

# Procurement 101 –

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# Why Market to State Government?

- Open Competitive Opportunities
- Fair and Reasonable Treatment
- Reliable Customer
- Prompt Pay

# Common Procurement Methods

- Request for Quotation (RFQ)
- Invitation for Bid (IFB)
  - Multi-Step Competitive Sealed Bid
- Request for Proposal (RFP)
- Request for Information (RFI)

# Common Procurement Methods

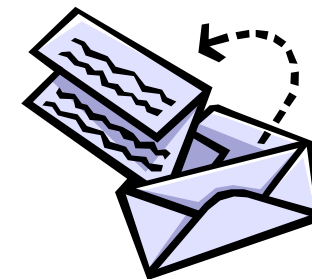
## Request for Quotation (RFQ):

- **Uses:** Low Dollar/Risk, May be Written or Verbal (Telephone, Email Quotes)
- **Method of Award:** Low Cost



## Request for Interest/Information (RFI):

- **Uses:** Surveying the marketplace to determine a variety of factors
- **Method of Award:** None



# Common Procurement Methods

## Invitation for Bid (IFB):

- **Uses:** Solicitations where requirements are well defined and detailed - Goods and/or Services - Formal Process, Written Documents, Public Openings
- **Method of Award:** Determine which bidder can provide the goods and/or services in accordance with the specifications, in the time required, at the lowest price.

# Bid Evaluation and Award

## Award Criteria:

- Award criteria is set forth in each solicitation.
- Award is made to the *responsive* and *responsible* bidder whose bid meets or exceeds the requirements and criteria set forth in the solicitation.

# Bid Evaluation and Award

## Responsive Bidder:

- A bidder whose bid meets or exceeds administrative requirements, technical specifications, and contractual terms and conditions.

## Responsible Bidder:

- Bidder has the ability in all respects to successfully perform the contract requirements.

# Common Points of Bid Evaluation

- Compliance with Mandatory Bid Requirements
  - Timely
  - Signatures
  - Required Forms
  - Bid Security
- Compliance with Minimum Specifications
  - Product
  - Experience
  - Expertise
  - Delivery

# Bid Evaluation and Award

## Responsive Indicators:

- Specifications and terms and conditions
- Signing bid and any other documents
- Bonding requirements
- Delivery time
- License requirements - Current and Active
- Product testing (meeting specifications)
- Samples



# Evaluation and Award

## Responsible Indicators:

- Proven Ability to Perform - Experience
- Inventory
- Staff and/or Technical Support
- Equipment, Resources, and Facilities
- Financial Resources

# Common Procurement Methods

## Multi-Step Competitive Sealed Bid

**Uses:** Obtain benefits of the competitive sealed proposal procedure through the solicitation of technical offers.

Combination of the RFP and IFB process

RFP - Technical evaluation process

IFB - Award process

**Method of Award:** Two phase/step process

Step one - Technical Proposal

Step two - Bid Pricing

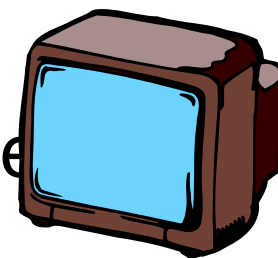
# Common Procurement Methods

## Request for Proposal (RFP):

- **Uses:**
  - Variable Specifications
  - Several Possible Solutions
- **Method of Award:**  
Best Solution/ Best Value
  - Point Based Evaluation
  - Evaluation Team
- **Evaluation**
  - Technical Evaluation
  - Cost proposal Evaluation
  - Opportunity for Best and Final Offers?

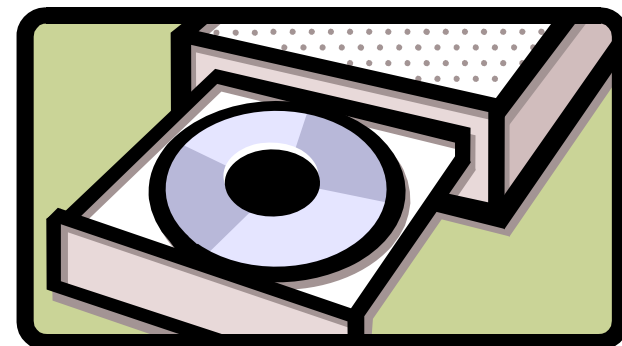
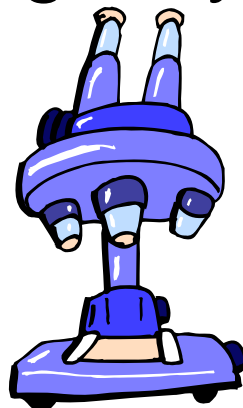
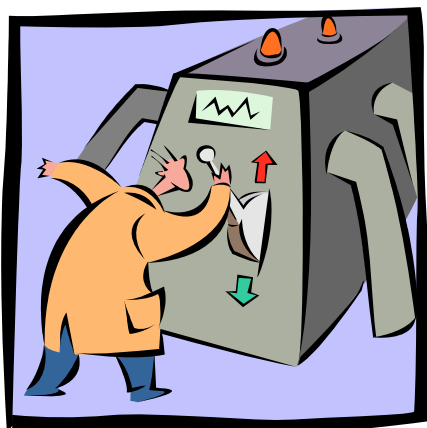
# Sole Source Purchase

- Manufactured and marketed by a person or persons having exclusive right to manufacture and sell the product.
- Multiple distributors (Not a Sole Source Should be Competitively bid)
- Purchases require written justification from the using agency.



# Single Source Purchase

- Item is unique and possesses specific characteristics that can be filled by only one source.
- Purchases require written justification from the using agency.



# Documentation for Sole Source & Single Source

- Is product or service unique and easily established as one of a kind?
- Can program requirements be modified so that competitive products or services may be used?
- Is product available from only one source and not merchandised through wholesalers, jobbers or retailers?
- Must items be interchangeable or compatible with in-place items?



# Cooperative Purchasing

- Cooperative purchase agreement allows the use of a contract by other specified purchasers
  - Municipality, county, local government entities
- Benefits:
  - Volume Purchases - reduce product cost
  - Reduction in administrative expenses
    - Advertisement (Solicitation) & Development
    - Acquisition Time

# Types of Contracts

# Term Contracts

- Term Contract - establishes a “source of supply” for the purchase of goods and/or services made over a specified period of time.
- Term of Contract:
  - Usually one year, dependent on external factors (commodity, market conditions, compatibility)
  - Multi-year contract (- Extension options yearly)
- Other terms familiarly associated with these types of contracts are “Open-ended Contracts, Blanket Contracts, Requirements Contracts, or Purchase Agreements.”

# Term Contracts

- Key Agency Benefits
  - Volume Discounts and Increased Competition
  - Administrative and Time Savings
    - Advertisement (Solicitation) & Development
    - Acquisition Time
  - Standardization and Higher Quality

# Term Contracts

- Estimated purchase requirements for the contract period
  - Prior Purchases, Agency data, survey, vendor reports

Do **NOT** guarantee any purchases will be made against contract (indefinite quantity)

- Contract variations or different arrangements which include, but are not limited to:

Definite quantity for a definite period

Indefinite quantity for a definite period

Indefinite quantity for an indefinite period

# Agency Term Contracts

Agency term contracts are established for individual agencies which have a specific need for a product or service which is **not applicable** to other state agencies.

Golf Equip (Environment and Conservation)

Uniforms (Correction)

Guard Rails (DOT)

Advertising/Marketing



# Term Contracts

## Methods of Awarding Term Contracts

- Single Award
- Groups of line Items
- Line Item
- Percentage Discount from Catalog
- Geographic Location
- Multiple Award/ Multiple Listings

# Other Contracting Methods

- Preferences
- Particular Groups
  - Those with Disabilities
  - Correctional Industries
  - In-State / Reciprocal
- GSA Contracts
  - May require Statutory authority;
  - Terms and Condition Conflicts
- Negotiation
  - May require Statutory authority;
  - May be limited to individuals.

# Variety of Pricing Structures

- Firm Price
  - Without Price Adjustment
  - With Price Adjustment allowance
- Firm Percent
  - Discount(s) off published price list
  - Price List may change
  - Percent Discount does not change

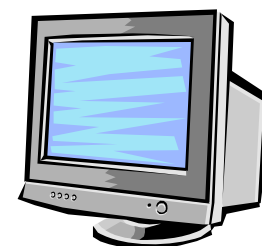
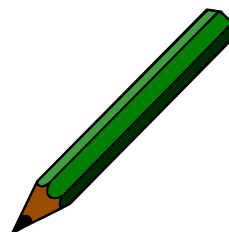
# Variety of Pricing Structures

- User Cost + Plus or Minus % of predefined cost
  - Well defined and auditable cost.
- Time and Materials
  - Time: Labor hours at specified fixed hourly rate  
includes wages, overhead, admin cost, and profit
  - Materials: At cost, includes handling cost (if allowed)
    - (many States utilize fed travel rates:mileage, airfare, lodging)

# State Cooperative Contracts

Established for products or services which are common to all agencies:

- Office Supplies
- Paper Products
- Vehicles
- Copy Machines
- Food
- Temp Services



(Definite period & Indefinite quantity)

# Agency Delegations

- Grants agency authority to purchase under the same procedures as Central Purchasing
- Delegations usually granted for specific:
  - Commodity Code (description)
    - Perishable Commodity (Fresh Fruits & Veg.)
  - Dollar amount
  - Time Frame

# Agency Local Purchases

Agency authorized to purchase product/service under specific guidelines:

- Where product/service is not available from an existing term contract.
- Established dollar threshold
- Competitive bidding requirements
  - < \$3,000 - Agency may purchase w/o competitive bid
  - \$3,000-\$25,000 - Agency obtains three competitive bids

# Tips for Winning State Contracts

- ✘ Visit NASPO Website
  - ✘ Get “Vendors Guide: How to Do Business with the States”
- ✘ Register with state(s) – Check out their Website
- ✘ Visit State procurement officer(s)
- ✘ Meet with state agencies(s)
- ✘ Daily review of solicitations
- ✘ Active in user groups - trade shows

# Tips for Winning State Contracts

- ✦ Preparing the Bid or Proposal
  - ✦ Carefully read the solicitation
  - ✦ Sign the bid document
  - ✦ Review previous bid information
  - ✦ Ensure your response is complete
  - ✦ If applicable, attend pre-bid conferences

# Tips for Winning State Contracts

- ❖ Preparing the Bid or Proposal - (Cont.)
  - ❖ Submit complete, timely responses
  - ❖ Understand the evaluation system
  - ❖ Understand the state law on “Trade Secrets”
  - ❖ Do not change or take exception to Terms and Conditions (T’s & C’s)
  - ❖ Ask questions

# Tips for Winning State Contracts

- ✘ Evaluation of Bids or Proposals
  - ✘ Don't assume proposals will be negotiated
  - ✘ Ask questions about process (most RFP evaluations are not public until award announcement)

# Tips for Winning State Contracts

- ✘ Review competitor's Bids or Proposals
  - ✘ Review the bid or proposal file and competitors bid and proposals
  - ✘ Determine timing of next requirement
  
- ✘ Market your Products or Services

# Common Contract Provisions

- Term
- Description of Services
- Prices/Payment
- Delivery
- Warranty
- Force Majeure
- Sovereign Immunity
- Non-Collusion
- Breach
- Insurance
- Assignment

# Contract Provisions to Watch For

- Terminations
- Indemnification
- Liquidated Damages
- Forum & Choice of Law
- Freedom of Information
- Political Subdivision Participation

# Other Contract Provisions

- Legislative Impact
- State Directive/Executive Order Impact
- Other Factors that can have Impact

# Questions & Comments

