Title 21 STATE PROCUREMENT REGULATIONS

Notice of Proposed Action

[14-388-P]

The Board of Public Works proposes to:

- (1) Repeal Regulation .23 under COMAR 21.05.02 Procurement by Competitive Sealed Bidding;
- (2) Amend Regulation .07 under COMAR 21.05.08 Mandatory Written Solicitation Requirements;
- (3) Amend Regulations .01 and .09 and repeal existing Regulations .02—.08 under COMAR 21.06.07 Bid and Contract Security/Bonds;
- (4) Amend Regulation .10 under COMAR 21.07.02 Mandatory Construction Contract Clauses:
- (5) Amend Regulations .01 and .09 and repeal existing Regulation .05 under COMAR 21.11.07 Miscellaneous Purchasing Preferences;
- (6) Amend Regulation .05 under COMAR 21.11.13 Veteran-Owned Small Business Enterprises; and
- (7) Amend Regulation .14 and repeal existing Regulations .11 and .12 under COMAR 21.13.01 Reporting Requirements.

This action was considered at a Board of Public Works meeting held on October 29, 2014.

Statement of Purpose

The purpose of this action is to: (1) Add bases for debarment to include violations of various labor and tax laws as provided in Chapter 189, Laws of 2014;

- (2) Implement sunset of the laws governing unsolicited proposals;
- (3) Implement sunset of the laws governing individual surety bonds;
- (4) Clarify whether a veteran-owned small business bidding as a prime contractor may use its own workforce to meet a goal; and
- (5) Update provisions of the Green Purchasing Laws as provided in Chapter 604, Laws of 2014.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Mary Jo Childs, Procurement Advisor, Board of Public Works, 80 Calvert Street, Annapolis, MD 21401, or call 410-260-7335, or email to maryjo.childs@maryland.gov, or fax to 410-974-5240. Comments will be accepted through January 26, 2015. A public hearing has not been scheduled.

Subtitle 05 PROCUREMENT METHODS AND PROJECT DELIVERY METHODS

21.05.02 Procurement by Competitive Sealed Bidding

Authority: State Finance and Procurement Article, §§12-101, 13-103, 13-204, 13-210, and 14-301—14-308, Annotated Code of Maryland

.23 Repealed.

21.05.08 Mandatory Written Solicitation Requirements

Authority: State Finance and Procurement Article, §§3-412, 11-206, 12-101, 13-207, 13-218, 13-221, 13-317, 14-303, 14-308, 14-406, 16-102, 16-202, 16-203, 17-401—17-402, and Title 19; Election Law Article, §§14-101—14-108; Annotated Code of Maryland; Ch. 293, Acts of 2009

.07 Bid/Proposal Affidavit.

- A. (text unchanged)
- B. Mandatory Solicitation Addendum. The solicitation addendum shall be in substantially the same form as follows: BID/PROPOSAL AFFIDAVIT
- A.—C. (text unchanged)
- D. AFFIRMATION REGARDING OTHER CONVICTIONS
- I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

- (1)—(7) (text unchanged)
- (8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; [or]
 - (9) Been convicted of a violation of one or more of the following provisions of the Internal Revenue Code:
 - (a) §7201, Attempt to Evade or Defeat Tax;
 - (b) §7203, Willful Failure to File Return, Supply Information, or Pay Tax,
 - (c) §7205, Fraudulent Withholding Exemption Certificate or Failure to Supply Information,
 - (d) §7206, Fraud and False Statements, or
 - (e) §7207 Fraudulent Returns, Statements, or Other Documents;
- (10) Been convicted of a violation of 18 U.S.C. §286 Conspiracy to Defraud the Government with Respect to Claims, 18 U.S.C. §287, False, Fictitious, or Fraudulent Claims, or 18 U.S.C. §371, Conspiracy to Defraud the United States;
- (11) Been convicted of a violation of the Tax-General Article, Title 13, Subtitle 7 or Subtitle 10, Annotated Code of Maryland;
- (12) Been found to have willfully or knowingly violated State Prevailing Wage Laws as provided in the State Finance and Procurement Article, Title 17, Subtitle 2, Annotated Code of Maryland, if:
 - (a) A court:

- (i) Made the finding; and
- (ii) Decision became final; or
- (b) The finding was:
 - (i) Made in a contested case under the Maryland Administrative Procedure Act; and
 - (ii) Not overturned on judicial review;
- (13) Been found to have willfully or knowingly violated State Living Wage Laws as provided in the State Finance and Procurement Article, Title 18, Annotated Code of Maryland, if:
 - (a) A court:
 - (i) Made the finding; and
 - (ii) Decision became final; or
 - (b) The finding was:
 - (i) Made in a contested case under the Maryland Administrative Procedure Act; and
 - (ii) Not overturned on judicial review;
- (14) Been found to have willfully or knowingly violated the Labor and Employment Article, Title 3, Subtitles 3, 4, or 5, or Title 5, Annotated Code of Maryland, if:
 - (a) A court:
 - (i) Made the finding; and
 - (ii) Decision became final; or
 - (b) The finding was:
 - (i) Made in a contested case under the Maryland Administrative Procedure Act; and
 - (ii) Not overturned on judicial review; or
- [(9)] (15) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—[(8)] (14) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

E.—L. (text unchanged)

M. I FURTHER AFFIRM THAT:

Any claims of environmental attributes made relating to a product or service included in the bid or proposal are consistent with the Federal Trade Commission's Guides for the Use of Environmental Marketing Claims as provided in 16 CFR §260, that apply to claims about the environmental attributes of a product, package, or service in connection with the marketing, offering for sale, or sale of such item or service.

[M.] N. (text unchanged)

Subtitle 06 CONTRACT FORMATION AND AWARD

21.06.07 Bid and Contract Security/Bonds

Authority: State Finance and Procurement Article, §§12-101, 13-207—13-209, 13-216, and 17-102—17-109, Annotated Code of Maryland

.01 General.

- A. (text unchanged)
- B. Acceptable security for bid, performance, and payment bonds is limited to:
- (1) A bond in a form satisfactory to the State underwritten by a surety company authorized to do business in this State:
 - [(2) A bond provided by an individual surety that meets the requirements of this chapter;]
 - [(3)] (2)—[(5)] (4) (text unchanged)
- [(6)] (5) For performance security on construction contracts, the grant of a mortgage or deed of trust on real property located in the State when:
 - (a)—(b) text unchanged)
- (c) The assignment of the mortgage or deed [or] *of* trust is recorded in the county land records pursuant to Real Property Article, §3-103, Annotated Code of Maryland.
 - C.—I. (text unchanged)

.02-.08 Repealed.

.09 Bid Security.

	15		
A.—C. (text unchang D. Forms of Bid Bon			
(1) The preferred		ond is as follows:	
BID BOND	.01111 01 4 014 00	ond is as follows.	
Bond No.			
			al, and, a corporation duly
			lividual surety qualified in accordance with State
			Code of Maryland,] as Surety, hereinafter called the
			nafter called "State", for the sum of for ves, our heirs, executors, administrators, successors
and assigns, jointly and			ves, our nens, executors, administrators, successors
WHEREAS, the P	rincipal has sub	omitted a bid for (Identify pr	roject by number and brief description): e State of its bid identified above, within the period
			pecified), shall execute such further contractual
			terms of the bid as accepted within the time
			e forms, or in the event of failure so to execute such
			shall pay the State the difference not to exceed the
			such larger amount for which the State may in good
no effect.	ier party to perfo	form the work covered by sa	id bid, then the above obligation shall be void and of
	ing this instrum	nent hereby agrees that its ol	oligation shall not be impaired by any extension(s)
			the State, notice of which extension(s) to the Surety
			ly only with respect to extensions aggregating not
			ally allowed for acceptance of the bid.
In Presence of:		Individual Prin	cipal
Witness			<u>·</u>
		(Name)	
	as to		(SEAL)
	us to		
In Presence of: Witness		Partnership Pri	ncipal
Witness		(Name)	
		(rume)	
	as to		(SEAL)
		Partner	
			(SEAL)
	as to	Partner	,
			(OF AL)
	as to	Dortnor	(SEAL)
		Partner	
Attest:		Corporate Prin	ainal
		Corporate i ini	Страт
		(Name of Corporation	n) AFFIX
Secretary		Ву:	
Beeretary		President SEAL	
		(C) AFEIV	
		(Surety) AFFIX	
Attest			
		T)	
		By: Attorney-in-fact SI	
		Auomey-m-ract Si	SAL .
Bonding Agent's N	Vame		

Agent's Address ____

Approved as to form and legal sufficiency this day of, 20
Assistant Attorney General
(2)—(3) (text unchanged)

Subtitle 07 CONTRACT TERMS AND CONDITIONS

21.07.02 Mandatory Construction Contract Clauses

Authority: State Finance and Procurement Article, §§12-101, 13-216, 13-218, and 13-225, Annotated Code of Maryland

.10 Performance and Payment Bonds.

Mandatory provision for all construction contracts exceeding \$100,000:

A. Performance Bond. The required performance bond shall be in the form specified as follows: PERFORMANCE BOND

Principal	Business Address of Principal	
Surety a corporation of the State of and authorized to do business in the State of Maryland [OR]	Obligee STATE OF MARYLAND	
an individual surety qualified in accordance with State Finance and Procurement Article, §13-207 or 17-104, Annotated Code of Maryland]	By and through the following Administration	
Penal Sum of Bond (express in words and figures)	Date of Contract	
Description of Contract	Date Bond Executed	
Contract Number:	, 20	

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal named above and Surety named above, are held and firmly bound unto the Obligee named above in the Penal Sum of this Performance Bond stated above, for the payment of which Penal Sum we bind ourselves, our heirs, executors, administrators, personal representatives, successors, and assigns, jointly and severally, firmly by these presents. However, where Surety is composed of corporations acting as co-sureties, we the co-sureties, bind ourselves, our successors and assigns, in such Penal Sum jointly and severally as well as severally only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each co-surety binds itself, jointly and severally with the Principal, for the payment of such sum as appears above its name below, but if no limit of liability is indicated, the limit of such liability shall be the full amount of the Penal Sum.

WHEREAS, Principal has entered into or will enter into a contract with the State of Maryland, by and through the Administration named above acting for the State of Maryland, which contract is described and dated as shown above, and incorporated herein by reference. The contract and all items incorporated into the contract, together with any and all changes, extensions of time, alterations, modifications, or additions to the contract or to the work to be performed thereunder or to the Plans, Specifications, and Special Provisions, or any of them, or to any other items incorporated into the contract shall hereinafter be referred as "the Contract."

WHEREAS, it is one of the conditions precedent to the final award of the Contract that these presents be executed. NOW, THEREFORE, during the original term of said Contract, during any extensions thereto that may be granted by the Administration, and during the guarantee and warranty period, if any, required under the Contract, unless otherwise stated therein, this Performance Bond shall remain in full force and effect unless and until the following terms and conditions are met:

- 1. Principal shall well and truly perform the Contract; and
- 2. Principal and Surety shall comply with the terms and conditions in this Performance Bond.

Whenever Principal shall be declared by the Administration to be in default under the Contract, the Surety may, within 15 days after notice of default from the Administration, notify the Administration of its election to either promptly proceed to remedy the default or promptly proceed to complete the contract in accordance with and subject to its terms and conditions. In the event the Surety does not elect to exercise either of the above stated options, then the Administration thereupon shall have the remaining contract work completed, Surety to remain liable hereunder for all expenses of completion up to but not exceeding the penal sum stated above.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Contract or to the work to be performed thereunder or the Specifications accompanying the same shall in any way

affect its obligation on this Performance Bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Contract or to the work or to the Specifications.

This Performance Bond shall be governed by and construed in accordance with the laws of the State of Maryland and any reference herein to Principal or Surety in the singular shall include all entities in the plural who or which are signatories under the Principal or Surety heading below.

IN WITNESS WHEREOF, Principal and Surety have set their hands and seals to this Performance Bond. If any individual is a signatory under the Principal heading below, then each such individual has signed below on his or her own behalf, has set forth below the name of the firm, if any, in whose name he or she is doing business, and has set forth below his or her title as a sole proprietor. If any partnership or joint venture is a signatory under the Principal heading below, then all members of each such partnership or joint venture, and each member has set forth below his or her title as a general partner, limited partner, or member of joint venture, whichever is applicable. If any corporation is a signatory under the Principal or Surety heading below, then each such corporation has caused the following: the corporation's name to be set forth below, a duly authorized representative of the corporation to affix below the corporation's seal and to attach hereto a notarized corporate resolution of power of attorney authorizing such action, and each such duly authorized representative to sign below and set forth below his or her title as a representative of the corporation. If any individual acts as a witness to any signature below, then each such individual has signed below and has set forth below his or her title as a witness. All of the above has been done as of the Date of Bond shown above.

In Presence of:		Individual Principal	
Witness:	as to	(SEAL)	
In Presence of:		Co-Partnership Principal	
Witness:			
			(SEAL)
		(Name of Co-Partnership)	
	as to	By:	
	as to		(SEAL)
		Corporate Principal	
Attest:		(Name of Corporation)	
		AFFIX	
	as to	By:	CORPORATE
Corporate Secretary		President	SEAL
		([Individual or] Corporate Surety)	
Attest:	(SEAL)	By: Title	
Signature			
Bonding Agent's Name:			
		(Business Address of Surety)	
Agent's Address			
		Approved as to legal form and suffici	=
		Asst. Attorney General	
B. Payment Bond. The required payn PAYMENT BOND	nent bond shall be in th		
Principal		Business Address of Principal	
Surety		Obligee	
a corporation of the State of and authorized to do business in the S		STATE OF MARYLAND	

[OR

an individual surety qualified in accordance with State Finance and Procurement Article, §13-207 or 17-104, Annotated Code of Maryland]	By and through the following Administration
Penal Sum of Bond (express in words and figures)	Date of Contract
	, 20
Description of Contract	Date Bond Executed
Contract Number:	, 20

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal named above and Surety named above, being authorized to do business in Maryland, and having business address as shown above, are held and firmly bound unto the Obligee named above, for the use and benefit of claimants as hereinafter defined, in the Penal Sum of this Payment Bond stated above, for the payment of which Penal Sum we bind ourselves, our heirs, executors, administrators, personal representatives, successors, and assigns, jointly and severally, firmly by these co-sureties, bind ourselves, our successors and assigns, in such Penal Sum jointly and severally as well as severally only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each co-surety binds itself, jointly and severally with the Principal, for the payment of such sum as appears above its name below, but if no limit of liability is indicated, the limit of such liability shall be the full amount of the Penal Sum.

WHEREAS, Principal has entered into or will enter into a contract with the State, by and through the Administration named above acting for the State of Maryland, which contract is described and dated as shown above, and incorporated herein by reference. The contract and all items incorporated into the contract, together with any and all changes, extensions of time, alterations, modifications, or additions to the contract or to the work to be performed thereunder or to the Plans, Specifications, and Special Provisions, or any of them, or to any other items incorporated into the contract shall hereinafter be referred to as the "Contract".

WHEREAS, it is one of the conditions precedent to the final award of the Contract that these presents be executed. NOW THEREFORE, the condition of this obligation is such that if the Principal shall promptly make payment to all claimants as hereinafter defined, for all labor and materials furnished, supplied and reasonably required for use in the performance of the Contract, then this obligation shall be null and void; otherwise it shall remain in full force and effect, subject to the following conditions:

- 1. A claimant is defined to be any and all of those persons supplying labor and materials (including lessors of the equipment to the extent of the fair market value thereof) to the Principal or its subcontractors and subcontractors in the prosecution of the work provided for in the Contract, entitled to the protection provided by Section 9-113 of the Real Property Article of the Annotated Code of Maryland, as from time to time amended.
- 2. The above named Principal and Surety hereby jointly and severally agree with the Obligee that every claimant as herein defined, who has not been in full may, pursuant to and when in compliance with the provisions of the aforesaid Section 9-113, sue on this Bond for the use of such claimant, prosecute the suit to final judgment for such sum or sums as may be justly due claimant and have execution thereon. The Obligee shall not be liable for the payment of any costs or expenses of any such suit.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Contract or to the work to be performed thereunder or the Specifications accompanying the same shall in any way affect its obligation on this Payment Bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Contract or to the work or to the Specifications.

This Payment Bond shall be governed by and construed in accordance with the laws of the State of Maryland and any reference herein to Principal or Surety in the singular shall include all entities in the plural who or which are signatories under the Principal or Surety heading below.

IN WITNESS WHEREOF, Principal and Surety have set their hands and seals to this Payment Bond. If any individual is a signatory under the Principal heading below, then each such individual has signed below on his or her own behalf, has set forth below the name of the firm, if any, in whose name he or she is doing business, and has set forth below his or her title as a sole proprietor. If any partnership or joint venture is a signatory under the Principal heading below, then all members of each such partnership or joint venture have signed below, each member has set forth below the name of the partnership or joint venture, and each member has set forth below his or her title as a general partner, limited partner, or member of joint venture, whichever is applicable. If any corporation is a signatory under the Principal or Surety heading below, then each such corporation has caused the following: the corporation's name to be set forth below, a duly authorized representative of the corporation to affix below the corporation's seal and to attach hereto a notarized corporate resolution of power of attorney authorizing such action, and each such duly authorized representative to sign below and set forth below his or her title as a representative of the corporation. If any individual acts as a witness to any signature below, then each such individual has signed below and has set forth below his or her title as a witness. All of the above has been done as of the Date of Bond shown above.

witness:	as to		(SEAL)
In Presence of:		Co-Partnership Principal	
Witness:			(SEAL)
		(Name of Co-Partnership)	
	as to	By:	(SEAL)
			(SEAL)
			` ,
		Corporate Principal	
Attest:		(Name of Corporation)	
		AFFIX	
		By:	CORPORATE
Corporate Secretary		President	SEAL
		([Individual or] Corporate Surety)	
Attest:	(SEAL)	By:	SEAL
	·	Title	
Signature			
Bonding Agent's Name:			
		(Business Address of Surety)	
Agent's Address	<u> </u>		
		Approved as to legal form and suffici	-
		Asst. Attorney General	

Subtitle 11 SOCIOECONOMIC POLICIES

21.11.07 Miscellaneous Purchasing Preferences

Authority: State Finance and Procurement Article, §§12-101, 14-401—14-403, 14-405, and 14-407, Annotated Code of Maryland; Ch. 593, Acts of 2010; Ch. 314, Acts of 2011

.01 Definitions.

- A. (text unchanged)
- B. Terms Defined.
- [(1) "Acceptable Recycled Products List" means a list of products, established by the Secretary of General Services, in consultation with the Department of the Environment, the Maryland Environmental Service, the Department of Transportation, the Department of Natural Resources, the Department of Health and Mental Hygiene, and as necessary with representatives of the recycling industry and environmental organizations, which contain recycled materials acceptable for use by State agencies.]
 - [(1-1)] (1) (text unchanged)
- (1-1) "Environmentally preferable product or service" means a product or service that, throughout the full life cycle of the product or service:
- (a) Is energy efficient, water efficient, biobased, non-ozone depleting, made with recycled content or nontoxic; or
- (b) Has other attributes recognized as environmentally preferable by the Maryland Green Purchasing Committee.
- [(1-2) "Environmentally preferable purchasing best practices manual" means the guidebook created for maximizing the efficient procurement of environmentally preferable goods and services as required by State Finance and Procurement Article, §14-410, Annotated Code of Maryland.]

- [(1-3)] (1-2) (text unchanged)
- (2)—(4) (text unchanged)
- [(5) "Percentage price preference" means the percentages up to but not exceeding 5 percent, as established by the Secretaries of General Services and Transportation, for identified items on the Acceptable Recycled Products List.]
 - [(6)](5)-[(7)](6) (text unchanged)
 - [(8) Recycled materials.
 - (a) "Recycled materials" means material from or otherwise destined for the waste stream.
- (b) "Recycled materials" includes post-consumer material, industrial scrap material, compost, processed and pasteurized chicken litter, and obsolete inventories.]
 - [(9)] (8)—[(10)] (9) (text unchanged)

.05 Repealed.

.09 Environmentally Preferable Purchasing.

- A. All procurement agencies shall [give a preference to] *purchase* environmentally preferable [purchasing] *products* and services unless [the application of the preference] *purchasing environmentally preferable products and services* would limit or supersede *any* [recycled content] requirements under any provision of law or result in the purchase of [goods] *products* [or] *and* services that:
 - (1)—(3) (text unchanged)
 - B. Designations.
 - (1) (text unchanged)
- (2) The head of each procurement agency shall designate an employee to be responsible for annually reviewing agency specifications currently used by the unit and, to the extent practicable:
- (a) [Require the use of a percentage price preference in their purchase of supplies and commodities containing recycled materials] Adopt the environmentally preferable specifications established by the Maryland Green Purchasing Committee in §C of this regulation; and
- (b) Revise the unit's procurement specifications in accordance with [the best practices manual and strategy to increase environmentally preferable purchasing as described under] State Finance and Procurement Article, §14-410, Annotated Code of Maryland.
 - C. Environmentally Preferable Purchasing [Best Practices Manual] *Specifications*.

The Maryland Green Purchasing Committee, as established in State Finance and Procurement Article, §14-410, Annotated Code of Maryland, shall[:]

- (1) Publish and maintain, in electronic format available to the procurement agencies on the Department of General Services website, environmentally preferable specifications for products and services; and
- (2) [periodically] *Periodically* review and update the [Manual] *specifications* to ensure the State is [utilizing] *purchasing* appropriate [environmental purchasing guidelines] *environmentally preferable products and services*.

21.11.13 Veteran-Owned Small Business Enterprises

Authority: Chs. 507 and 508, Acts of 2010

.05 Procurement Solicitations.

- A. (text unchanged)
- B. Goal Setting Generally.
 - (1) (text unchanged)
- (2) A procurement agency may count the distinct, clearly defined portion of the work of the contract that the VSBE prime contractor performs with its own work force toward meeting up to 100 percent of the VSBE goal.
 - [(2)] (3) (text unchanged)
 - C.—F. (text unchanged)

Subtitle 13 PROCUREMENT REPORTING REQUIREMENTS

21.13.01 Reporting Requirements

Authority: State Finance and Procurement Article, §\$12-101, 13-207, 14-208, 14-305, 14-505, 15-110, 15-111, and 17-104, Annotated Code of Maryland

.11 and .12 Repealed.

.14 Report on Green Purchasing.

A. [Procurement of Recycled Materials.] On or before September 1 of each year, each procurement agency shall report to the [Department of the Environment] *Department of General Services* on the agency's procurement of

[recycled materials] *environmentally preferable products and services* during the preceding fiscal year, including the types and quantities of [materials] *products and services* procured [and the percentage of recycled materials in the unit's gross purchases]. The report format shall be determined by the [Department of the Environment] *Department of General Services*.

B. (text unchanged)

SHELIA McDONALD Executive Officer