

# Chapter 5

## Pre-Solicitation

This is a partial Chapter 5 document that addresses Solicitation Methods. Remaining content will be developed at a later date

### 5.1. Competitive Solicitation Requirements

MCL 18.1261, et seq. requires the use of competitive solicitation from the private sector when practicable to efficiently and effectively meet the State's needs. This Chapter describes the requirements for conducting competitive solicitation. Any deviation from the requirements identified in this Chapter must be approved by the Chief Procurement Officer.

### 5.2. Competitive Solicitation Defined

Competitive solicitation is the formal or informal process of obtaining quotes, bids or proposals from vendors to determine contract award based on factors such as pricing, product cost, supply situation, quality, timeliness, and best value from responsive and responsible vendors. Some of these concepts are defined below:

**Best value** is determined by analyzing the components of the proposal such as price, quality, expertise, schedule, terms and conditions, product cost, supply situation, timeliness, expertise, etc. and identifying the vendor who provides the best overall offer to the State.

**“Responsible Vendor”** is a vendor that demonstrates it has the ability to successfully perform the duties identified by the solicitation.

A **“Responsive”** proposal is one that is submitted in accordance with the solicitation instructions and meets all mandatory requirements identified in the solicitation.

If the good or service is in scope of a current State contract, the purchasing professional must utilize the contract. If the good or services is not available on a current State contract, the purchasing professional must obtain the good or service by utilizing one of the solicitation methods identified in Table 5.2.

Depending on the purchase, the solicitation method may be informal or formal, but must always be conducted in an open and fair environment that promotes competition among potential contractors. The competitive solicitation methods required for purchases made pursuant to MCL 18.1261, et seq. are identified in Table 5.2.

**Table 5.2.  
Competitive Solicitation Methods**

<b>Formal Competitive Bidding</b>	<b>Informal Competitive Bidding</b>	<b>Alternative Competitive Bidding</b>
Posted on Buy4Michigan	Posting on Buy4Michigan <u>not</u> required	Posting on Buy4Michigan <u>not</u> required
- Request for Proposal (5.4.1.) - .) - Invitation to Negotiate (5.4.2.)	- Request for Quote (5.5.1.) - Direct Solicitation (5.5.2.)	- Verbal, Electronic, or Online Method (5.6.1.)
Must obtain a minimum of 1 bid or proposal	Request for Quote – Reasonable effort must be made to obtain 3 viable quotes  Direct Solicitation – Contact must be made with all vendors that provide the good, or service.	No minimum quote requirement; however, due diligence must be made to ensure best pricing is obtained including obtaining multiple bids when practicable.

### 5.3. Competitive Solicitation Method Requirements Based on Dollar Value

The appropriate competitive solicitation method is based on the dollar value of the purchase, and are identified in Table 5.3.

**Table 5.3.  
Competitive Solicitation Method Requirements Based on Dollar Value**

<b>Anticipated Value</b>	<b>Formal Competitive Bidding</b>	<b>Informal Competitive Bidding</b>	<b>Alternative Competitive Bidding</b>
<b>Greater than \$10,000</b>	Required	Acceptable Alternative is a Direct Solicitation	N/A
<b>\$10,000 - \$2,500</b>	Acceptable Alternative	Required	N/A
<b>Less than \$2,500</b>	Acceptable Alternative	Acceptable Alternative	Required

## 5.4. Formal Competitive Bidding

Formal solicitations must be posted on the Buy4Michigan system, unless written approval is obtained from the Chief Procurement Officer or designee. The two types of formal competitive bidding methods and are as follows:

### 5.4.1. Request for Proposal

A formal competitive bidding process (posted, as identified in Chapter 7, Section 7.2.2., on Buy4Michigan). The Request for Proposal may be designed in a manner that provides the vendor with the specific goods or services needed, and a request is made for pricing, or designed in a manner that identifies critical business and technical requirements. A responding vendor must provide their qualifications, an approach, details about the solution, and pricing information.

### 5.4.2. Invitation to Negotiate

A formal competitive bidding process (posted on Buy4Michigan for at least 7 calendar days) used when the purchase of the good or service is proprietary in nature, is based on compatibility with existing infrastructure, or on a licensing exclusivity.

Examples include, but are not limited to, situations where the contractor is the only vendor holding the license, patent, copyright or trademark allowing them to provide the commodity or service; where the contractor has exclusive rights to the manufacturing, distributing, or selling of the good or service; where the warranty, repair or maintenance rights are limited to a selected contractor pool; or where a proprietary item is required and the compatibility of equipment, accessories, or replacement parts is the paramount consideration.

This method is intended to advise contractors of the State's desire to purchase, and provide an opportunity to enter into negotiations with the State. A contract award will be based on a contractor's ability to meet mandatory minimums, such as the legal rights to sell a product or service.

Written approval must be obtained from the Chief Procurement Officer, or designee, prior to using this solicitation method. Approval to use this method will be based on business requirements, factors considered in selecting the awarded contractor, and detailed assessment to establish fair and reasonable pricing.

## 5.5. Informal Competitive Bidding

Informal solicitations do not have to be posted on Buy4Michigan, however, Buy4Michigan should be utilized whenever practical. There are two types of informal competitive bidding methods:

#### 5.5.1. Request for Quote

A request for quotes is an informal process used to determine fair and reasonable pricing for the purchase of good or service. The purchasing professional must make a reasonable effort to contact a *minimum of three viable* contractors that provide the good or service, and obtain viable written quotes (e.g. fax, email, mailed, online). The written quotes must describe the good or service being purchased, deliverables, the applicable milestones, and payment stream.

#### 5.5.2. Direct Solicitation

An informal process used when the good or service is only available from a select number of contractors. The State may identify those contractors and solicit proposals from them directly, but there is not a requirement to post on Buy4Michigan.

Written approval must be obtained from the Chief Procurement Officer, or designee, prior to using this solicitation method. Approval to use this method will be based on business requirements, factors considered in selecting the awarded contractor, and detailed assessment to establish fair and reasonable pricing.

### 5.6. Alternate Competitive Bidding

An alternative competitive bidding method may be utilized for purchases where the anticipated value is less than \$2,500.

#### 5.6.1. Verbal, Electronic, or Online

A verbal (telephone or in person), electronic (email), or online purchasing method may be used for any purchase less than or equal to \$2,500, that is not on a blanket purchase order, or on a purchase order contract. There is no minimum quote requirement for this competitive bidding method; however, due diligence must be made to ensure best pricing is obtained including obtaining multiple bids when practicable.

### 5.7. Competitive Solicitation Exceptions

Competitive solicitation, as identified in Table 5.2., is required for all purchases, regardless of dollar value, unless one of the following applies:

#### 5.7.1. Protection of Public Health or Safety

As determined by the Chief Procurement Officer, or designee, competitive solicitation is not required if the purchase is necessary for the imminent protection of public health or safety or to mitigate an imminent threat to public health or safety. See MCL 18.1261(3)(a).

- 5.7.2. **Emergency Repair or Construction**  
Competitive solicitation is not required if the purchase is for emergency repair or construction caused by an unforeseen circumstances and is necessary to protect life or property. See MCL 18.1261(3)(b).
- 5.7.3. **Declared State of Emergency or State of Disaster**  
Competitive solicitation is not required if the purchase is in response to a declared state of emergency or state of disaster and identified in the Emergency Management Act, 1976 PA 390, MCL 30.401 to 30.421; 1945 PA 301, MCL 10.31 to 10.33; or 1982 PA 191, MCL 10.81 to 10.89. See MCL 18.1261(3)(d).
- 5.7.4. **As Otherwise Provided By Statute**  
Competitive solicitation is not required if a statute, or the provider of the funds for the good or service imposes clear and specific restrictions on the use of the funds in a way that requires that the State contract with only one contractor.
- 5.7.5. **Cooperative Agreements and Other State Contracts**  
As approved by the Chief Procurement Officer, or designee, the State may sign a participating addendum or similar document to participate in a competitively bid cooperative contract. Such a contract must contain a provision allowing for other entities to join the contract, or the State must have cooperated with the issuing entity at the outset of the competitive solicitation.
- 5.7.6. **Existing State Contract**  
An existing contract may be amended to add a good or service that is reasonably related to the goods or services initially purchased. Increasing the amount of goods or services obtained through a contract, expanding the number of agencies served, and adding goods or services to extend the useful life of a previous purchase are non-exhaustive examples of what may be considered reasonably related to the initial purchase. The Chief Procurement Officer, or designee, must approve any amendments made pursuant to this provision.