**PROCUREMENT METHODS AND PROCEDURES**

draft

The [purchasing/procurement authority] shall determine the appropriate method of purchasing according to the different classifications below. The [purchasing/procurement authority] shall determine the appropriate procurement procedure to follow based upon applicable statutory or regulatory price/cost thresholds, ease of obtaining competitive price/cost information, complexity of the solicitation requirements and the complexity of evaluation and selection requirements of a vendor/contractor.

**Method: Micro-purchase**

Cost/price threshold: The micro-purchase threshold for the (UGLG/NFE Subrecipient) shall be $\_\_\_\_ [cannot exceed $10,000]. The [purchasing/procurement authority] shall insure petty cash purchases are kept to a minimum, since purchasing in limiting quantities does not always provide for the best price.

Price/Cost information and Categories of Purchase: Existing vendor information according to purchase description for Specified Product, Brand Name or Equal purchases.

Micro-purchase Procedure: Condition of use.

These [purchasing/procurement authority] may make purchases without obtaining competitive quotes if the [purchasing/procurement authority] determines the price to be paid is fair and reasonable.

Under no circumstances will the [purchasing/procurement authority] divide or separate of any purchases or projects into smaller purchases or projects which division or separation would have the effect of avoiding the bidding requirements set forth herein.

Micro-purchase Procedure: Solicitation: None specified.

The micro purchases method does not require the solicitation of competitive quotes, bids, or proposals. The micro purchase process is designed to minimize the administration components and paperwork.

Micro-purchase Procedure: Vendor Selection and award.

The [purchasing/procurement authority] may select a vendor/provider as long as it determines the price to be reasonable.

Micro-purchase Procedure: Determining Cost reasonableness

The [purchasing/procurement authority] will make a determination that the price is fair and reasonable and a description of how the [purchasing/ procurement authority] made its determination.

Micro-purchase Procedure: Contract and Payment

If a formal contract is necessary it shall be firm fixed price contract. Payment shall be made upon delivery and acceptance of the completed product or service. Interim or progress payments are not permitted.

Micro-Purchase Procedure: Maintaining Procurement Records:

The micro-purchase method does not require the recipient to provide its rationale for the procurement method used, selection of contract type, or reasons for contractor selection or rejection.

The [purchasing/procurement authority] shall maintain records identifying item(s) purchased, the purchase price, the vendor, date of the transaction and any special delivery or inspection requirements. The records can be invoices from vendors with all of the above items.

**Method: Small Purchase**

Cost/price thresholds: The Small Purchase threshold for the [UGLG/NFE Subrecipient] shall be $\_\_\_\_ or less. [at least $10,000 – and cannot exceed $250,000 for Federal awards].

State thresholds for using the Small Purchase thresholds and do not require sealed bids [La RS 38:2212.1] Supplies and Materials $59,999,000 and below; Used or New vehicles for law enforcement $39,999 and below, Road maintenance or improvement equipment $24,999 and below. The State Small Purchase threshold for other designated items is more than $10 and less than $29,999.

Price/Cost information and Categories of Purchase: Existing vendor information according to the item or product purchase description for Specified Product, Brand Name or Equal purchases and limited use for Design Specifications to include public works/construction under the State sealed bid threshold.

Small Purchase Procedure: General requirements for use of the Small Purchase Method. The Small Purchase method can be utilized for simple fixed price purchases that are below the various State and Federal cost/price thresholds that require advertised sealed bidding (IFB) and are only for purchases that have definitive products or completed services.

The [purchasing/procurement authority] shall develop or describe a purchase requirement that meets the all the dollar thresholds and allowable uses of the Small Purchase method. The [purchasing/procurement authority] shall conduct Small Purchases by making the selection principally based on price but may also justify other selection factors such as delivery schedules that are important to the selection.

Small Purchase Procedure: Procurements **not allowable** for the Small Purchase method.

Notwithstanding any cost/price thresholds, the Small Purchase method shall not be used:

If the purchase categories are for Scope of Work or Performance Specifications and or;

If the purchase is for products or services in which there are complex questions to be considered or specific contract provisions to be included (inspection and testing, insurance, patents, price adjustments, etc.); and/or

If the purchase is for studies and services or has other features that may require technical evaluation, qualitative assessment, or involve negotiations, and where an award cannot be made confidently on the basis of the lowest price, and/or

If the purchase is for consultant services that require a more defined work statement and multiple delivery schedules, different work products, deliverables and/or contingent or uncertain performance requirements including the quantities or iterations of the purchase are needed.

In the case of any of these events [the purchasing/procurement authority] will use a more formal method; soliciting competitive proposals.

Small Purchase Procedure: Solicitation requirements

 The [purchasing/procurement authority] shall determine the most effective means of obtaining sufficient quotes; direct solicitation or to publicize in accordance with law or established policy. The [purchasing/procurement authority] may obtain quotations for small purchases in writing (hard copy or email), by fax, via catalogs, by letter, through electronic means, e.g., the Internet, through paid advertisement, or by displaying the solicitation in a public place.

The [purchasing/procurement authority] shall only use oral/telephone solicitations when a simple description or a product with an established price is available.

The [purchasing/procurement authority] shall use written solicitations when it is necessary to provide vendors with detailed information or specifications that cannot be conveyed orally (e.g., by phone), and/or the purchase requires detailed quotation evaluation information. All written facsimile solicitations shall include the closing date, time, and all pertinent competitive specifications, including quantities, units of measure, packaging, delivery requirements, ship to location, and other information sufficient for a supplier to make an acceptable quotation. No quotation shall be evaluated using criteria not provided in the solicitation. A minimum of three (3) working days shall be allowed for receipt of written quotations.

For purchases between $10,000 and $20,000 [the purchasing/procurement authority] will obtain a minimum of three (3) quotes.

For purchases, exceeding $20,000 [the purchasing/procurement authority] will obtain a minimum of five quotes.

For public works/construction the formal quote shall require that the contractor provide both bid and performance and payment bonds, and formal award of the work is done via a written contract or Purchase Order.  Any project that is estimated to exceed $50,000 requires that all contractors be appropriately licensed by the Louisiana Contractors Licensing Board.

The required number of quotes must be obtained, not just requested. In addition, a response of “not interested” does not qualify as a quote.

Small Purchase Procedure: Determining Cost reasonableness:

Cost reasonableness may be determined by:

The [purchasing/procurement authority] comparing competitive prices received in response to the solicitation to one another, and/or

The [purchasing/procurement authority] comparing proposed prices with prices under existing contracts and with prices proposed in the past for the same or similar items/services, or

The [purchasing/procurement authority] comparing competitive price lists, published catalog or market prices of commodities and products, similar indices and discount or rebate arrangements, or

When necessary the [purchasing/procurement authority] will apply rough yardsticks (e.g., dollars per pound, per square foot, per hour, etc.) to compare prices and highlight significant inconsistencies that warrant additional pricing inquiry.

Small Purchase Procedure: Contractor/Vendor Selection and Award

The [purchasing/procurement authority] shall determine the lowest price quote or bid that conforms to all the purchase requirements stated in the solicitation or written purchase requirement.

Small Purchase Procedure: Contract and Payment

The [purchase/procurement authority] will execute a firm fixed price contract in the form of a formal written contract or a purchase order. When utilizing the Small Purchase method, the solicitation and contract will use either a lump sum and/or unit price method of pricing. Payment will be made upon delivery and acceptance of the completed product or service. Interim or progress payments are not permitted for anything other than construction/public works projects. Progress payments for construction projects are permitted with an established reimbursement percentage of costs and retainage rate and upon receipt of documented accomplishments [invoices] of the contractor and in accordance with the agreed upon specifications including an implementation schedule.

 Small Purchase Procedure: Maintaining Procurement Records

A description of the item, work product purchased. Evidence of its delivery and acceptance, including specified quantities or iterations and delivery time. The [purchasing/procurement authority] shall maintain copies and records of all solicitations, including unsuccessful attempts. For each purchase, the file will identify the solicitation procedure used including applicable start and end time. When telephone quotes are used, the [purchasing/procurement authority] shall obtain a written confirmation of the accepted offers and shall make it a part of the purchase file. If quotations lower than the accepted quotation are received, the reasons for their rejection shall be recorded in the purchase file. The [purchasing/procurement authority] will document its basis for determining that it has obtained quotations from an adequate number of qualified sources. The [purchasing/procurement authority] shall obtain any written specifications, quotations, and confirmation of accepted offers for such purchase and make a part of the purchase file.

The records will include the date, vendor's name, person contacted and the prices quoted shall become a permanent part of the transaction record. The method of determining cost reasonableness shall also be identified and be made part of the record. Copies of any protests or challenges and their resolution. The records must be able to establish that all respondents received equal access to product descriptions or specification and any relevant delivery schedule

**Method: Competitive Sealed bids/ Invitation for Sealed Bids [IFB].**

Cost/Price Thresholds: Multiple Federal and State thresholds (see below).

Price/Cost information and Categories of Purchase: Pricing information obtained from advertised/publicized bids for Design Specification or Performance Specification purchases.

 Sealed Bid (IFB) Procedure: General Requirements for using Sealed Bid/Invitation to Bid (IFB).

There must be a complete, adequate, and realistic specification or purchase description available. All competitive sealed bids regardless of purpose and cost threshold will be publicly advertised with the date, time and place for the public opening of bids specified in the bid. All bids will include the specifications and pertinent attachments, and/or define the items or services in order for bidders to respond properly. There must be two or more responsible bidders that are willing and able to compete effectively for the business; and the purchase lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

Public advertisements shall least be in a general circulation newspaper with the first publication of the advertisement shall not occur on a Saturday, Sunday, or legal holiday. Any bid shall include no more than three alternates. An alternate bid by any name is still an alternate. Alternates, if accepted, shall be accepted in the order in which they are listed on the bid form.

All Sealed Bids shall be opened publicly, at the time, date, and place designated in each Bid Solicitation. The name of each Bidder, the bid price, and other information that is deemed appropriate shall be read aloud or otherwise made available. This information shall be recorded at the time of bid opening. Bids may be withdrawn by written notice received at any time before the exact time set for receipt of bids.

*Cancellation or rejection of bid or proposal.*

The [purchasing/procurement authority] reserves the right to cancel any outstanding formal sealed bid or proposals prior to the opening of the bid or proposal and also reserves the right, after the bid opening, but prior to the award of a bid, to reject, in whole or in part, any bid or proposal. Any cancellation or rejection will be consistent with the procurement policies and procedures.

Sealed Bid (IFB) Procedure: Solicitation requirements according to the applicable cost/price thresholds for sealed bids as follows:

Procedures for Public works:

Public works are projects that involve the erection, construction, alteration, improvement, or repair of any public facility or immovable property owned, used or leased by the [UGLG/Subreciepient NFE].

The [purchasing/procurement authority] shall make an estimate of the probable construction costs of such public work or obtain such estimate from the project designer prior to advertising such public work for bids. The [purchasing/procurement authority] shall insure funds that meet or exceed the estimate of the probable construction costs have been budgeted by the [UGLG/Subreciepient NFE] before advertisement of the project.

The [purchasing/procurement authority] shall make the estimate of probable construction costs for the project available at the time of bid opening, by either posting such estimate electronically or announcing aloud such estimate at the bid opening.

For public works projects with estimated construction costs exceeding the contract limit as defined in State law R.S. 38:2212 (currently $250,000), including labor and materials, the [purchasing/procurement authority] shall advertise and let by contract to the lowest responsible and responsive bidder who bid according to the bidding documents as advertised. The bid shall be published once a week for three different weeks in [name of nearest MSA general circulation newspaper], and the first advertisement shall appear at least twenty-five days before the opening of bids. The [purchasing/procurement authority] shall provide bidders with all the information requirements of R.S. 38:2212(D).

For public works projects with estimated construction costs below the contract limit as defined in State law 38:2212 (currently $250,000), including labor and materials, the [purchasing/procurement authority] shall issue an Invitation for Bids (IFB) publishing an advertisement for \_\_\_\_ a week for \_\_\_\_\_ different weeks in [name of nearest MSA general circulation newspaper] and the first advertisement shall appear at least \_\_\_\_\_\_\_ days before the opening of bids.

State Sealed Bid thresholds for other than Public Works Procurement.

State Thresholds R.S. 38:2212.1

For materials and supplies exceeding the sum of sixty thousand dollars, or

For purchases of a used or new motor vehicle for conversion into a law enforcement vehicle and which sum is in excess of forty thousand dollars, or

For purchases of road maintenance or improvement equipment purchase which sum is in excess of twenty-five thousand dollars

State Sealed Bids procedures for other than Public Works to follow.

The [purchasing/procurement authority] shall publish Invitations for Bid two times in the [name of nearest MSA general circulation newspaper], the first advertisement to appear at least fifteen days before the opening of the bids. In addition to the newspaper advertisement, a public entity may also publish an advertisement by electronic media available to the general public.

Federal Sealed Bid Procedures

For purchases of other types of property with Federal funds and have an estimated acquisition cost exceeding $250,000; the the [purchasing/procurement authority] shall issue an Invitation to Bid by publishing an advertisement for \_\_\_\_ a week for \_\_\_\_\_ different weeks in a newspaper in a general circulation newspaper as defined in the procurement policy, and the first advertisement shall appear at least \_\_\_\_\_\_\_ days before the opening of bids.

Sealed Bid (IFB) Procedure: Determining Cost reasonableness

The [purchasing/procurement authority] shall obtain or develop an independent cost estimate that is prepared before formal solicitation issuance and is appropriately safeguarded for each procurement above the small purchase limitation. When there is adequate competition, no additional documentation is required in that the bid tabulation sheet, or equivalent, will serve as the test of price reasonableness.

Sealed Bid (IFB) Procedure: Contract Selection and Award

The [purchasing/procurement authority] shall select the lowest responsive and responsible bidder after determining that their bid conforms to all the material terms and conditions of the invitation for bids.

Sealed Bid (IFB) Procedure: Contract and Payment

The [purchasing/procurement authority] shall make a firm fixed price contract award in writing to the lowest responsive and responsible bidder. The term "lowest price" refers to the actual lowest price offered by a Bidder. The term "responsive" refers to a Bidder's ability to prepare and submit its Bid and all required documents in accordance with the terms of the Bid. The term "responsible" generally means that a Bidder is financially responsible and able to perform and deliver in accordance with the terms of the Bid. Progress payments are permitted upon receipt of documented accomplishments of the contractor and in accordance with the agreed upon specifications including implementation schedule.

Sealed Bid (IFB) Procedure: Maintaining Procurement Records

A description of the item or product, including specifications purchased. Evidence of its acceptance or approval. The [purchasing/procurement authority] shall maintain copies and records of all bid advertisements and identification of the media used including website or uniform and secure electronic interactive system. Copies of all bid responses including withdrawn bids and all bid tabulations. All addenda issued prior to bid opening date. Notes and attendance records of any pre-bid meeting(s). Notes and attendance records of pre-construction conferences. All documentation relating to change orders or modifications. The [purchasing/procurement authority] is responsible for determining change orders and modifications are within the advertised scope of work. Records will also include copies of any protests or challenges and their resolution. The following must be included in the contract files for each late bid, modification, or withdrawal: The date and hour of receipt, a statement, with supporting rationale, regarding whether the bid was considered for award and the envelope, wrapper, or other evidence of the date of receipt.

**Method: Competitive Proposals**

Cost/price threshold: None specified for either Federal or State procurements.

Price/Cost information and Categories of Purchases: Cost proposals to be obtained from proposers according to the advertised Scope of Work, Design Specifications or Performance Specifications.

Competitive Proposal Procedure: General Requirements for using Competitive Proposal Method:

 The [purchasing/procurement authority] of the [UGLG/NFE Subrecipient] responsible for procurement of services, supplies, equipment, or construction shall determine when it is appropriate to use the competitive proposal method for the purchase requirements of the [UGLG]/NFE Subrecipient]. The [purchasing/procurement authority] will take into consideration all or any of the following factors:

1. The requirement cannot be described specifically enough to permit the use of sealed bidding. In other words, when the requirements are not definite enough to accurately estimate the total cost of the contract.

2. The nature of the requirement is such that the [purchasing/procurement authority] needs to evaluate more than just price to be sure that the prospective contractor understands the [UGLG/NFE Subrecipient]’s needs and can successfully complete the contract, especially when contracting for professional services (e.g., legal, architect‐engineer, accounting, etc.) where the ([purchasing/procurement authority] needs specific expertise and experience. However, this method will be used for any purchase that requires both consideration of technical or qualitative requirements in addition to price.

3. The requested work lends itself to different approaches, e.g., proposals.

Competitive Proposal Procedure: Requirements for conducting Competitive Proposals.

The [purchasing/procurement authority] will first develop a project description in sufficient detail for potential offerors to make an estimate of the work effort needed in terms of time and skills and other resources to perform the contract.

Competitive Proposal Procedure: Choosing competitive proposal method

The [purchasing/procurement authority] will then determine whether a simple or two-step [also known as the complex or extensive] competitive proposal method will be used.

The simple method will be used in situations when the [purchasing/procurement authority] has determined the purchase requirements are: repeat or familiar; the project goals or objectives are well defined, all or most of the contract tasks can be specified, the proposer’s particular performance approach is less important, some of the evaluation of the qualitative factors can be accomplished by thresholds and price/cost will be a significant factor because of the minimal differentiation in the qualitative factors offered by the various proposals.

But if the [purchasing/procurement authority] determines that the purchase requirements: are new or unfamiliar; the project goals or objectives are general, the contract tasks are to be proposed by the offeror and negotiated, the particular performance approach is very important, the evaluation of the qualitative factors will be accomplished mostly by competitive ranking and price/cost will be a lesser factor because of the two step evaluation of the qualitative factors; the extensive method will be utilized.

A two-step process can include a pre‐proposal conference and conducting an initial selection review by establishing a predetermined competitive range of points for proposals that would be considered to qualify for the job. All firms whose proposals scored within that range would be invited to an oral interview and asked to submit a “best and final offer”. The [purchasing/procurement authority] shall eliminate proposals not in the competitive range from consideration for award. The remaining proposals would then be re‐evaluated and the highest scoring firm would be chosen.

The [purchasing/procurement authority] will make a written determination of the evaluation method chosen based upon which considerations between the simple or complex method or more prevalent. The evaluation method must be identified in the solicitation, and the procedure will not be changed once the procurement process is initiated. If the extensive evaluation process is used, the solicitation will identify the date for a pre‐proposal meeting and the projected date for conducting oral interviews.

Competitive Proposal Procedure: Selecting Evaluation Factors

The [purchasing/procurement authority] will determine which qualitative factors are to be considered for proposer evaluation and selection. For the competitive proposal, method to be utilized there must be at least one non-cost qualitative factor included in the evaluation. The evaluation factors that the [purchasing/procurement or selection authority selection] may consider, in descending order of difficulty; are:

Evaluation factor: Proposer Qualifications are used to determine what the proposer is qualified to do- examples are Academic achievement, licenses, certifications and/or pertinent and specified experience of firm's personnel to be employed by this project

Evaluation factor: Proposer Experience is used to determine what the proposer actually done, such as firm's previous comparable projects by type, size and number,

Evaluation factor: Proposer Capabilities is used to determine what the proposer can do; such as what personnel and their qualification/specialties are available to perform the contract,

Evaluation factor: Proposer Past Performance is used to determine how well has proposer done comparable work, by assessing quantifiable measures proposer have performed previously,

Evaluation factor: Proposer Approach plans used to determine that the objective, project description and scope of services all align to project future performance. Proposers will be asked for their recommendations on how to accomplish the "objective" implied in the program description,

Evaluation factor: Proposer design specifications are used to compare certain purchase requirement features (including materials or other components) or operational function [if applicable].

Evaluation factor: Proposer Price/Costs used to compare proposers Price or cost. The [UGLG/NFE Subrecipient] shall be evaluated in every source selection unless exempted by law.

Competitive Proposal Procedure: Conducting an Evaluation of proposals.

Proposal evaluation is an assessment of the proposal and the offeror's ability to perform the prospective contract successfully. The [UGLG/NFE Subrecipient] shall evaluate competitive proposals and then assess their relative qualities solely on the factors and sub factors specified in the solicitation.

The [purchasing/procurement authority] shall evaluate qualifications, experience and capabilities for any competitive proposal. Past experience and or approach plan must be considered when the complex competitive proposal method is used. These two evaluation factors can also be used with the simple proposal method, with the [purchasing /procurement authority] taking into consideration the longer solicitation and evaluation times that are needed to solicit and evaluate these two factors.

The [purchasing/procurement authority] will next decide how to evaluate the non‐cost qualitative factors—as either threshold requirements or competitive/ranked factors. Qualification thresholds are minimum qualifications that all proposers must have in order to compete but are not competitively ranked. Competitive criteria are items that will be compared and ranked among the proposals/offers.

Competitive criteria must support meaningful comparison and discrimination between and among competing proposals. The [purchasing/procurement authority] will decide how much weight to assign to the competitive criteria for each procurement. While competitive proposals typically gives lesser consideration to price/cost in the scoring system; [the purchasing/procurement authority] will determine that price/ cost when combined with the non‐cost evaluation factors can be significantly more important, approximately equal, or significantly less important than the qualitative factors. When considering the weighting the [purchasing/procurement authority] will assess how likely the non‐cost factors will distinguish the different proposers among them.

For each qualitative evaluation factor selected the [purchasing/procurement authority] shall determine the appropriate scoring method; threshold, comparative point system, grouping point scale, ordinal scale, weighted point system or an adjectival [subjective]. The solicitation for proposals may use one or all scoring methods. If the adjectival/subjective method is utilized there will be no less than three persons on the evaluation panel. The [purchasing/procurement authority] shall devise a hierarchy of adjectives with definitions to apply to the grading system.

The federal grant procurement regulations {2 CFR 200.320(b) (2) (ii)} for federal grant programs require that a written method for conducting an evaluation be developed. When the evaluation factors are selected the [purchasing/procurement authority] shall identify for each evaluation factor by the subject area, the particular items to be evaluated, rationale for the rating factor, the information that all proposers will be required to submit to conduct the evaluation and the method of comparing and/or ranking (scoring basis) the proposals.

Competitive Proposal Procedure: Issuing the Solicitation.

The [purchasing/procurement authority] shall issue a solicitation; Request for Proposals or Qualifications. The [purchasing/procurement authority] shall determine the appropriate media, geographic area(s) and solicitation period necessary to achieve effective competition. These factors may vary from purchase or procurement depending on the complexity of the purchase requirements.

There are no State or Federal minimum solicitation periods for Competitive Proposals applicable to local governments. The [purchasing/ procurement authority] shall make a determination upon an appropriate solicitation period to conduct the solicitation considering the complexity of the project and the availability of qualified vendors or contractors. The [purchasing/ procurement authority] shall make a determination of the best media approach in addition to publicizing in the [name of nearest MSA general circulation newspaper]. The [purchasing/ procurement authority] may publicly advertise just the availability of the full solicitation rather than the entire text.

The minimum components of the solicitation shall consist of; the solicitation purpose, objective, background of the [UGLG/NFE Subrecipient], project description, schedule of events, scope of services [work], contract and payments, proposers’ information, selection process, evaluation criteria, price or cost information, contacts and submission requirements.

Unless the purchasing/procurement authority] can establish a shorter time frame is feasible, the advertisement should  appear at least thirty(30) days before the last day that proproposals will be accepted. When available, advertisements shall be placed in those national trade  journals, which serve the particular type of contractor desired. In addition, the [purchasing/procurement authority] shall provide written notice to persons, firms, or corporations  who are known to be in a position to  furnish such services, at least thirty (30) days before the last day that proposals will be accepted.

Competitive Proposal Procedure: Determining Cost Reasonableness

The [purchasing/procurement authority] will select the appropriate method for determining cost reasonableness. For purchase requirements that are a single deliverable or work product, and contractor selection can be made principally based on price, the [purchasing/procurement authority] may request, a total price. For items with multiple deliverables or work products, a cost proposal itemizing the cost components of different deliverables or work products the solicitation requested. For purchases involving construction and installation costs, proposers should provide component costs for labor and materials. If the two-step solicitation method is used the initial cost proposal may be revised based upon negotiation and refinement of the purchase requirements. The scope of work may also include contingent items where the work effort cannot be estimated with reasonable certainty; a cost estimate of the work effort and the reimbursement rate for those efforts must be included in the cost proposal. The [purchasing/procurement authority] will establish a cost ceiling that may be adjusted based upon the actual cost experience performing the tasks listed in the scope of work.

Competitive Proposal Procedure: Contractor Selection and Award.

The [selection authority] will evaluate the proposal(s) according to the publicized selection criteria and award the contract to the proposal, which is the most advantageous to the program, with price and other factors considered. When necessary the [purchasing/procurement authority] may negotiate elements of the purchase requirements in terms of tasks to be performed, iterations, cost components, deliverables or performance measurements, provided that the final contract terms adhere to the stated purpose of the solicitation.

Competitive Proposal Procedure: Contract and Payment.

The [purchasing/procurement authority] will issue either a cost reimbursement or fixed price contract as appropriate. In order to award a fixed price contract all the contract tasks must be for defined deliverable, work product or specified accomplishment with no uncertainties in performance or iterations and contingencies. Attempting to award a fixed price contract when significant performance uncertainties exist would require a contractor to build monetary contingencies into his/her price to ensure that his/her costs were covered. The [UGLG/NFE Subrecipient] in turn, would end up paying for the increase in price due to the contingency costs. When there are performance uncertainties involved the [purchasing/procurement authority] shall issue a cost-reimbursement contract with a cost ceiling. Payments will normally be made upon the basis of task completion or iterations of a task. Progress payments will only be permitted with adequate justification and upon an agreed upon schedule of performance with the work efforts and other costs documented in the invoicing.

Competitive Proposal Procedure: Maintaining Procurement Records

A description of the item(s) or work product(s) delivered. Copies of proposal advertisements and solicitations. Identification of the media used including website or uniform and secure electronic interactive system. Copies of all responses. Copies of any protests or challenges and their resolution. Documentation of solicitation methodology, media and solicitation time periods. Documentation of the cost reasonableness determination. Documentation of evaluation and selection factors.

Documentation will also include evaluation/scoring documents, notes on interviews or negotiations. Identification by job title of all participants in the evaluation and selection process.

It is important to note that the perceived benefits of a higher priced proposal must merit the additional cost, and the rationale for tradeoffs must be documented in the contract file.

Scores, without substantive explanations of the relative strengths and weaknesses of the competitive proposals, including the perceived benefits to the [UGLG/NFE Subrecipient], are an insufficient basis for paying a higher price. A rationale for type of contract chosen and payment terms must also be documented in the contract file. The [purchasing/procurement authority] shall insure invoices and billings are sufficient to establish cost reasonableness of items delivered or services performed.

For federally funded professional service costs, a written determination of the necessity of contracting for the service, considering the [UGLG/NFE Subrecipient]’s capability in the particular area must also be in the file [2 CFR 200.459].

**Non-competitive proposals.**

Cost/price threshold: None specified.

Price/Cost information and Categories of Purchases: Existing vendor information according to purchase description for applicable type of purchasing category.

Non-competitive Proposal Procedure: Requirements for using the Method:

The [purchasing/procurement authority] shall first determine that awards for federally funded procurement activities, that one of the following non-competitive situations is applicable

1. Item is only available from a sole source
2. A public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation
3. After solicitation of a number of sources, competition is determined inadequate.

Non-competitive Proposal Procedure: Sole Source

The [purchasing/procurement authority] shall establish the purchase requirement is available only from a single source by documenting its unique capability or availability.

Non-competitive Proposal Procedure: Public exigency or emergency

The [purchasing/procurement authority] shall establish that a public exigency or emergency for the procurement will not permit a delay resulting from competitive solicitation and the circumstances of the exigency or emergency meet all applicable Federal and/or State requirements.

Non-competitive Proposal Procedure: Inadequate Competition

Before requesting a determination of “inadequate competition”, the [purchasing/procurement authority] shall establish the following:

That the solicitation was adequately publicized in terms of

The solicitation response time afforded potential offerors a reasonable opportunity to respond to each proposed contract action;

The geographic coverage of the solicitation was large enough to reach a sufficient number of vendors, bidders or offerors for the products or services being solicited,

The media utilized was normally effective in soliciting quotes, bids or proposals for the purchase requirement,

The scope or work or purchase requirements contained in the solicitation were specific and detailed enough for proposers or bidders to make a reasonable effort to estimate the work efforts and resources needed to respond to the bid or proposal.

The [purchasing/procurement authority] shall base this determination on prior history of similar purchases that successfully resulted in adequate competition.

Non-competitive Proposal Procedure: Determination of Cost reasonableness

If only one response is received, the [purchasing/procurement authority] will provide a statement of the cost reasonableness determination in the contract file.

For projects that initially used the IFB/sealed bid method the [purchasing/procurement authority] shall make comparison of the independent cost estimate or opinion of probable cost and the bid received and notate/explain the reasons for the difference, e.g., poor estimate, etc.

The [purchasing/procurement authority] shall conduct a cost analysis by evaluating the separate elements (e.g., labor, materials, etc.) that make up a contractor's total cost proposal or bid to determine if they are allowable, directed related to the requirement and ultimately, reasonable. The [purchasing/procurement authority] may base the determination on comparison of the proposed price with prices found reasonable on previous purchases; current price lists, catalogs, or advertisements; a comparison with similar items in a related industry; and the [purchasing/procurement authority]'s personal knowledge of the item being purchased.

See also procedure for Competitive proposals.

Non-competitive Proposal Procedure: Selection and contract award The [purchasing/procurement authority] shall identify any modifications to the original stated purchase requirement(s) according to the category of purchase negotiated or otherwise agreed to by the selected vendor, bidder or proposer. The [purchasing/procurement authority] shall make a determination that any modifications were necessary to meet the stated purpose of solicited purchase requirement. The [purchasing/procurement authority] shall make a determination that any modifications are cost reasonable.

Non-competitive Proposal Procedure: Contract and Payment.

The [purchasing/procurement authority] shall use the appropriate contract and payment terms, including restrictions or limitations, according to the proximate competitive procurement method utilized.

Non-competitive Proposal Procedure: Maintaining Procurement Records

The [purchasing/procurement authority] shall provide documentation of the justification for using the non-competitive method by addressing such questions as

How many firms requested copies of the solicitation?

Was the solicitation sent to all known firms with capability to perform the work?

The procurement records will include details of the original solicitation(s): dates, media used, and their geographic coverage. Documentation of any prior successful attempts. Records will include invoices and billings sufficient to establish cost reasonableness of items delivered or services performed.

**Solicitation Types.**

**Quote** - a solicitation of pricing information from several sources based upon a simple description of a defined work product or completed service. A **Quote** is normally expressed as a single price inclusive of all the necessary cost components furnished by the vendor. All vendors are expected to provide essentially the same product or service for the offered price. The lowest price/cost **Quote** will be the best value. A **Quote** is not an offer and, consequently, cannot be accepted by the [UGLG/NFE Subrecipient] to form a binding contract. Therefore, issuance by the [UGLG/NFE Subrecipient] of an order in response to a supplier's quotation does not establish a contract.

**Bid** – a solicitation of pricing information based upon a vendor’s evaluation of specifications or detailed work requirements. A **Bid** can also be used under similar circumstances as a **Quote** but for a higher dollar threshold, when specified, by law or established policy. The solicitation will be publicized, in accordance with law or an established policy, with an adequate response time for bidders to respond by the submission date specified in the solicitation. An individual assessment of the work effort normally is utilized with an estimation of the supplies, materials, services or other costs will be required of the vendor/bidder to offer a price; usually in accordance with specification provided by a design professional. All vendors/bidders are expected to provide essentially the same product or service. The lowest **Bid** will be the best value.

**Proposal**- a request for pricing information based upon a description of the purchaser’s particular requirements, typically in a scope of work [or scope of services]. The scope of work may contain contingent items that may or may not be ultimately performed. The solicitation is publicized, in accordance with law or an established policy, with an adequate response time for proposers to respond by the submission date specified in the solicitation. Proposers will be required to provide an individual assessment of the work effort that will be needed and an estimation of any supplies, materials, services or other costs that may be required by the proposer to offer a preliminary price. The issuer of the **Proposal** may permit offerors to propose different approaches or work products that ultimately meet the purchasers’ requirements. **Proposals** will also require an evaluation of factors other than cost/price. Because qualitative considerations are usually involved in the selection, the lowest cost **Proposal** may not always be the best value.

**Categories of Purchases.**

**Design Specifications Purchase.**

Design specifications contain a description of the item desired as opposed to performance standards. Design specifications may be as detailed as needed. Depending on the nature of the item, the design specifications may contain precise measurements, tolerances, materials, product tests, quality control, and other detailed information, provided competition is not being limited to one product.

**Specified Product, Brand Name or Equal Specifications Purchase.**

Under this form of specification, clear and accurate product descriptions are developed. These descriptions shall not contain features that unduly restrict competition. It may be necessary to describe technical requirements for materials and equipment by referencing brand name products in order to define performance or other salient requirements. References to brand names shall be followed by the words “or equal” and a description of the item’s essential characteristics so that competition is not restricted.

**Functional or Performance Specifications Purchase**.

These specifications contain performance characteristics that are desired for the item or that identify how the item functions. The detailed design or exact measurements are not stated.

**Statement of Work (SOW) [Scope of Services] Purchase**

A SOW provides a basis for mutual understanding between the [purchase/procurement authority] and the offeror and subsequent contractor of the [UGLG/NFE Subrecipient]’s requirements.

Every SOW shall include:

1. Detailed work and task requirements;

2. End results and deliverables, including the criteria, which a deliverable must meet to be considered acceptable;

3. Delivery schedules/period of performance;

4. Any reporting and compliance requirements;

5. A precise statement of the objectives;

**GENERAL REQUIREMENTS**

**Procedure Components of the Methods of Procurement.**

Specification of the type of purchase/procurement method according to the classifications identified in the federal procurement regulations. The different methods are based upon the nature of the purchase and certain specified cost/price thresholds.

Cost/price thresholds procurement Method

Identify the applicable Federal and State [and local] price/cost thresholds, both maximum and minimum, that govern the use of the procurement method.

Price/Cost information and category of purchase for procurement Method

Identify the category of purchase and how price/cost information will be obtained for the procurement method.

Requirements for use for procurement Method

Specify the general and/or any particular requirements and/or applicable restrictions for using the procurement method.

Solicitation procedures to follow for procurement Method

Describe any Federal and State mandated or locally developed requirements for solicitation and additional procedures that can achieve effective results.

Cost reasonableness procedures for procurement Method

Describe how price analysis/comparison or cost analysis will be applied to the procurement.

Selection and contract award procedures for procurement Method.

Identify the basis of contractor selection; lowest price or best value and how it was determined.

Contract and Payment for procurement Method

Describe the federal contract type and terms of payment for the procurement.

Procurement Records for procurement Method

List all the records associated with the procurement method.