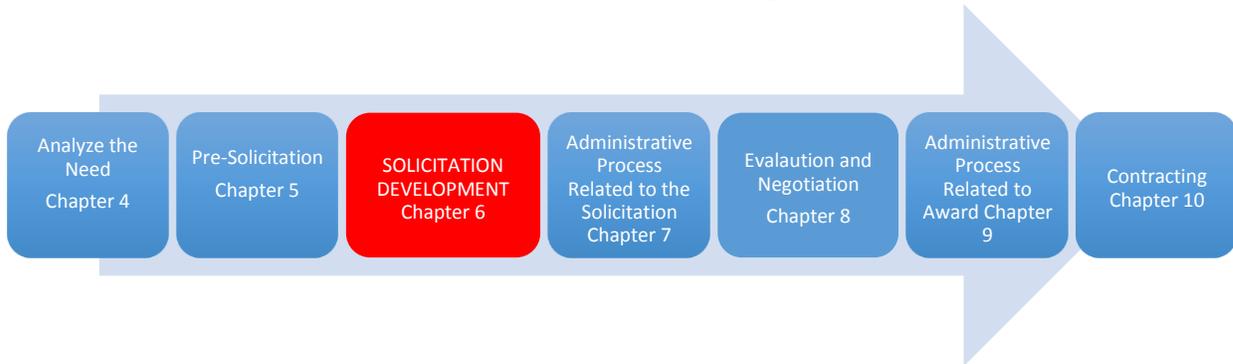


CHAPTER 6

Solicitation Development



6.1. Chapter Overview

Subsequent to completing the pre-solicitation steps identified in [Chapter 5](#), solicitation documents must be constructed and prepared for competitive solicitation. This Chapter focuses on the steps in the solicitation development stage.

6.2. Solicitation Development Team

The **Solicitation Development Team** consists of individuals responsible for ensuring the solicitation documents contain all information needed to procure the goods or services, or solve the problem. The roles and responsibilities of the Solicitation Development Team are described in Table 6.2.

Table 6.2. Solicitation Development Team	
Team Member	Role and Responsibilities
Business Owner	The agency leader (e.g., department or agency director, or designee) who is the owner of the procurement need
Procurement Executive	<p>The Procurement Executive or designee is responsible for, including but not limited to, the following:</p> <ul style="list-style-type: none"> • Ensuring the documents prepared for the solicitation contain all information needed to procure the goods or services, or solve the problem • Verifying that sensitive data (e.g., social security numbers, driver license numbers, financial account numbers, information that would jeopardize the security or safety of persons or property of custodial or penal institutions, security plans, security codes, passwords, etc.) is not contained in solicitation documents • Identifying the agency Solicitation Manager who will be responsible for addressing agency concerns related to the solicitation • Ensuring prior approval (CS-138) from the Michigan Civil Service Commission for the disbursement of funds to pay for services. (Additional information is on the Michigan Civil Service Website at http://www.michigan.gov/mdcs)

Solicitation Manager	<p>The Solicitation Manager is the purchasing professional responsible for the following:</p> <ul style="list-style-type: none"> • Coordinating communications related to the solicitation • Developing the statement of work with assistance and input from Program Manager, and Subject Matter Experts • Constructing the solicitation • Developing evaluation criteria with assistance and input from Program Manager and Subject Matter Experts
	<ul style="list-style-type: none"> • Verifying that sensitive data (e.g., social security numbers, driver license numbers, financial account numbers, information that would jeopardize the security or safety of persons or property of custodial or penal institutions, security plans, security codes, passwords, etc.) is not contained in solicitation documents • Compiling the solicitation documents • Managing and facilitating the solicitation process • Ensuring that the Procurement Executive agrees that the solicitation documents reflect the goods or services needed or the problem to be solved
Subject Matter Experts	<p>A Subject Matter Expert an individual with expertise in the content, or a portion of the content, of the solicitation and participates in the procurement process, including but not limited to assisting with drafting any part of the solicitation, documenting the business and technical requirements, evaluating the responses received, or assisting in negotiation of any resulting contract.</p>
Program Manager	<p>The Program Manager is the individual identified by the business owner, or designee, who is responsible for the technical oversight and direction of the day-to-day administration of the contract, and all other duties as identified in Table 12.2 of Chapter 12. The Program Manager is a subject matter expert and should be identified in the solicitation development stage.</p>

6.3. Solicitation Tools

The State utilizes Buy4Michigan and various solicitation tools to standardize the solicitation process. The tools are described in Table 6.3.

Table 6.3. Solicitation Tools	
Tool	Description
Buy4Michigan	<p>The Buy4Michigan system is a tool used by purchasing professionals to provide public notice of the solicitation. Unless otherwise approved by the Chief Procurement Officer, all solicitations greater than \$10,000 must be posted on the Buy4Michigan system. When practical, solicitations \$10,000 or less should be posted on the Buy4Michigan system.</p>

Templates	<p>Unless otherwise approved, the purchasing professional must use the approved Solicitation Instruction and Vendor Questions Worksheet and Standard Contract Terms templates when developing the solicitation. The Statement of Work and Pricing Matrix templates are available, but not required to be used in developing the solicitation.</p> <p>The most current version of the documents can be found on the Enterprise Procurement intranet site under the “Templates and Forms” tab. The templates include instructions (read and delete sections) that assist the procurement professional in preparing the solicitation. If aspects of a template do not make sense for a particular purchase, beyond what may be removed in accordance with the read and delete sections, seek approval from the Policy and Compliance team to modify the template. Blind adherence to a template rarely makes for a good business document.</p> <p>To ensure that the most recent documents are used for each solicitation, download the newest templates from the intranet, rather than utilizing a saved document.</p>
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6.4. Constructing the Solicitation - Request for Proposal (RFP)

A Request for Proposal (RFP) is a formal solicitation method used for a purchase over \$10,000. The Solicitation Manager, in consultation with the Solicitation Development Team, is responsible for constructing the RFP using the approved solicitation templates. The following subsections provide guidance in the development of an RFP. The templates used in the RFP process include the following:

Section	Document
6.4.1	Solicitation Instructions and Vendor Questions Worksheet
6.4.2	Statement of Work
6.4.3	Pricing Matrix
6.4.4	Additional Schedules or Attachments
6.4.5.	Contract Terms

6.4.1. Solicitation Instructions and Vendor Questions Worksheet

The “[Solicitation Instructions and Vendor Questions Worksheet](#)” is a template used to communicate the State’s instructions to the vendor community and solicit company information from the vendor. The document contains a list of questions intended to obtain information to assist the Solicitation Manager in determining if the vendor is Responsible (Responsible is defined in Chapter 5, Section 5.2 and Chapter 8). The information required in the Solicitation Instructions is noted in Table 6.4.1. The Vendor Question Worksheet must not be modified; however, the Solicitation Manager may add additional questions as needed.

Requirement	Description
Anticipated Timeline	Solicitation timelines are organized by a schedule of events, a list of activities and corresponding dates. Each solicitation, at a minimum, will have an issue date and a closing date. Additional scheduled activities may include receiving and answering vendor questions or conducting a pre-proposal meeting, and oral presentations, etc.

Buy4Michigan Posting Requirements	<p>The Solicitation Manager must determine the number of days the solicitation will be posted on Buy4Michigan.</p> <ul style="list-style-type: none"> • Solicitations over \$10,000 must be publically posted on Buy4Michigan • Solicitations with an estimated value greater than \$50,000 must be posted for a minimum of 14 calendar days unless exception is obtained from the Chief Procurement Officer or designee. <p>In determining the appropriate posting period, the Solicitation Manager should consider the complexity of the solicitation, appropriate period of time for a vendor to review the solicitation, ask questions, and prepare a sufficient response.</p>
RFP Document List	The Solicitation Instructions should identify all documents included in the solicitation.
Vendor Questions	It is recommended that each solicitation identify a period of time for vendors to submit written questions prior to the close of the solicitation as well as a deadline for the State to respond to the questions. The Solicitation Manager may also elect to propose questions to perspective bidders to address in the question and answer period.
Pre-Proposal Meeting	The Solicitation Manager may conduct a “Pre-Proposal Meeting” (in person or by conference call) prior to the closing date of the solicitation. An on-site Pre-Proposal Meeting is conducted for the purpose of allowing vendors to visit the physical location where services will be performed. The solicitation must identify the meeting location, date, time, and state whether the vendor’s attendance is mandatory. Additional relevant information (e.g., driving directions, information about available parking, whether an ID is required, or whether preclearance is required) should also be included in this section.
Samples	The solicitation may require the submission of product work samples, descriptive literature, or technical data and may require inspection or testing of a product before award. If samples are desired, the solicitation should state the requirement.
Delivery of Proposal	All solicitation responses must be submitted using the Buy4Michigan system. In addition to requiring an electronic proposal submission, the Solicitation Manager may request a hard copy from the bidders if determined necessary.
Evaluation Method	<p>The Solicitation Manager, in collaboration with the Program Manager and Subject Matter Experts, is responsible for identifying the evaluation method the State will use to evaluate proposals. There are two types of “Evaluation Methods”:</p> <ul style="list-style-type: none"> • Evaluation conducted by the Solicitation Manager in collaboration with the Program Manager and Subject Matter Experts • Evaluation conducted by Joint Evaluation Committee. <p>Chapter 8 provides additional information related to the Evaluation Teams roles and responsibilities.</p>
Evaluation Criteria	The Solicitation Manager, in collaboration with the Program Manager and Subject Matter Experts, is responsible for determining the criteria that will be used to evaluate proposals.
Award Type	The Solicitation Manager, in collaboration with the Program Manager and Subject Matter Experts, should determine the type of contract award desired, whether single, split or multiple awards, and identify the anticipated award type in the solicitation.
Protest Period	The Solicitation Manager in collaboration with the Program Manager must identify the appropriate protest period that will be applicable to the contract award recommendation resulting from the solicitation.

6.4.2. Statement of Work

The Solicitation Manager, in collaboration with the Program Manager and Subject Matter Experts, is responsible for translating the business and technical requirements into the Statement of Work. The “**Statement of Work**” is the document that defines specific objectives, activities, requirements, deliverables and respective timelines.

The Solicitation Manager should use concise language when drafting the solicitation. Use the words “must” or “is required” to identify mandatory (essential) requirements (use of the same term throughout the solicitation). Avoid using the word “shall” as it can be ambiguous. The words “may” or “should” may be used to identify optional (or desirable) requirements.

Table 6.4.2. provides the Solicitation Manager with guidance on how to develop Statement of Work.

Table 6.4.2. Statement of Work Schedule A	
Enterprise Procurement intranet site provides templates that may be used in drafting a Statement of Work. The templates contain sample language that a Solicitation Manager may find useful in developing the Statement of Work. These templates are not intended to be a fill-in-the-blank format, and must be modified to the specific needs of the procurement. The Statement of Work may be developed in Excel, or in Word in an outline or table format. The Solicitation Manager should develop the Statement of Work in a way that will assist the Evaluating Team in easily evaluating the proposals. The Statement of Work typically addresses these subjects:	
Section	Description
Background	This section is typically short in length and provides an overview of the need for the procurement and why we are doing this project. This may include the business objective, and any concurrent projects, systems or programs impacted.
Scope	This section briefly states the work to be done. The information should be limited to what is necessary to convey the intent of the resulting contract. It may include a statement of the extent of work to be performed, a brief overview of the steps involved with the project, and a short description of the methodology to be used.
Location of Work	This section describes where the work is to be performed.
Delivery Schedule / Timeline for Performance	This section describes the delivery schedule and timeline for performance.
Funding Source and Compliance Requirements	This section identifies any state or federal requirements and State of Michigan specific standards that must be met or adhered to.
Acceptance Criteria	This section specifies how the State will determine if the good or service is acceptable. Contract Terms may have general acceptance language, but the language may need to be modified for the specific procurement
Transition Requirements	If transition will be required to implement the new contract describe in detail the transition plan and timeline. Contract Terms may have general transition language, determine if the language should be modified.
Training	This section describes any training requirements.
Reporting	This section describes the reporting requirements.

<p>Business and Technical Requirements, and Specifications</p>	<p>This section lists the business and technical requirements, and specifications.</p> <p>The requirements and specifications describe what is needed, the technical issues that need to be resolved, how the deliverable will function, the activities to keep the deliverables functioning, and the expected results or performance of a product or service. The requirements and specifications may classify or describe the product needed, may specify the classification in groups (i.e., type, grade, class, composition, style, color, form, weight and size) and may also include minimum acceptable level of performance.</p> <p>It may be necessary to identify a business and technical requirement, or specification as a “Mandatory Requirement” that a vendor must meet to be considered for an award. However, a business and technical requirement, or specifications must not be written to restrict competition. The Solicitation Manager must ensure that there is sufficient justification for any Mandatory Requirement identified in a solicitation. Examples of a mandatory requirement include:</p> <ul style="list-style-type: none"> • Pre-proposal meeting attendance • Minimum qualifications • Performance requirement • Licensure or certifications • Prior experience of similar scope and size of the solicitation <p>The solicitation may indicate that an approved alternate to the identified business and technical requirement, or specification will be accepted.</p> <p>As approved by the Procurement Executive, or designee, an approved brand list may be used; however, the Solicitation Manager should note that using brand or trade names tend to restrict competition.</p>
<p>Service Level Agreements</p>	<p>Service level agreements establishing a framework for payment when a schedule is not met</p>

6.4.3. Developing Pricing Matrix

The Solicitation Manager, in collaboration with Program Manager and Subject Matter Experts, is responsible for developing a pricing matrix. “**Pricing Matrix**” refers to the document the vendor will complete to identify the price of the requested goods, services, or problem to be solved. The pricing matrix should clearly identify the unit of measure, and the specific items to be priced. Consideration should be given to the useful life of the purchase; anticipate warranty, maintenance, and support services needed beyond the initial purchase; volume discounts; and milestone and deliverable-based pricing models. The intent of the Pricing Matrix is to obtain structured pricing responses to allow the State to compare multiple responses during evaluation.

The Pricing Matrix should describe the type of contract that will be awarded. Examples of contract types include, but are not limited to the following:

Fixed Price Contracts

- Fixed price by unit cost or by hour
- Fixed price by total cost or lump sum (requirement, milestone and deliverable-based)

- Fixed price with incentive or commission
- Fixed price with or without price increase or decrease provision

Cost Reimbursable Contracts

- Cost reimbursable with fixed fee
- Cost reimbursable with percentage fee
- Cost reimbursable with incentive fee
- Cost reimbursable with award fee
- Time and materials

6.4.4. Additional Schedules and Attachments

Title any additional documents with the appropriate heading name and schedule reference beginning with Schedule, or Attachment 1, 2, 3, etc. As noted in Section 6.4.2., the Statement of Work must be titled as **Schedule A**.

6.4.5. Contract Terms and Conditions

The Solicitation Manager must determine what contract terms will be used to govern the resulting contract. Tables 6.4.5.a and 6.4.5.b identifies the approved contract terms that must be included with a solicitation, and the considerations used to select the appropriate terms. If the Solicitation Manager is unsure which contract terms should be utilized they should make contact with the Policy and Compliance team in Central Procurement.

Table - 6.4.5.a. Contract Terms and Conditions - Non-IT	
Template	When to Use
Standard Contract Terms	The Standard Contract Terms must be used if the contract: <ul style="list-style-type: none"> • Is critical to State operations, or the public • Would jeopardize persons, property or the State of Michigan if the goods or services are not provided • Would allow the vendor to process, store, transfer or touch sensitive State data • Requires transition from one vendor to a new vendor • Allows the vendor access to State IT systems • Requires the vendor to process citizen credit card data • Is for printing services as the primary purpose of the contract • Requires the vendor to pay prevailing wage rates • Will be utilized by Extended Purchasing participants • Will have Administrative Fee language
Short Form Terms	If the contract for goods or services does not fall into one of the Standard Contract Terms requirements identified above, the Short Form Terms may be used.

Table - 6.4.5.b. Contract Terms and Conditions - IT Related	
Template	When to use

Custom Software Development Terms	This template is used when the State engages a vendor to custom develop a software solution
Software as a Service (SaaS) Contract Terms	<p>This template is used when the State will have access to a predefined software environment that is maintained by the vendor. These applications are accessible from various devices such as a web browser, and the State does not manage or control the underlying infrastructure including network, servers, operating systems, storage or even individual application capabilities.</p> <p>In these situations the State is granted a subscription-based license to use the application during the term of the contract, which expires upon termination or expiration of the contract.</p>
Commercial off the Shelf (COTS) Contract Terms	This template is used for fully functional software applications where modifications to the source code are not required (the template allows for configuration). A configuration is defined as State specific changes made to the software without source code or structural data model changes occurring.

After selecting the appropriate contract terms template, the Solicitation Manager, in collaboration with the Program Manager and Subject Matter Experts, must review the contract terms to determine if changes are necessary based on the specific goods, equipment or services to be provided. Modification must be in accordance with and limited to the instructions provided in the applicable terms and conditions document. The Solicitation Manager should redline any other proposed changes and submit a request for review to the Policy and Compliance Team in the Central Procurement Office. Additional instructions regarding modifications to contract terms is located on the [Enterprise Procurement intranet site under the Templates and Forms button](#).

6.4.6. Goods or Services with an IT Component

If the solicitation for goods or services includes an IT component, contact must be made with the agency's DTMB Business Relationship Manager, and the Policy and Compliance Team in the Central Procurement. An **IT component** can come in three different forms: (a) **products/goods/commodities** (e.g., hardware, laptops, keyboards, monitors, equipment with embedded software (printer or copier)); (b) **services** (e.g., consulting, staff augmentation, education/training, support and maintenance); and (c) **software license/subscription agreements** (e.g., Adobe Acrobat, Gongwer, IBISWorld, ProPurchaser, Microsoft Word). Generally, a purchase has an IT component if it involves one or more of the following:

- developing, designing, or customizing software
- database access/development
- transfer of data between two systems
- accessing information via the internet
- anything touching the State's network

6.5. Constructing the Solicitation – Invitation to Negotiate (ITN)

An [Invitation to Negotiate](#) (ITN) is an optional formal solicitation method used for a purchase over

\$10,000 when research supports there is only one vendor. If the Solicitation Manager is aware of more than one vendor that can provide the good or service, this solicitation method should not be used. Prior to using this solicitation method the Solicitation Manager must obtain approval from the Chief Procurement Officer or designee.

The Solicitation Manager is responsible for developing and drafting the request and justification for utilizing this solicitation method. The information required to obtain approval to use the Invitation to Negotiate is noted in Table 6.5.

Table 6.5. Constructing the Invitation to Negotiate	
Requirement	Description
Description of the Purchase	The ITN must describe the purchase, and the Solicitation Manager must attach a detailed list of business and technical requirements, and specifications.
Commodity Code Reference	The appropriate commodity codes applicable to the purchase must be identified on the ITN document.
Name of Potential Vendor	The name of the potential vendor, address, and contact information must be identified on the ITN document.
Justification	Provide justification for using an ITN solicitation method by describing why the potential vendor identified is the only product or service provider. This may require explaining how the requirement fits into a larger overall program. Discuss any market research conducted and describe results. "Market Research" is an exercise used to determine any vendors capable of satisfying the State's requirements. Market research should be focused not only on identifying alternative sources, but also on alternate goods, services or other substitutes that might fill the State's needs with only minor modifications. If no market research was conducted, it must be stated and the rationale provided. Regardless of the approach used, the results should provide a high level of confidence that no other qualified sources exist. If no market research was conducted, it must be stated and the rationale provided. Describe any actions taken or to be taken to foster competition for future purchases of the goods or services.

6.6. Constructing the Solicitation – Request for Quote

A [Request for Quote](#) is an informal solicitation method used for the purchase of a good or service with a value of \$2,500.01 - \$10,000. The Solicitation Manager is responsible for making reasonable effort to contact a minimum of three viable vendors and must document the vendors contacted. The Solicitation Manager is not required to, but may, develop a formal solicitation document, or post the solicitation on Buy4Michigan. Communication with the vendors should include a discussion regarding the resulting contract period, (one time purchase, single or multi-year contract term), delivery requirements, shipping terms, warranty info, etc.

6.7. Constructing the Solicitation – Direct Solicitation (DS)

A [Direct Solicitation](#) is a solicitation method used for a purchase over \$10,000 when there is more than one vendor, but the pool is limited, or when posting on Buy4Michigan would not provide sufficient response from the vendor community. Chief Procurement Officer or designee approval is needed to use this solicitation method.

The Solicitation Manager is responsible for developing and documenting the justification needed to obtain approval. The information required to obtain approval to use the Direct Solicitation is noted in Table 6.8

Table 6.8. Constructing the Direct Solicitation and Justification	
Requirement	Description
Description of the Purchase	The Solicitation Manager is responsible for developing the detailed list of business and technical requirements, and specifications, for the purchase.
Commodity Code Reference	The appropriate commodity codes applicable to the purchase must be identified.
Potential Vendors	The name, address, and contact information for all known vendors who can provide the service must be identified.
Justification	The Solicitation Manager must provide the justification for using a DS solicitation method by describing why the potential vendors identified are the only providers that can meet that State’s needs, or why posting on Buy4Michigan would not provide sufficient response from the vendor community. The request must describe any market research conducted. “Market Research” is an exercise used to determine the sources capable of satisfying the State’s requirements exist or can be modified so that they will satisfy the State’s needs. Market research should be focused not only on identifying alternative sources, but also on alternate goods, services or other substitutes that might fill the State’s needs with only minor modifications. If no market research was conducted, it must be stated and the rationale provided.

Once approved, the Solicitation Manager must develop the Direct Solicitation documents. The Direct Solicitation documents include:

- Solicitation Instructions and Vendor Questions Worksheet (see Table 6.4.1)
- A statement of work that contains the detailed list of the business and technical requirements, and specifications used in obtaining the approval from the Chief Procurement Officer
- Contract Terms (see Table 6.5.)
- Any additional schedules or attachments

6.8. Contract Period

The contract period for any resulting contract must be identified in the solicitation. When determining the appropriate contract period the Solicitation Manager, in collaboration with the Program Manager and Subject Matter Experts, must consider the needs of the State, the total cost of ownership, useful life, and expected costs. The contract term should be for a period of time that is in the best interest of the State. The Chief Procurement Officer or designee must approve any Evergreen Contract. An

“Evergreen Contract” is a contract that is automatically renewed after the completion of an identified period unless canceled by either party.

6.9. Compiling the Solicitation Documents

The solicitation documents may be posted on Buy4Michigan individually, or as a single document. If a single document is used, all headings for each section must be kept intact (e.g., do not eliminate titles such as Solicitation Instructions and Vendor Question Worksheet, or Standard Contract Terms etc.) and assembled in the following order:

Section	Document
6.8.1	Solicitation Instructions and Vendor General Information Worksheet
6.8.2	Schedule A - Statement of Work
6.8.3	Pricing Matrix
6.8.5	Additional Schedules or Attachments
6.8.6.	Contract Terms

6.10. Reviewing the Solicitation

The Solicitation Development Team must review the documents to ensure there is consensus that the solicitation documents reflect all information needed to procure the goods or services, or solve the problem.

6.11. Solicitation Containing Sensitive State Information

If the solicitation documents contain information that should not be released without a signed nondisclosure agreement from interested vendors, the Solicitation Manager should note this and complete a modified version of the solicitation for public posting. The vendor community must be notified of the requirements to sign a non-disclosure agreement prior to releasing the complete solicitation.