

## **DOLLAR THRESHOLDS: QUOTES & BIDS**

For the purpose of goods and services, competitive quotations shall be solicited whenever possible and practical to do so (this process does not cover or include the solicitations for "Works of Public Improvement", which are covered under the California Public Contract Code).

**Competitive bidding consists of any of the following methods:**

### **INFORMAL BID:**

**For values less than \$50,000.** Prices may be obtained from competitive bids, catalogs, price lists, letter, telephone quotation, agreements, multi-user contract, or verbally. The action and results must be documented.

Informal Bid Thresholds:

Micro Purchases – **less than \$3000** – One quote minimum is required with a requisition. Purchases shall be made with adequate and reasonable judgment for the material, or service being purchased. A department may require more than one quote per internal controls.

Mini Purchases – **more than \$3,000 but less than \$15,000** – A minimum of two quotes is required with a requisition. Award shall be made to the responsible bidder submitting the quotation that is most advantageous to the county and conforms in all aspects to the material or service solicited. The names of the businesses submitting quotations, and the date and amount of each quotation, shall be recorded and maintained as a public record.

Small Purchases – **greater than \$15,000 but less than \$50,000** – Informal bids may be obtained by using the RFP or RFQ process, not requiring public advertising or public bid opening.

### **FORMAL BID (RFP/RFQ):**

**For values greater than \$50,000.** Prices should be obtained by competitive bidding, using an RFP or RFQ. Formal bids shall include public advertising and public opening. Award shall be to the lowest responsive, responsible bidder in conformance with award criteria set forth in the RFP/RFQ. An award letter may be sent to advise the winning bidder of the outcome, however, the award shall not be considered final without a fully executed contract and purchase order.

The Contracts/Purchasing Office manages the entire RFP/RFQ process for most County departments. Departments may initiate an RFP/RFQ by visiting the Contracts/Purchasing web site and completing the online request form there. An Analyst and a Buyer will work in tandem on the project, communicating with the department to ensure accuracy of the scope of services or work needed. Contracts/Purchasing will write the RFP/RFQ, obtain Counsel's review and approval, release the solicitation along with the cover letter, or

formal bid form, schedule pre-bid conferences, demos and interviews, organize the selection criteria and panel, and document the entire process properly. All solicitations shall be advertised to satisfy requirements to notify prospective bidders of the county's intent to solicit formal bids and invites participation in the public bidding process from interested contractors. Advertising may be augmented by posting on the Monterey County web site.

Some departments have staff members experienced in bidding processes and procedures, but even in these situations, all solicitations should be initiated through the Contracts/Purchasing Office who will assign an RFQ or RFP number for tracking purposes. The Contracts/Purchasing Officer will also require that all solicitations be reviewed and approved by both Counsel and by Contracts/Purchasing prior to release to the public and to prospective vendors.

## **II) H. FORMAL BIDDING PROCESS EXPLAINED (RFQ/RFP)**

### **Intent:**

It is the County's policy to encourage as many responses as possible for a bid solicitation. Prospective bidders (vendors, contractors, proposers) are invited to submit responses to bid solicitations. Whether formal or informal solicitations, bid requests may be mailed to firms from the vendor list (maintained by Contracts/Purchasing) requesting competitive quotations for particular goods or services.

Prospective bidders are encouraged to respond to a bid request even if the response is "no bid". Failure to respond to bid requests could result in a prospective bidder's name to be removed from the bid list in future bids for the category.

### **Vendor Lists:**

Where a bidder list exists for a particular category, prospective vendors may review it upon request to the Contracts/Purchasing Office. Once a bid solicitation is sent out, prospective vendors may not review the list of vendors to whom bids were mailed until after the due date.

Vendors who wish to participate in a bid solicitation need not be previously listed on the vendor bid list. These vendors may contact the Contracts/Purchasing Division and request a copy of the bid solicitation. Solicitations are also posted on the internet at the County's web site.

### **DEFINITION AND CLARIFICATION: (RFP) REQUEST FOR PROPOSAL (RFQ) REQUEST FOR QUOTATION or REQUEST FOR QUALIFICATIONS:**

A Request for Proposal (RFP) is different from a Request for Quotation or Request for Qualifications (RFQ) in that the RFP invites a bid response in the form of a proposal and generally specifies the bidder's own solution and presents the bidder's method, pricing, delivery, etc. A request for quotation is usually specific in nature and invites bids on items or services that are clearly specified in the bid. The RFP contains background

information, bid content and format, time frames, instructions, rules, scope of the project, intent, pricing and payment criteria, but leaves open the actual method, products, labor, material, etc., to the bidder.

A request for proposal shall be treated the same as informal, formal and advertised bids in terms of value levels, preparation and submission of bids, response time frames and as detailed in the General Conditions for bidding.

### **Delivery of Bids:**

All bidders are responsible for timely delivery of their bids. A bid or a proposal that is received after the due date and time is to be considered not responsive and may be returned unopened by the purchasing agent. Acceptance of a late bid is at the sole discretion of the Contracts/Purchasing Officer.

A bid is considered late if the bid has not been received by the date and time of day specified in the Bid Specifications and in the face of the bid itself. There is no grace period such as five minutes after the specified time. A bid is due before the deadline specified and bids received after the deadline may be considered not responsive.

### **Revision of Bids:**

If a bidder wishes to change a bid prior to the deadline, the bidder may contact the purchasing agent and retrieve, change or replace his/her bid. This must be done before the due date and time. No bids will be changed, exchanged or altered in any way after the due date. When reviewing the bid responses if the buyer discovers an obvious clerical error, the bidder may be asked to correct the response. This will be at the discretion of the buyer, after consulting with the Contracts/Purchasing Officer. There is no guarantee that the bidder will be contacted. It is the responsibility of the bidder to ensure accuracy and responsiveness of the bid.

### **BASICS OF THE RFP/RFQ PROCESS:**

1. Develop set of specifications
  - Consensus on what service or product is needed
  - Consider the different variety of products available
  - Ensure compatibility with existing environment (technical/political)
  - Agreement between all parties on the specifications within the document
2. Write the RFP/RFQ
  - This is a collaborative effort between the requesting department and Contracts/Purchasing staff.
  - Develop a calendar of events
  - Ensure the document contains all of the required County boilerplate language.
  - Review and approval by County Counsel is required prior to release

3. Issue the RFP/RFQ
  - Publish the required legal notifications
  - Issue and mail the completed package to a list of pre-identified perspective bidder's.
  - Provide document on request to other interested parties as well.
  - Pre-Bidder's conference/site visit if necessary
4. Evaluate perspective bidder's responses (Bids)
  - Public bid opening (must include at least one representative from the Contracts/Purchasing Office)
  - Evaluate perspective bids for basic compliance requirements in a documented format
5. Select preferred vendor
  - Score the selection criteria in a documented format
  - Select a recommended vendor (not a public announcement yet until Board of Supervisors give final approval by board action)
6. Negotiate Contract
  - Management Analyst writes and creates the required agreement/contract based off both the specifications as outlined within the RFP/RFQ and the perspective bidder's submitted proposal, working with County Counsel.
  - Negotiate both price and terms with the perspective vendor
  - Customization of schedule and milestone payments

**PURPOSE OF THIS ARDUOUS PROCESS:**

- Insure the County gets a product or service that clearly meets its needs
- Protect the County from unscrupulous vendors and contractors
- Insures effective expenditures of public funds
- Insures the County is in compliance with Federal, State and County codes with regards to the expenditure and investment of public funds
- Protects public funds and investments
- Protect the County from possible adverse legal actions
- Insures the active involvement of the Contracts/Purchasing Department, County Counsel, Risk Management and other experts as necessary
- Forces the County to think systematically about its needs and requirements
- Provides an opportunity to include experts from outside the County in an important discussion of future options
- Provides the County an opportunity to change direction if necessary
- Successful contract negotiations and provisions may drive the research and development effort, affecting the kind of product or service that becomes available

### **The Final Result of the RFP/RFQ**

After an award has been made, the County shall proceed to enter into a contract (also referred to as an Agreement) with the awarded vendor(s). The format of the contract may vary depending on the goods or services being sought. The Contracts/Purchasing division has specific contract templates for most circumstances, all of which have been pre-approved by County Counsel and Risk Management. Regardless of which contract template is used, County Counsel must sign off on all contracts resulting from an RFP or RFQ.

### **CANCELLATION OF RFP/RFQ BY THE CONTRACTS/PURCHASING OFFICER:**

It is the responsibility of the Contracts/Purchasing Officer and his staff to identify and discourage practices by county departments that may adversely affect vendor relationships, or bargaining position. Some of these practices include:

- Implied or inferred purchase commitments to vendors.
- Acceptance of sample materials for use or testing without authorization.
- Persistent insistence on special brands of materials.
- Acceptance of gifts or entertainment from county vendors.
- Agreement to accept materials other than those specified on the purchase order.

In all matters of procurement, County officials shall follow sensible and ethical business practices while complying with existing statutes and policy.

At any time during a solicitation process, if the Contract/Purchasing Officer feels the fair and equitable practices of a solicitation has been compromised in any way, he has the authority to cancel the solicitation in order to prevent a protest and/or litigation. Again, it is strongly suggested that County departments work closely with Contracts/Purchasing staff to ensure this doesn't happen. The Contracts/Purchasing Division is dedicated to providing knowledge and experience to the solicitation process and is a responsive source of information for the county departments to use in the acquisition of goods and services.