



# 10-Minute Supervisor Trainings

Kentucky Soil and Water Conservation Commission

September 2011

## The Bidding Process

From time to time, it might become necessary for a conservation district to enter into a bidding process. All public agencies must follow procurement guidelines to ensure they are treating the public's money with care.

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### What needs to be bid?

- For procurement purposes:
  - \$0-\$500-Buy it, but board must approve
  - \$500-\$1,000-Get at least 3 bids or quotes
  - Over \$1,000-Public Bid
- For construction or maintenance of construction
  - \$0-\$3,000-Only have to have 1 bid
  - \$3,000-\$10,000-Get at least 3 bids or quotes
  - Over \$10,000-Public Bid

### Why do you want to get bids?

- As supervisors you should want to follow contracting guidelines so that it doesn't appear you are giving preferential treatment to certain service providers or businesses.
- Comparing bids is a good way of making sure you are comparing "apples to apples"
- According to KRS 45A.365, "All contracts or purchases shall be awarded by competitive sealed bidding..."

### Invitation for Bids

- Should be advertised in the newspaper with the largest county circulation for at least 7 but not more than 21 days before the bid closes
- Can be advertised on the district webpage or Facebook page
- Include all relevant information so that bids are comparable (length of contract, exact specifications that the district wants, etc.)
- The specifications do not have to be listed in the newspaper advertisement. The ad can direct potential bidders to pick up a bidding packet at the district.
- Invitations for bids should state whether the award will be made on the basis of the lowest bid price or the lowest evaluated bid price.

### Evaluated Bid Price

The dollar amount of a bid after bid price adjustments are made pursuant to objective measurable criteria, set forth in the invitation for bids, which affect the economy and effectiveness in the operation or use of the product, such as reliability, maintainability, useful life, residual value, and time of delivery, performance, or completion.

### **Opening Sealed Bids**

- Bids should be opened publicly at the time and place designated in the invitation for bids, probably at a regularly scheduled board meeting.
- Once the contract is awarded, the bids are open for public inspection
- A contract should be awarded with reasonable promptness by written notice to the responsive and responsible bidder whose bid is either the lowest bid price or lowest evaluated bid price. Letters should also be sent to those who didn't receive the contract.

### **What if my district didn't receive enough bids?**

- If there are only 2 responsive and responsible bidders, then the district can choose one of these 2 as the winning contract.
- If there is only 1 responsive and responsible bidder, the bidder may be awarded a noncompetitive negotiated contract.
- If there are no bidders, the district may acquire the supplies, services or construction by noncompetitive negotiations.

### **What is noncompetitive negotiations?**

Informal negotiation with one or more vendor, contractor, or individual without advertisement or notice.

### **What if all bids are above our budgeted amount?**

- If all bids submitted are in excess of funds available for purchase then competitive negotiations can be entered assuming:
  - That there are no additional funds available from any sources so that the contract can be awarded to the lowest bidder, and
  - That it is in the bids interest of the conservation district to not delay the contract to reselect bids under revised specifications.

### **Competitive Negotiations**

- Competitive negotiations should be conducted:
  - Either in writing or orally
  - With the 3 bidders determined to be the lowest responsive and responsible bidders.
  - Fairly so that any revisions to the specification or quantities are discussed with all bidders.

### **Noncompetitive Negotiations**

- The conservation district can contract or purchase through noncompetitive negotiations in these examples:
  - An emergency exists that will cause public hard as a result of the delay in competitive procedures
  - There is a single source within a reasonable geographic area of the product or service to be procured.
  - The contract is for services of a licensed professional (attorney, CPA, etc.)
  - The contract is for the purchase of perishable items purchased on a frequent basis.
  - The contract is for replacement parts where the need cannot be reasonable anticipated and stockpiling is not feasible.