

TO BID OR NOT TO BID

A QUESTION OF SERVICES

As it pertains to Title 38, services are silent under the public bid law, which allows an agency governed under this Statute the discretion to either bid or not bid those items which are defined as services.

In order to differentiate between services and materials and supplies, one would need to ask if you are or are not taking ownership of the product you are procuring. If you are not taking ownership of the item, then it should be considered some type of service.

From a standpoint of purchasing some examples of services would include the following:

- Waste Disposal
- Insurance
- Pure Lease – Not a Fair Market Value Lease
- Copier Rental
- Renewable site license – Not a purchase of software
- Lawn Care – Not landscaping materials
- Uniform Rental
- Housekeeping

There are three basic methods in which to procure services:

- 1) Request for Bid (RFB)
- 2) Request for Proposal (RFP)
- 3) Request for Quotation (RFQ)

To determine the best method to procure services, the Procurement Officer must first consider the policy of the Agency or Board. Some Agency/Board policies state that all items which exceed certain dollar amounts are either put out for Bid or Proposal, while others may not offer any language as it pertains to services allowing total discretion to the Procurement Officer, or to the management level of the Agency.

For the purpose of this study we will assume that all three of the aforementioned options are available to the management level of the Agency, and since the Request for Bid and Request for Proposal are both the same in that they requested as a permission and then let to the public for the purpose of “bidding” they will be interchanged for the sake of simplicity.

While all services are different, they still remain services and thus can be treated the same in all cases, giving abundant latitude to the decision maker as to how the services shall be procured. Quantifying the decision, or identifying and providing a numeric value to each option will give clear direction as to how the purchase shall be made. Questions are asked and answered with a number value assigned to each question with a weight of 1 to 5 for each of the three methods. The choice of using an ascending grading scale or a descending grading scale should not matter, and should also not affect the outcome in obtaining a choice based on a numeric value.

Some basic questions may be:

- 1) How soon do we need the service?
- 2) What benefits do we have to do an RFB/RFP or RFQ?
- 3) Will the outcome change if we do an RFB/RFP versus an RFQ?
- 4) Do we have more or less freedom with the RFB/RFP or an RFQ?

If after weighing the options between the three methods you choose to take the course of the RFQ, some suggestions to provide transparency in the process:

- 1) Inform your Board or Agency Head. It is wise to inform supervisory personnel or your Board of your intent to use an RFQ instead of an RFB/RFP.
- 2) Advertise in your Official Journal at least twice. If you have a high profile or high dollar service it would be prudent to advertise the request for quotation.
- 3) Allow enough time for responses. Do not set unrealistic time lines to have the RFQ returned.
- 4) Involve others in the process. Bringing other members of the organization when reviewing the responses, especially those that will be impacted directly.
- 5) Reduce everything in writing. Your RFQ should look exactly the same as if you were going through the bid process. Deadlines should be set, forms should be filled out and signed and contracts should be executed.
- 6) Review quotations to ensure that everyone is quoting comparable services. In all cases it is very important to keep the playing field level for all vendors.
- 7) Maintain confidentiality. Keep all prices and proposals in a secure until after you have made a decision. Vendors may request to see other vendor's proposals once they are submitted prior to a final review and decision. These prices should be treated as confidential until a final decision is made.
- 8) Once a decision is made and a vendor is chosen, communicate this information to all the vendors at one time either through e-mail or fax.

Hopefully this document will provide some insight and assistance when deciding how you will approach your next service contract.