

Dear Senators MCKENZIE, Lodge, Stennett, and  
Representatives LOERTSCHER, Batt, Smith:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of the  
Department of Administration:

IDAPA 38.05.01 - Rules of the Division of Purchasing - Proposed Rule (Docket No. 38-0501-1601).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the  
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research  
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative  
Services. The final date to call a meeting on the enclosed rules is no later than 10/24/2016. If a meeting is  
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis  
from Legislative Services. The final date to hold a meeting on the enclosed rules is 11/22/2016.

The germane joint subcommittee may request a statement of economic impact with respect to a  
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,  
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has  
been held.

To notify Research and Legislation, call 334-4834, or send a written request to the address on the  
memorandum attached below.



Eric Milstead  
Director

# Legislative Services Office

## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

### MEMORANDUM

**TO:** Rules Review Subcommittee of the Senate State Affairs Committee and the House State Affairs Committee  
**FROM:** Principal Legislative Research Analyst - Ryan Bush  
**DATE:** October 4, 2016  
**SUBJECT:** Department of Administration

IDAPA 38.05.01 - Rules of the Division of Purchasing - Proposed Rule (Docket No. 38-0501-1601)

The Division of Purchasing submits notice of proposed rulemaking at IDAPA 38.05.01 - Rules of the Division of Purchasing. The Division states that the proposed rule is in response to the State Procurement Act passed by the Legislature in 2016. Specifically, this rulemaking does the following:

- (1) Provides for the process and factors influencing the decision to grant, continue and revoke delegated purchasing authority;
- (2) Establishes policies and procedures related to the administration, management, monitoring and oversight of contracts entered into by an agency;
- (3) Revises and adds definitions including "contract administrator", "contract management" and "informal solicitation";
- (4) Establishes the form for preservation of records within the Division; and
- (5) Provides for minor modifications adopted in the State Procurement Act.

The Division states that negotiated rulemaking was conducted and that notice was published in the June edition of the Idaho Administrative Bulletin, Vol. 16-6, page 52. There is no fiscal impact associated with this rulemaking.

The proposed rule appears to be within the statutory authority granted to the Division in Section 67-9205, Idaho Code.

cc: Department of Administration  
Sarah Hilderbrand

# **IDAPA 38 - DEPARTMENT OF ADMINISTRATION**

## **38.05.01 - RULES OF THE DIVISION OF PURCHASING**

**DOCKET NO. 38-0501-1601**

### **NOTICE OF RULEMAKING - PROPOSED RULE**

**AUTHORITY:** In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Sections 67-5717 and 67-9205, Idaho Code.

**PUBLIC HEARING SCHEDULE:** Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than October 19, 2016.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

**DESCRIPTIVE SUMMARY:** The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

New legislation effective July 1, 2016 created the "State Procurement Act." This legislation requires the Administrator of the Division of Purchasing to promulgate rules regarding the process and factors influencing the decision to grant, continue and revoke delegated purchasing authority; as well as rules establishing policies and procedures related to the administration, management, monitoring and oversight of contracts entered into by an agency.

In addressing the requirements of the new State Procurement Act, the rule changes will include rules regarding the process and factors influencing the decision to grant, continue and revoke delegated purchasing authority; as well as rules establishing policies and procedures related to the administration, management, monitoring and oversight of contracts entered into by an agency. This rulemaking will also include additional minor modifications intended to clarify, consolidate and modernize existing language; including (but not limited to) establishing the form for preservation of records within the Division of Purchasing, updates to the definition section, as well as revisions to reflect minor modifications which were adopted in the State Procurement Act. Internal and agency comments may result in additional revisions to the existing rules.

**FEE SUMMARY:** The following is a specific description of the fee or charge imposed or increased: N/A

**FISCAL IMPACT:** The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking: N/A

**NEGOTIATED RULEMAKING:** Pursuant to Section 67-5220(1), Idaho Code, negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the June 1, 2016 Idaho Administrative Bulletin, [Vol. 16-6, page 52](#).

**INCORPORATION BY REFERENCE:** Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule: N/A

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact Sarah Hilderbrand, Administrator, at (208) 332-1612 or [sarah.hilderbrand@adm.idaho.gov](mailto:sarah.hilderbrand@adm.idaho.gov).

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before October 26, 2016.

DATED 9th day of September, 2016.

Sarah Hilderbrand, Administrator  
Department of Administration - Division of Purchasing  
Telephone: (208) 332-1612 / Fax: (208) 327-7320

650 W. State St., Room 100  
P. O. Box 83720  
Boise, ID 83720-0003

THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 38-0501-1601  
(Only Those Sections With Amendments Are Shown.)

011. DEFINITIONS.

Unless defined otherwise in these rules, the definitions set forth in Section 67-9203, Idaho Code, shall apply to this chapter. ( )

~~01. Acquisition. The process of procuring or purchasing property by the state of Idaho.~~ (3-15-02)

~~02. Administrator. The administrator for of the division of purchasing. The administrator is the chief buyer.~~ (3-15-02)( )

~~03. Agency. All offices, departments, divisions, bureaus, boards, commissions and institutions of the state, including the public utilities commission, but excluding other legislative and judicial branches of government, and excluding the governor, the lieutenant governor, the secretary of state, the state controller, the state treasurer, the attorney general, and the superintendent of public instruction.~~ (3-15-02)

~~04. Alternate. Property or services that are not at least a functional equal in features, performance or use of the brand, model or specification designated as the standard.~~ (3-15-02)

~~05. Bid. A written offer that is binding on the bidder to perform a contract to purchase or supply property or services in response to an invitation to bid.~~ (3-15-02)

~~06. Bidder. A vendor who has submitted a bid or quotation on specific property.~~ (3-15-02)

~~07. Brand Name or Equal Specification. This means a~~ <sup>Δ</sup> specification that uses a brand name to describe the standard of quality, performance or other characteristics being solicited and that invites the submission of equivalent products. (3-15-02)( )

~~08. Brand Name Specification. This means a~~ <sup>Δ</sup> specification calling for one (1) or more products by manufacturers' names or catalogue numbers. (3-15-02)( )

~~09. Buyer. An employee of the division of purchasing designated as a buyer, contract administrator, purchasing agent, contracting officer, or similar designation by the administrator, including, where appropriate, the administrator and other management personnel. The term also includes authorized employee(s) of a purchasing activity authority.~~ (3-15-02)( )

~~10. Component. An item of property normally assembled or incorporated with other items into a unified productive whole at the site of use, which items belong to functional classes that may be interchangeable units of similar function but differing operational or productive capabilities.~~ (3-15-02)

~~11. Concession Services. The granting by the purchasing activity authority of a right, franchise, authority, property interest or option to a contractor, regardless of whether an expenditure of state or other funds occurs.~~ (3-15-02)( )

~~12. Consultant Services. This means w~~ <sup>W</sup>ork, rendered by either individuals or firms who possess specialized knowledge, experience, and expertise to investigate assigned problems or projects and to provide counsel, review, design, development, analysis or advice in formulating or implementing programs or services or improvements in programs or services, including but not limited to such areas as management, personnel, finance, accounting and planning. The consultant's services, opinions or recommendations will be performed according to the consultant's methods without being subject to the control of the agency except as to the result of the work. (3-15-02)( )

~~1308.~~ **Contract.** ~~Contract means a~~ Any state written agreement, including a solicitation or specification documents and the accepted portions of the solicitation, for the acquisition of property. Generally, the term is used to describe term contracts, definite or indefinite quantity or delivery contracts or other acquisition agreements whose subject matter involves multiple payments and deliveries. A contract ~~shall also~~ include purchase orders issued any amendments mutually agreed upon by ~~both parties~~ the purchasing authority. (3-15-02)(    )

~~14.~~ **Contractor.** ~~A bidder or offeror who has been awarded an acquisition contract.~~ (3-15-02)

09. **Contract Administration.** Actions taken related to changes to contracts, including amendments, renewals and extensions; as well as receipt, review and retaining of the contract and contract-related documents; and exercise of remedies. (    )

10. **Contract Management.** Actions taken to ensure that both the agency and contractor comply with the requirements of the contract. Includes some functions related to solicitation development and contract development and close-out; also includes, but is not limited to regular monitoring of the contractor's day-to-day performance, evaluation of deliverables, invoice review, payment approval, progress tracking, regular status meetings, and management of state-owned property and other resources used in contract performance management. (    )

~~151.~~ **Director.** The chief officer of the department of administration. (3-15-02)

~~162.~~ **Division.** The division of purchasing of the department of administration as established by Section 67-9204, Idaho Code. Whenever a purchase is made by the division on behalf of another agency, the division shall be deemed to be acting as the agent for such agency. (3-15-02)

~~173.~~ **Document.** When used in these rules, may include electronic documents. (3-15-02)

~~184.~~ **Equal.** Property that meets or exceeds the quality, performance and use of the brand, model or specifications in the invitation to bid, request for proposals or request for quotation. (3-15-02)

~~19. **Equipment.** Items of personal property that have a normal useful life expectancy or measurable service life of two (2) or more years.~~ (3-15-02)

~~2015.~~ **Formal Sealed Procedure.** Procedure by which the buyer solicits competitive sealed bids or competitive sealed proposals by means of an invitation to bid or request for proposals. (3-15-02)

~~21. **Goods.** Items of personal property including concession services, not qualifying as equipment, parts or supplies.~~ (3-15-02)

16. **Informal Solicitation.** Procedure by which the buyer solicits informal competitive quotes by means of a request for quote. (    )

~~22. **Information Technology Property.** Includes, but is not limited to, all present forms of computer hardware, computer software or services used or required for automated data processing, computer related office automation or telecommunications.~~ (3-15-02)

~~2317.~~ **Invitation to Bid.** ~~Means a~~ All documents, whether attached or incorporated by reference, utilized for soliciting formal sealed bids. (3-15-02)(    )

~~24. **Lowest Responsible Bidder.** The responsible bidder whose bid conforms in all material respects to the invitation to bid or request for proposals and reflects the lowest acquisition price to be paid by the state, except that when specifications are valued or comparative performance examinations are conducted, the results of such examinations and the relative score of valued specifications will be weighed, as set out in the specifications, in determining the lowest acquisition price.~~ (3-15-02)

~~2518.~~ **Offeror.** A vendor who has submitted a proposal in response to a request for proposals for property

to be acquired by the state.

(3-15-02)( )

**2619. Open Contract.** A contract awarded by the state of Idaho through the division of purchasing to one (1) or more vendors who have agreed to allow all agencies to ~~procure or~~ purchase specified property under the terms and conditions set forth in the contract. (4-7-11)( )

~~27. Person. Any business, individual, union, committee, club or other organization or group of individuals, not including a state or public agency. (3-15-02)~~

~~28. Procurement. The process of obtaining property for state use by lease, rent or any manner other than by purchase or gift. (3-15-02)~~

**290. Professional Services.** Work rendered by an independent contractor whose occupation is the rendering of such services and who has a professional knowledge of some department of learning or science used by its practical application to the affairs of others or in the practice of an art founded on it, including but not limited to accounting and auditing, legal, medical, nursing, education, ~~engineering,~~ actuarial, ~~architecture,~~ veterinarian, information technology and research. The knowledge is founded upon prolonged and specialized intellectual training that enables a particular service to be rendered. The word "professional" implies professed attainments in special knowledge as distinguished from mere skills. (3-15-02)( )

~~30. Property. Goods, services, parts, supplies and equipment, both tangible and intangible, including, but nonexclusively, designs, plans, programs, systems, techniques and any rights and interests in such property. Includes concession services and rights to access or use state property or facilities for business purposes. (3-15-02)~~

**321. Proposal.** A written response including pricing information to a request for proposals that describes the solution or means of providing the property requested and which proposal is considered an offer to perform a contract in full response to the request for proposals. Price may be an evaluation criterion for proposals, but will not necessarily be the predominant basis for contract award. (3-15-02)

**322. Public Agency.** Has the meaning set forth in Section 67-2327, Idaho Code. (3-15-02)

**323. Purchase.** The act of acquiring or procuring property for state use or the result of an acquisition action. (3-15-02)

~~324. Purchase Order. See also definition of Contract, typically used to acquire property. It is a~~Notification to the contractor to provide the stated property, ~~required material, equipment, supplies or services~~ under the terms and conditions set forth in the purchase order. It may include the form of the state's acceptance of a bidder's vendor's quote, proposal or bid. See also definition of contract. (3-15-02)( )

**325. Purchasing ~~Activity or~~ Authority.** The division or an agency exercising authority based on a delegation of authority by the administrator to an individual or an agency; or as otherwise provided under these rules ~~to an individual within the division or the agency~~ to engage in the conduct of purchasing. (3-25-16)( )

**326. Quotation.** An offer to supply property in response to a request for quotation and generally used for ~~small or emergency purchases~~ informal solicitation procedures. (3-15-02)( )

**327. Request for Proposals.** Includes all documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals as a component of the formal sealed procedure and is generally utilized in the acquisition of services or other complex purchases. (3-15-02)( )

**328. Request for Quotation.** The document, form or method generally used for purchases solicited in accordance with ~~small purchase or emergency purchase~~ informal solicitation procedures. (3-15-02)( )

**329. Requisition.** A standard state or agency specific form that serves as a purchasing request and that requests that the purchasing ~~activity~~ authority acquire the ~~stated requirements~~ property. (3-15-02)( )

**430. Sealed.** Includes invitations to bids and requests for proposals electronically sealed and submitted

in accordance with requirements or standards set by the division and bids and proposals manually sealed and submitted. (3-15-02)( )

~~431.~~ **Sealed Procedure Limit.** That dollar amount, as established by these rules, above which the formal sealed bid procedure will be used. ~~Said~~ The amount may be lowered by the administrator to maintain full disclosure or competitive purchasing or otherwise achieve overall state efficiency and economy. (3-15-02)( )

~~42.~~ **Services.** ~~Personal, general, professional or consultant services, in excess of personnel regularly employed for whatever duration and/or covered by personnel system standards, for which bidding or competition is not prohibited or made impractical by statute, rules and regulations or generally accepted ethical practices.~~ (3-15-02)

~~432.~~ **Small Purchase.** An acquisition that costs less than the sealed procedure limit. (3-15-02)

~~4433.~~ **Solicitation.** ~~Means a~~ An invitation to bid, a request for proposals, request for quote or other document or communication issued by the purchasing ~~activity~~ authority for the purpose of soliciting bids, proposals, or ~~offers~~ quotes to perform a contract. (3-15-02)( )

~~4534.~~ **Specifications.** The explicit ~~requirements furnished with an invitation to bid, request for proposals or request for quotations upon which a purchase order or contract is~~ property to be ~~based~~ acquired by the state. ~~Unless specifically provided in a solicitation, s~~ Specifications do not include ~~solicitation conditions or contractual terms including, without limitation, items such as vendor qualification requirements, bid closing times, delivery time or payment terms~~ the scope of work and the performance and physical characteristics of property. (3-15-02)( )

~~4635.~~ **State.** ~~This means t~~ The state of Idaho including each agency unless the context implies other states of the United States. (3-15-02)( )

~~47.~~ **Supplies.** ~~Items of personal property having an expendable quality or during their normal use are consumed and that require or suggest acquisition in bulk.~~ (3-15-02)

~~4836.~~ **Telecommunications.** ~~Means a~~ All present and future forms of hardware, software or services used or required for transmitting voice, data, video or images. (3-15-02)( )

~~49.~~ **Vendor.** ~~A person or entity capable of supplying property to the state.~~ (3-15-02)

~~5037.~~ **Written.** When used in these rules, may include an electronic writing. (3-15-02)

012. -- 020. (RESERVED)

**021. DELEGATION OF AUTHORITY OF ADMINISTRATOR.**

Whenever a purchase is made by the division of purchasing on behalf of another agency, the division shall be deemed to be acting as the agent for such agency. The division shall administer the acquisition of all property for agencies except those for which the agencies have separate statutory purchasing authority. The administrator may delegate in writing such authority as deemed appropriate to ~~any~~ employees of the division, an agency or employees of ~~a purchasing activity~~ an agency. Such delegations shall remain in effect unless modified or until revoked in writing. All delegations must be given in writing prior to the acquisition of the property. All delegated acquisitions under delegated authority must be made according to these purchasing rules, the policies developed by the division, and the conditions established by the administrator in the delgation. Delegations shall be subject to periodic reporting and review as directed by the administrator. (3-15-02)( )

01. Manner of Submission. Request for delegated purchasing authority must be submitted in writing, on a form and in a manner established by the administrator. ( )

02. Accompaniments to Application. Application for authority must be accompanied by the following: ( )

a. Documentation that the proposed designee demonstrates sufficient purchasing knowledge and ability to accommodate the agency's particular needs; ( )

b. A demonstrated need for the dollar limit of authority requested; ( )

c. An agency purchasing manual outlining internal operational processes and procedures related to the conduct of purchasing within the agency; and ( )

d. A written plan for continual training for staff which includes routine participation in training sessions, workshops and conferences offered by the division. ( )

**03. Policy.** The administrator will establish a delegated purchasing authority policy applicable to all designees; and may place additional conditions on individual delegated authority, in order to ensure consistency in the procurement process as well as proper oversight and compliance with state purchasing code, rules and applicable policy. ( )

**04. Designee Responsibility.** Agency designee(s) are responsible for all procurement-related activities conducted for designee's agency under authority delegated by the administrator. ( )

**05. Sub-delegation.** Designees may sub-delegate purchasing authority within their respective agencies consistent with the designee's capacity to monitor and oversee such activity. ( )

**06. Authority Not Transferable.** Authority is not transferable and will automatically terminate when the designee leaves the employment of the requesting agency; however, an agency may apply to the administrator for the immediate designation of an interim designee to exercise delegated purchasing authority for a time period not exceeding ninety (90) days, subject to conditions outlined by the administrator, relative to the purchasing competency of the interim designee. ( )

**07. Quarterly Review.** The administrator will review the activities of a designee with delegated purchasing authority on no less than a quarterly basis. ( )

**08. Failure to Comply.** Failure to comply with the conditions included in the written authorization provided by the administrator may result in immediate rescission of authority, increased monitoring, reduction in authority level, additional training, or other action deemed appropriate by the administrator to ensure compliance with purchasing code, rules and applicable policy. ( )

022. -- 030. (RESERVED)

**031. COOPERATIVE PURCHASING POLITICAL SUBDIVISIONS.**

The various bid statutes relating to municipal corporations, school districts, and counties may authorize these political subdivisions to utilize any contract resulting from a entered into by the state bid process. A public agency may use open contracts as authorized by statute and the terms of the open contract: and the state may otherwise cooperate with political subdivisions in the acquisition of property. (4-7-11)( )

**032. ACQUISITION OF CONCESSION SERVICES.**

If there is no expenditure of state funds, the acquisition of concession services, including but not limited to, exclusive-rights contracts, franchises, vending services, options, pouring contracts, service contracts, advertising contracts, broadcast rights to sporting events or other similar types of goods property, may be conducted by each purchasing activity authority as it determines to be in its best interest: provided, however, concessions within the definition of a food service facility set forth in Section 67-6902, Idaho Code, shall comply with the provisions of Title 67, Chapter 69, Idaho Code. While there is no statutory requirement for competitive bidding for concession services or the applicability of purchasing statutes to the award of contracts for concession services when no expenditure of state funds is involved, †The purchasing activity authority is encouraged to utilize a competitive process if determined to be in its best interest. (3-15-02)( )

**033. PURCHASE OF TELECOMMUNICATIONS OR INFORMATION TECHNOLOGY PROPERTY.**

Unless otherwise exempted by statute or these rules, all agency requests exceeding the sealed procedure limit for



telecommunications or information technology property must be reviewed and approved by the office of the chief information officer within the department of administration before submission to the division. It is the requesting agency's responsibility to attach any approvals to any requisitions submitted to the division. Acquisitions of these types of property are subject to ~~state acquisition requirements, these rules and~~ so agencies should plan ~~long enough~~ in advance to allow for ~~this~~ review ~~by the office of the chief information officer. The department's review and any subsequent~~ All acquisitions of telecommunications and information technology property will conform to the guidelines and policies established or adopted by the ~~Information Technology Resource Management Council or other~~ governing or policy board or council ~~that may be~~ created by statute or directive for the purpose of information technology oversight or review. (3-15-02)(\_\_\_\_)

**034. PUBLIC NOTICE.**

Public notice of all ~~acquisitions solicitations~~ shall be made in accordance with Section 67-9208, Idaho Code, ~~except for reverse public auction acquisitions. Notice of solicitations shall be posted electronically unless the administrator exempts the solicitation from the requirement to post to the state's electronic procurement (e-procurement) system, as provided in Section 044 of these rules.~~ Notice of sole source acquisitions shall be posted electronically, and otherwise in accordance with Section 67-9221, Idaho Code. (3-15-02)(\_\_\_\_)

**(BREAK IN CONTINUITY OF SECTIONS)**

**042. EXCEPTIONS TO ~~FORMAL SEALED PROCEDURE~~ COMPETITION.**

Purchases meeting the following criteria need not be purchased by ~~the formal sealed procedure~~ competitive solicitation, unless otherwise directed by the administrator: (3-15-02)(\_\_\_\_)

**01. Emergency Purchases.** Emergency purchases as authorized by Section 67-9221, Idaho Code, and Section ~~043~~ of these rules. (3-15-02)(\_\_\_\_)

~~02. Small Purchases. Small purchases, unless the administrator specifically requires a formal sealed procedure, made in accordance with Section 044.~~ (3-15-02)

~~032. Sole Source Purchases.~~ Sole source purchases made through direct solicitation with documented source selection, in accordance with Section 67-9221, Idaho Code, and Section 045. (3-15-02)

~~043. Reverse Auctions.~~ Purchases through reverse public auctions as authorized by Section 67-9221, Idaho Code. (3-15-02)

~~054. Federal Government Acquisitions.~~ Acquisitions from the United States of America or any agency thereof. (3-15-02)

~~065. Rehabilitation Agency Acquisitions.~~ Acquisitions of property that is provided by non-profit corporations and public agencies operating rehabilitation facilities serving the handicapped and disadvantaged and that is offered for sale at fair market price as determined by the administrator in accordance with these rules. (3-15-02)

~~076. Correctional Industries.~~ Purchases of ~~road or street signs, metal motor license plates, wearing apparel, furniture, articles or containers for state use not for resale on the open market or any other~~ property marketed directly by Correctional Industries in accordance with Section 20-245, Idaho Code. (3-15-02)(\_\_\_\_)

~~087. Purchases from General Services Administration Federal Supply Contractors.~~ Acquisitions of property may be made from General Services Administration federal supply contractors without the use of competitive bid upon written approval of the administrator. The administrator shall determine whether such property meets the ~~purchasing activity's~~ requesting agency's requirements and whether the price of acquisition is advantageous to the state. The administrator shall commemorate the determination in a written statement that shall be incorporated in the applicable file. If the administrator determines that the acquisition of property from General Services Administration contractors is not advantageous to the state, the acquisition shall be in accordance with competitive bidding solicitation procedures and requirements. (3-15-02)(\_\_\_\_)

~~008.~~ **Existing Open Contracts.** ~~Supplies, services or other~~ Excerpt as provided in these rules, property available under these contracts shall be purchased under such contracts in accordance with the provisions or requirements for use thereof. ~~(4-7-11)~~( )

~~009.~~ **Exempt Purchases.** By written policy the administrator may exempt from the formal sealed procedure or the requirement for competitive ~~acquisition~~ solicitation that property for which bidding is impractical, disadvantageous or unreasonable under the circumstances. ~~(3-15-02)~~( )

- a. Examples include, but are not limited to: (3-15-02)
  - i. Special market conditions; (3-15-02)
  - ii. Property requiring special contracting procedures due to uniqueness; (3-15-02)
  - iii. Legal advertising, publication or placement of advertisements by state agency personnel directly with media sources; ~~or~~ ~~(3-15-02)~~( )
  - iv. ~~Services~~ Property for which competitive solicitation procedures are impractical; ~~or~~ ~~(3-15-02)~~( )
  - v. Used property. ( )
- b. Such policy shall describe the property exempted, the duration of the exemption, and any other requirements or circumstances appropriate to the situation. (3-15-02)

**043. EMERGENCY PURCHASES.**

**01. Definition of Emergency Conditions.** An emergency condition is a situation that creates a threat to public health, welfare or safety such as may arise by reason of floods, epidemics, riots, equipment failures or other similar circumstances. The existence of such condition must create an immediate and serious need for property that cannot be met through normal acquisition methods. The buyer or the agency official responsible for purchasing shall make a written determination stating the basis for an emergency purchase and for the selection, if applicable, of the particular supplier. Such determination shall be sent promptly to the administrator for review and written approval that the purchase be undertaken as an emergency purchase. (3-15-02)

**02. Conditions.** Emergency purchases shall be limited to only that property necessary to meet the emergency. The director or administrator may delegate authority in writing to an agency or purchasing ~~activity~~ authority to make emergency purchases of up to an amount set forth in the delegation of authority. ~~(3-15-02)~~( )

**044. SMALL PURCHASES.**

~~01. General. Small purchases are those purchases or procurements expected to cost one hundred thousand dollars (\$100,000) or less. Costs are determined based on the following: (4-7-11)~~

- ~~a. One-time purchases of property; or (3-15-02)~~
- ~~b. Total cost of a contract for services, including renewal or extension periods. (3-15-02)~~

~~02. Splitting of Requirements. Acquisition requirements shall not be artificially divided to avoid bid statutes, rules or policies. (3-15-02)~~

~~03. Procedure. Unless impractical or impossible and documented in the file, these small purchase procedures require the acquisition to be publicly posted. Except as otherwise provided in this rule, no less than three (3) vendors having a significant Idaho presence as defined by Section 67-2349, Idaho Code, shall be solicited to submit quotations. Award shall be made to the responsible and responsive bidder offering the lowest acceptable quotation. The purchasing file will be fully documented for unacceptable quotations. Should it be impractical or~~

~~impossible to solicit three (3) vendors, the file shall be fully documented and every effort should still be made to obtain the most favorable terms, conditions and price possible. (3-15-02)~~

~~04. **Form of Request for Quotation.** Unless otherwise prohibited by the buyer, the request for quotation and the quotation may be written, oral, electronic, telephonic or facsimile. (3-15-02)~~

~~05. **Quoting Time.** The quoting time shall be determined by the buyer and should provide sufficient time for the vendor to prepare and return a quotation. The amount of time shall take into consideration such factors as complexity, urgency, availability of property and the number and location of vendors. (3-15-02)~~

~~06. **Open Contracts.** Property available under single agency or open contracts shall be purchased under such contracts and not as a small purchase under this rule unless otherwise authorized by the administrator. (4-7-11)~~

~~07. **Professional, Consultant, and Information Technology Services.** Professional, consultant, and information technology services acquired under this rule, where the services are reasonably expected to cost one hundred thousand dollars (\$100,000) or less through a fixed price/not to exceed price contract for a non-renewable term not to exceed one (1) year, may be acquired as each agency sees fit, in accordance with good business practice and in the best interest of the state, and if the service is not available under an open contract. (4-7-11)~~

~~08. **Purchases in Amounts Less Than Ten Thousand Dollars.** If the property to be acquired is expected to cost less than ten thousand dollars (\$10,000), it may be acquired as each agency sees fit, in accordance with good business practice and in the best interest of the state, and if the property is not available under an open contract. (4-7-11)~~

**01. Small Purchase Categories. ( )**

**a. Exempt. Property expected to cost less than ten thousand dollars (\$10,000). ( )**

**b. Informal. Purchase of any property expected to cost at least ten thousand dollars (\$10,000) and less than the sealed procedure limit. ( )**

**c. Professional and consultant services. The acquisition of professional or consultant services expected to cost less than the sealed procedure limit, for projects limited to one (1) year in duration. ( )**

**02. Procedure. Agencies acquiring property under this rule are encouraged to work with legal counsel to develop solicitation and contract terms that serve the best interests of the state. The terms of procurements under this rule are subject to the provisions of Section 112 of these rules. ( )**

**a. Professional and consultant small purchases and exempt small purchases may be acquired as each agency sees fit, in accordance with good business practice and agency-established policy, in the best interest of the state, subject to the limitations in Subsection 044.03 of this rule. ( )**

**b. Informal small purchases may be made using informal solicitation procedures, subject to the limitations in Subsection 044.03 of this rule. Unless exempted by the administrator, informal solicitations shall be issued through the division's electronic procurement (e-procurement) system. The purchasing authority will establish the quoting time based on factors such as complexity, urgency, and the number and location of vendors, in an effort to allow vendors sufficient time to prepare and return a quote. Agencies procuring property under this rule shall maintain a purchasing file containing the following: ( )**

**i. The solicitation document posted and quotes received. If the acquisition was not publicly posted, the agency shall include a statement in the purchasing file describing the basis for determining posting was impractical or impossible, along with the administrator's authorization. ( )**

**ii. If not posted on the division's e-procurement system, the agency shall document the quotes received (or its attempt to obtain quotes) from at least three (3) vendors having a significant Idaho economic presence as defined in Section 67-2349, Idaho Code. ( )**

**03. Limitations.** The following limitations apply to all small purchases: ( )

**a.** Property available under single agency or open contracts shall be purchased under such contracts and not as a small purchase under this rule unless otherwise authorized by the administrator. ( )

**b.** Acquisition requirements shall not be artificially divided to avoid bid statutes, rules or policies. ( )

**c.** Small purchases not issued for a fixed price shall include a not to exceed price of no more than the applicable sealed procedure limit. ( )

**045. SOLE SOURCE PURCHASES.**

**01. Only a Single Supplier.** Sole source purchase shall be used only if ~~a~~ the requirement ~~property~~ is reasonably available from a single supplier. A requirement for a particular proprietary property item does not justify a sole source purchase if there is more than one (1) potential ~~bidder or offeror for~~ supplier that can provide the required property ~~item~~. (3-15-02)( )

**02. Examples of Sole Source.** Examples of circumstances that could necessitate a sole source purchase are: (3-15-02)

**a.** Where the compatibility of equipment, components, accessories, computer software, replacement parts or service is the paramount consideration. (3-15-02)

**b.** Where a ~~sole~~ single supplier's ~~item~~ property is needed for trial use or testing. (3-15-02)( )

**c.** Purchase of mass produced movie or video films or written publications distributed or sold primarily by the publisher. (3-15-02)

**d.** Purchase of property for which it is determined there is no functional equivalent. (3-15-02)

**03. Administrator Makes Determination.** The determination as to whether an acquisition shall be made as a sole source ~~shall~~ will be made by the administrator. Each request ~~shall~~ must be submitted in writing by the ~~using~~ requesting agency. The administrator may specify the application of such determination and its duration, and may apply additional conditions to an approval. In cases of reasonable doubt, competition should be solicited. Any request by ~~a~~ using an agency that an acquisition be restricted to ~~one (1) potential contractor~~ a single supplier shall include a justification for the property, as well as an explanation as to why no other ~~contractor~~ supplier is acceptable. (3-15-02)( )

**04. Negotiation in Sole Source Purchase.** ~~The buyer~~ After receipt of authorization from the administrator for a sole source purchase, the agency shall conduct negotiations, as appropriate, as to price, delivery and terms, in accordance with the authorization and in the best interest of the state. (3-15-02)( )

**046. DETERMINATION OF FAIR MARKET PRICE FOR REHABILITATION AGENCY ACQUISITIONS.**

Upon receipt of a rehabilitation agency proposal accompanied by detailed cost data, the administrator will conduct a survey of the market ~~place by requesting current prices from at least three (3) vendors currently marketing~~ appropriate for the property being sought. The fair market price of a rehabilitation ~~vendor~~ agency shall not be greater than one hundred twenty-five percent (125%) of the lowest price received during the survey. The administrator will notify by letter the rehabilitation agency concerned advising it as to whether it is offering property at fair market price. ~~The division or purchasing activity, if the acquisition is less than the sealed procedure limit or the contract is one (1) year or less in duration, may then contract with the rehabilitation agency at the proposed price.~~ (3-15-02)

**047. -- 050. (RESERVED)**

**051. CONTENT OF ~~THE INVITATION TO BID OR REQUEST FOR PROPOSALS~~ SOLICITATIONS ISSUED UNDER A FORMAL SEALED PROCEDURE.**

The following shall be included in an invitation to bid or a request for proposals: (3-15-02)( )

01. **Submission Information.** Information regarding the applicable opening date, time and location. (3-15-02)
02. **Specifications.** Specifications developed in accordance with Section 111 of these rules *including, if applicable, scope of work.* (3-15-02)( )
03. **Contract Terms.** Terms and conditions applicable to the contract, subject to the provisions of Section 112 of these rules. (3-15-02)( )
04. **Evaluation Criteria.** Any evaluation criteria to be used in determining property acceptability. (3-15-02)
05. **Trade-In Property.** If trade-in property is to be included, a description of the property and location where it may be inspected. (3-15-02)
06. **Incorporation by Reference.** A brief description of any documents incorporated by reference that specifies where such documents can be obtained. (3-15-02)
07. **Pre-Proposal or Pre-Bid Conference.** The date, time and location of the *pre-proposal* conference must be included in the *Request for Proposals solicitation.* (4-7-11)( )

**052. CHANGES TO INVITATION TO BID OR REQUEST FOR PROPOSALS.**

*An invitation to bid or request for proposals* A solicitation issued under a formal sealed procedure may be changed by the buyer through issuance of an addendum amendment, provided the change is issued in writing prior to the *bid opening solicitation closing* date and is made available to all vendors receiving the original solicitation. Any material information given or provided to a prospective vendor with regard to *an invitation to bid or request for proposals a solicitation* shall be made available in writing by the buyer to all vendors receiving the original solicitation. Oral interpretations of specifications or contract terms and conditions shall not be binding on the *division state* unless confirmed in writing by the buyer and acknowledged by the *division purchasing authority* prior to the date of the *opening closing*. Changes to the *invitation to bid or request for proposals solicitation* shall be identified as such and shall require that the vendor acknowledge receipt of all addenda amendments issued. The right is reserved to waive any informality. (3-15-02)( )

**~~053. PRICE ESCALATION:~~**

*Contractors shall not be entitled to price escalation except where specifically provided for in writing in the contract or purchase order.* (3-15-02)

**054~~3~~. -- 060. (RESERVED)**

**(BREAK IN CONTINUITY OF SECTIONS)**

**070. PRE-PROPOSAL CONFERENCE.**

All *R*request for *P*proposals' ~~solicitations~~ will have a pre-proposal conference for vendors and will be conducted by the procurement team and project personnel. The conference will consist of a general overview of the procurement process as well as the scope of work and requirements of the *subject Request for Proposal solicitation*. The procurement team will allow attendees to submit written questions and may provide an opportunity for a verbal question and answer period, provided, however, that only questions submitted and answered in written form and posted to the state's e*P*rourement system as an amendment to the *Request for Proposal solicitation*, will have any force or effect. (4-7-11)( )

(BREAK IN CONTINUITY OF SECTIONS)

**072. LATE BIDS/PROPOSALS, LATE WITHDRAWALS AND LATE MODIFICATIONS.**

Any bid or proposal, withdrawal, or modification received after the time and date set for closing at the place designated in the solicitation is late. No late bid or proposal, late modification or late withdrawal will be considered. All late bids and proposals, other than clearly marked “no bids”, will be returned to the ~~offeror~~ submitting vendor. Time of receipt will be determined by the official time stamp or receipt mechanism located at the designated place for receipt of responses. The purchasing authority assumes no responsibility for failure of the United Postal Service, any private or public delivery service, or any computer or other equipment to deliver all or a portion of the bid or proposal at the time or to the location required by the solicitation. (4-6-15)( )

**073. RECEIPT, OPENING, AND RECORDING OF BIDS AND PROPOSALS.**

Upon receipt, all bids, proposals and modifications properly marked and identified will be time stamped, but not opened. They shall be stored in a secure place until ~~bid~~ the time specified for opening time. Time stamping and storage may be through electronic means. Bids shall be opened publicly at the date and time specified in the invitation to bid. Proposals shall be opened publicly, identifying only the names of the offerors unless otherwise stated in the request for proposals. Bid and proposal openings may be electronic virtual openings. (3-15-02)( )

**074. MISTAKES.**

The following procedures are established relative to claims of a mistake. (3-15-02)

**01. Mistakes in Responses Submission.** If a mistake is attributable to an error in judgment, the submission may not be corrected. Correction or withdrawal by reason of an inadvertent, nonjudgmental mistake is permissible, but at the discretion of the administrator and to the extent it is not contrary to the interest of the state or the fair treatment of other submitting vendors. (4-6-15)( )

**02. Mistakes Discovered Before Opening.** Mistakes discovered by a vendor prior to closing may be corrected by the submitting vendor by submitting a timely modification or withdrawing the original submission and submitting a corrected submission to the purchasing authority before the closing. Vendors who discover a mistake after closing but prior to opening may withdraw the submission by written notification to the purchasing authority and signed by an individual authorized to bind the vendor if such notification is received by the purchasing authority prior to opening. (4-6-15)

**03. Mistakes Discovered After Opening But Before Award.** This subsection sets forth procedures to be applied in three (3) situations described below in which mistakes are discovered after opening but before award. (3-15-02)

**a. Minor Informalities.** Minor informalities are matters of form rather than substance evident from the bid or proposal document, or insignificant mistakes that can be waived or corrected without prejudice to other submitting vendors, that is, the effect of the mistake on price, quantity, quality, delivery or contractual conditions is not significant. The buyer may waive such informalities. Examples include the failure of a submitting vendor to: (3-15-02)

i. Return the required number of signed submissions. (3-15-02)

ii. Acknowledge the receipt of an ~~addendum~~ amendment, but only if: (3-15-02)( )

(1) It is clear from the submission that the submitting vendor received the ~~addendum~~ amendment and intended to be bound by its terms; or (3-15-02)( )

(2) The ~~addendum~~ amendment involved had a negligible effect on price, quantity, quality or delivery. (3-15-02)( )

**b. Mistakes Where Intended Submission is Evident.** If the mistake and the intended submission are clearly evident on the face of the document, the submission shall be corrected to the intended submission and may not be withdrawn. Examples of mistakes that may be clearly evident on the face of the document are typographical errors, errors in extending unit prices (unit prices will always govern in event of conflict with extension), transposition errors

and arithmetical errors. (3-15-02)

c. Mistakes Where Intended Submission is not Evident. A vendor may be permitted to withdraw a low bid if: (3-15-02)

i. A mistake is clearly evident on the face of the submission document but the intended submission is not similarly evident; or (3-15-02)

ii. The vendor submits timely proof of evidentiary value that clearly and convincingly demonstrates that a mistake was made. (3-15-02)

**04. Mistakes Discovered After Award.** Mistakes shall not be corrected after award of the contract. (3-15-02)

**05. Written Approval or Denial Required.** In the event of a mistake discovered after the opening date, the administrator shall approve or deny, in writing, a request to correct or withdraw a submission. (3-15-02)

**075. -- 080. (RESERVED)**

**081. EVALUATION AND AWARD.** Any contract award shall comply with these provisions. (3-15-02)

**01. General.** The contract is to be awarded to the lowest responsible and responsive bidder or offeror (or for requests for quotes, vendor submitting a quote). The solicitation shall set forth the requirements and criteria that will be used to make the lowest responsive and responsible determination. ~~No submission shall be evaluated for any requirements or criteria that are not disclosed in the solicitation.~~ (3-15-02)( )

**02. Standards of Responsibility.** Nothing herein shall prevent the buyer from establishing additional responsibility standards for a particular purchase, ~~provided that these additional standards are set forth in the solicitation.~~ Factors to be considered in determining whether a vendor is responsible include, but are not limited to, whether the vendor has: (3-15-02)( )

a. Available the appropriate financial, material, equipment, facility and personnel resources and expertise, or the ability to obtain them, necessary to indicate capability to meet all contractual requirements; (3-15-02)

b. A satisfactory record of integrity; (3-15-02)

c. Qualified legally to contract with the purchasing ~~activity~~ authority and qualified to do business in the state of Idaho; (3-15-02)( )

d. Unreasonably failed to supply any necessary information in connection with the inquiry concerning responsibility; (3-15-02)

e. Requisite ~~E~~experience; or (3-15-02)( )

f. A satisfactory prior performance record, if ~~any~~ applicable. (3-15-02)( )

**03. Information Pertaining to Responsibility.** A submitting vendor shall supply information requested by the buyer concerning its responsibility. If such submitting vendor fails to supply the requested information, the buyer shall base the determination of responsibility upon any available information or may find the submitting vendor nonresponsible if such failure is unreasonable. (3-15-02)

**04. Written Determination of Nonresponsibility Required.** If a submitting vendor that otherwise would have been awarded a contract is found nonresponsible, a written determination of nonresponsibility setting forth the basis of the finding shall be prepared by the buyer. (3-15-02)

05. **Extension of Time for Acceptance.** After opening, the buyer may request submitting vendors to extend the time during which their bids or proposals may be accepted, ~~provided that, with regard to bids, no other change is permitted.~~ The reasons for requesting such extension shall be documented. (3-15-02)(\_\_\_\_)

06. **Partial Award.** A buyer shall have the discretion to award on an all or nothing basis or to accept any portion of a ~~bid response to a solicitation,~~ excluding other ~~portions of a response and other offers,~~ unless the ~~bidder~~ vendor stipulates all or nothing in its ~~bid response to the solicitation.~~ (3-15-02)(\_\_\_\_)

07. **Only One Submission Received.** If only one (1) responsive submission is received in response to a solicitation, an award may be made to the single submitting vendor. In addition, the buyer may pursue negotiations in accordance with applicable conditions and restrictions of these rules. Otherwise, the solicitation may be ~~rejected and: canceled, and a new solicitation issued, as the purchasing authority determines to be in its best interest.~~ (3-15-02)(\_\_\_\_)

~~a. New bids or offers may be solicited; or~~ (3-15-02)

~~b. The proposed acquisition may be canceled.~~ (3-15-02)

082. **TIE BIDS RESPONSES.**  
~~The following provisions shall apply to tie bids as defined herein.~~ (3-15-02)

01. **Tie Bids Responses -- Definition.** Tie bids responses are low responsive bids, proposals or quotes from responsible bidders or offerors (or for requests for quotes, from vendors submitting a quote) that are identical in price or score. Responsibility is determined based upon the standards of responsibility set forth in Section 081 of these rules. (3-15-02)(\_\_\_\_)

02. **Award.** Award shall not be made by drawing lots, except as set forth below, or by dividing business among identical bidders tie responses. In the discretion of the buyer, award shall be made in any permissible manner that will discourage resolve tie bids responses. Procedures that may be used to discourage resolve tie bids responses include: (3-15-02)(\_\_\_\_)

a. If price is considered excessive or for another reason such bids responses are unsatisfactory, reject all bids responses, rebid resolicit and seek a more favorable contract in the open market or enter into negotiations pursuant to Section 084 of these rules; (3-15-02)(\_\_\_\_)

b. Award to an Idaho resident or an Idaho domiciled bidder vendor or for an Idaho produced product property where other tie bid response(s) are from out of state or to a bidder vendor submitting a domestic product property where other tie bid is responses are for foreign (external to Idaho) manufactured or supplied property; (3-15-02)(\_\_\_\_)

c. Where identical low bids responses include the cost of delivery, award the contract to the bidder vendor located (or shopping from a point) farthest from the point of delivery; (3-15-02)(\_\_\_\_)

~~d. Award the contract to the bidder who received the previous award and continue to award succeeding contracts to the same bidder so long as all low bids are identical;~~ (3-15-02)

~~ed.~~ Award to the bidder vendor with the earliest delivery date. (3-15-02)(\_\_\_\_)

03. **Drawing Lots.** If no permissible method will be effective in discouraging resolving tie bids responses and a written determination is made so stating, award may be made by drawing lots or tossing a coin in the presence of witnesses if there are only two (2) tie bids responses. (3-15-02)(\_\_\_\_)

083. **PROPOSAL DISCUSSION WITH INDIVIDUAL OFFERORS.**

01. **Classifying Proposals.** For the purpose of conducting proposal discussions under this rule, proposals shall be initially classified as: (3-15-02)



- a. Acceptable; (3-15-02)
- b. Potentially acceptable, that is reasonably susceptible of being made acceptable; or (3-15-02)
- c. Unacceptable. (3-15-02)

**02. “Offerors” Defined.** For the purposes of this rule, the term “offerors” includes only those ~~persons~~ vendors submitting proposals that are acceptable or potentially acceptable. The term shall not include ~~persons~~ vendors that submitted unacceptable proposals. (3-15-02)(    )

**03. Purposes of Discussions.** Discussions are held to facilitate and encourage an adequate number of potential offerors to offer their best proposals, by amending their original offers, if needed. (3-15-02)

**04. Conduct of Discussions.** The solicitation document must provide for the possibility of discussions. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussions and revisions of proposals. The buyer should establish procedures and schedules for conducting discussions. If during discussions there is a need for clarification or change of the request for proposals, it shall be amended to incorporate such clarification or change. Auction techniques (revealing one offeror’s price to another) and disclosure of any information derived from competing proposals are prohibited. Any oral clarification or change of a proposal shall be reduced to writing by the offeror. (3-15-02)

**05. Best and Final Offer.** The buyer shall establish a common time and date for submission of best and final offers. Best and final offers shall be submitted only once unless the buyer makes a written determination before each subsequent round of best and final offers demonstrating another round is in the purchasing ~~agency’s~~ authority’s interest, and additional discussions will be conducted or the ~~agency’s~~ requirements will be changed. Otherwise, no discussion of, or changes in, the best and final offers shall be allowed prior to award. Offerors shall also be informed that if they do not submit a notice of withdrawal or another best and final offer, their immediate previous offer will be construed as their best and final offer. (3-15-02)(    )

**06. Application to Other Solicitation Types.** The provisions of this Section 083 may be utilized in other types of solicitations, in addition to requests for proposals, so long as the solicitation document provides for the possibility of discussions and includes a reference to this section. (    )

**084. NEGOTIATIONS.**

In accordance with Section 67-9205(12), Idaho Code, the administrator may negotiate acquisitions as follows: (3-15-02)

~~**01. Price Agreements.** The administrator may authorize and negotiate price agreements with vendors when such agreements are deemed appropriate. Price agreements shall provide for termination for any reason upon not more than thirty (30) days’ written notice. Price agreements may be appropriate when:~~ (3-15-02)

~~**a.** The dollar value of items or transactions is relatively small;~~ (3-15-02)

~~**b.** The property may not be conducive to standard competitive bidding procedures, such as automobile, truck or other equipment parts having individual low unit costs;~~ (3-15-02)

~~**c.** There exists a need to establish multiple agreements with vendors supplying property that is similar in nature or function but is represented by different manufacturers or needed in multiple locations; or~~ (3-15-02)

~~**d.** Non exclusive agreements for periods not exceeding two (2) years are deemed necessary to establish consistent general business terms, including without limitation, price, use of catalogs, delivery or credit terms.~~ (3-15-02)

**021. After a Competitive Solicitation Use of Negotiations.** Negotiations may be used under this rule when the administrator determines in writing that negotiations may be in the best interest of the state ~~and that including but not limited to the following circumstances:~~ (3-15-02)(    )

a. A competitive solicitation has been unsuccessful because, without limiting other possible reasons, all offers are unreasonable, noncompetitive or all offers exceed available funds and the available time and circumstances do not permit the delay required for resolicitation; (3-15-02)

b. There has been inadequate competition; ~~or~~ (3-15-02)( )

c. During the evaluation process it is determined that more than one (1) vendor has submitted an acceptable proposal or bid and negotiations could secure advantageous terms or a reduced cost for the state; ~~or~~ (3-15-02)( )

~~d. During the evaluation process it is determined that all responsive offers exceed available funds and negotiations could modify the requirements of the solicitation to reduce the cost to available funds and avoid the extended time and expenditure of resources for a resolicitation. ( )~~

~~032. Examples.~~ Examples of situations in which negotiations, ~~as permitted by Subsection 084.02.c. of this rule,~~ may be appropriate include but are not limited to: (3-15-02)( )

a. Ensuring that the offering vendor has a clear understanding of the scope of work required and the requirements that must be met; (3-15-02)

b. Ensuring that the offering vendor will make available the required personnel and facilities to satisfactorily perform the contract; or (3-15-02)

c. Agreeing to any clarifications regarding ~~scope of work specifications~~ or ~~other~~ contract terms. (3-15-02)( )

~~043. Conditions of Use.~~ Negotiations, as permitted by Subsection 084.02~~1~~.c. of this rule, are subject to the following: (3-15-02)( )

a. The solicitation must specifically allow for the possibility of negotiation and describe, with as much specificity as possible, how negotiations may be conducted; (3-15-02)

b. Submissions shall be evaluated and ranked based on the evaluation criteria in the solicitation; (3-15-02)

c. Only those vendors whose proposals or bids are determined to be acceptable, in accordance with criteria for negotiations set forth in the solicitation, shall be candidates for negotiations; (3-15-02)

d. Negotiations shall be conducted first with the vendor that is the apparent low responsive and responsible bidder; (3-15-02)

e. ~~If one (1) or more responsive offers does not exceed available funds, A~~ negotiations shall be against the requirements of and criteria contained in the solicitation and shall not materially alter those criteria; ~~or~~ the specifications ~~or scope of work~~; (3-15-02)( )

f. Auction techniques (revealing one vendor's price to another) and disclosure of information derived from competing proposals is prohibited; (3-15-02)

g. Any clarifications or changes resulting from negotiations shall be documented in writing; (3-15-02)

h. If the parties to negotiations are unable to agree, the administrator shall formally terminate negotiations and may undertake negotiations with the next ranked vendor; and (3-15-02)

i. If negotiations as provided for in this rule fail to result in a contract, as determined by the administrator, the solicitation may be canceled and the administrator may negotiate in the best interest of the state with any qualified vendor. (3-15-02)

~~054.~~ **Timing of Use.** If conducted, negotiations are the last step in the procurement process. Use of oral interviews or best and final procedures, as provided for in a solicitation, must precede negotiations as provided for in this rule, unless the administrator makes a written determination that it is in the state's best interest to proceed directly to negotiations in lieu of first conducting oral interviews and the best and final procedures. (3-15-02)( )

**085. PRICE AGREEMENTS.**

The administrator may authorize and negotiate price agreements with vendors when such agreements are deemed in the best interest of the state. Price agreements shall provide for termination for any reason upon not more than thirty (30) days' written notice. Price agreements may be in the best interest of the state when: ( )

**01. Dollar Value.** The dollar value of individual procurements of property is less than the maximum dollar value of an exempt small purchase under Section 044 of these rules and multiple individual procurements are anticipated within a state of Idaho fiscal year; ( )

**02. Property.** The property may not be conducive to standard competitive bidding procedures; ( )

**03. Multiple Agreements.** There exists a need to establish multiple agreements with vendors supplying property that is similar in nature or function but is represented by different manufacturers or needed in multiple locations; or ( )

**04. Non-exclusive Agreements.** Non-exclusive agreements for periods not exceeding two (2) years are deemed necessary to establish consistent general business terms, including without limitation, price, use of catalogs, delivery or credit terms. ( )

~~0856.~~ -- 090. (RESERVED)

**091. ACCEPTANCE OR REJECTION OF BIDS AND PROPOSALS.**

Prior to the issuance of a ~~purchase order or~~ contract, the administrator shall have the right to accept or reject all or any part of a bid or proposal or any and all bids or proposals when: (3-15-02)( )

**01. Best Interest.** It is in the best interests of the state of Idaho; (3-15-02)

**02. Does Not Meet Specifications.** The submission does not meet the minimum specifications; (3-15-02)

**03. Not Lowest Responsible Bid.** The submission is not the lowest responsible submission; (3-15-02)

**04. Bidder Is Not Responsible.** A finding is made based upon available evidence that a submitting vendor is not responsible or otherwise capable of currently meeting specifications or assurance of ability to fulfill contract performance; or (3-15-02)

**05. Deviations.** The item offered deviates to a major degree from the specifications, as determined by the administrator (minor deviations, as determined by the administrator, may be accepted as substantially meeting the requirements of the state of Idaho). Deviations will be considered major when such deviations appear to frustrate the competitive process or provides a submitting vendor an unfair advantage. (3-15-02)

**092. CANCELLATION OF SOLICITATION.**

Prior to the issuance of a ~~purchase order or~~ contract, the purchasing ~~activity~~ authority reserves the right to reject all bids, proposals or quotations ~~es~~ or to cancel a solicitation ~~or request for quotation~~. In the event of the cancellation of an invitation to bid or request for proposals, all submitting vendors will be notified. Examples of reasons for cancellation are: (3-15-02)( )

**01. Inadequate or Ambiguous Specifications.** (3-15-02)

**02. Specifications Have Been Revised.** (3-15-02)

**03. Cancellation Is in the Best Interest of the State.** (3-15-02)( )

(BREAK IN CONTINUITY OF SECTIONS)

~~102. TIME PURCHASE CONTRACTS.~~

~~01. **Time Purchase for Personal Property.** A time purchase or installment contract, that may include interest charges over a period of time, may be entered into provided: (3-15-02)~~

~~a. Such contract is in the best interest of the agency. Installment payments should be used judiciously in order to achieve economy and not to avoid budgetary restraints. (3-15-02)~~

~~b. Using agencies shall be responsible for ensuring that all statutory or other applicable requirements are met and that all budgetary or other required approvals are obtained. (3-15-02)~~

~~c. Documentation of any required approval shall be submitted to the division with any required requisition. (3-15-02)~~

~~d. Provision for installment payments must be included in the solicitation. (3-15-02)~~

~~02. **Lack of Fund Contract Language Required.** An installment or time purchase contract shall include appropriate language stating that the agency is not obligated to make payments beyond the term of any particular appropriation of state or federal funds that may exist from time to time and that the contract may be terminated upon such without any penalty or future liability. (3-15-02)~~

103.2. -- 110. (RESERVED)

111. SPECIFICATIONS -- POLICIES AND DEVELOPMENT.

01. **Purpose.** Unless exempted by these rules or by the administrator, all solicitations ~~and requests for quotations~~ require specifications. Specifications set forth the characteristics of the property to be acquired. Specifications serve as the basis for obtaining property adequate and suitable for the using agency's needs in a cost effective manner, taking into account the costs of ownership and operation as well as initial acquisition costs. Specifications shall be drafted clearly to describe the agency's needs and to enable the vendors to determine and understand the agency's requirements. Specifications shall, as much as practical, be nonrestrictive to provide an equal basis for participation by an optimum number of vendors and to encourage competition. This information may be in the form of a description of the physical, functional or performance characteristics, a reference brand name or both. It may include a description of any required inspection, testing or preparation or delivery. Specifications may be incorporated by reference or contained in an attachment. (3-15-02)( )

02. **Use of Functional or Performance Descriptions.** Specifications shall, to the extent practicable, emphasize functional or performance criteria while limiting design or other detailed physical descriptions to those necessary to meet the needs of the agency. To facilitate the use of such criteria, using agencies shall endeavor to include as a part of purchase requisitions their principal functional or performance needs. (3-15-02)

03. **Preference for Commercially Available Products.** Requirements shall be satisfied by standard commercial products whenever practicable. (3-15-02)

04. **Brand Name or Equal Specification.** (3-15-02)

a. A brand name or equal specifications may be used when the buyer determines that such a specification is in the agency's best interest. (3-15-02)

b. A brand name or equal specification shall seek to designate as many different brands as are practicable as "or equal" and shall state that products substantially equivalent to those designated will be considered for award. (3-15-02)

c. Unless the buyer authorized to finally approve specifications determines that the essential characteristics of the brand names included in the specifications are commonly known in the industry or trade, brand name or equal specifications shall include a description of the particular design and functional or performance characteristics required. (3-15-02)

d. Where a brand name or equal specification is used, the document shall contain explanatory language that the use of a brand name is for the purpose of designating the standard of quality, performance, and characteristics desired and is not intended to restrict competition. (3-15-02)

**05. Brand Name Specification.** (3-15-02)

a. Since use of a brand name specification is restrictive, such a specification may only be used when the administrator or designee makes a written determination. Such determination may be in any form, such as a purchase evaluation or a statement of single manufacturer justification. The written statement must state specific reasons for use of the brand name specification. (3-15-02)

b. The administrator shall seek to identify sources from which the designated brand name item or items can be obtained and shall solicit such sources to achieve whatever degree of competition is practicable. If only one (1) source can supply the requirement, the acquisition shall be made under Section 67-9221, Idaho Code. (3-15-02)

**06. Specification of Alternates May Be Included.** A specification may provide alternate descriptions of property where two (2) or more design, functional or performance criteria will satisfactorily meet the agency's requirements. (3-15-02)

**(BREAK IN CONTINUITY OF SECTIONS)**

**113. CONTRACT OVERSIGHT.**

**01. Contract Management and Contract Administration.** ( )

a. Agencies which issue their own contracts pursuant to their delegated authority (or as otherwise exempt from the requirements of these rules) will be responsible for all aspects of contract management and contract administration, as those terms are defined in Section 011 of these rules. ( )

b. When the division of purchasing issues a contract on behalf of an agency, in its role as the state's contracting agent, the division of purchasing is responsible for contract administration and the agency is responsible for contract management. ( )

**02. Contract Management.** Each state agency which manages one (1) or more contracts, whether entered into directly by the agency or by the division of purchasing acting as the statutory purchasing agency for the agency, will perform the following minimum contract management functions at a level consistent with the dollar value, complexity, and risk associated with each contract ( )

a. Designate a competent contract manager as the single point of contact for each agency contract; ( )

b. Document the contract manager's responsibilities and reporting requirements relative to the contract, including activities such as management of the invoice and payment process, budget tracking, and invoice review and reconciliation with contract requirements and deliverables, to ensure compliance; ( )

c. Document a communication and escalation plan, as between the contract manager, identified agency personnel and the contract administrator, designed to ensure timely and effective contract monitoring and issue resolution (the communication and escalation plan must include the division of purchasing for contracts for

which the division of purchasing is acting as the statutory purchasing agent for the agency); ( )

d. Develop and implement internal contract monitoring tools, including a reporting structure, based on the dollar value and/or potential risk associated with contract failure; and ( )

e. Close out each contract, including, but not limited to documenting receipt of goods or services in compliance with contract requirements as well as a review of vendor performance and lessons learned. ( )

**03. Service Contracts Exceeding \$1,500,000 in Total Value.** For each contract which is valued at more than one million five hundred thousand dollars (\$1,500,000) over the duration of the contract and which consists primarily of the purchases of services, the agency responsible for contract management must develop and implement contract reporting requirements that capture, at a minimum, information on compliance with financial provisions and delivery schedules; the status of any corrective action plans; as well as any liquidated damages assessed or collected under the contract during the current reporting period. Reports will be submitted to the designated agency purchasing representative as well as the division of purchasing on no less than a biannual basis, with a schedule for each contract determined by the contract manager in consultation with the agency purchasing representative and the division of purchasing. ( )

**1134. -- 999. (RESERVED)**