

Competitive Solicitations & Sole Source Justifications

UW PROCUREMENT SERVICES – WEBCAST TRAINING SERIES 1/19/2022

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Training Agenda

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Section 1: Competitive Solicitations



When is a Competitive Solicitation Required?

- State of Washington and Federal purchasing rules require that purchases over the Direct Buy Limit (\$10K), be competitively solicited in the absence of a contract, funding source mandate, or a sole source justification.
- Make sure to check the Ariba Catalogs/UW Contracts Search to see if there is a supplier under contract that can provide the goods/services you need, prior to starting the competitive solicitation process. If you can purchase what you need under contract, then a competitive solicitation/sole source justification is not necessary.
- The Procurement Services Contracting Team are responsible for issuing competitive solicitations through collaboration with UW departments.
- Always involve a Procurement Services Contract Manager early in the process if you need to do a competitive solicitation.

Buying Limits – For Goods & Services

- The required solicitation process is determined by the dollar amount of the purchase including shipping & handling, and excluding tax.
- The matrix below identifies the different Buying Limits at the UW:

Direct Buy Limit \$10,000 and under	Informal Competition Between \$10,000 and \$100,000	Formal Competition Over \$100,000
<ul style="list-style-type: none">➤ Departments may place orders with suppliers without prior approval of the Procurement Services Contracting Team.	<ul style="list-style-type: none">➤ The Procurement Services Contracting Team works with departments to issue an informal solicitation to qualified suppliers.	<ul style="list-style-type: none">➤ The Procurement Services Contracting Team will issue a written and advertised Formal solicitation to qualified suppliers.

Competitive Solicitation Process

- A Competitive Solicitation is defined as the process of seeking proposals, quotations or information from suppliers that bid competitively.
- In addition to the different dollar amount thresholds that are unique to each, Informal and Formal competitive solicitations also contain different requirements that can influence the complexity as well as the amount of time the entire process can take to complete.

Informal

(Between \$10,000 and \$100,000)

- The Procurement Services Contracting Team will work with departments to obtain bids, quotes, or proposals from a minimum of three (3) suppliers.
- The solicitation **MUST** include one minority-owned and one women-owned business certified by the State Office of Minority and Woman Business Enterprise (OMWBE).
- Responses may be provided by telephone or in writing (email, fax or US mail).
- Risk associated with purchase is low to moderate.
- Award is based on price and/or minimal non-price factors with little or no negotiations.

Formal

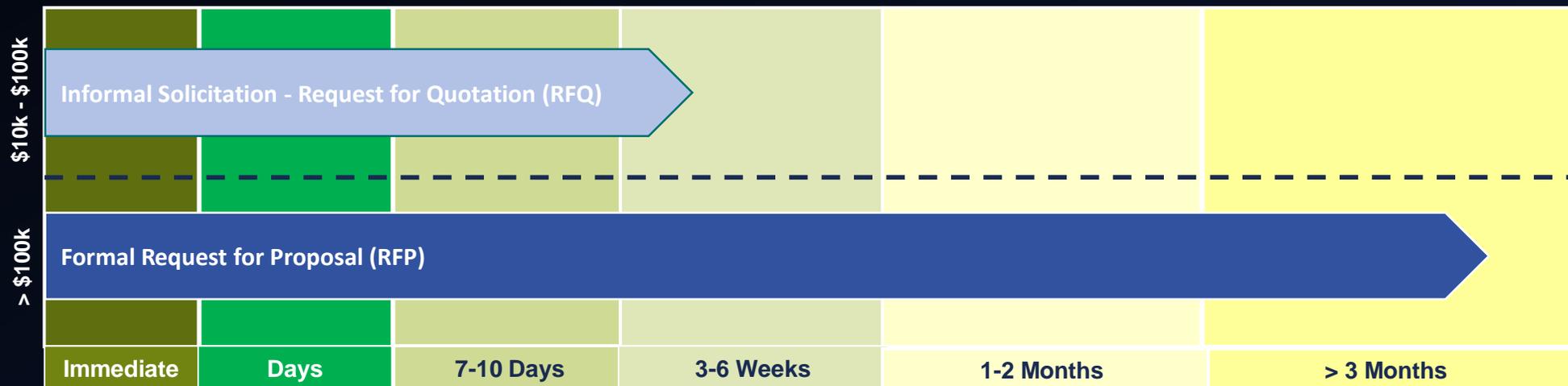
(Over \$100,000)

- The Procurement Services Contracting Team will issue a written solicitation and advertise (required) via the Washington State Electronic business Solutions (WEBS) website.
- Risk associated with purchase is higher than Informal solicitation.
- Significant involvement with campus department(s).
- Long-term, campus-wide contract possible.
- Complex supplier negotiations.
- Award based upon price as well as non-price factors/terms and conditions.

Competitive Solicitation Types & Timeline

- The most common types of competitive solicitations issued by the UW Procurement Services Contracting Team are:
 - Request for Quotation (RFQ) – Solicitation is based mainly on price alone.
 - Request for Proposal (RFP) – Award(s) is not based on price alone, and includes other important criteria that are evaluated to determine the best overall value to the UW. Multiple year, Master Contracts are usually created through the RFP process.

- Below is a competitive solicitation timeline that displays the average amount of time it takes to conduct both solicitation types. For formal RFP’s in particular, planning in advance and involving Procurement Services early in the process is crucial.



Section 2: Sole Source Justifications



Sole Source Justification Guidelines

- **Definition:** A “Sole Source” purchase means that only one supplier (source), to the best of the requester’s knowledge and belief, based upon thorough research, (i.e. conducting a market survey), is capable of delivering the required product or service.
- **Guidelines:**
 - A sole source purchase is a method of acquisition. It is not to be used to avoid competition.
 - A sole source justification is required for every purchase over the Direct Buy Limit (\$10,000) unless the purchase is being made from an existing contract, the supplier is specifically named in the grant, or the purchase is being competitively solicited.
 - Sole source justifications must be approved by a Procurement Services Contract Manager prior to an order being placed.
 - Price cannot be used as a factor in determining if a sole source exists because it indicates the existence of a competitive marketplace.

Sole Source Justification Criteria

➤ The following list may be used in determining if a sole source situation exists:

- ✓ Only one manufacturer makes the item meeting relevant specifications; that manufacturer only sells direct/exclusively through one regional/national representative
- ✓ Buying from other governmental agencies
- ✓ The supplier is named in a Grant
- ✓ Equipment maintenance and parts if provided by the Original Equipment Manufacturer (OEM)
- ✓ A medical/surgical decision by a medical/dental professional, where a specific brand is required for patient care, and the manufacturer has no multiple distributors for the product.
- ✓ Software maintenance and support if provided by licensor
- ✓ Utilities- power, water, cable TV, heat, etc.
- ✓ Unique expertise, background in recognized field of endeavor, the result of which may depend primarily on the individual's invention, imagination, or talent. Consultant has advanced or specialized knowledge, or expertise gained over an extensive period of time in a specialized field of experience.

Sole Source Criteria: Valid vs. Invalid



Understand the criteria that carry weight in a sole source justification

State-Funded Sole Source Purchases

- Sole Source purchases over \$10,000 made with state-appropriated funds require advance approval by the State of Washington Department of Enterprise Services (DES). This approval process is in addition to the UW's approval process.
- DES requires a mandatory minimum of 10 days to review and approve a sole source purchase. Procurement Services contracting staff cannot expedite the DES review process. Be prepared to:
 - Allow two additional weeks for the procurement process if state funds are used.
 - State funded sole sources must also be publicly advertised on the UW website for 10 days, and on the state's WEBS website for five days, before the purchase may be made.
- Campus customers can determine if a purchase is being made with state-appropriated funds by looking at the budget in MyFD (My Financial Desktop).
 - If the budget field entitled "State Fund" says "No Value," that means the budget is NOT state-appropriated funds

Planning Before Buying

- By planning ahead, and asking yourself these important questions before starting the procurement process, you can save time and money:
 - What are the specific requirements for the goods/services I need?
 - When do I need the product/service?
 - Will the goods/services exceed the direct buy limit?
 - Do the goods/services need to be purchased from a single supplier? (Sole Source).
 - Are the goods/services I want from a supplier available in an Ariba Catalog or the UW Contracts Search? If so, then a competitive solicitation/sole source is not needed.
- If it has been determined that a competitive solicitation needs to be done, always make sure to communicate with the Procurement Services Contracting Team prior to starting the process.
- Contact the Procurement Services Contracting Team if you are not sure about any of the questions listed above.



Best Practices - Competitive Solicitations

- Competitive solicitations may only be performed by Procurement Services contract managers on behalf of the department/unit.
- Allow enough advance time for your solicitation to be written, drafted, and posted by the contract manager. This is generally a cooperative effort and may take a few weeks.
- Be aware that there is a requirement for both one minority-owned and one woman-owned business to be solicited for all bids. This is normally done for you by the Contract Manager as part of the public RFX process. Note that all MWBE's (Minority and Women Owned Business Enterprises) must be specifically registered with the State of WA OMWBE, and may not self-certify or use certifications from other states or entities.
- If you have already been working with a supplier for the goods or services you need, and they have visited the department to assess the work, or have already provided a quote for the goods/services that exceed \$10K, make sure to let them know that a competitive solicitation will need to happen, and that other suppliers will need to participate in the public bidding process in order to be awarded the contract. Suppliers often times assume they will be doing the work if they have a relationship with a department, or have done work for the department in the past.

Best Practices – Sole Source Justifications

- The ability to obtain quotes from multiple vendors is an indicator that a sole source likely does not exist, and that a competitive solicitation is more appropriate.
- Be very specific when writing your sole source and avoid vague statements, such as “This is the only vendor who has these fancy features on their product.” What research did you do, and what is the specific need you are trying to fill?
- Be sure to compare your sole source justification to the current sole source guidelines to see if it complies or “fits”. For example, a sole source that states “This vendor has lower pricing” would not be accepted, as the sole source guidelines do not specify pricing as a valid sole source. The ability to compare pricing evidences that a sole source does not exist. It is very important to note that “we like the features on this product better” is not a sole source. In comparison, “This vendor is the only seller of these equipment parts and has no resellers or distributors” would be a sole source, since it is a functional necessity.
- *Uniquely qualified* and *highly qualified* are not synonymous. For example, there may be many highly qualified web designers, but that does not mean that they have a unique or different skill set in the market that is also necessary for the project.

ANY
QUESTIONS
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