

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE BILL 749\*  
Committee Substitute Favorable 5/1/07  
Committee Substitute #2 Favorable 5/15/07

Short Title: UNC President's Adv. Comm. Recommendations-AB (Public)

Sponsors:

Referred to:

March 15, 2007

1 A BILL TO BE ENTITLED  
2 AN ACT TO IMPLEMENT EFFICIENCIES WITHIN THE UNIVERSITY SYSTEM  
3 AS RECOMMENDED BY THE PRESIDENT'S ADVISORY COMMITTEE ON  
4 EFFICIENCY AND EFFECTIVENESS (PACE).

5 The General Assembly of North Carolina enacts:

6 **PART I. INCREASE INFORMAL LIMIT FOR SMALL CONSTRUCTION**

7 **SECTION 1.** G.S. 133-1.1(a) reads as rewritten:

8 "(a) In the interest of public health, safety and economy, every officer, board,  
9 department, or commission charged with the duty of approving plans and specifications  
10 or awarding or entering into contracts involving the expenditure of public funds in  
11 excess of:

12 (1) Three hundred thousand dollars (\$300,000) for the repair of public  
13 buildings where such repair does not include major structural change  
14 in framing or foundation support systems, or five hundred thousand  
15 dollars (\$500,000) for the repair of public buildings by The University  
16 of North Carolina or its constituent institutions where such repair does  
17 not include major structural change in framing or foundation support  
18 systems,

19 (1a) One hundred thousand dollars (\$100,000) for the repair of public  
20 buildings affecting life safety systems,

21 (2) One hundred thirty-five thousand dollars (\$135,000) for the repair of  
22 public buildings where such repair includes major structural change in  
23 framing or foundation support systems, or

24 (3) One hundred thirty-five thousand dollars (\$135,000) for the  
25 construction of, or additions to, public buildings or State-owned and  
26 operated utilities,

27 shall require that such plans and specifications be prepared by a registered architect, in  
28 accordance with the provisions of Chapter 83A of the General Statutes, or by a

1 registered engineer, in accordance with the provisions of Chapter 89C of the General  
2 Statutes, or by both architect and engineer, particularly qualified by training and  
3 experience for the type of work involved, and that the North Carolina seal of such  
4 architect or engineer together with the name and address of such architect or engineer,  
5 or both, be placed on all these plans and specifications."

6 **SECTION 2.** G.S. 143-64.34(b) reads as rewritten:

7 "(b) A capital improvement project of The University of North Carolina under  
8 G.S. 116-31.11 where the estimated expenditure of public money is less than ~~three~~  
9 ~~hundred thousand dollars (\$300,000)~~ five hundred thousand dollars (\$500,000) is  
10 exempt from this Article if all of the following apply:

- 11 (1) The architectural, engineering, or surveying services to be rendered are  
12 under an open-end design agreement.
- 13 (2) The open-end design agreement has been publicly announced.
- 14 (3) The open-end design agreement complies with procedures adopted by  
15 the University and approved by the State Building Commission under  
16 G.S. 116-31.11(a)(3)."

17 **SECTION 3.** G. S. 143-128(g) reads as rewritten:

18 "(g) Exceptions. – This section shall not apply to:

- 19 (1) The purchase and erection of prefabricated or relocatable buildings or  
20 portions thereof, except that portion of the work which must be  
21 performed at the construction site.
- 22 (2) The erection, construction, alteration, or repair of a building when the  
23 cost thereof is three hundred thousand dollars (\$300,000) or less.
- 24 (3) The erection, construction, alteration, or repair of a building by The  
25 University of North Carolina or its constituent institutions when the  
26 cost thereof is five hundred thousand dollars (\$500,000) or less.

27 Notwithstanding the other provisions of this subsection, subsection (f1) of this  
28 section shall apply to any erection, construction, alteration, or repair of a building by a  
29 public entity."

30 **SECTION 4.** G.S. 143-129(a) reads as rewritten:

31 "(a) Bidding Required. – No construction or repair work requiring the estimated  
32 expenditure of public money in an amount equal to or more than three hundred thousand  
33 dollars (\$300,000) or purchase of apparatus, supplies, materials, or equipment requiring  
34 an estimated expenditure of public money in an amount equal to or more than ninety  
35 thousand dollars (\$90,000) may be performed, nor may any contract be awarded  
36 therefor, by any board or governing body of the State, or of any institution of the State  
37 government, or of any political subdivision of the State, unless the provisions of this  
38 section are complied ~~with~~ with; provided that The University of North Carolina and its  
39 constituent institutions may award contracts for construction or repair work that requires  
40 an estimated expenditure of less than five hundred thousand dollars (\$500,000) without  
41 complying with the provisions of this section.

42 For purchases of apparatus, supplies, materials, or equipment, the governing body of  
43 any political subdivision of the State may, subject to any restriction as to dollar amount,  
44 or other conditions that the governing body elects to impose, delegate to the manager,

1 school superintendent, chief purchasing official, or other employee the authority to  
2 award contracts, reject bids, or readvertise to receive bids on behalf of the unit. Any  
3 person to whom authority is delegated under this subsection shall comply with the  
4 requirements of this Article that would otherwise apply to the governing body."

5 **PART II. INCREASE FORCE ACCOUNT LIMITS**

6 **SECTION 5.** G.S. 143-135 reads as rewritten:

7 "**§ 143-135. Limitation of application of Article.**

8 Except for the provisions of G.S. 143-129 requiring bids for the purchase of  
9 apparatus, supplies, materials or equipment, this Article shall not apply to construction  
10 or repair work undertaken by the State or by subdivisions of the State of North Carolina  
11 (i) when the work is performed by duly elected officers or agents using force account  
12 qualified labor on the permanent payroll of the agency concerned and (ii) when either  
13 the total cost of the project, including without limitation all direct and indirect costs of  
14 labor, services, materials, supplies and equipment, does not exceed one hundred  
15 twenty-five thousand dollars (\$125,000) or the total cost of labor on the project does not  
16 exceed fifty thousand dollars (~~(\$50,000)~~); provided that, for The University of  
17 North Carolina and its constituent institutions, force account qualified labor may be  
18 used (i) when the work is performed by duly elected officers or agents using force  
19 account qualified labor on the permanent payroll of the university and (ii) when either  
20 the total cost of the project, including, without limitation, all direct and indirect costs of  
21 labor, services, materials, supplies, and equipment, does not exceed two hundred  
22 thousand dollars (\$200,000) or the total cost of labor on the project does not exceed one  
23 hundred thousand dollars (\$100,000). This force account work shall be subject to the  
24 approval of the Director of the Budget in the case of State agencies, of the responsible  
25 commission, council, or board in the case of subdivisions of the State. Complete and  
26 accurate records of the entire cost of such work, including without limitation, all direct  
27 and indirect costs of labor, services, materials, supplies and equipment performed and  
28 furnished in the prosecution and completion thereof, shall be maintained by such  
29 agency, commission, council or board for the inspection by the general public.  
30 Construction or repair work undertaken pursuant to this section shall not be divided for  
31 the purposes of evading the provisions of this Article."

32 **PART III. REPEAL AND MODIFY CERTAIN REPORTING REQUIREMENTS**

33 **SECTION 6.** G. S. 116-30.6 is repealed.

34 **SECTION 7.** G.S. 143-64.70(a) reads as rewritten:

35 "(a) By January 1 of each year, each State department, agency, and institution  
36 shall make a detailed written report to the Office of State Budget and Management and  
37 the Office of State Personnel on its utilization of personal services contracts that have an  
38 annual expenditure greater than ~~five thousand dollars (\$5,000)~~ twenty-five thousand  
39 dollars (\$25,000). The report by each State department, agency, and institution shall  
40 include the following:

- 41 (1) ~~The total number of personal services contractors in service during the~~  
42 ~~reporting period.~~ Identification of the department and employee  
43 responsible for oversight of the performance of the contract.

- 1           (2) ~~The type, duration, status, and cost of each contract. Vendor or~~  
2           ~~contractor name, object of expenditure description, contract award~~  
3           ~~amount, purchase order or contract number, purchase order start and~~  
4           ~~end date, source of funds, and amount disbursed during the fiscal year.~~  
5           (3) ~~The number of contractors utilized per contract.~~  
6           (4) ~~A description of the functions and projects requiring contractual~~  
7           ~~services.~~  
8           (5) ~~The number of contractors for each function or project.~~  
9           (6) ~~Identification of the State employee responsible for oversight of the~~  
10          ~~performance of each contract and the number of contractors reporting~~  
11          ~~to each contract manager or supervisor.~~  
12          (7) ~~The budget code, fund number, and expenditure account number from~~  
13          ~~which the contract funds were disbursed."~~

14   **PART IV. ELIMINATE REQUIREMENT FOR PRIOR APPROVAL OF AN**  
15   **EMPLOYEE'S HOME AS THE EMPLOYEE'S DUTY STATION**

16           **SECTION 8.** G.S. 138-6(a)(1) reads as rewritten:

17           "(a) Travel on official business by the officers and employees of State  
18   departments, institutions and agencies which operate from funds deposited with the  
19   State Treasurer shall be reimbursed at the following rates:

- 20           (1) For transportation by privately owned automobile, the business  
21           standard mileage rate set by the Internal Revenue Service per mile of  
22           travel and the actual cost of tolls paid. Any other law which sets a  
23           mileage rate by referring to the rate set herein, instead establishes a  
24           rate of twenty-five cents (25¢) per mile. No reimbursement shall be  
25           made for the use of a personal car in commuting from an employee's  
26           home to his duty station in connection with regularly scheduled work  
27           hours. ~~Any designation of an employee's home as his duty station by a~~  
28           ~~department head shall require prior approval by the Office of State~~  
29           ~~Budget and Management on an annual basis."~~

30   **PART V. AUXILIARY SERVICES**

31           **SECTION 9.** G.S. 143-64 reads as rewritten:

32           "**§ 143-64. Beverages contracts.**

33           Notwithstanding any other provision of law, local school administrative units,  
34   community colleges, and constituent institutions of The University of North Carolina  
35   shall competitively bid contracts that involve the sale of juice or bottled water.  
36   ~~Contracts~~ Local school administrative units and community colleges shall bid contracts  
37   for the sale of juice and contracts for the sale of bottled water ~~shall each be bid~~  
38   separately from each other and separately from any other contract, including contracts  
39   for other beverages or vending machine services. The local school administrative units,  
40   community colleges, and constituent institutions may set quality standards for these  
41   beverages, and these standards may be used to accept or reject a bid."

42   **PART VI. CONSTRUCTION AND LEASING**

43           **SECTION 10.** Article 1 of Chapter 116 of the General Statutes is amended  
44   by adding a new section to read:

1 **"§ 116-31.12. Acquisition of real property by lease.**

2 Notwithstanding G.S. 143-341(4), the Board of Governors may authorize the  
3 constituent institutions and the General Administration to acquire real property by lease  
4 if the lease is for a term of not more than 10 years. The Board of Governors shall  
5 establish a policy for acquiring an interest in real property for the use of The University  
6 of North Carolina and its constituent institutions by lease. This policy may delegate  
7 authorization of the acquisition of real property by lease to the boards of trustees of the  
8 constituent institutions or to the President of The University of North Carolina. The  
9 Board of Governors shall submit all initial policies adopted pursuant to this section to  
10 the State Property Office for review prior to adoption by the Board. Any subsequent  
11 changes to these policies adopted by the Board of Governors shall be submitted to the  
12 State Property Office for review. Any comments by the State Property Office shall be  
13 submitted to the President of The University of North Carolina. After the acquisition of  
14 an interest in real property by lease, The University of North Carolina shall promptly  
15 file a report concerning the acquisition to the Secretary of Administration. Acquisitions  
16 of an interest in real property by lease pursuant to this section shall not be subject to the  
17 provisions of Article 36 of Chapter 143 of the General Statutes or to the provisions of  
18 Article 6 of Chapter 146 of the General Statutes."

19 **SECTION 11.** G.S. 120-76.1(b) reads as rewritten:

20 "(b) Any agency, board, commission, or other entity required under  
21 G.S. 120-76(8) or any other provision of law to consult with the Commission prior to  
22 taking an action shall submit a detailed report of the action under consideration to the  
23 Chairs of the Commission, the Commission Assistant, and the Fiscal Research Division  
24 of the General Assembly. If the Commission does not hold a meeting to hear the  
25 consultation within 90 days of receiving the submission of the detailed report, the  
26 consultation requirement is satisfied. With regard to capital improvement projects of  
27 The University of North Carolina, if the Commission does not hold a meeting to hear  
28 the consultation within 30 days of receiving the submission of the detailed report, the  
29 consultation requirement of G.S. 120-76(8)e. is satisfied."

30 **SECTION 12.** G.S. 146-22 reads as rewritten:

31 **"§ 146-22. All acquisitions to be made by Department of Administration.**

32 Every acquisition of land on behalf of the State or any State agency, whether by  
33 purchase, condemnation, lease, or rental, shall be made by the Department of  
34 Administration and approved by the Governor and Council of State; provided that if the  
35 proposed acquisition is a purchase of land with an appraised value of at least  
36 twenty-five thousand dollars (\$25,000), and the acquisition is for other than a  
37 transportation purpose, the acquisition may only be made after written notice to the  
38 Joint Legislative Commission on Governmental Operations given to the Chairs of the  
39 Commission at least 30 days prior to the acquisition, who shall forward a copy of the  
40 notice to the members of the Commission within three days of their receipt of the  
41 notice, and provided further, that acquisitions on behalf of the University of North  
42 Carolina Health Care System shall be made in accordance with G.S. 116-37(i),  
43 acquisitions on behalf of the University of North Carolina Hospitals at Chapel Hill shall  
44 be made in accordance with G.S. 116-37(a)(4), acquisitions on behalf of the clinical

1 patient care programs of the School of Medicine of the University of North Carolina at  
2 Chapel Hill shall be made in accordance with G.S. 116-37(a)(4), ~~and~~ acquisitions on  
3 behalf of the Medical Faculty Practice Plan of the East Carolina University School of  
4 Medicine shall be made in accordance with ~~G.S. 116-40.6(d)~~. G.S. 116-40.6(d), and  
5 acquisitions by lease on behalf of The University of North Carolina shall be made in  
6 accordance with G.S. 116-31.12. In determining whether the appraised value is at least  
7 twenty-five thousand dollars (\$25,000), the value of the property in fee simple shall be  
8 used. The State may not purchase land as a tenant-in-common without consultation with  
9 the Joint Legislative Commission on Governmental Operations if the appraised value of  
10 the property in fee simple is at least twenty-five thousand dollars (\$25,000)."

11 **SECTION 13.** The University of North Carolina shall report to the Joint  
12 Legislative Commission on Governmental Operations by July 1, 2008, on the  
13 implementation of Sections 10 through 12 of this act.

14 **SECTION 14.** This act becomes effective July 1, 2007. Sections 1 through  
15 4 of this act apply to construction projects for which bids or proposals are solicited on or  
16 after that date. Section 5 of this act applies to construction or repair work commenced  
17 on or after that date.