

Virginia Department for the Aging
Area Agency on Aging
Minimum Procurement Guidelines
June 1, 2003

The following discussion describing the Virginia Public Procurement Act (VPPA) is a condensed version and may not contain all the requirements necessary for proper implementation. These guidelines are to be followed for all procurements. Area Agencies on Aging may establish policies and procedures that are more restrictive than the Minimum Guidelines. If the Area Agency is a unit of a local governing body, the policies and procedures of the governing body supersedes these guidelines. Purchases that are subject to VPPA, Title 11, Chapter 7, the Virginia Public Procurement Act should be consulted as well as the Agency Procurement and Surplus Property Manual.

The objective of the Area Agency on Aging Procurement Guidelines is to ensure that high quality goods and services are obtained at a reasonable cost. In order to attain this objective, all procurement procedures must be conducted in a fair and impartial manner. All qualified vendors must have access to the procurement process and no vendor may be arbitrarily or capriciously excluded. Competition must be sought to the maximum feasible degree.

An Area Agency on Aging will not discriminate against a vendor because of race, religion, color, sex, national origin, age or disability. Minority businesses will be included whenever solicitations are made.

Purchases of Goods and Non-Professional Services Greater Than \$50,000

Area Agencies on Aging are contractually bound by the Virginia Public Procurement Act when making purchases of goods and non-professional services greater than \$50,000. In order to determine if the \$50,000 threshold is met, contracts that are multiyear or have options to renew must be aggregated. For example, a contract for \$12,000 per year with 4 renewal years at \$12,000 each has a value of \$60,000. There are generally two acceptable procurement methods for purchases greater than \$50,000, **Competitive Sealed Bidding** (Invitation to Bid) and **Competitive Negotiation** (Request for Proposal). Sole source and emergency procurement are the exception.

Competitive Sealed Bidding (IFB)

Competitive sealed bidding is the preferred method. The Invitation For Bid (IFB) must include written specifications and requirements capable of being described, so that bids can be evaluated based upon the requirements in the IFB. All general and special terms and conditions must be included, the pricing scenario and the due date and time for the return of the bid. The IFB must be advertised and publicly posted for a minimum of 10 days. It will be mailed to a minimum of 4 sources and should be expanded to 8 sources in order to include 4 minority or women owned businesses. A bidder solicitation list will be prepared and included in the file, noting which bidders are minority vendors.

Sealed bids shall be stamped with the date and time received. Sealed bids shall only be received until the date and time specified in the IFB. Bids received after the due date and time specified must not be considered and will be returned unopened to the bidder.

All bids will remain sealed until publicly opened. The name of the bidder, price, and discount terms will be read aloud. After bid opening, each bid will be evaluated to determine if it is responsive by meeting all the requirements included in the IFB. Responsive bids are evaluated to determine the lowest bidder.

The lowest responsive bidder will be evaluated to determine if the firm is responsible. References will be checked, insurance coverage verified (if applicable), licenses confirmed and bidder's financial condition evaluated (if required). The lowest responsive and responsible bidder will be awarded the contract.

A Notice of Award shall be posted for 10 days. After the ten-day period, an award document (purchase order or contract) shall be issued. Area Agencies on Aging are encouraged to have legal review and representation when issuing and signing contracts. The Area Agency on Aging should assign a contract administrator to monitor contract compliance by the vendor and the Agency.

Competitive Negotiation (RFP)

Competitive negotiation shall be used when a requirement exists, but definitive specifications cannot be described. The Request for Proposal (RFP) shall include background information needed by the Offeror and a Statement of Needs. Proposal instructions should state exactly what the Offeror is to submit as a complete proposal. There should be 3 to 5 evaluation criteria and the criteria weights should equal 100. Price should always be evaluation criteria for goods and nonprofessional services. The RFP shall also include General and Special Terms and Conditions, method of payment and pricing schedule. The date and time that the response is due should be included.

The RFP must be advertised and publicly posted for 10 days. It will be mailed to 4 sources and should be expanded to include 4 minority or women-owned businesses (noting which vendors are minority on the vendor solicitation list).

Proposals shall be stamped with the date and time received. Proposals may be opened and recorded privately after closing date. Late proposals shall not be considered and will be returned unopened to the vendor. After opening the proposal, it should be evaluated for missing information. If information is missing, prompt submission of the missing information may be requested. If the vendor does not provide the missing information, the vendor's score should be lowered.

Proposals should be distributed with evaluation instructions to the Evaluation Committee member. Each Evaluation Committee member will award points based upon the evaluation criteria. A consensus evaluation will be prepared showing the names of the committee members, names of all offerors, evaluation and point values for each and the

consensus score for each proposal. Based upon the scoring, two or more offerors will be selected for negotiation. The consensus evaluation sheet scoring should be double checked before selection of the two offerors for negotiation is made. Confirmation of any changes agreed to during negotiation shall be obtained in writing. Upon selection of the vendor, the contract shall be developed incorporating the RFP and negotiated changes.

A Notice of Award shall be posted for 10 days. After the ten-day period, the contract can be executed. Area Agencies on Aging are encouraged to have legal review and representation when issuing and signing contracts. The Area Agency on Aging shall assign a contract administrator in writing to monitor contract compliance by the vendor and the Agency.

Professional Services Greater Than \$30,000

The purchase of professional services greater than \$30,000 is also subject to the Virginia Public Procurement Act. Professional services are defined as accounting, actuarial, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacy, and professional engineering. Competitive negotiation (RFP) is the **only** procurement method that may be used to procure professional services. Although similar to the RFP process for goods and non-professional services, there are significant differences. The RFP **cannot** ask for pricing and only one vendor can be negotiated with at a time in order of ranking.

After evaluation of all the proposals, the best respondent is selected for negotiation. If a fair and reasonable contract is negotiated, an award can be made. If not, negotiations with Offeror I are terminated and negotiations with Offeror II begin. Once negotiations with an Offeror are terminated, they cannot be resumed subsequently. **If negotiations with all Offerors fail, the RFP will have to be reissued.**

Purchases of Goods and Non-Professional Services, \$50,000 or Less, and Professional Services, \$30,000 or Less

Purchases of Goods and Non-Professional Services, \$50,000 or less, and Professional Services, \$30,000 or less are not subject to the Virginia Public Procurement Act.

However, to attain the objective of obtaining high quality goods and services at a reasonable cost, the following Minimum Guidelines are adopted.

Purchases of \$5,000 or Less

A single quotation may be used for purchases of \$5,000 or less. The quote may be obtained verbally or in writing. Whether the quote is obtained verbally or in writing, the following data should be documented: 1. Item description or service offered, 2. Price quoted, 3. Date the quote was obtained, 4. FOB point & freight terms, 5. Delivery date, and 6. Names of the persons giving and receiving the quote. In the event a catalog is used to order goods, a telephone quote should still be obtained in order to verify the catalog price. A quotation may be requested by fax with response returned by fax-back. If the quotation does not seem fair or reasonable, additional quotations should be sought. Shipping costs are to be included in determining total price.

Purchases Greater Than \$5,000, But Not Exceeding \$15,000

Three quotations from valid sources are required for purchases greater than \$5,000, but not exceeding \$15,000. A valid source is a vendor that is capable of providing the goods or services. The number of quotations should be expanded to include a minimum of two minority or women-owned businesses. Either telephone or written quotations may be used, but they should be documented as in the case of purchases of \$5,000 or less.

Purchases Greater Than \$15,000, But Not Exceeding \$50,000

Four written quotations are required for purchases greater than \$15,000, but not exceeding \$50,000. The request for quotation should include a description of the goods or services to be provided, the due date and time that the quotation is due and to whom the quotation should be returned. All general and special terms should be included and any special requirements such as insurance or license. The request for quotation can be mailed or faxed and a fax-back form should be included. The number of quotations should be expanded to include 4 minority or women-owned businesses.

Written quotations may be received until the specified due date and time. The quotations should be tabulated upon receipt. The low quote should be selected and checked for responsiveness and responsibility of bidder. If okay, the purchase may be awarded. If not okay, the next lowest bidder should be selected. An award notice should be posted for 10 days.

Emergency Purchases

An emergency purchase is an occurrence of a serious and urgent nature that demands immediate attention. An emergency purchase can only be made in a quantity sufficient to resolve the emergency. Subsequent requirements must follow normal purchasing procedures.

If the emergency affects personal safety or property, a source should be located, a fair and reasonable price negotiated and the purchase may proceed. The emergency and the resulting procurement action must be documented.

If the emergency does not affect personal safety or property, competition should be sought to the maximum extent practicable, vendor qualifications should be checked, and a fair and reasonable price negotiated. The emergency and the resulting procurement action must be documented.

After directing the contractor to proceed, the award document (contract or purchase order) should be prepared as soon as practicable. The Executive Director should sign a written emergency determination memorandum that includes the nature of the emergency and the reason for contractor selection.

If the emergency purchase exceeds \$15,000 an award notice should be posted. The notice should include a statement that the procurement was an emergency, the goods or services procured, the selected vendor and the date of the award.

Summary

These Guidelines were developed to facilitate compliance with the Virginia Public Procurement Act and to promote consistent minimum procurement standards by all Area Agencies on Aging. If a situation arises that is not covered by these Guidelines, the Virginia Department for the Aging should be consulted.