

## CHAPTER 105

( HB 408 )

AN ACT relating to executive branch entities.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

➔Section 1. KRS 153.410 is amended to read as follows:

- (1) The Kentucky Center for the Arts Corporation is hereby established, and shall consist of **nineteen (19)**~~fifteen (15)~~ members representing metropolitan Louisville and Kentucky to be appointed by the Governor, who shall also designate a chairman. Initial terms shall be staggered; thereafter, members shall be appointed to four (4) year terms.
- (2) Members may be removed by the Governor only for cause after being afforded notice, a hearing with counsel before the Governor or his designee, and a finding of fact by the Governor. A copy of charges, transcript of the record of the hearings, and findings of fact shall be filed with the Secretary of State.
- (3) The Kentucky Center for the Arts Corporation shall be a body corporate with full corporate powers. A quorum of the corporation shall consist of **ten (10)**~~eight (8)~~ members, with a majority of members present authorized to act upon any matter legally before the corporation. Full minutes and records shall be kept of all meetings of the corporation and all official actions shall be recorded.
- (4) The corporation may enact bylaws concerning the election of other officers, the creation of an executive committee with full authority to act between regular meetings, and the designation of alternates for members with full voting authority.
- (5) The corporation shall be attached to the Tourism, Arts and Heritage Cabinet for administrative purposes.

➔Section 2. The General Assembly hereby confirms Executive Order 2014-585, dated July 11, 2014, to the extent that it is not otherwise confirmed or superseded by Section 1 of this Act.

➔Section 3. KRS 56.777 is amended to read as follows:

- (1) A High-Performance Buildings Advisory Committee is hereby created and shall be administratively staffed by the cabinet.
- (2) The committee shall consist of **sixteen (16)**~~fifteen (15)~~ members and shall include:
  - (a) A representative of the cabinet designated by the secretary;
  - (b) A representative of the Tourism, Arts and Heritage Cabinet designated by the secretary;
  - (c) A representative of the Department of Education designated by the commissioner;
  - (d) A representative of the Council on Postsecondary Education designated by the president;
  - (e) A representative of the Department for Energy Development and Independence designated by the commissioner; and
  - (f) A representative appointed by the Governor from each of the following:
    1. The design and construction industry involved in public works contracting;
    2. The Kentucky Chapter of the U. S. Green Building Council;
    3. The University of Kentucky College of Design;
    4. The Kentucky Forest Industries Association;
    5. The Kentucky Society of the American Institute of Architects;
    6. The American Society of Heating, Refrigerating, and Air-Conditioning Engineers;~~and~~
    - 7.~~—The Home Builders Association of Kentucky;~~
    - 7.~~8.~~ The Associated General Contractors of Kentucky;
    - 8.~~9.~~ The West Kentucky Construction Association;~~and~~
    - 9.~~10.~~ The Kentucky Manufactured Housing Institute;

**10. The Kentucky Ready Mixed Concrete Association; and****11. The Plantmix Asphalt Industry of Kentucky.**

- (3) The representative of the cabinet shall serve as the chairperson of the committee. All appointments shall be for a term of two (2) years. Committee members shall serve until their successors are appointed and shall be eligible for reappointment.
- (4) The committee shall meet at least monthly or as convened by the chairperson.
- (5) The members of the committee shall receive reimbursement for the cost of travel to and from the meetings and any costs necessarily incurred in carrying out their duties.
- (6) The committee shall:
- (a) Consult with architects, engineers, builders, energy and conservation organizations, and other interested stakeholders, and make recommendations to the cabinet regarding:
    1. Standards and benchmarks developed under existing high-performance building programs, including the ENERGY STAR rating system, Green Globes rating system, and Leadership in Energy and Environmental Design (LEED) Green Building rating system; and
    2. Standards and guidelines developed and adopted by the U.S. Green Building Council, the American Society of Heating, Refrigerating and Air-Conditioning Engineers, and the Illuminating Engineering Society of North America partnership concerning the design of sustainable buildings to balance environmental responsibility, resource efficiency, occupant comfort and well-being, and community sensitivity;
  - (b) Assist the cabinet in the review of state building projects to ensure that building performance and efficiency are maximized to the extent economically feasible using a life-cycle cost analysis;
  - (c) Assist the cabinet in developing a process of documentation of the attainment of high-performance building standards; and
  - (d) Assist the cabinet in conducting an ongoing professional development program for state and local building designers, construction companies, school districts, building managers, and the general public on high-performance building design, construction, maintenance, and operation.
- (7) Prior to the implementation of KRS 56.770 to 56.784, the cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A necessary to implement this section. The cabinet shall consider the recommendations made by the High-Performance Buildings Advisory Committee pursuant to subsection (6) of this section and shall establish the criteria for the high-performance building standards and the benchmarks by which the high-performance building standards will be measured. At a minimum, the cabinet shall:
- (a) Include the standards for site selection and management, water efficiency, energy conservation, waste reduction, material and resource use, and indoor air quality; and
  - (b) Require that each high-performance building be designed, constructed, or renovated so that it is capable of being rated as an ENERGY STAR building in accordance with the criteria and rating system adopted by the United States Environmental Protection Agency and in effect at the time the building is designed or, in the case of leased buildings, at the time the lease is entered into on or after July 1, 2018.
- (8) In developing the criteria for the high-performance building standards, the cabinet shall consider and encourage the use of:
- (a) Locally grown lumber from forest lands implementing sustainable practices established by the American Tree Farm System's Sustainable Forest Initiative or the Kentucky Forest Stewardship Program established under KRS 149.330 to 149.355;
  - (b) Building materials manufactured with recycled content within the Commonwealth; and
  - (c) Renewable energy sources.

➔Section 4. KRS 227.450 is amended to read as follows:

As used in KRS 227.450 to 227.500 unless the context otherwise requires:

- (1) **"Alteration" means any change, modification, or adjustment to an existing electrical system or conduit;**
- (2) **"Commissioner" means the commissioner of the Department of Housing, Buildings and Construction;**

- (3) **"Division" means the Electrical Division within the Department of Housing, Buildings and Construction;**
- (4) "Electrical contractor" means any licensed individual, partnership, or corporation that is licensed to engage in, offers to engage in, or advertises or holds itself out to be qualified to engage in designing, planning, superintending, contracting of, or assuming responsibility for the installation, alteration, or repair of any electrical ~~system~~~~wiring~~ used for the purpose of furnishing heat, light, or power, and employs electrical workers to engage in this practice. If the electrical contractor is not a master electrician, the electrical contractor shall employ at least one (1) full-time master electrician;
- (5) **"Electrical system" means any electrical work subject to standards provided within the National Electrical Code as adopted in the Uniform State Building Code, as promulgated by the Board of Housing, Buildings and Construction;**
- ~~(6)(2)~~ "Electrician" means any person licensed by the department who is employed by an electrical contractor and is engaged in the construction, alteration, or repair of any electrical ~~system~~~~wiring~~ used for the purpose of furnishing heat, light, or power;
- ~~(7)(3)~~ "Electrical" pertains to the installation, alteration, or repair of wires and conduits for the purpose of transmitting electricity, and the installation of fixtures and equipment in connection therewith;
- ~~(8)(4)~~ "Electrical inspector" means any person certified by the commissioner of housing, buildings and construction pursuant to KRS 227.489 who, for compensation, inspects the construction and installation of electrical conductors, fittings, devices, and fixtures for light, heat, or power service equipment to ascertain the compliance with the National Electrical Code incorporated in the Uniform State Building Code promulgated pursuant to KRS 198B.050 or the standards of safety of the Commonwealth of Kentucky; ~~and~~
- ~~(9)(5)~~ "Department" means the Department of Housing, Buildings and Construction; **and**
- (10) **"Repair" means the reconstruction or renewal of any part of an existing building for the purpose of its maintenance.**

➔Section 5. KRS 227.480 is amended to read as follows:

- (1) (a) A city, county, urban-county, charter county, or consolidated local government **or the state** shall, according to the Uniform State Building Code as it pertains to the plan review and inspection responsibilities of local governments **or the state**, require any person to obtain **a permit**~~permits~~ before commencing construction, alteration, or repairs of any electrical ~~system~~~~wiring~~.
- (b) The city, county, urban-county, charter county, or consolidated local government **or the state** shall require all inspections that are deemed necessary by the department for the safety of life and property. The department shall promulgate administrative regulations to describe the circumstances where inspections are required.
- (2) A city, county, urban-county, charter county, or consolidated local government or the state shall not issue a permit unless the applicant submits proof of being licensed as an electrical contractor under KRS Chapter 227A or of acting on behalf of a licensed electrical contractor. However, the provisions of this subsection shall not apply to a homeowner or farmer who does construction, alteration, or repairs of any electrical ~~system~~~~wiring~~ on his or her own premises or any other person exempt from licensing under KRS 227A.030 **or KRS 227A.150**. This subsection shall not apply to electrical work performed by the Commonwealth of Kentucky, a city, county, urban-county, charter county, or consolidated local government, or any subdivision thereof.
- (3) A city, county, urban-county, charter county, or consolidated local government shall appoint and may fix the compensation of city, county, urban-county, charter county, or consolidated local government electrical inspectors, and may by ordinance fix reasonable fees and establish other requirements for the conduct of electrical inspections within its boundaries. All electrical inspectors must be certified under KRS 227.489.
- (4) Reasonable standards for the construction, alteration, and repair of any electrical ~~system~~~~wiring~~ shall be those adopted in the Uniform State Building Code, as promulgated by the Board of Housing, Buildings and Construction, and shall have as a minimum standard the requirements of the National ~~Electrical~~~~Electric~~ Code. These standards shall be used by the electrical inspector in making his inspections.

➔Section 6. KRS 227.491 is amended to read as follows:

- (1) An electrical inspector who certifies an electrical installation shall furnish and attach an approval sticker, bearing his or her signature and certification number in a conspicuous place on the main service entrance

equipment. He or she shall also provide the owner of the electrical installation or his or her authorized agent with a certificate of approval if the same is requested. A complete record of each inspection shall be kept by the inspector and these records shall be made available to the Department of Housing, Buildings and Construction upon its request.

- (2) ~~An~~~~No~~ electrical inspector shall:
- (a) *Not* attempt to supplant, overrule, or otherwise invalidate the judgment of another electrical inspector whose services for a particular building, structure, or other project have been solicited by an owner, contractor, municipality, or other person without first obtaining express written consent from the designated inspector's office supervising the original inspector;
  - (b) *Not* certify unlicensed or unlawful electrical installations;
  - (c) *Not* certify or inspect an electrical installation in a manufactured home or mobile home where the certified installer seal is not present pursuant to KRS 227.570;~~or~~
  - (d) *Not* certify or inspect an electrical installation in a previously owned manufactured home or a previously owned mobile home when a Class B1 seal is not present as required by KRS 227.605; *and*
  - (e) *Verify required electrical licensure on projects within the inspector's jurisdiction. The electrical inspector shall report all electrical licensure violations to the department within ten (10) days of discovery.*
- (3) Failure of an electrical inspector to *comply with any provision of this chapter or the administrative regulations promulgated thereunder*~~observe subsection (2) of this section~~ shall subject that inspector to review by the commissioner of housing, buildings and construction with possible suspension of certification for a period not to exceed one (1) year from the date of the commissioner's ruling.

➔Section 7. KRS 227.530 is amended to read as follows:

- (1) There is hereby created an Electrical Advisory Committee which shall be attached to the Electrical Division within the Department of Housing, Buildings and Construction for administrative purposes. The committee shall be constituted as follows:
- (a) Two (2) members chosen from public utility companies;
  - (b) Two (2) members who are electricians;
  - (c) Two (2) members who are certified electrical inspectors, one (1) of whom shall be employed by a governmental entity and the other who shall be an *electrical inspector contracted to conduct inspections of*~~independent contractor engaged in the business of inspecting~~ electrical installations;
  - (d) Two (2) members who are licensed professional electrical engineers;
  - (e) Two (2) members who are engaged in the business of electrical contracting;~~and~~
  - (f) One (1) member who is engaged in the business of electrical contracting and who employs no more than five (5) full-time employees when appointed; *and*
  - (g) *The commissioner of the Department of Housing, Buildings and Construction or his or her designee.*
- (2) *Appointed* committee members shall be appointed by the Governor for four (4) year terms. No committee member shall be appointed for more than one (1) successive term.
- (3) The committee shall meet at least quarterly or upon request of the department for the purpose of considering matters relating to electrical installations and electrical inspections. The committee shall have the opportunity to review and comment on relevant administrative regulations that are subject to the requirements of KRS 198B.030(8) and (9) and 198B.040(11) and shall make recommendations to and otherwise advise the department on these matters.
- (4) All committee members shall be compensated for expenses incurred in the conduct of Commonwealth business.

➔Section 8. KRS 227A.010 is amended to read as follows:

As used in KRS 227A.010 to 227A.140, unless the context otherwise requires:

- (1) "Authorized local licensing program" means any city, county, urban-county, charter county, or consolidated local government electrician and electrical contractor licensing program established by local ordinance for the

purpose of licensing electrical workers. "Authorized local licensing program" shall include a licensing program established through a cooperative agreement between two (2) or more counties;

- (2) "Committee" means the Electrical Advisory Committee as described in KRS 227.530;
- (3) "Department" means the Department of Housing, Buildings and Construction;
- (4) "Electrical" pertains to the installation, alteration, or repair of wires and conduits for the purpose of transmitting electricity, and the installation of fixtures and equipment in connection therewith;
- (5) "Electrical contractor" means any licensed individual, partnership, or corporation that is licensed to engage in, offers to engage in, or advertises or holds itself out to be qualified to engage in designing, planning, superintending, contracting of, or assuming responsibility for the installation, alteration, or repair of any electrical ~~system[wiring]~~ used for the purpose of furnishing heat, light, or power, and employs electrical workers to engage in this practice. If the electrical contractor is not a master electrician, the electrical contractor shall employ at least one (1) full-time master electrician; however, no master electrician shall act in this capacity for more than one (1) electrical contractor;
- (6) **"Electrical system" means any electrical work subject to standards provided within the National Electrical Code as adopted in the Uniform State Building Code, as promulgated by the Board of Housing, Buildings and Construction;**
- ~~(7)(6)~~ "Electrician" means any person licensed by the department who is employed by an electrical contractor and is engaged in the construction, alteration, or repair of any electrical ~~system[wiring]~~ used for the purpose of furnishing heat, light, or power;
- ~~(8)(7)~~ "Maintenance worker or maintenance engineer" means a person who is a regular, bona fide employee or agent of a property owner, property lessor, property management company, or firm that is not in the electrical business but has jurisdiction over the property where the routine maintenance of electrical systems is being performed;
- ~~(9)(8)~~ "Master electrician" means any individual licensed to **engage in, and** assume responsible charge, supervision, or direction of an electrician engaged in the construction, installation, alteration, or repair of **any** electrical ~~system[wiring]~~ used to furnish heat, light, or power;
- (10) **"Repair" means the reconstruction or renewal of any part of an existing building for the purpose of its maintenance;** and
- ~~(11)(9)~~ "Routine maintenance of electrical systems" means the routine and periodic servicing of electrical systems, including cleaning, inspecting, and making adjustments to ensure the proper operation and the removal or replacement of component parts. "Routine maintenance of electrical systems" does not include the installation of complete electrical systems.

➔Section 9. KRS 45A.030 is amended to read as follows:

As used in this code, unless the context requires otherwise:

- (1) "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity through which business is conducted;
- (2) "Change order" means a written order signed by the purchasing officer, directing the contractor to make changes that the changes clause of the contract authorizes the purchasing officer to order without the consent of the contractor;
- (3) "Chief purchasing officer" means the secretary of the Finance and Administration Cabinet, who shall be responsible for all procurement of the Commonwealth except as provided by KRS Chapters 175, 176, 177, and 180;
- (4) "Construction" means the process of building, altering, repairing, improving, or demolishing any public structures or buildings, or other public improvements of any kind to any public real property. It does not include the routine maintenance of existing structures, buildings, or real property;
- (5) "Construction manager-agency" means services to assist the purchasing agency manage construction that are procured through a contract that is qualifications-based;
- (6) "Construction management-at-risk" means a project delivery method in which the purchasing officer enters into a single contract with an offeror that assumes the risk for construction at a contracted guaranteed maximum price as a general contractor, and provides consultation and collaboration regarding the construction

during and after design of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;

- (7) ***"Construction manager-general contractor" means a project delivery method in which the purchasing officer enters into a single contract with an offeror to provide preconstruction and construction services. During the preconstruction phase, the successful offeror provides design consulting services. During the construction phase, the successful offeror acts as general contractor by:***
- (a) ***Contracting with subcontractors; and***
- (b) ***Providing for management and construction at a fixed price with a completion deadline;***
- (8) "Contract" means all types of state agreements, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item. It includes awards; contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type; contracts providing for the issuance of job or task orders; leases; letter contracts; purchase orders; and insurance contracts except as provided in KRS 45A.022. It includes supplemental agreements with respect to any of the foregoing;
- ~~(9)(8)~~ "Contract modification" means any written alteration in the specifications, delivery point, rate of delivery, contract period, price, quantity, or other contract provisions of any existing contract, whether accomplished by unilateral action in accordance with a contract provision or by mutual action of the parties to the contract. It includes bilateral actions, such as supplemental agreements, and unilateral actions, such as change orders, administrative changes, notices of termination, and notices of the exercise of a contract option;
- ~~(10)(9)~~ "Contractor" means any person having a contract with a governmental body;
- ~~(11)(10)~~ "Data" means recorded information, regardless of form or characteristic;
- ~~(12)(11)~~ "Design-bid-build" means a project delivery method in which the purchasing officer sequentially awards separate contracts, the first for architectural, engineering, or engineering-related services to design the project and the second for construction of the capital project according to the design. The contract shall be subject to the bonding requirements of KRS 45A.185;
- ~~(13)(12)~~ "Design-build" means a project delivery method in which the purchasing officer enters into a single contract for design and construction of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;
- ~~(14)(13)~~ "Designee" means a duly authorized representative of a person holding a superior position;
- ~~(15)(14)~~ "Document" means any physical embodiment of information or ideas, regardless of form or characteristic, including electronic versions thereof;
- ~~(16)(15)~~ "Employee" means an individual drawing a salary from a governmental body, whether elected or not, and any nonsalaried individual performing personal services for any governmental body;
- ~~(17)(16)~~ "Governmental body" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other establishment of the executive or legislative branch of the state government;
- ~~(18)(17)~~ "Meeting" means all gatherings of every kind, including video teleconferences;
- ~~(19)(18)~~ "Negotiation" means contracting by either the method set forth in KRS 45A.085, 45A.090, or 45A.095;
- ~~(20)(19)~~ "Person" means any business, individual, organization, or group of individuals;
- ~~(21)(20)~~ "Procurement" means the purchasing, buying, renting, leasing, or otherwise obtaining of any supplies, services, or construction. It includes all functions that pertain to the procurement of any supply, service, or construction item, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration;
- ~~(22)(21)~~ "Purchase request" or "purchase requisition" means that document whereby a using agency requests that a contract be obtained for a specified need, and may include, but is not limited to, the technical description of the requested item, delivery schedule, transportation, criteria for evaluation of solicitees, suggested sources of supply, and information supplied for the making of any written determination and finding required by KRS 45A.025;
- ~~(23)(22)~~ "Purchasing agency" means any governmental body that is authorized by this code or its implementing administrative regulations or by way of delegation from the chief purchasing officer to contract on its own

behalf rather than through the central contracting authority of the chief purchasing officer;

- ~~(24)~~~~(23)~~ "Purchasing officer" means any person authorized by a governmental body in accordance with procedures prescribed by administrative regulations to enter into and administer contracts and make written determinations and findings with respect thereto. The term includes an authorized representative acting within the limits of authority;
- ~~(25)~~~~(24)~~ "Services" means the rendering by a contractor of its time and effort rather than the furnishing of a specific end product, other than reports that are merely incidental to the required performance of services;
- ~~(26)~~~~(25)~~ "Supplemental agreement" means any contract modification that is accomplished by the mutual action of the parties;
- ~~(27)~~~~(26)~~ "Supplies" means all property, including but not limited to leases of real property, printing, and insurance, except land or a permanent interest in land;
- ~~(28)~~~~(27)~~ "Using agency" means any governmental body of the state that utilizes any supplies, services, or construction purchased under this code;
- ~~(29)~~~~(28)~~ "Video teleconference" means one (1) meeting, occurring in two (2) or more locations, where individuals can see and hear each other by means of video and audio equipment; and
- ~~(30)~~~~(29)~~ "Writing" or "written" means letters, words, or numbers, or their equivalent, set down by handwriting, typewriting, printing, photostating, photographing, magnetic impulse, mechanical or electronic recording, or other form of data compilation.

➔Section 10. KRS 45A.180 is amended to read as follows:

- (1) The secretary of the Finance and Administration Cabinet shall promulgate administrative regulations by October 15, 2003, providing for as many alternative methods of management of construction contracting as he or she may determine to be feasible; setting forth criteria to be used in determining which method of management of construction is to be used for a particular project; establishing a model process parallel to the selection committee procedures established in 45A.810 for the procurement of alternative project services of "construction management-at-risk" and "design-build," and for a "**construction manager-general contractor**" and a "construction manager-agency;" and providing that the chief purchasing officer shall execute and include in the contract file a written statement setting forth the facts recommending that a particular method of management of construction contracting be used. The administrative regulations shall include the establishment of:
  - (a) The relative weighing between qualifications and price, including the reciprocal preference for resident bidders required under KRS 45A.494; and
  - (b) The level of stipend, if any, available for the various types of projects.
- (2) When a request for proposal for a project utilizing an alternative project delivery method is issued, the contracting body shall transmit a copy of the request for proposal to the Capital Projects and Bond Oversight Committee staff.
- (3) Upon issuance of the contract for a project utilizing an alternative project delivery method, the contracting body shall submit the contract to the Government Contract Review Committee for review in accordance with KRS 45A.690 to 45A.725. The contracting body shall insure the contract clearly identifies to the committee that an alternative project delivery method is being utilized. Upon disapproval of or objection to the contract by the committee, the contracting body shall determine whether the contract shall be revised to comply with the objections of the committee, be canceled, or remain in effect. Subsequent contract amendments relating to change orders shall not be required to be submitted to the Government Contract Review Committee.
- (4) A request for proposal for a project utilizing an alternative project delivery method under this section shall specifically state the evaluation factors and the relative weight of each to be used in the scoring of awards.
- (5) Any governing body of a postsecondary institution that manages its capital construction program under KRS 164A.580 shall adhere to the regulations promulgated under this section when utilizing an alternative project delivery method for capital projects, and shall report to legislative committees as specified in this section.
- (6) Any corporation as described by KRS 45.750(2)(c) or as created under the Kentucky Revised Statutes as a governmental agency and instrumentality of the Commonwealth that manages its capital construction program shall adhere to the regulations promulgated under this section when utilizing an alternative project delivery method for capital projects, and shall report to legislative committees as specified in this section.

➔Section 11. KRS 45A.183 is amended to read as follows:

- (1) When a capital project is to be constructed ~~using~~<sup>utilizing</sup> the construction management-at-risk method, a process parallel to the selection committee procedures established in KRS 45A.810 shall apply when procuring a construction management-at-risk firm and regulations promulgated in accordance with KRS 45A.180 shall apply that set forth requirements for:
- (a)~~(1)~~ Description of the bond, insurance, and other security provisions that apply to a project;
  - (b)~~(2)~~ Description of appropriate contract clauses and fiscal responsibility requirements that apply to each project; and
  - (c)~~(3)~~ Restrictions relating to conflicts of interest, including a provision that a construction management-at-risk entity shall be eligible to become an offeror of goods or services on a project it manages only when a subcontractor fails to perform and upon prior approval by the contracting body.
- (2) (a) ***When a construction project is to be constructed using the construction manager-general contractor method, a competitive process consistent with this code established by administrative regulations promulgated under Section 10 of this Act shall apply.***
- (b) ***The procurement process shall set forth the requirements for:***
- 1. ***Description of the bond, insurance, and other security provisions that apply to the project;***
  - 2. ***Description of appropriate contract clauses and fiscal responsibility requirements that apply to the project; and***
  - 3. ***Restrictions relating to conflicts of interest, including a provision that a construction manager-general contractor shall be eligible to become an offeror of goods or services on a project it manages only when a subcontractor fails to perform and upon prior approval by the contracting body.***
- (c) ***The selection of the construction manager-general contractor shall be based on:***
- 1. ***Qualifications; and***
  - 2. ***Price, including preconstruction consulting services, overhead, and profit.***
- (d) ***Prior to the construction phase, the construction manager-general contractor shall competitively bid the subcontracts by public notice and award each subcontract to the lowest responsive and responsible bidder.***
- (e) ***The final construction cost and completion date for the project shall be established by change order after the construction manager-general contractor enters into all applicable subcontracts.***

➔Section 12. KRS 45A.837 is amended to read as follows:

- (1) Notwithstanding the provisions of KRS 45A.800 to 45A.835, the Finance and Administration Cabinet and the Transportation Cabinet may enter into price contracts for architectural, engineering, and engineering-related services. If the agencies choose to enter into a price contract, subsection (2) of this section shall apply.
- (2) Price contracts shall be awarded to firms qualified by the Finance and Administration Cabinet, Department of Facilities Management or by the Transportation Cabinet, Department of Highways. The Finance and Administration Cabinet selection committee established by KRS 45A.810 shall meet at least quarterly during each fiscal year to review and make recommendations to the commissioner of the Department for Facilities Management for qualification of interested firms. The Transportation Cabinet selection committee established by KRS 45A.810 shall meet at least quarterly during each fiscal year to review and make recommendations to the commissioner of the Department of Highways for qualification of interested firms.
- (a) The respective committees shall evaluate those firms submitting statements of interest in obtaining a price contract. The submitting firms shall be reviewed according to the following criteria:
    - 1. Qualifications;
    - 2. Ability of professional personnel; and
    - 3. Past record and experience.
  - (b) Firms qualified by the commissioner of the Department for Facilities Management or by the commissioner of the Department of Highways shall be awarded price contracts by the respective



departments for the type of work for which they have been qualified.

- (c) The commissioner of the Department for Facilities Management or the commissioner of the Department of Highways may select firms to perform work under price contract for small projects for which the architectural, engineering, or engineering-related fees do not exceed **seventy-five thousand dollars (\$75,000)**~~fifty thousand dollars (\$50,000)~~. However, no firm that has received more than **one hundred fifty thousand dollars (\$150,000)**~~one hundred thousand dollars (\$100,000)~~ in price contract fees in any one (1) fiscal year in the contract discipline being awarded shall be selected to work under a price contract unless the secretary of finance and administration or the secretary of transportation makes a written determination that the selection is in the best interest of the Commonwealth and the determination is confirmed by the appropriate cabinet's selection committee established by KRS 45A.810.

- (3) Notwithstanding any provision of the Kentucky Revised Statutes, no price contract shall be awarded under the provisions of this section before completion of the review procedure provided for in KRS 45A.695 and 45A.705.

➔Section 13. KRS 164A.575 is amended to read as follows:

- (1) The governing boards of each institution may elect to purchase interest in real property, contractual services, rentals of all types, supplies, materials, equipment, printing, and services, except that competitive bids may not be required for:
- (a) Contractual services where no competition exists;
  - (b) Food, clothing, equipment, supplies, or other materials to be used in laboratory and experimental studies;
  - (c) Instructional materials available from only one (1) source;
  - (d) Where rates are fixed by law or ordinance;
  - (e) Library books;
  - (f) Commercial items that are purchased for resale;
  - (g) Professional, technical, scientific, or artistic services, but contracts shall be submitted in accordance with KRS 45A.690 to 45A.725;
  - (h) All other commodities, equipment, and services which, in the reasonable discretion of the board, are available from only one (1) source; and
  - (i) Interests in real property.
- (2) Nothing in this section shall deprive the boards from negotiating with vendors who maintain a General Services Administration price agreement with the United States of America or any agency thereof, provided, however, that no contract executed under this provision shall authorize a price higher than is contained in the contract between General Services Administration and the vendor affected.
- (3) The governing board shall require the institution to take and maintain inventories of plant and equipment.
- (4) The governing board shall establish procedures to identify items of common general usage among all departments to foster volume purchasing. It shall establish and enforce schedules for purchasing supplies, materials, and equipment.
- (5) The governing board shall have power to salvage, to exchange, and to condemn supplies, equipment, and real property.
- (6) Upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. The amount paid shall not exceed the appraised value as determined by a qualified appraiser or the value set by the eminent domain procedure. Any real property acquired under this section shall be in name of the Commonwealth for the use and benefit of the institution.
- (7) The governing board shall sell or otherwise dispose of all real or personal property of the institution which is not needed or has become unsuitable for public use, or would be more suitable consistent with the public interest for some other use, as determined by the board. The determination of the board shall be set forth in an order, and shall be reached only after review of a written request by the institution desiring to dispose of the

property. Such request shall describe the property and state the reasons why the institution believes disposal should be effected. All instruments required by law to be recorded which convey any interest in any such real property so disposed of shall be executed and signed by the appropriate officer of the board. Unless the board deems it in the best interest of the institution to proceed otherwise, all such real or personal property shall be sold either by invitation of sealed bids or by public auction; provided, however, that the selling price of any interest in real property shall not be less than the appraised value thereof as determined by the Finance and Administration Cabinet or the Transportation Cabinet for such requirements of that department.

- (8) Real property or any interest therein may, subject to the provisions of KRS Chapter 45A, be purchased, leased, or otherwise acquired from any officer or employee of any board of the institution, based upon a written application by the grantor or lessor approved by the board, that the employee has not either himself or through any other person influenced or attempted to influence either the board requesting the purchase of the property. In any case in which such an acquisition is consummated, the said request and finding shall be recorded and kept by the Secretary of State along with the other documents recorded pursuant to the provisions of KRS Chapter 56.
- (9)
  - (a) As used in this section, "construction manager-agency," "construction management-at-risk," "design-bid-build," ~~and~~ "design-build," and "**construction manager-general contractor**" shall have the same meaning as in KRS 45A.030.
  - (b) For capital construction projects, the procurement may be on a total design-bid-build basis, a design-build basis, **construction manager-general contractor basis**, or construction management-at-risk basis, whichever in the judgment of the board offers the best value to the taxpayer. Best value shall be determined in accordance with KRS 45A.070. Proposals shall be reviewed by the institution's engineering staff to assure quality and value, and compliance with procurement procedures. All specifications shall be written to promote competition. Services for projects delivered on the design-build basis, **construction manager-general contractor basis**, or construction management-at-risk basis shall be procured in accordance with KRS 45A.180, **Section 11 of this Act**, and the regulations promulgated in accordance with KRS 45A.180. Nothing in this section shall prohibit the procurement of construction manager-agency services.
- (10) The governing board shall attempt in every practicable way to insure the institution's supplying its real needs at the lowest possible cost. To accomplish this the board may enter into cooperative agreements with other public or private institutions of education or health care.
- (11) The governing board shall have control and supervision over all purchases of energy consuming equipment, supplies, and related equipment purchased or acquired by the institution, and shall designate by regulation the manner in which an energy consuming item will be purchased so as to promote energy conservation and acquisition of energy efficient products.
- (12) The governing board may negotiate directly for the purchase of contractual services, supplies, materials, or equipment in bona fide emergencies regardless of estimated costs. The existence of the emergency must be fully explained, in writing, by the vice president responsible for business affairs and such explanation must be approved by the university president. The letter and approval shall be filed with the record of all such purchases. Where practical, standard specifications shall be followed in making emergency purchases. A good faith effort shall be made to effect a competitively established price for emergency purchases.
- (13)
  - (a) All governing boards that purchase agricultural products, as defined by KRS 45A.630, shall, on or before January 1 of each year, provide a report to the Legislative Research Commission and to the Department of Agriculture describing the types, quantities, and costs of each product purchased. The report shall be completed on a form provided by the department.
  - (b) If purchasing agricultural products, a governing board shall encourage the purchase of Kentucky-grown agricultural products in accordance with KRS 45A.645. If a governing board purchases agricultural products through a contract with a vendor or food service provider, the contract shall require that if Kentucky-grown agricultural products are purchased, the products shall be purchased in accordance with KRS 45A.645. Only contracts entered into or renewed after July 15, 2008, shall be required to comply with the provisions of this subsection.
  - (c) All governing boards that purchase Kentucky-grown agricultural products shall, on or before January 1 of each year, provide a report to the Legislative Research Commission and to the Department of Agriculture describing the types, quantities, and costs of each product purchased. The report shall be completed on a form provided by the department.

- (14) Governing boards shall apply the reciprocal resident bidder preference described in KRS 45A.494 prior to the award of any contract.
- (15) Governing boards may authorize the use of reverse auctions as defined in KRS 45A.070 for the procurement of goods and leases.

➔Section 14. KRS 164A.580 is amended to read as follows:

Subject to the provisions of KRS 45.750 through 45.800, 45A.180, *Section 11 of this Act*, and 56.870 to 56.874, the governing board of each institution may provide for the management and administration of capital construction projects authorized for such institution including, but not limited to:

- (1) The procurement of necessary consulting services;
- (2) The supervision and control of the making of all contracts for building projects, renovation projects, repair projects, and supervision of same;
- (3) The prescription of the amount and form of evidences of indebtedness submitted in connection with bids and contracts when not otherwise provided by law;
- (4) The preparation of plans and specifications for any construction, alteration, or enlargement of buildings, structures, and other improvements;
- (5) The advertisement of bids and the awarding of contracts in connection with such projects;
- (6) The supervision and inspection of all related work;
- (7) The approval of changes in plans or specifications; and
- (8) The acceptance of such improvements when completed according to such plans and specifications.

➔Section 15. KRS 164A.595 is amended to read as follows:

Capital construction projects shall be carried out as follows:

- (1) Subject to the provisions of KRS 45.750 through 45.800, ~~and~~ 45A.180, *and Section 11 of this Act*, the governing boards of the institutions may acquire, erect, construct, reconstruct, improve, rehabilitate, remodel, repair, complete, extend, enlarge, equip, furnish, and operate any buildings, structures, improvements, or facilities, including any utilities, other related services and appurtenances and land required as the respective governing boards shall deem necessary for carrying on the educational, research or public service programs or discharging the statutory responsibilities of the universities and colleges and various divisions under the jurisdiction of the boards, or for the management, operation, or servicing of the universities and colleges.
- (2) The governing boards may acquire real or personal property, by purchase, lease, sublease, condemnation, trade or exchange, gift, devise, or otherwise, and improve such property whenever in the judgment of the governing board it shall be necessary. The title to any real estate acquired under this section shall vest in the Commonwealth for the use and benefit of the appropriate institution.

**Signed by Governor April 1, 2015.**