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# REQUEST FOR QUOTES

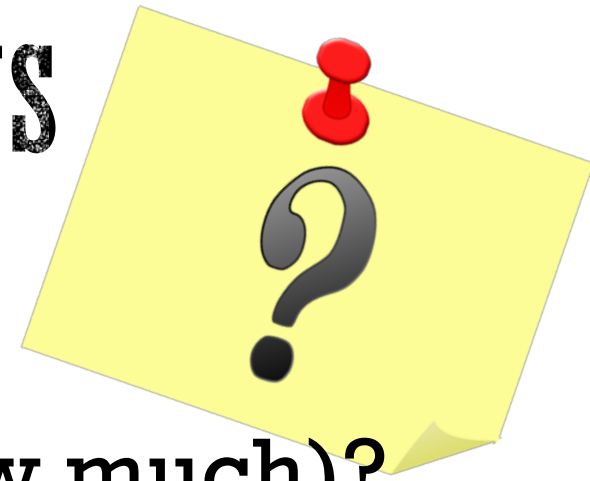
# **PURCHASING STATUTES AND RULES**

- **Title 67, State Government & State Affairs,  
Chapter 92, State Procurement Act, Idaho  
Code;**
- **IDAPA 38.05.01 Administrative Rules**

# REMINDER: APPLICATION OF THE STATE PROCUREMENT ACT

- Applies to “agencies” as defined in 67-9203(3)→ generally state executive agencies, some higher education (LCSC)
- Elected officials are exempt (Governor, Controller, Secretary of State, Attorney General, Judiciary, Legislature)
- Political subdivisions (cities, counties, school districts, tax districts, etc.) subject to their own section of Idaho Code
- Ethics section (67-9233) applies to everyone (including elected officials and vendors)

# INITIAL QUESTIONS



- What is the business need?
- Is there available funding (and how much)?
- Can the need be met by an existing resource?
  - Statewide contract
  - Federal Surplus
  - Used equipment from other agencies

# INITIAL QUESTIONS



- Is there an alternative to competition that is in the best interest of the state?
  - Rehabilitation agency
  - Other public agency (interagency/governmental agreement)
  - Professional Service Agreement (PSA)
  - Other exemptions (e.g. Policy Directive, CI, Sole Source, etc.)

**\*\*\*Remember, competition is always the default!\*\*\***


# WHY COMPETITION?



Cost  
Savings



Fair access  
to taxpayer  
dollars



Favorable  
terms and  
conditions



Innovative  
solutions

# WHEN IS AN RFQ REQUIRED?

- \$10,000 or more and less than \$100,000
- Determining value (for selection of procurement method):
  - Must include all options, ongoing needs, potential renewals, etc.

**IDAPA 38.05.01.044.**

02. Splitting of Requirements. Acquisition requirements shall not be artificially divided to avoid bid statutes, rules or policies.

**Idaho Code 67-9205 POWERS AND DUTIES OF THE ADMINISTRATOR.** The Administrator of the Division of Purchasing:...

(5) Shall, when economically feasible and practical, consolidate solicitations and acquire property in amounts as large as can be efficiently managed and controlled;



# DEVELOPING AN RFQ: GETTING STARTED



## Requisition, Sourcing Event



# THE REQUISITION

## **I.C. 67-9208 SOLICITATIONS**

The administrator shall not make or cause to be made any acquisition until a requisition for the property to be acquired has been submitted to the administrator's office by the requisitioning agency. The requisition shall certify to the administrator's satisfaction that there are sufficient funds or balance in appropriations out of which the amount of the requisition may be lawfully paid, except as provided in section 67-9221(3), Idaho Code.

- **DOP must have a signed requisition before a solicitation can be issued**
  - Agency must have a current/ongoing appropriation sufficient to cover the initial term of the contract (and anticipated to cover subsequent years)
- **Requisition can take two forms:**
  - IPRO Sourcing Event Request
  - DA-1 form (available on DOP website)

# SOURCING EVENTS IN IPRO

## The “Old” Way

- A complete RFQ document was developed using a DOP template (word doc)
- RFQ document was attached in IPRO
- IPRO system was used to advertise solicitations, receive bids, and award contracts

## The “New” Way

- The RFQ is developed within the IPRO tool using a built-in DOP template (not a word doc)
- Main sections: prerequisites, buyer attachments, questions, items
- Can make responses mandatory (i.e. vendors cannot submit a bid without responding to a mandatory section.
- Can use the tool to automatically score questions, evaluation bids, etc.

# SOURCING EVENTS IN IPRO



Prerequisites: Have vendors confirm things that are common to most sourcing events (Ts and Cs, solicitation instructions, insurance, etc.)



Buyer Attachments: Word docs, PDFs, spreadsheets, etc. that you want to make available to vendors



Questions: Items specific to the sourcing event to which a vendor must/can respond. All mandatory submission items should be included here.



Items: Build your price sheet here, instead of on a separate attachment. This helps ensure vendors don't change the format and allows the tool to evaluate for you!

# RFQ DEVELOPMENT: THE QUESTIONNAIRE

- DOP has provided three versions of a questionnaire designed to help shape the conversation between SMEs and purchasing staff when they are developing a sourcing event.



Goods



Services



Software

# RFQ DEVELOPMENT: THE QUESTIONNAIRE

- If DOP will administer the RFQ (i.e. it's over the agency's DPA), the questionnaire must be submitted with the Sourcing Event Request Form in IPRO.

Why must a SME complete the questionnaire if they're experienced at writing specs/SOW?



The purpose of the questionnaire is to increase effective collaboration and communication between SME and purchasing.



- If the agency will issue the RFQ, the questionnaire is not mandatory (but may be a good tool to collect information).

# THE OF THE SOLICITATION: SPECS AND/OR STATEMENT OF WORK

Specifications	Statement (Scope) of Work
Generally used for goods	Generally used for services
Description of the physical or functional characteristics, or nature of supplies/goods	Description of the services that must be provided
May include a description of methods for inspecting or testing the goods prior to acceptance	May include a description of the method of monitoring the quality of performance

\*Note: many purchases include a combination of goods and services



# BRAND NAME SPECIFICATIONS

- **Brand Name or Equal**
  - Allows the agency to identify a minimum level of quality or performance
  - Agency will have to justify determination of whether an offered “equal” will be accepted → RFQ must include language to this effect; require submittal of literature/specifications to document equivalency
  - No authorization required
  
- **Brand Name Only**
  - Requires authorization from the Administrator (form available on DOP website)
  - Significantly limits competition
  - Often allowed when there are compatibility requirements



# DELIVERY TERMS



- State's standard shipping term
  - F.O.B. Destination (to a specific location) → supplier bears the risk in transit
  - Can use “prepaid and allowed” or simply ask for fully burdened cost
- Delivery Time
  - Agency may specify delivery time “ARO” (after receipt of order) → think about whether the specified time is a true business need or a preference
- Trucking
  - Specify the offloading point
  - Who is responsible for unloading (state or contractor?)



# DELIVERY TERMS

- **Packaging/handling**
  - Are there specific packaging requirements (e.g. boxed, palletized, shrink-wrapped)? Is tarping required in transit?
  - Are packaging requirements consistent with industry standard?
  - Who is responsible for removing/recycling the packaging?
- **Inside delivery/installation**
  - Will the equipment fit? Is there any site preparation required?
  - Specify any installation, testing, and training required
- **Agency contact**
  - Provide contact information and availability
  - Must contractor give notice prior to delivery?
- **Inspection/testing/acceptance**
  - Acceptance in 14 days unless specified otherwise
  - Specify any specific/specialized methods of inspection

# PRICING MODELS

Variations on Fixed Price	Variations on Cost Reimbursement
Firm Fixed	Cost Plus Fixed Fee
Firm Fixed with Price Adjustment	Cost Plus Incentive
Fixed Price with Incentive	Cost Sharing
	Time and Materials



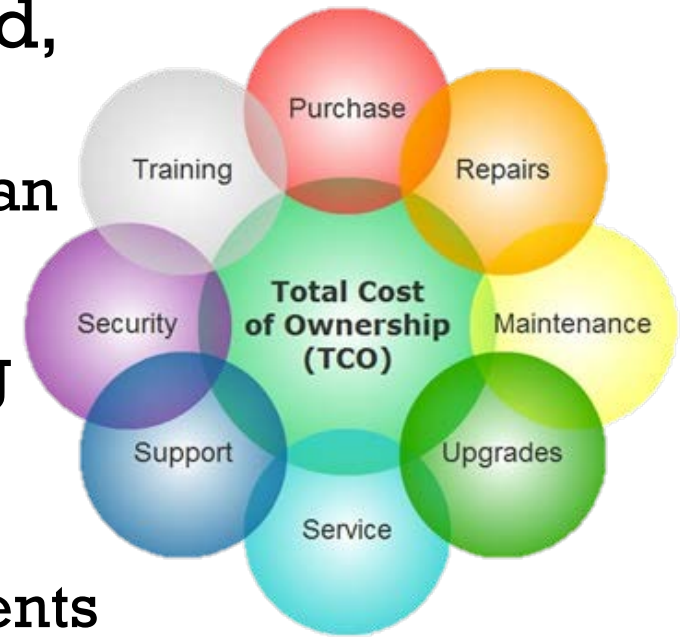
# PRICING MODELS

- The State almost always uses some variation on a fixed price model.
  - Best option for budgeting purposes
  - Best way to truly compare pricing between vendors
- Avoid time and materials (e.g. “Hourly Rate”)
  - Not a good comparison (\$20/hour looks better than \$25/hour, but what if the vendor charging \$20/hour takes twice as long to complete the work)?
  - Difficult to budget if you don’t know the total cost
- Always want to ask for pricing in the same way you plan to order/receive the property



# TOTAL COST OF OWNERSHIP/LIFE CYCLE COST

- Fully burdened rates/costs → capture cost of goods/services, delivery, administrative overhead, profits, etc.
  - Puts the responsibility (i.e. risk) on the vendor rather than the state
- Capture Total Cost of Ownership (TCO) in pricing model
  - Equipment: include cost of equipment, installation, warranty, regular maintenance, likely repairs, requirements for new accessories, cost of surplus decommission, etc.
  - Software: include software, licensing and maintenance over time, tech support, upgrades and patches, transitional costs, changes in technology, etc.



# AWARD METHODS

- It is vital to specify the method of award in the RFQ document and to **evaluate and award according to that method**

Award by Line Item/Category

Award by Group or Region

Award All to One

- If you anticipate a multiple award you **MUST** include that possibility in your RFQ **AND** you **MUST** obtain written authorization from the Administrator **PRIOR** to award (form available on DOP website)

# OTHER KEY TERMS TO THINK ABOUT

- **Warranty**
  - Manufacturer's Standard? Extended (Optional)?
  - Special Warranties?
  - Costs associated with warranty work?
- **Insurance**
  - CGL (Commercial General), Commercial Auto
  - Professional Liability, Errors and Omissions
  - Technology E/O, Cyber Risk
- **Special submission requirements**
- **Additional purchases**
  - Specify parameters (time and volume)
- **Consider including emergency use clause as appropriate**





# SIGNATURE PAGE

- When you issue an RFQ, always include a State or Agency Signature Page→ this is what makes the Quote binding on the vendor
- Submission via IPRO meets this requirement as well→ it is still ok to require the signature page
- IDAPA now identifies failure to sign the bid (manually or electronically) as a potential minor informality, only if it is clear from the submission that the submitting vendor intended to be bound by its terms.

# EXERCISE

- Developing a sample RFQ



# ADMINISTERING THE RFQ

Posting, Evaluating, Awarding

# NOTIFICATION TO VENDORS

IDAPA 38.05.01.044. Small Purchases

03. Procedure. Unless impractical or impossible and documented in the file, these small purchase procedures require the acquisition to be publicly posted. Except as otherwise provided in this rule, no less than three (3) vendors having a significant Idaho presence as defined by Section 67-2349, Idaho Code, shall be solicited to submit quotations.

- **“Significant Idaho economic presence” is defined in Idaho Code 67-2349. Generally, a company meets this definition if it is**
  - (1) domiciled in Idaho; or
  - (2) has had a fully staffed office, manufacturing facility, warehouse, etc. for one year preceding the bid AND is registered with the Secretary of State

# POSTING IN IPRO

- Unless you receive written authorization from DOP to request quotes outside of IPRO, all RFQ's of \$10,000 or more **MUST** be posted in IPRO
- When posting, make sure that your closing date is on a business day and closing time is 5pm (or earlier if necessary)– **solicitations must always close during state business hours.**
- There is a default “item #1” in IPRO– make sure to update this with appropriate detail. You can export to excel, and import back in if you have many line items.
- Always set unit price to mandatory if you're not using a separate price sheet and require delivery date information as appropriate.



# NOTIFICATION TO VENDORS

- Posting RFQs in IPRO
  - Meets the requirement to seek quotes from a minimum of 3 vendors with a significant Idaho economic presence
  - DOP requires all RFQs (\$10,000 and above) to be posted in IPRO unless permission is given to issue RFQ outside the system
- Notice of Solicitation
  - Buyer can send out notifications through the IPRO system to be sure that known vendors are aware of the solicitation (whether or not they are currently registered)
- What **NOT** to do:
  - Notify only “select” vendors of an upcoming solicitation
  - Provide the RFQ document directly to vendors (always direct vendors to the solicitation posting in IPRO)

# WHILE THE RFQ IS POSTED

- While the RFQ is “on the street” the RFQ Lead is the sole point of contact
  - Agency personnel must direct all communications/questions to the RFQ Lead
- Questions
  - Generally no formal Q and A period for an RFQ, but vendors have access to the Q and A Board in IPRO
  - If you answer questions on the Q and A Board, ALWAYS make your responses public so that all vendors have the same information
  - Answers to vendor questions must be in writing to be official (i.e. binding)



# RECEIVING QUOTES

- As informal solicitations, RFQs allow for quotes to be submitted by email, fax, regular mail, or in IPRO
- Make sure to document/file quotes as you receive them
- What If....?
  - You receive a quote and notice that it is missing a required document *before* the RFQ closes?
    - **Cannot provide assistance to vendors**
  - You receive a quote 1 day after the RFQ closes? 1 hour? 1 minute?
    - **Cannot accept late quotes** (regardless of how late they are)
    - If it appears there may have been “technical difficulties” **call DOP** to discuss. Vendor error is no excuse for a late quote, but problems with IPRO or state email server could be (maybe...)

# EVALUATING QUOTES



- Does the Quote meet all of the RFQ requirements?
  - Are all the required documents included?
  - Are there any problems or irregularities?
- Do the offered goods meet the specifications?
  - May need to consult with agency SME or seek clarification from the vendor
  - If RFQ specified “Brand Name or Equal” must make and justify the determination of “equal”

# EVALUATING QUOTES



- Submit “proxy bid” for any vendors submitting outside of IPRO
- Utilize IPRO to create evaluation scenarios
  - If you have a single item, this is very simple
  - If you have award options (e.g. “all to one” OR “by line item”) you can create one scenario for each option and then select the appropriate scenario
  - If you used a separate price sheet (rather than “items” in the tool) you will need to create your own bid tab outside of the system

# EVALUATING QUOTES

## WHAT IF...?

- Scenarios (handout)

# APPLYING PREFERENCES

- **Printing preference**
  - Idaho Code 60-103 provides a 10% preference for Idaho domiciled vendors for all printing, engraving, binding, etc.
- **Tie Quotes**
  - IDAPA 38.05.01.082 provides a list of methods that may be used to break a tie
  - Idaho domiciled vendor given preference if all other bidders are from other states

# APPLYING PREFERENCES

## ■ Reciprocal preference

If the low quote is from a vendor that is not located or domiciled in Idaho AND you have received a quote from an Idaho vendor, must check for reciprocal preference

If the state where the low quote vendor is located has a preference law which it would apply against an Idaho vendor in the same circumstances, add that preference amount to the non-Idaho vendor's quote

If the non-Idaho vendor is still low, that vendor gets the award; if an Idaho vendor is now the low, the Idaho vendor gets the award

# AWARDING THE RFQ



- Identify the lowest acceptable Quote
  - Quotes that do not meet the requirements are NOT non-responsive, they are simply “not considered”
- Evaluate responsibility (see IDAPA 38.05.01.081)
- Be sure to document any unusual circumstances or determinations that have been made
- Award to the lowest responsive responsible vendor





# ISSUING THE CONTRACT



# TYPES OF CONTRACTS

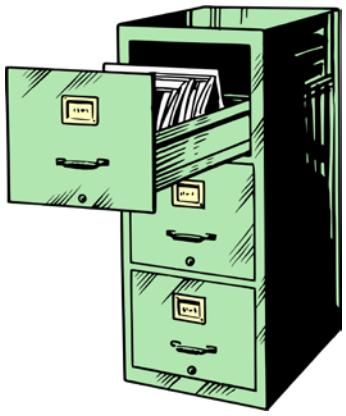
- **Purchase Order (PO):** agency-specific, one-time purchase
- **Contract Purchase Order (CPO):** agency-specific, term contract (definite term, definite quantity)
- **Blanket Purchase Order (BPO):** agency-specific, term contract (definite term, indefinite quantity) (only DOP and DHW can issue BPOs currently; generally not issued under \$100,000)

# ELEMENTS OF THE CONTRACT

- Create the contract in IPRO, selecting the appropriate template (e.g. PO)
- Complete the appropriate information
  - Be sure to select a contact for your Contractor (i.e. “Second Party)
  - Filling in all the fields will help the system to auto-generate a contract document that requires minimal editing
- The “Main Document” is your contract document– it includes appropriate standard contract language (including order of precedence)– EDIT this document as necessary: clean up, solicitation-specific information, add line items if necessary
- Attachments: all documents from the sourcing event will carry over– you can add/delete as appropriate; update a revised version of main document if necessary.

# CONTRACT MANAGEMENT

- You can now use IPRO for contract management efforts, if you wish.
- Examples:
  - For term contracts, enter the number/length of permitted renewals → as you renew the contract, the system will automatically count down the number of remaining renewals
  - Add obligations (e.g. annual report that must be submitted by the Contractor) → you can add Contractor, contract manager, etc. so they get reminders prior to due date (and after, if the obligation has not been met)
  - Vendors can upload insurance information into their profile



# MAINTAINING CONTRACT FILES

- Each contract file should include all the information necessary for someone to determine if the contract was awarded in compliance with applicable law (i.e. appropriate solicitation method, vendor selection, exemption, etc.)
- Generally, include:
  - RFQ, Terms and Conditions, and Solicitation Instructions in effect the day the RFQ was issued;
  - Winning Quote;
  - Bid Tab, and information related to determination of winning Quote;
  - Non-winning Quotes;
  - Debarment check ([www.sam.org](http://www.sam.org));
  - Proof of insurance (if required)

# PRACTICES THAT REDUCE COMPETITION

- Avoiding Competition
  - Unnecessary exemptions
  - Bid splitting
- Restrictive specifications, evaluation, and contract terms
  - Restrictions on vendor qualifications
  - Brand name and other unnecessary restraints in specs
  - Bundling of specifications/scope of work
  - Preferences
  - Long-term contracts



# PRACTICES THAT REDUCE COMPETITION

- Changing the rules of the game:
  - Accepting late quotes
  - Using evaluation criteria not stated in the RFQ
  - Post-bid specification changes
  - Post-award contract changes
- Other practices
  - Improper communication with vendors
  - Disclosing the budget
  - Confidentiality problems
  - Proprietary information



# ADDITIONAL RESOURCES

- DOP Website: [www.purchasing.Idaho.gov](http://www.purchasing.Idaho.gov)
  - Desk Manual
  - RFQ Template and Checklist
  - Contract Administration and Management Guide
- Agency liaisons
- Other DOP classes



# OTHER DOP CLASSES

- Statewide Contract and Spending Limits (online)
- Exemptions
- Inspection, Acceptance, and Performance Monitoring
- Writing Specifications
- Introduction to ITBs and RFPs
  
- Stay tuned for more courses in the future...!

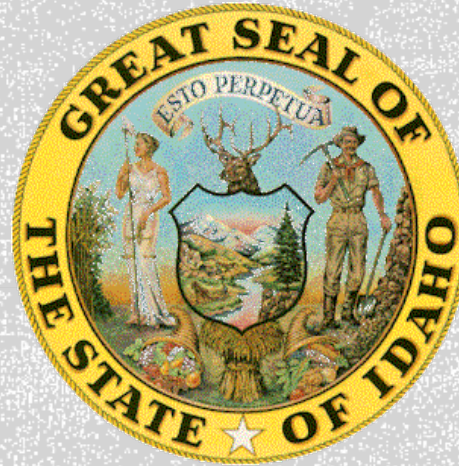
# COMING SOON: STATE BUYER CERTIFICATION



RFQ Certification

ITB Certification  
(levels 1 and 2)

RFP Certification  
(levels 1, 2, and 3)



**TAKEAWAYS: WHEN IN DOUBT, CALL DOP AS A RESOURCE**  
**WORK THROUGH YOUR AGENCY/DEPARTMENT PURCHASING AGENT OR BUYER**  
**GET DOP INVOLVED EARLY (FOR NEW PROCUREMENTS, AMENDMENTS AND ISSUES)**

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**WE WANT TO HELP YOUR AGENCY GET THE PRODUCTS/SERVICES YOU NEED; THROUGH AVAILABLE, LEGAL MEANS;  
WHILE MAINTAINING THE INTEGRITY OF THE PROCESS, IN THE BEST INTEREST OF THE STATE.**  
**ANY QUESTIONS?**