



MEMORANDUM

TO: LITTLE ROCK CENT COMMITTEE

FROM: BRUCE T. MOORE, CITY MANAGER 

SUBJECT: BID PROCESS AND EXCEPTIONS

DATE: JUNE 11, 2012

The request was made at the April 18, 2012, LRCent Committee Meeting to provide an overview regarding the various City bidding processes as well as when exceptions are made. There are three (3) basic types of bid processes: Invitation to BID (ITB); Two-Step Request for Proposal (RFP); and a Request for Qualifications (RFQ).

The RFQ process is utilized primarily for professional services. Engineering, Architectural, Legal and Land Surveying are all deemed professional services for qualification based bids by State Statute; however, municipalities may add other professional services with their governing body's approval. Through the years the City Board has allowed approximately twenty (20) additional services such as auditing, lobbyist, real estate marketing, advertising, employee benefit consulting, and veterinary services to be added.

Generally, a RFQ includes a description of the service criteria and qualifications required, and it includes a description of the weighting that will be applied, if applicable, to the criteria. For this type of bid, price cannot be included with the vendor response or the response must be disqualified per City Ordinance and State Law. The responses are reviewed and rated by a committee that is appointed by the City Manager. In some situations, the top tier of respondents are identified and asked to make presentations to the committee. Once the committee determines the most qualified respondent, negotiation of price may begin with the highest-ranking respondent. If a fair price cannot be negotiated, the City may move to the second-ranked proposal for negotiation and then to the third-ranked respondent, if necessary. If a price cannot be negotiated to the

City's satisfaction after moving to the third most qualified respondent, the RFQ must be reissued.

The ITB and the RFP processes include a price component. In the ITB process, a bid specification (performance, design, etc.) is utilized for a benchmark or comparative to alternates submitted. These are price-influenced bids that include goods and services such as equipment, computers, furniture, vehicles, construction and supplies. The bid is awarded to the lowest bidder that meets the specifications provided. If the bidder does not meet the specifications provided, they are disqualified. In addition, the City may disqualify a bidder based on poor experience/service history.

In the RFP process, the submission is separated into two (2) components. This type of procurement is generally service-related; however, the services are not deemed professional services. Examples include training, information technology maintenance, phone services and concession/food bids. The first component includes the requirements of the product or service and the criteria by which the bid will be evaluated by a review committee. The second component is pricing, which must be placed in a separate sealed envelope. Pricing cannot be considered during the phase in which qualifications and service criteria are evaluated. Typically, a minimum score between 80% and 90% must be achieved for the bid response to be qualified for the pricing evaluation. Bidders who fail to reach the minimum score are disqualified. Once all qualified responders have been determined, the sealed pricing envelopes are opened and the bid is awarded to the lowest qualified respondent. The RFP is a hybrid of the ITB and the RFQ methods of procurement, as it allows for some subjectivity in determining qualifications and then brings price into consideration.

BID PROCESS EXCEPTIONS

There are instances when it is appropriate to make an exception to the standard bid processes utilized for purchasing. The following exceptions from bidding procedures are allowed:

- **Emergency Procurement** – Emergency procurement is defined as a purchase made when property, life, health or public safety is in jeopardy. This exception might be utilized in connection with rescues during an event such as a flood or tornado.
- **Sole Source Procurement** – Sole source procurement is utilized when a single vendor is available to perform the service or provide the material required. This exception requires justification by the Department, with approval from the Purchasing Agent, the City Manager, or the Board of Directors, depending on the cost level of the expenditure. An example of this type of procurement would be the procurement of annual software maintenance from the company that provides and updates the software.

- **Performance Compatibility (Sole Source)** – The City Purchasing Manual refers to State A.C.A. (19-11-201 et seq.) as the authority on making purchases, specifically (19-11-232) states sole sources may be defined as “requirements of performance compatibility with existing commodities or services”. An example of this type of procurement exception would be the recent acquisition of the Emergency Communication System from Motorola. The City’s system must be compatible with the state emergency communication system, which required sole source procurement based on performance compatibility.
- **Participation in State Contracts** – The City is authorized to participate in all State of Arkansas purchasing contracts per Resolution 10255. When the City utilizes a State contract to purchase goods or services, an additional bidding process is not required at the local level. This type of procurement is often utilized for vehicle purchases.
- **Board Exception** – The City Code of Ordinances 2-242 (d) states, “The Board of Directors may waive the requirement of competitive bidding in exceptional situations where such a procedure is not feasible.”

We will have additional discussion at the next LRCent Committee meeting which will be held on Wednesday, June 20th at 11:00 a.m. at the Hinton Neighborhood Resource Center.

If additional information is needed, please advise.