

## APPENDIX F

### Glossary of Commonly Used Procurement Terms

For the convenience of readers who are unfamiliar with procurement terminology, we have assembled a glossary of commonly used procurement terms from the following three sources:

National Association of State Procurement Officials (NASPO). 2001. *NASPO State and Local Government Purchasing Principles & Practices*. Lexington, KY: NASPO.

New York State Education Department. 2005. *Purchasing Handbook*. Available on SED's website: <http://www.emsc.nysed.gov/mgtserv/gemsho.htm>.

New York State Office of General Services. 2004. *Glossary of Commonly Used Procurement Terms*. Available on OGS' website: <http://www.ogs.state.ny.us/purchase/pdfdocument/PnpPsgGlossary.pdf>.

Unless otherwise noted, the definitions are taken verbatim from these sources. Sources are identified in parentheses at the end of each definition.

#### **Back-Drop Contracts**

Back-Drop contracts are a pool of qualified vendors who are contracted with the State of New York and eligible to participate in the secondary mini-bid award process. Back-drop contracts are multiple award, centralized contracts where OGS defines the specifications for a general scope of work or product(s) to meet the needs of contract users. Bids are taken either at a certain date and time or may be accepted on a continuous recruitment basis, as described in the bid specifications. Selection of a contractor from among back-drop contract holders for an actual product, project or particular scope of work may subsequently be made on the basis of a mini-bid among qualified backdrop contract holders, on a single or sole source basis where the authorized user can establish appropriate justification, or such other method as described in the bid document. (OGS, p.2)

#### **Best & Final Offer (BAFO)**

This is the process required for an Authorized User when making significant purchases from brand bid or negotiated contracts, or, in some cases, any purchase from a limited multiple award contract. A brand bid or negotiated contract covers the full product line of a specific brand of product (i.e. Compaq microcomputers, Cisco networking hardware and software, Hewlett-Packard printers, Oracle software, Polycom video systems, etc.). In addition, whenever an agency is making a first time major purchase such as purchasing a new system, or installing software for the first time, all options available to the agency should be evaluated, including an agency competitive procurement or use of a centralized contract. When the decision is made to purchase from a centralized contract, an agency should solicit best and final offers, based on the agency's statement of needs.

Smaller purchases can be made directly from these contracts, but it is required that for certain minimum size orders and recommended for other smaller size orders, that Users either:

- draft an informal statement of their needs and solicit best and final offers from competitive sources; or

- if the user can document a single source procurement, negotiate with the contractor of choice to finalize a best value purchase.

The following awards include multiple contracts awarded by region. When making any purchase from these awards, it is required that the Authorized User solicit best and final offers from all contractors for the applicable region:

- Electronic Key Systems and Telephone Equipment
- Digital Centrex Equipment
- Cable (installed) (OGS, p.2-3)

### **Best Value**

A Best Value award is one that optimizes quality, cost and efficiency. It typically applies to complex services and technology contracts, and is quantifiable whenever possible. Costs in the case of "best value" are distinguished from "price." Costs include conversion costs, life-cycle costs (see below), etc., and embody price, which is the amount charged by the vendor for the given commodity or service. (OGS, p.3)

### **Bidders List**

A list of vendors maintained in the purchasing office as possible sources of supply for items listed on bid proposals. The list is usually maintained by type of supplies, equipment, or services. (SED, p.44)

### **Commodity**

Commodities are standard articles of commerce in the form of material goods, supplies, products or similar items. (OGS, p.3)

### **Competitive Bidding**

The submission of prices by individuals or firms competing for a contract, privilege, or right to supply merchandise or services. (NASPO, p.146)

### **Cooperative Purchasing**

The combining of requirements of two or more political entities to obtain advantages of volume purchases, reduction in administrative expenses or other public benefits. (NASPO, p.146)

### **Emergency purchase**

An emergency is considered an urgent and unexpected requirement where health and public safety or the conservation of public resources is at risk. An agency's failure to properly plan in advance which then results in a situation in which normal practices cannot be followed does not constitute an emergency. (OGS, p.4)

### **Informal Sourcing**

Procurement methods that do not involve competitive bidding or RFPs. These methods can include written or verbal price quotes, negotiation with vendors, or sole sourcing. The most frequently used informal sourcing method is price quotes, especially among small districts, when the good or service is not of high enough value or volume to trigger competitive bidding requirements. (Authors)

**Life Cycle Costing**

A procurement technique that takes into account demonstrable and documented operating, maintenance, the cost of money, other costs of ownership and usage and resale or residual value in addition to acquisition price in making an award on low-total cost. (NASPO, p.150)

**Lowest Responsible Bidder**

The bidder submitting the lowest initial price, capable of performing the proposed contract, and possessing the integrity and reliability that will assure good-faith performance. (NASPO, p.151)

**Mini-Bid**

A Mini-Bid Process is an abbreviated bid process in which contract users solicit final pricing from back-drop contractors for specific projects (see above). (OGS, p.5)

**Negotiated Contract**

A contract established by agreements reached between a contracting entity and a vendor in lieu of issuing a bid document. (OGS, p.6)

**Piggyback Contract**

A contract let by any department, agency or instrumentality of the United States government, or any department, agency, office, political subdivision or instrumentality of any state or state(s) which is adopted and extended for use in accordance with the requirements of the New York State Finance Law. (OGS, p.6)

**Pre-Bid Conference**

A meeting scheduled in a solicitation for the purpose of providing clarification as needed. Substantive questions raised at the pre-bid conference are answered in writing and may modify the solicitation. (NASPO, p.153)

**Pre-Solicitation Conference**

An informal meeting convened by a procurement manager inviting comments and suggestions from selected vendors on the draft of a proposed solicitation typically used for high-tech and complex service transactions. (NASPO, p.153)

**Purchasing Agent**

A person who is officially designated by the board of education to contract for necessary supplies, equipment, and services. (SED, p.45)

**Purchasing (Bid)Calendar**

A schedule of types of supplies, equipment, and services, setting dates when each will be bid. (SED, p.44)

**Purchase Order**

A formal notice to a vendor that he/she has been selected to furnish the supplies or services described in detail thereon. (SED, p.45)

**Request for Proposal (RFP)**

A document soliciting proposals from vendors where factors in addition to cost are considered and weighted in awarding the contract. (OGS, p.7)

**Requirements Contract**

An indefinite quantity contract in which a purchaser is obligated to order and a contractor is obligated to supply all of the purchaser's normal requirements that arise for an item or items within the specified period of the contract. (NASPO, p.157)

**Requisition**

An internal document by which a using agency requests the procurement department to initiate a procurement. It may also be a form used for obtaining supplies from a storeroom or warehouse. (NASPO, 157)

**Sole Source**

An award for a commodity or service to the only known capable supplier occasioned by the unique nature of the requirement, the supplier, or market condition. (NASPO, p.157)

**Solicitation**

The process of notifying prospective bidders that the jurisdiction wishes to receive bids for furnishing goods or services. The process may consist of public advertising, mailing Invitations for Bids or Requests for Proposals, posting notices, etc. (NASPO, p.157)

**Small Purchase**

The acquisition of commodities where the expected price, or combined price of multiple purchases of the same commodity within a year, falls below \$10,000 for purchase contracts and \$20,000 for public works contracts. (Authors)