

# Procurement

November 20, 2014



The State of Ohio is an Equal Opportunity Employer and Provider of ADA Services

## Agenda

- **Procurement basics**
- **Methods of procurement**
  - Small Purchases
  - Competitive sealed bids
  - Competitive proposals (RFP)
  - Qualifications Based Selection (RFQ)
  - Noncompetitive proposals
  - Force Account
  - Cooperative Purchasing (Ohio Department of Administrative Services)



## Guiding Principles

All projects funded by CDBG funds must:

- Be competitively procured
- Follow federal, state and local procurement laws
- Insure minority firms, women's business enterprises, and labor surplus area firms are used when possible

## Local Code of Conduct

- Local Code of Conduct should be written and adopted
- Code Should identify:
  - Conflicts of interest
  - Standards for procurement and contracting
  - Financial Management and Recording Systems
  - Cost Allowability
  - Program Monitoring
  - Protest Procedures

## Local Code of Conduct

Should avoid unnecessary restrictions such as:

- Unreasonable qualification requirements
- Unnecessary experience and excessive bonding
- In-state or local geographic preferences
  - except for Section 3 preference or Professional Services
- Specifying a brand name product
- Non-competitive awards to consultants on a retainer contract

## Women- and Minority-Owned Firms

- Solicitation lists for qualified women- and minority-owned businesses
- Require the prime contractor contact qualified women- and minority-owned businesses
- Certified contractors through the Ohio Department of Administrative Services
  - Minority Business Enterprise (MBE)/Encouraging Diversity, Growth and Equity (EDGE) Unit

## Methods: Small Purchases

### When to use:

- Contracts or purchases less than or equal to \$50,000

### Exceptions:

- Sole-source provider
- Procuring professional services (A/E)
- Using Cooperative Purchasing through DAS

## Methods: Small Purchases

### Steps:

- Develop specifications
- Obtain written price or rate quote from adequate number of sources (3)
- Insure bids are specific enough for comparison
- Award to lowest bid that meets project specifications

## Methods: Competitive Sealed Bids

### When to use:

- Contracts or purchases exceeding \$50,000

### Exceptions:

- Sole-source provider
- Procuring administrative services
- Procuring professional services (A/E)
- Using Cooperative Purchasing through DAS

## Methods: Competitive Sealed Bids

### Bid Advertisement

- Publish in local newspaper weekly for at least two weeks (Counties may use online publication method outlined at ORC §307.87)
- If less than 3 bids are received grantee must attempt to solicit additional bids

## Methods: Competitive Sealed Bids

### Choosing the Contractor:

- Evaluate
  - integrity
  - public policy compliance
  - past performance
  - financial and technical resources
- Award to lowest and best bidder that meets project specifications
  - must be no more than 10% more than cost estimate.
  - If greater than 10 %, project can be bid again with alternatives
- Awards must be made within 60 days of bid opening or bids are invalid

## Methods: Competitive Proposals (RFP)

### When to use:

- Services more than \$50,000
- Conditions are not suitable for competitive sealed bids (e.g. price not principal consideration)

## Methods: Qualification Based Selection

### When to use:

- When procuring professional design services more than \$50,000
  - Examples: architecture and engineering firms

Guide can be found on the [American Council of Engineering Companies of Ohio website](#)

## Methods: Non-competitive Proposals

### When to use:

- Available from single source only
- Emergency situation
- Solicitation results in inadequate competition
- Other methods are infeasible

## Methods: Force Account

### When to use:

- Local government employees are qualified to conduct work and
- Using local government employees is cost advantageous

## Methods: Force Account

### Steps:

- Obtain cost estimate
- Confirm
  - project cost is within force account limit (ORC 117.16)
  - local government employees are qualified to complete work
  - work is within employees' normal scope of duties
- Complete Force Account Project Assessment Form from the State Auditor's Office

## Methods: Cooperative Purchasing

### When to use:

- Existing state contract for goods and services needed
- State contract is lower or more advantageous schedule

Reference: [Department of Administrative Services](#)

## Methods: Cooperative Purchasing

### How to use:

- Obtain cost estimate
- Pass legislation authorizing program participation
- Complete enrollment form
- Pay administrative fee
  - Fee schedule based on population and subdivision category
- Issue a quarterly usage report
- Order goods/services directly from vendor

## Methods of Procurement Summary

Method	Conditions under which applicable
Small Purchases	Goods, construction, nonprofessional services ≤ \$50,000
Competitive Sealed Bids	Goods, construction, nonprofessional services > \$50,000 (price = main criterion)
Competitive Proposals (RFP)	Goods, construction, nonprofessional services > \$50,000 (multiple criteria)
Qualifications Based Selection (RFQ)	Professional Services (architectural/engineering) > \$50,000
Noncompetitive Proposals	Sole source provider, non-profit administrative services
Force Account	Qualified local government employees
Cooperative Purchasing	Local government enrolled in program and DAS has contract for goods or services being procured

## Citations

- Related Federal Regulations:
  - 24 CFR 85.36
- Related State Regulations
  - Cooperative Purchasing Act (ORC 125.04)
  - Force Account (ORC 117.16)
  - other Procurement methods (ORC 307, 735, and 153)

## Questions

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