36 in 37 writing, the state agency, department, board, officer, commission, or 38 institution, prior to the expiration of the ninety day period, and for 39 good cause, of the need for an extension of not more than fifteen days, 40 or a reasonable period of time agreed to by such state agency, department, board, officer, commission, or institution and provided, further, 41 that such written determination or extension shall be made part of the 42 procurement record pursuant to paragraph f of subdivision one of section 43 44 one hundred sixty-three of this chapter.

45 S 7. Section 163 of the state finance law is amended by adding a new 46 subdivision 16 to read as follows:

47 16. ALTERNATIVE PROCUREMENT METHODS FOR THE ACQUISITION OF NON-CON-48 STRUCTION RELATED COMMODITIES AND SERVICES, OR INFORMATION TECHNOLOGY. 49 A. WHEN THE COMMISSIONER OR A STATE AGENCY DETERMINES THAT IT IS IN THE 50 INTEREST OF THE STATE TO DEVELOP A PROCUREMENT METHOD NOT AUTHOR-BEST 51 IZED BY THIS SECTION FOR NON-CONSTRUCTION RELATED COMMODITIES AND SERVICES, OR INFORMATION TECHNOLOGY, THE COMMISSIONER OR STATE AGENCY IS 52 HEREBY AUTHORIZED TO DEVELOP AND USE SUCH METHOD FOR A SPECIFIC CONTRACT 53 54 AWARD. SUCH DETERMINATION SHALL BE MADE IN WRITING AND SHALL INCLUDE 55 DOCUMENTATION FOR THE PROCUREMENT RECORD THAT SUCH ALTERNATIVE PROCURE-56 MENT METHOD: (I) WOULD SERVE THE INTEREST OF THE STATE BETTER THAN OTHER

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METHODS CURRENTLY AVAILABLE UNDER THIS SECTION; (II) CAN BE APPLIED ON A 1 COMPETITIVE, FAIR AND EOUITABLE BASIS; AND (III) CONTAINS AN APPROPRIATE 2 3 EVALUATION METHODOLOGY THAT CONSIDERS BOTH COST AND QUALITATIVE EVALU-SUCH ALTERNATIVE PROCUREMENT METHOD SHALL BE SUBJECT TO 4 ATION FACTORS. 5 ALL OTHER APPLICABLE PROVISIONS OF THIS SECTION. THE COMMISSIONER OR A 6 STATE AGENCY MAY NOT UNDERTAKE AN ALTERNATIVE PROCUREMENT METHOD UNTIL 7 THE COMPTROLLER HAS DETERMINED THAT THE PROPOSED ALTERNATIVE PROCUREMENT 8 METHOD IS IN THE BEST INTEREST OF THE STATE; CAN BE APPLIED ON A COMPET-ITIVE, FAIR AND EQUITABLE BASIS; AND UTILIZES AN APPROPRIATE EVALUATION 9 10 METHODOLOGY THAT CONSIDERS BOTH COST AND QUALITATIVE EVALUATION FACTORS. 11 WHEN USING AN ALTERNATIVE PROCUREMENT METHOD AUTHORIZED BY THIS Β. SUBDIVISION, THE COMMISSIONER OR AGENCY SHALL INCLUDE IN ITS SOLICITA-12 TION A DETAILED DESCRIPTION OF THE PROPOSED METHOD OF AWARD. IN ADVANCE 13 14 OF THE INITIAL RECEIPT OF OFFERS OR BIDS, THE COMMISSIONER OR STATE AGENCY SHALL DETERMINE AND DOCUMENT IN THE PROCUREMENT RECORD THE EVALU-15 16 ATION CRITERIA AND PROCESS TO BE USED IN THE DETERMINATION OF THE 17 SPECIFIC CONTRACT AWARD AND THE PROCESS BY WHICH THE EVALUATION AND 18 SELECTION SHALL BE CONDUCTED. IN ADDITION TO THE REOUIREMENTS SET FORTH 19 IN PARAGRAPH G OF SUBDIVISION NINE OF THIS SECTION, THE PROCUREMENT RECORD SHALL DOCUMENT THE BASIS UPON WHICH THE AGENCY HAS DETERMINED 20 21 THAT POTENTIAL VENDORS WILL BE ABLE TO RESPOND WITH VIABLE BIDS TO SUCH 22 ALTERNATIVE PROCUREMENT.

C. NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION FIVE OF SECTION THREE
HUNDRED FIFTY-FIVE OF THE EDUCATION LAW TO THE CONTRARY OR SECTION
SIXTY-TWO HUNDRED EIGHTEEN OF THE EDUCATION LAW, BEFORE ANY CONTRACT
AWARDED UNDER THIS SECTION WHICH EXCEEDS FIFTY THOUSAND DOLLARS IN
AMOUNT BECOMES EFFECTIVE IT MUST BE APPROVED BY THE COMPTROLLER AND
FILED IN HIS OR HER OFFICE.

FOR EACH PROCUREMENT AWARDED PURSUANT TO THIS SECTION, THE COMMIS-29 D. 30 SIONER OR STATE AGENCY SHALL SUBMIT TO THE GOVERNOR, THE COMPTROLLER AND THE HEADS OF THE FISCAL COMMITTEES OF EACH HOUSE OF THE STATE LEGISLA-31 32 NO LATER THAN THE MID-POINT OF THE INITIAL TERM OF THE RESULTANT TURE 33 CONTRACT A REPORT ASSESSING THE VALIDITY OF THE PROCUREMENT METHOD AND 34 COMPARING ITS RESULTS TO PROCUREMENT METHODS FOR COMMODITIES AND 35 SERVICES OR INFORMATION TECHNOLOGY.

36 S 8. Section 163 of the state finance law is amended by adding a new 37 subdivision 17 to read as follows:

38 17. COMPETITIVE NEGOTIATION. A. WHERE THE BASIS OF AWARD IS BEST VALUE 39 AND AFTER COMPLETING AN INITIAL EVALUATION AND SCORING, A STATE AGENCY 40 MAY CHOOSE TO EITHER MAKE AN AWARD TO THE BEST VALUE OFFERER PURSUANT TO SUBDIVISION FOUR OF THIS SECTION OR UNDERTAKE COMPETITIVE NEGOTIATIONS 41 WITH ALL OFFERERS OF PROPOSALS SUSCEPTIBLE OF BEING SELECTED FOR 42 43 CONTRACT AWARD, SO LONG AS THE AGENCY RESERVES THE RIGHT TO CONDUCT SUCH 44 COMPETITIVE NEGOTIATIONS IN THE SOLICITATION. THE NEGOTIATIONS SHALL BE 45 CONDUCTED AS PROVIDED IN PARAGRAPH D OF THIS SUBDIVISION.

B. COMPETITIVE NEGOTIATION MAY ONLY BE USED WHERE:

47 (I) AT LEAST TWO OFFERERS ARE DEEMED SUSCEPTIBLE OF BEING SELECTED FOR 48 CONTRACT AWARD;

49 (II) IN THE EVENT THAT THE SOLICITATION INCLUDES OPTIONAL COMPONENTS,
50 THE SOLICITATION SHALL REQUIRE ALL OFFERERS TO PROVIDE A PROPOSAL FOR
51 ALL OPTIONS OR OTHERWISE BE DEEMED NONRESPONSIVE; AND

52 (III) THE AGENCY HAS DETERMINED THAT USE OF COMPETITIVE NEGOTIATION 53 WILL MAXIMIZE THE AGENCY'S ABILITY TO OBTAIN BEST VALUE, BASED ON THE 54 AGENCY'S NEED AND THE SPECIFICATIONS SET FORTH IN THE SOLICITATION.

55 C. THE AGENCY MUST DOCUMENT IN THE PROCUREMENT RECORD AND IN ADVANCE 56 OF THE INITIAL RECEIPT OF OFFERS: 1

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5 (II) A FAIR AND IMPARTIAL NEGOTIATION PROCEDURE, FORMULATED WITH THE 6 GOAL OF ENSURING SUSTAINED COMPETITION UNTIL AN AWARD IS RENDERED AND 7 OBTAINING THE BEST VALUE FOR THE STATE.

8 D. THE AGENCY SHALL CONDUCT WRITTEN OR ORAL NEGOTIATIONS WITH ALL RESPONSIBLE OFFERERS WHO SUBMIT PROPOSALS IN THE COMPETITIVE RANGE. IN 9 10 THE COURSE OF SUCH NEGOTIATIONS, THE AGENCY SHALL:

THE OFFERER OF WAYS IN WHICH ITS PROPOSAL MAY BE IMPROVED 11 (I) ADVISE SO THAT THE OFFERER IS GIVEN AN OPPORTUNITY TO BETTER MEET THE AGENCY'S 12 13 NEEDS;

(II) CLARIFY ANY UNCERTAINTIES, AMBIGUITIES OR NON-MATERIAL DEVIATIONS 14 15 IN THE PROPOSAL;

16 (III) ADVISE THE OFFERER OF ANY TECHNICAL COMPONENTS IN ITS PROPOSAL THAT MAY NOT BE NECESSARY TO SATISFY THE AGENCY'S REQUIREMENTS AND 17 18 REQUEST MODIFICATIONS AS APPROPRIATE;

19 (IV) PROVIDE THE OFFERER A REASONABLE OPPORTUNITY TO SUBMIT ANY COST, 20 TECHNICAL OR OTHER REVISIONS TO ITS PROPOSAL IN RESPONSE TO ISSUES IDEN-21 TIFIED DURING NEGOTIATIONS; AND 22

(V) DOCUMENT ANY ORAL NEGOTIATIONS FOR THE PROCUREMENT RECORD.

23 E. NEGOTIATIONS MAY BE TAILORED TO EACH OFFERER'S PROPOSAL PROVIDED, HOWEVER, SUCH NEGOTIATIONS SHALL BE CONDUCTED WITH EACH OFFERER WITHIN 24 25 THE COMPETITIVE RANGE WITHOUT DISCLOSING INFORMATION CONCERNING ANY 26 OTHER OFFERERS' PROPOSALS OR THE EVALUATION PROCESS. NEGOTIATIONS SHALL 27 CULMINATE IN A TECHNICAL SOLUTION FROM EACH OFFERER REMAINING WITHIN THE COMPETITIVE RANGE THAT IS DEEMED ACCEPTABLE TO MEET THE AGENCY'S NEED AS 28 29 SET FORTH IN THE SOLICITATION. AFTER DISCUSSION OF THESE TECHNICAL SOLUTIONS IS COMPLETED, THE AGENCY SHALL SOLICIT A BEST AND FINAL PRICE 30 PROPOSAL FROM ALL OFFERERS WITHIN THE COMPETITIVE RANGE. THE BEST AND 31 32 FINAL PRICE SOLICITATION SHALL ENSURE THAT ALL OFFERERS ARE AFFORDED AN EQUAL OPPORTUNITY TO RESPOND WITHIN A SPECIFIED PERIOD OF TIME. 33

34 F. WHERE AN AGENCY CHOOSES TO UNDERTAKE COMPETITIVE NEGOTIATIONS INSTEAD OF MAKING A BEST VALUE AWARD AFTER AN INITIAL EVALUATION AND 35 SCORING, THE FINAL AWARD SHALL BE MADE TO THE LOWEST RESPONSIBLE OFFERER 36 AFTER RECEIVING A BEST AND FINAL PRICE ON A REVISED ACCEPTABLE PROPOSAL. 37 S 9. Subdivision 9 of section 163 of the state finance law is amended 38 39 by adding a new paragraph c-1 to read as follows:

40 C-1. WHERE A STATE AGENCY DETERMINES THAT NON-MATERIAL CHANGES TO THE SPECIFICATIONS AS SET FORTH IN THE SOLICITATION WOULD BE IN THE BEST 41 INTEREST OF THE STATE AND, WHEN PROVIDED FOR IN THE SOLICITATION, STATE 42 AGENCIES MAY REQUEST BEST AND FINAL OFFERS, WHICH SHALL BE IN WRITING 43 SOLICITED IN THE SAME MANNER FROM ALL OFFERERS DETERMINED TO BE 44 AND SUSCEPTIBLE OF BEING SELECTED FOR CONTRACT AWARD, WITH THE INTENT OF ALLOWING AN OFFERER TO REVISE ITS COST; PROVIDED, HOWEVER, THAT A STATE 45 46 AGENCY MAY NOT MAKE A MODIFICATION TO THE SOLICITATION IF SUCH MODIFICA-47 48 TION WOULD PREJUDICE ANY BIDDER OR POTENTIAL BIDDER AND, PROVIDED FURTHER, THAT NO BEST AND FINAL OFFER MAY BE ACCEPTED OR CONSIDERED BY A 49 50 STATE AGENCY UNLESS SUCH BEST AND FINAL OFFER IS SUBMITTED IN RESPONSE 51 TO A REQUEST BY THE STATE AGENCY.

S 9-a. Paragraph c of subdivision 9 of section 163 of the state 52 finance law, as amended by chapter 137 of the laws of 2008, is amended 53 54 to read as follows:

55 c. Where provided in the solicitation, state agencies may require clarification from offerers for purposes of assuring a full understand-56

ing of responsiveness to the solicitation requirements. Where provided 1 2 in the solicitation, revisions may be permitted from all offerers for 3 determined to be susceptible of being selected for contract award, prior 4 to award. Offerers shall be accorded fair and equal treatment with 5 respect to their opportunity for discussion and revision of offers. [ A ] 6 state agency shall, upon request, provide a debriefing to any unsuccess-7 offerer that responded to a request for proposal or an invitation ful 8 for bids, regarding the reasons that the proposal or bid submitted by the unsuccessful offerer was not selected for an award. The opportunity 9 10 for an unsuccessful offerer to seek a debriefing shall be stated in the 11 which shall provide a reasonable time for requesting a solicitation, 12 debriefing.]

13 S 9-b. Subdivision 9 of section 163 of the state finance law is 14 amended by adding a new paragraph h to read as follows:

15 H. (I) WITHIN FIFTEEN DAYS OF THE SELECTION OF A SUCCESSFUL OFFEROR BY A STATE AGENCY AND PRIOR TO THE SUBMISSION FOR APPROVAL OF A CONTRACT TO 16 OF THE STATE COMPTROLLER IF THAT CONTRACT IS SUBJECT TO THE 17 OFFICE THE APPROVAL OF THE COMPTROLLER, ALL UNSUCCESSFUL OFFERORS SHALL BE 18 ADVISED 19 IN WRITING OF THE COMPLETION OF THE SELECTION PROCESS AND THAT THEIR 20 OFFER WAS NOT SELECTED FOR THIS AWARD. THIS NOTICE SHALL DISCLOSE THE 21 IDENTITY OF THE SUCCESSFUL OFFEROR.

22 ANY CONTRACT ESTABLISHED AS A CENTRALIZED CONTRACT BY THE (II)FOR OFFICE OF GENERAL SERVICES, WITHIN FIFTEEN DAYS OF SELECTION 23 OF THE BY THE OFFICE OF GENERAL SERVICES, ALL UNSUCCESSFUL 24 SUCCESSFUL OFFEROR 25 OFFERORS SHALL BE ADVISED OF THE COMPLETION OF THE SELECTION PROCESS AND 26 THAT THEIR OFFER WAS NOT SELECTED FOR AWARD. THIS NOTICE SHALL DISCLOSE THE IDENTITY OF THE SUCCESSFUL OFFEROR. 27

(III) THE OPPORTUNITY FOR AN UNSUCCESSFUL OFFEROR THAT RESPONDED TO A
REQUEST FOR PROPOSALS OR AN INVITATION FOR BIDS TO SEEK A DEBRIEFING
SHALL BE STATED IN THE REQUEST FOR PROPOSALS OR INVITATION FOR BIDS,
WHICH SHALL PROVIDE A REASONABLE TIME FOR REQUESTING A DEBRIEFING.

OF 32 (IV) THE STATE AGENCY, UPON THE TIMELY REQUEST AN UNSUCCESSFUL 33 SHALL PROVIDE A REASONABLE OPPORTUNITY FOR A DISCUSSION WITH OFFEROR, 34 AGENCY PERSONNEL WHO WERE INVOLVED IN AND ARE KNOWLEDGEABLE ABOUT THE PROCUREMENT EVALUATION PROCESS. SUCH DEBRIEFING, SHALL INCLUDE, BUT NEED 35 NOT BE LIMITED TO: (A) THE REASONS THAT THE PROPOSAL OR BID SUBMITTED BY 36 37 THE UNSUCCESSFUL OFFEROR WAS NOT SELECTED FOR AWARD; (B) THE QUALITATIVE AND QUANTITATIVE ANALYSIS EMPLOYED BY THE AGENCY IN ASSESSING THE RELA-TIVE MERITS OF THE OFFERS; (C) THE APPLICATION OF EACH OF THE SELECTION 38 39 SELECTION 40 THE UNSUCCESSFUL OFFEROR'S PROPOSAL OR BID; AND (D) THE CRITERIA ΤO REASONS FOR THE SELECTION OF THE WINNING PROPOSAL OR BID. SUCH PERSONNEL 41 SHALL ALSO PROVIDE, TO THE EXTENT PRACTICABLE, ADVICE AND GUIDANCE 42 TO 43 THE UNSUCCESSFUL OFFEROR CONCERNING METHODS OF IMPROVING PROPOSALS OR 44 BIDS BY SUCH OFFEROR.

45 S 10. Intentionally omitted.

46

S 11. Intentionally omitted.

47 S 12. Subdivisions 1 and 2 of section 137 of the state finance law, 48 subdivision 1 as separately amended by section 17 of part MM of chapter 49 57 and chapter 619 of the laws of 2008 and subdivision 2 as amended by 50 chapter 137 of the laws of 1985, are amended to read as follows:

1. (A) In addition to other bond or bonds, if any, required by law for the completion of a work specified in a contract for the prosecution of a public improvement for the state of New York a municipal corporation, a public benefit corporation or a commission appointed pursuant to law, or in the absence of any such requirement, the comptroller may or the other appropriate official, respectively, shall nevertheless require

prior to the approval of any such contract a bond guaranteeing prompt 1 payment of moneys due to all persons furnishing labor or materials to 2 3 the contractor or any subcontractors in the prosecution of the work 4 provided for in such contract. Whenever a municipal corporation issues a 5 permit subject to compliance with section two hundred twenty of the 6 labor law, such permittee or its contractor or subcontractors furnishing 7 workers shall post a payment bond subject to this section. [Provided, 8 however, that]

(B) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH A OF THIS SUBDIVISION, 9 10 performance bonds and payment bonds may, at the discretion of the all head of the state agency, public benefit corporation or commission, 11 or his or her designee, be dispensed with for the completion of a work specified in a contract for the prosecution of a public improvement for 12 13 14 state of New York for which bids are solicited where the aggregate the 15 amount of the contract is under [one] FIVE hundred thousand dollars [and]; provided [further], that in a case where the contract is not 16 17 subject to the multiple contract award requirements of section one 18 hundred thirty-five of this article, such requirements may be dispensed 19 with where the head of the state agency, public benefit corporation or 20 commission finds it to be in the public interest and where the aggregate 21 amount of the contract awarded or to be awarded is less than two hundred 22 thousand dollars. Provided further, that in a case where a performance or payment bond is dispensed with, twenty per centum may be retained 23 24 from each progress payment or estimate until the entire contract work 25 has been completed and accepted, at which time the head of the state 26 agency, public benefit corporation or commission shall, pending the payment of the final estimate, pay not to exceed seventy-five per centum 27 28 of the amount of the retained percentage. THE PROVISIONS OF THIS PARA-29 GRAPH SHALL NOT APPLY TO ANY PERFORMANCE BONDS REOUIRED IN CONNECTION WITH A MAJOR INSTALLATION PURSUANT TO PARAGRAPH D OF SUBDIVISION TEN 30 OF SECTION ONE HUNDRED SIXTY-THREE OF THIS CHAPTER. FOR THE PURPOSES OF 31 32 THIS PARAGRAPH "MAJOR INSTALLATION" SHALL HAVE THESAME MEANING AS 33 PROVIDED IN SECTION ONE HUNDRED SIXTY-THREE OF THIS CHAPTER.

2. A copy of such payment bond shall be kept in the office of the head of the department or bureau having charge of the public improvement in connection with which the bond was given and a copy shall also be kept in the office of the comptroller [or other appropriate official]; such copies shall be open to public inspection.

39 S 13. Subdivision 1 of section 163 of the state finance law is amended 40 by adding a new paragraph 1 to read as follows:

INSTALLATION" 41 L. "MAJOR MEANS ANY PROJECT REQUIRING BUILDING CONSTRUCTION OR SITE WORK OR AN INSTALLATION WHERE THE TOTAL CHARACTER 42 OF THE WORK IS NOT CONSTRUCTION BUT INSTEAD THE PURCHASE, 43 PURSUANT TO 44 THIS SECTION, AND INSTALLATION OF A LARGE PIECE OF EQUIPMENT WHERE THE 45 VALUE OF SUCH PURCHASE IS ONE MILLION DOLLARS OR MORE.

46 S 14. Paragraph d of subdivision 10 of section 163 of the state 47 finance law, as added by chapter 83 of the laws of 1995, is amended to 48 read as follows:

49 d. It shall be in the discretion of the commissioner or state agency 50 require a bond or other guarantee of performance, and to approve the to 51 amount, form and sufficiency thereof; PROVIDED, HOWEVER, THAT INTHE CASE OF A MAJOR INSTALLATION, SUCH BOND OR GUARANTEE OF PERFORMANCE 52 SHALL BE REQUIRED, AND THE COMMISSIONER OR STATE AGENCY MAY, 53 INITS 54 DISCRETION, REQUIRE A BOND GUARANTEEING THE PROMPT PAYMENT OF MONEYS AS 55 SET FORTH IN PARAGRAPH A OF SUBDIVISION ONE OF SECTION ONE HUNDRED THIR-56 TY-SEVEN OF THIS CHAPTER.

1 S 15. Paragraph e of subdivision 10 of section 163 of the state 2 finance law, as amended by chapter 137 of the laws of 2008, is amended 3 to read as follows:

4 e. The commissioner may authorize purchases required by state agencies 5 or other authorized purchasers by letting a contract pursuant to a writ-6 ten agreement, or by approving the use of a contract let by any depart-7 ment, agency or instrumentality of the United States government and/or 8 any department, agency, office, political subdivision or instrumentality 9 any state or states. A state agency purchaser shall document in the of 10 procurement record its rationale for the use of a contract let by any department, agency or instrumentality of the United States government or 11 any department, agency, office, political subdivision or instrumentality 12 13 of any other state or states. Such rationale shall include, but need not 14 limited to, a determination of need, a consideration of the procurebe 15 ment method by which the contract was awarded, an analysis of alternative procurement sources including an explanation why a competitive 16 17 procurement or the use of a centralized contract let by the commissioner 18 is not in the best interest of the state, and the reasonableness of 19 COST. THE AUTHORITY TO USE A CONTRACT LET BY ANOTHER GOVERNMENTAL ENTITY PARAGRAPH IS INTENDED TO BENEFIT THE STATE BY USING 20 THIS PURSUANT TΟ 21 CONTRACTS IN PLACE THAT PROVIDE FOR THE SAME SERVICE OR COMMODITY SOUGHT 22 BY A STATE AGENCY AT A PRICE DETERMINED TO BE REASONABLE ΒY THE STATE 23 CONTRACTS ARE NOT INTENDED TO BE USED PRIMARILY TO AVOID AGENCY. SUCH 24 COMPETITIVE BIDDING. USE OF MULTIPLE AWARD CONTRACTS PURSUANT THIS TO 25 SHALL FOLLOW THE SAME BASIS OF SELECTION AMONG THE MULTIPLE PARAGRAPH 26 AWARDEES AS WAS PRESCRIBED BY THEORIGINAL CONTRACTING GOVERNMENTAL 27 ENTITY.

28 S 16. Subdivision 15 of section 163 of the state finance law is 29 amended by adding a new paragraph d to read as follows:

D. IN ADDITION TO OTHER REPORTS REQUIRED BY THIS 30 SUBDIVISION, THE COMMISSIONER OF GENERAL SERVICES SHALL PREPARE A REPORT ON THE SAVINGS 31 32 ACHIEVED FROM ALL CONTRACTS ESTABLISHED AS A CENTRALIZED CONTRACT GENERAL SERVICES PURSUANT TO THIS SECTION, THE 33 THROUGH THE OFFICE OF 34 IMPACT OF SUCH CONTRACTS ON SMALL, MINORITY AND WOMEN-OWNED AND VETERAN-OWNED BUSINESS ENTERPRISES, AND THE EFFECTIVE-35 SERVICE-DISABLED NESS OF SUCH CONTRACTS IN FULFILLING THE PURCHASING NEEDS OF ALL AUTHOR-36 37 IZED USERS OF SUCH CONTRACTS. SUCH REPORT SHALL BE SUBMITTED ΒY SUCH 38 COMMISSIONER TO THE GOVERNOR, THE STATE COMPTROLLER, AND THE HEADS OF THE FISCAL COMMITTEES OF EACH HOUSE OF THE STATE LEGISLATURE 39 NO LATER 40 THAN JANUARY FIFTEENTH, TWO THOUSAND SIXTEEN, AND THEREAFTER ANNUALLY ON OR BEFORE SUCH DATE. 41

42 S 17. Subdivision 3 of section 112 of the state finance law, as 43 amended by chapter 319 of the laws of 1992, is amended to read as 44 follows:

45 other instrument wherein the state or any of its 3. A contract or officers, agencies, boards or commissions agrees to give a consideration 46 47 other than the payment of money, when the value or reasonably estimated 48 value of such consideration exceeds [ten] TWENTY-FIVE thousand dollars, 49 shall not become a valid enforceable contract unless such contract or 50 other instrument shall first be approved by the comptroller and filed in his office. FOR PURPOSES OF THIS SUBDIVISION, WHERE CONSIDERATION CANNOT 51 BE DETERMINED IN TERMS OF MONETARY VALUE, IT SHALL BE VALUED IN TERMS OF 52 53 INTRINSIC VALUE.

54 S 18. Section 350 of the education law is amended by adding a new 55 subdivision 14 to read as follows:

1 14. "CONSTRUCTION RELATED SERVICES" MEANS STUDIES, SURVEYS, 2 CONSTRUCTION MANAGEMENT, CONSTRUCTION INSPECTION, EXCAVATION AND SIMILAR EFFORTS ASSOCIATED WITH CONSTRUCTION OR THE ACQUISITION OF PUBLIC WORKS. 3 4 S 19. This act shall take effect immediately; provided, however, section two of this act shall take effect on the one hundred eightieth 5 6 day after it shall have become a law; provided, further, however, that the provisions of sections one, five, seven, eight, nine, nine-a, 7 8 nine-b, thirteen, fourteen, fifteen and sixteen of this act shall apply to any procurement initiated on or after such date; provided, further 9 10 however, that the amendments to section 163 of the state finance law made by sections one, five, seven, eight, nine, nine-a, nine-b, thir-11 teen, fourteen, fifteen and sixteen of this act shall not affect the 12 repeal of such section as provided in subdivision 5 of section 362 of 13 chapter 83 of the laws of 1995, as amended, and shall be deemed repealed 14 15 therewith.