

# Basic Public Contracting and Procurement Requirements

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www.sog.unc.edu

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## Outline

- What Is Procurement?
- Procurement Methods
- IT Procurement Options
- Resources



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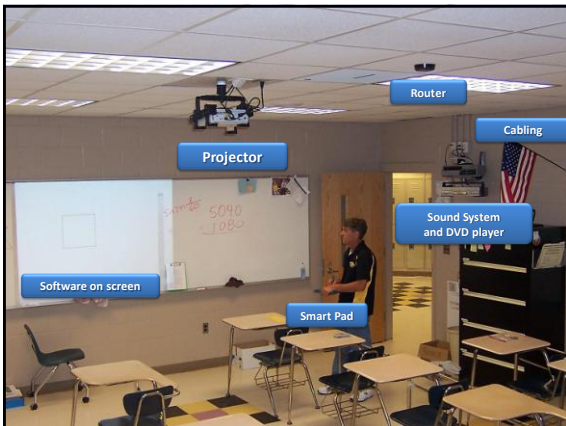
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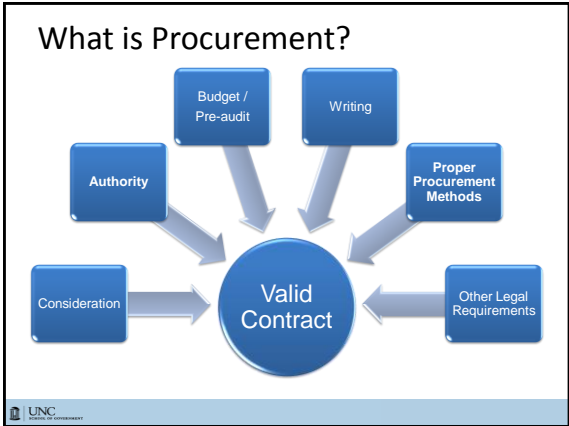
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### What is Procurement?

- Set of procedures or methods that must be followed to enter into a specific kind of contract
- What do you procure?

A photograph showing a document with a pen and a signature. The signature is written in blue ink and says "Signature".

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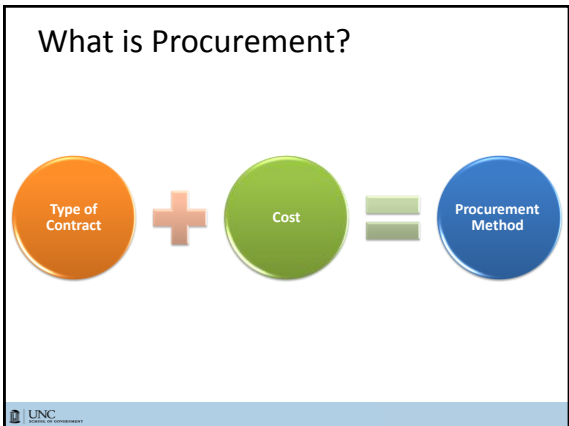
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## Procurement Method

Type of Contract



1. **Purchases** – apparatus, supplies, materials, & equipment



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## Procurement Method

Type of Contract



2. **Construction or repair** – new buildings, renovations, “non-vertical” construction (utility lines, roads, etc.)



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## Procurement Method

Type of Contract



3. **Design services** – architectural, engineering, survey, construction manager at risk



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## Procurement Method




Type of Contract



✓ Services

4. **Everything else** – Service contracts (other than design services) fall into this category




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## Procurement Method




Type of Contract




Cost

### Bidding Thresholds



- No statutory requirements
- Informal Purchases & Construction
- Formal Purchases
- Formal Construction




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## Procurement Method



Type of Contract





Cost



Procurement Method

1. **Informal bidding**: procedures apply to purchases and construction/repair within a certain cost range

Has minimal requirements to ensure competition with focus on getting the lowest cost


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## Procurement Method




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**2. Formal bidding:** procedures apply to purchases and construction/repair above a certain cost

Has very specific requirements to ensure competition with focus on getting the lowest cost



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## Procurement Method




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**3. Qualifications Based Selection (QBS):** Required for selection of "design services" - architect, engineer, survey, and CM@R

Allows for contract award based on qualifications of responder rather than price

Local government can exempt itself from QBS process (in writing, justification needed if over \$30,000)



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## Procurement Method




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**4. Requests for Proposals (RFP):** is optional for IT purchases and can also be used (but is not mandated) for other service contracts.



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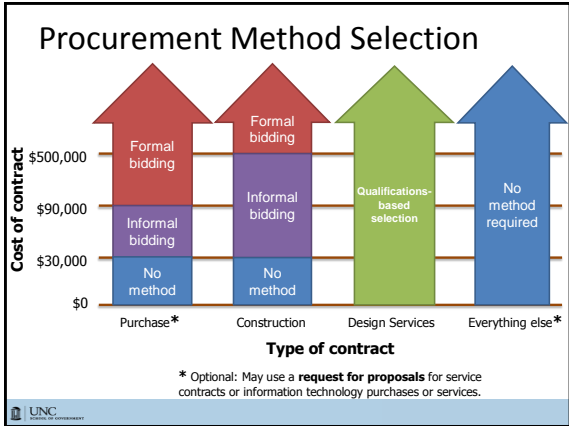
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### Procurement Method Requirements

	Informal bidding	Formal bidding	Qualifications-based selection	Requests for proposals
Advertisement	Not required	Newspaper / electronic; at least 7 days before the bid opening	Must "announce" requirements	For IT—must advertise like formal bid; otherwise not required
Form of bids or proposals	Any form; keep record	Sealed bids	No specific form required	For IT – sealed proposals; otherwise no form required
Public bid opening	Not required	Required	Not required	Not required
Award standard	Lowest responsive, responsible bidder	Lowest responsive, responsible bidder	Best qualified, regardless of cost	Best meets criteria set in the RFP
Board approval	Not required	Required (may delegate for purchases only)	Not required	Not required
Public Record	Record not public until contract award	Bids public when opened	Proposals public when received and opened	For IT – not public until contract award; otherwise public when received and opened

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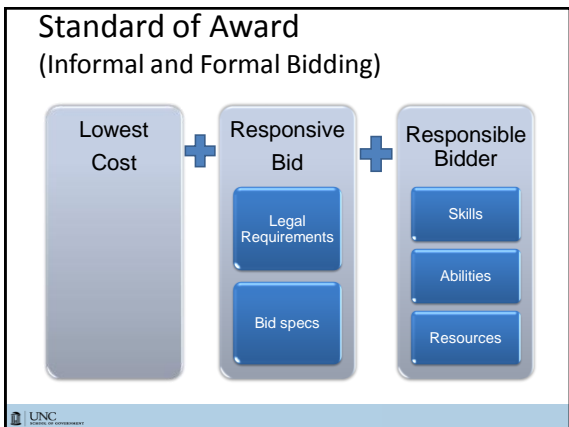
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## IT Procurement – RFP Option

- Optional RFP Procedure (GS 143-129.8)
- Flexibility authorized in recognition of innovative nature of IT and desirable combination of IT goods and services
- Can be used in lieu of traditional competitive bidding procedures:
  - goods = formal and informal bidding
  - services = no procedures required



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## What is “IT”?

(GS 147-33.81)

Goods and Services for:

- Electronic data processing
- Telecommunications
- Security systems
- Microprocessors
- Software
- Information processing
- Office systems

Services include:

- Consulting
- Design
- Installation
- Training
- Maintenance
- Operation



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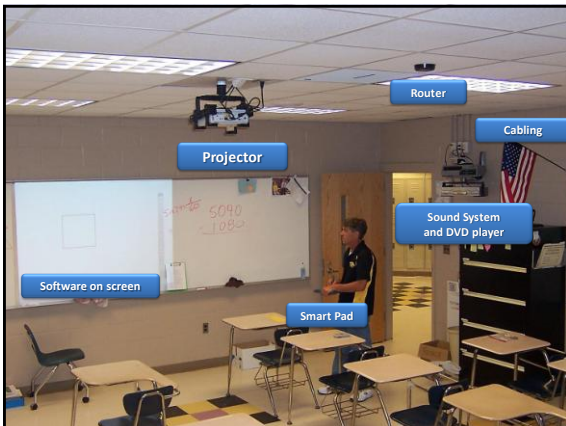
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## IT RFP Procedures

- Formal advertisement
- Evaluate proposals based on RFP criteria
- Standard of Award = “best overall proposal” (not low bidder)
- May negotiate with *any* proposer within scope of RFP
- Proposals not public until contract awarded
- Governing board approval not required



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## Other IT Procurement Options

1. Sole Source
2. Existing Contracts
  - a. State and Federal Contracts
  - b. Piggybacking
3. Collaboration
  - a. Group Purchasing Programs
  - b. Interlocal Agreement



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## Other IT Procurement Options

Sole Source

Existing Contracts

Collaboration

### GS 143-129(e)(6)

- Exception to competitive bidding requirements (formal and informal purchases only)
- Only one *source of supply* (not only one manufacturer)
- Competition not available
- Standardization/compatibility is overriding consideration
- Board approval is required



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## Other IT Procurement Options

Sole Source

Existing Contracts

Collaboration

### State and Federal Contracts: (GS 143-129(e)(7),(e)(9),(e)(9a))

- Exception to competitive bidding requirements (formal and informal purchases only)
- Purchasing **same item** from **same vendor**
- Vendor must agree to sell at the **same or more favorable** prices, terms, and conditions
- Includes state P&C contracts, IT purchases through ITS, and federal agency contracts
- Board approval **not** required



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## Other IT Procurement Options

Sole Source

Existing Contracts

Collaboration

### Piggybacking: (GS 143-129(g))

- Exception to competitive bidding requirements (formal purchases only)
- Purchasing **same item** from **same vendor**
- Vendor must agree to sell at the **same or more favorable** prices, terms, and conditions
- Contract competitive bid within **previous 12 months**
- Board approval **is** required with 10 days public notice



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## Other IT Procurement Options

Sole Source

Existing Contracts

Collaboration

### Group Purchasing Programs (GS 143-129(e)(3))

- Exception to competitive bidding requirements (formal and informal purchases only)
- Formally organized program
- Purchases obtained through competitive process
- Items offered at discount prices
- To at least two public agencies
- Board approval **not** required



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## Other IT Procurement Options

Sole Source

Existing Contracts

Collaboration

### Interlocal Agreements (Chapter 160A, Article 20)

- NOT an exception to competitive bidding requirements
- Agreement between 2 or more local governments
- In this state and other states
- To perform functions jointly or on behalf of each other
- Board approval is required (by all boards that are parties to the agreement)

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## Resources

- SOG Purchasing Website: <http://ncpurchasing.unc.edu>
  - Links, forms, tools, and listserv sign-up
  - Publications, including:
    - Bluestein, *A Legal Guide to Purchasing and Contracting for North Carolina Local Governments*
    - Bluestein, *An Overview of Contract Bidding Requirements for North Carolina Local Governments* (free download)
- Coates' Cannons Blog (purchasing category): <http://sogweb.sog.unc.edu/blogs/localgovt/>
- Ask Norma: [nhouston@sog.unc.edu](mailto:nhouston@sog.unc.edu) or (919) 843-8930

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