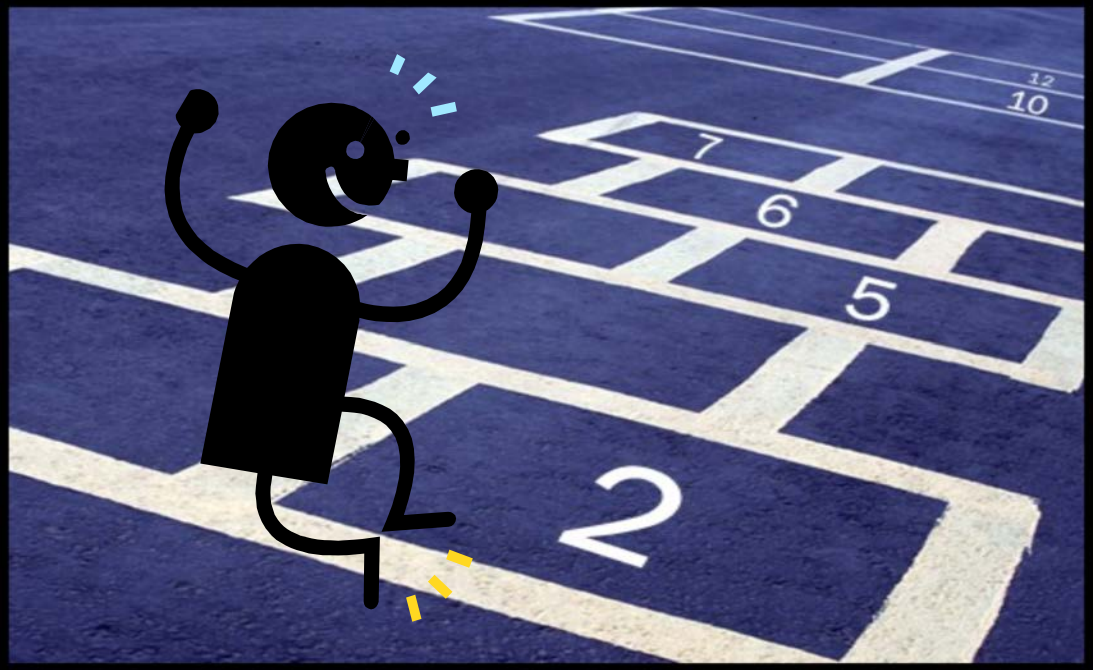
RFP

REQUEST FOR PROPOSALS BASICS

The Road to Success



Office of Operations
2014 Fall Conference
October 7-9

Collaboration for Success

Request for Proposals Basics

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AGENDA

1. Introduction
   - OSC Contract Overview
   - Request for Proposals (RFP)
2. RFP Planning
3. RFP Components
4. RFP Evaluation & Selection Process
5. RFP Procurement Record

RFP

RFP
INTRODUCTION

OFFICE OF THE STATE COMPTROLLER (OSC)
CONTRACT PRIOR APPROVAL THRESHOLDS

- State Finance Law §112

Before any contracts shall be executed or become effective; it shall first be approved by the comptroller when it exceeds:

- $50,000: State agency, department, board, officer, commission, or institution
- $85,000: Office of General Services
- $10,000: Revenue contract
- Except centralized contract through OGS and purchase orders issued under centralized contract and SUNY Flex

OSC CONTRACT REVIEW STATISTICS

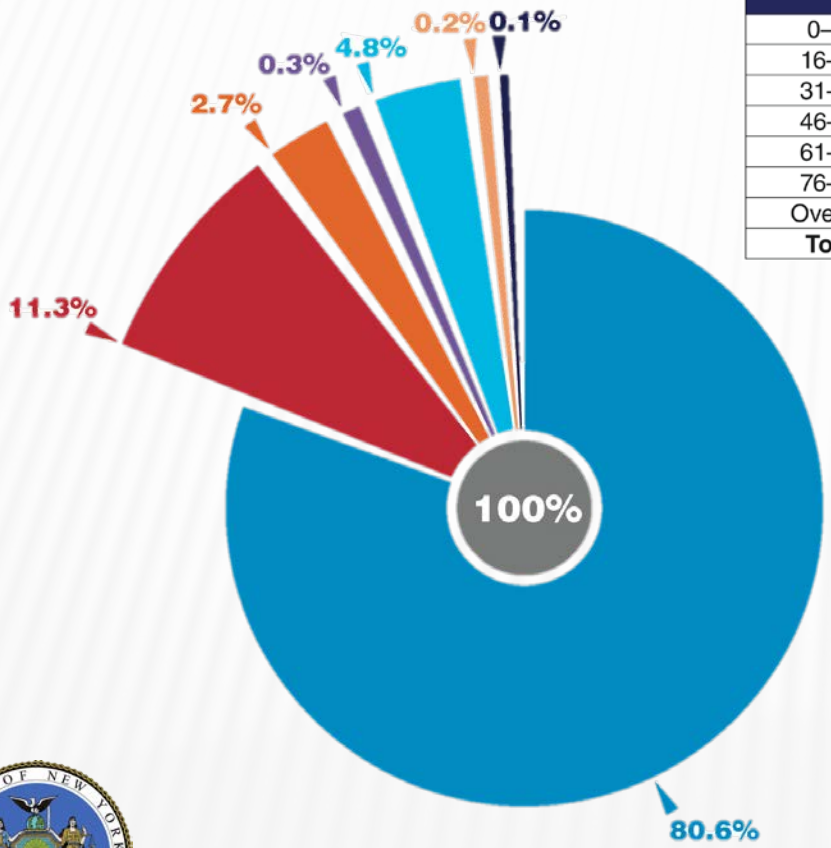
- Average Number of Days for Transaction Review

Calendar Year 2013

Type of Transaction	Volume	Average Days for Review
New Contracts	8,584	13.4
Contract Amendments and Change Orders	14,210	9.8
Total	22,794	11.2

OSC CONTRACT REVIEW TIME FRAMES

- As Percentages of Total Contract Value 2013



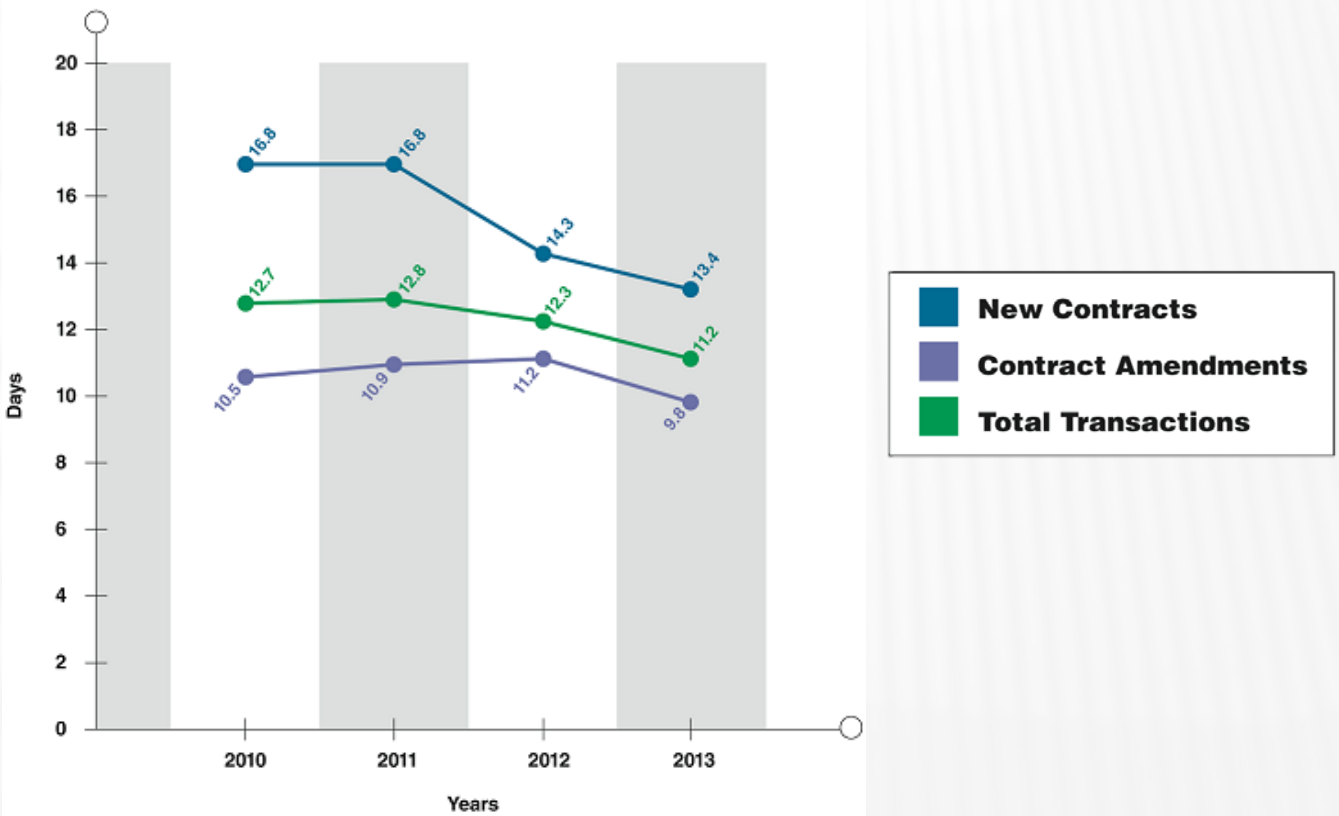
Days	Contract Transactions	Percentage	Amount ($ Billions)	Percentage
0–15	17,945	78.7%	$ 88.0	80.6%
16–30	3,609	15.8%	$ 12.3	11.3%
31–45	899	4.0%	$ 3.0	2.7%
46–60	234	1.0%	$ 0.3	0.3%
61–75	64	0.3%	$ 5.2	4.8%
76–90	41	0.2%	$ 0.2	0.2%
Over 90	2	0.0%	$ 0.1	0.1%
Total	**22,794**	**100%**	**$109.1**	**100%**

Number of Days

- 0-15
- 16-30
- 31-45
- 46-60
- 61-75
- 76-90
- Over 90

OSC CONTRACT REVIEW STATISTICS

- 2013 Contract Review Time Frames
  - Average Days for Contract Review 2010 - 2013



STATUTORY PREFERENCE

- Statutory preference is accorded in the following order:
  - 1st Preferred Sources
  - 2nd OGS Centralized Contracts
  - 3rd Agency or Multi-Agency Contracts
  - 4th Procurement Methods Prescribed by State Finance Law (SFL)

REQUEST FOR PROPOSALS (RFP)

Request for Proposals (RFP) is generally used for the procurement of services or technology in situations where price is not the sole determining factor and the award will be based on a combination of cost and technical factors (Best Value).

WHAT IS BEST VALUE?

- State Finance Law §163

"A best value award is one which optimizes quality, cost, and efficiency and typically applies to complex services and technology contracts."

RFP

RFP
PLANNING

RFP PLANNING

"If you don't know where you are going, you'll end up somewhere else."

Yogi Berra

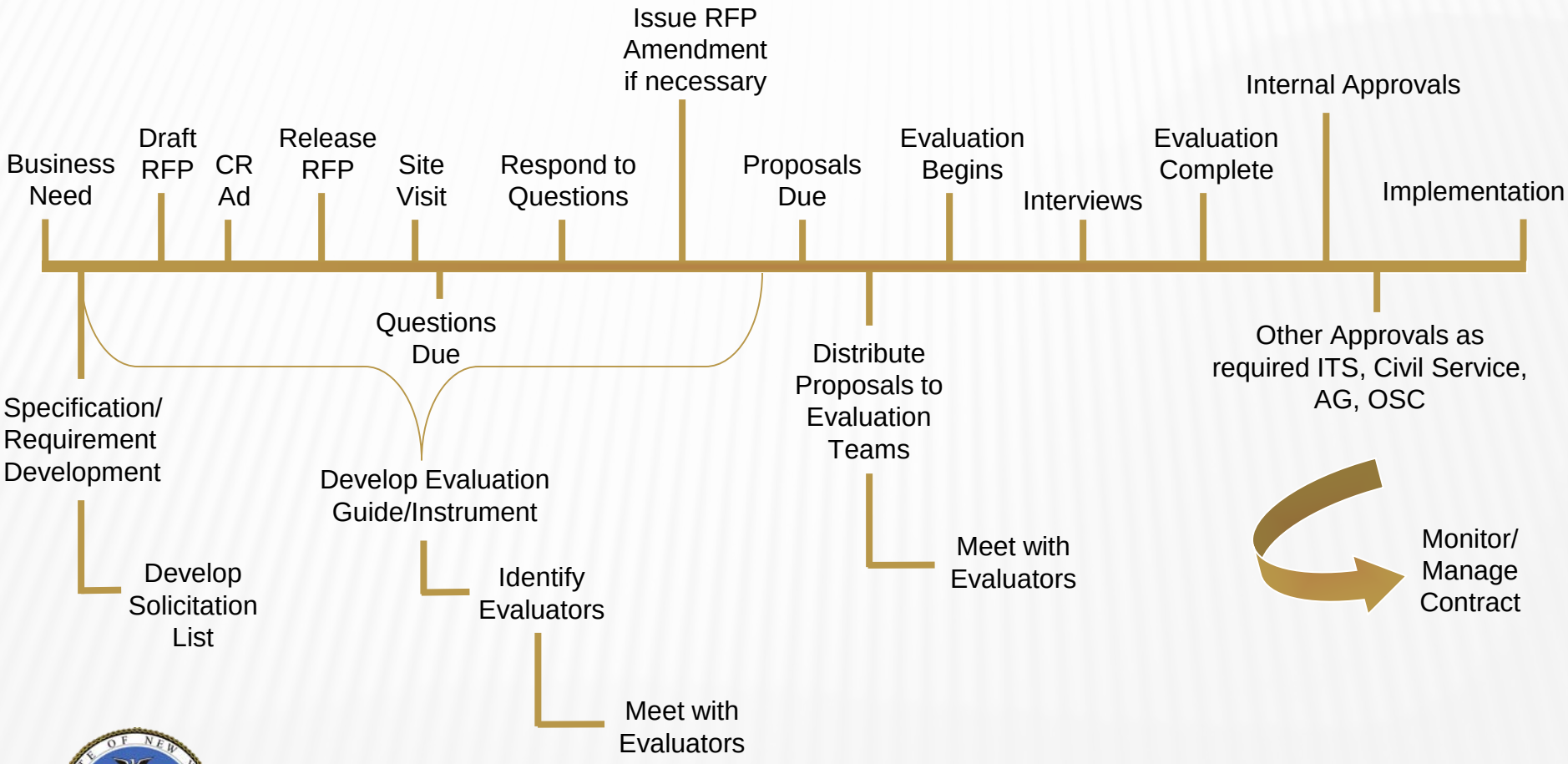
RFP PROCUREMENT STRATEGY

- Develop a Procurement Strategy
  - Determine what need(s) exist(s) for a particular service
  - Define the service to be procured
  - Develop a timeline
    - Identify procurement events
    - Plan and allocate time effectively
    - Keep it updated as you move forward through the process

RFP PROCUREMENT STRATEGY

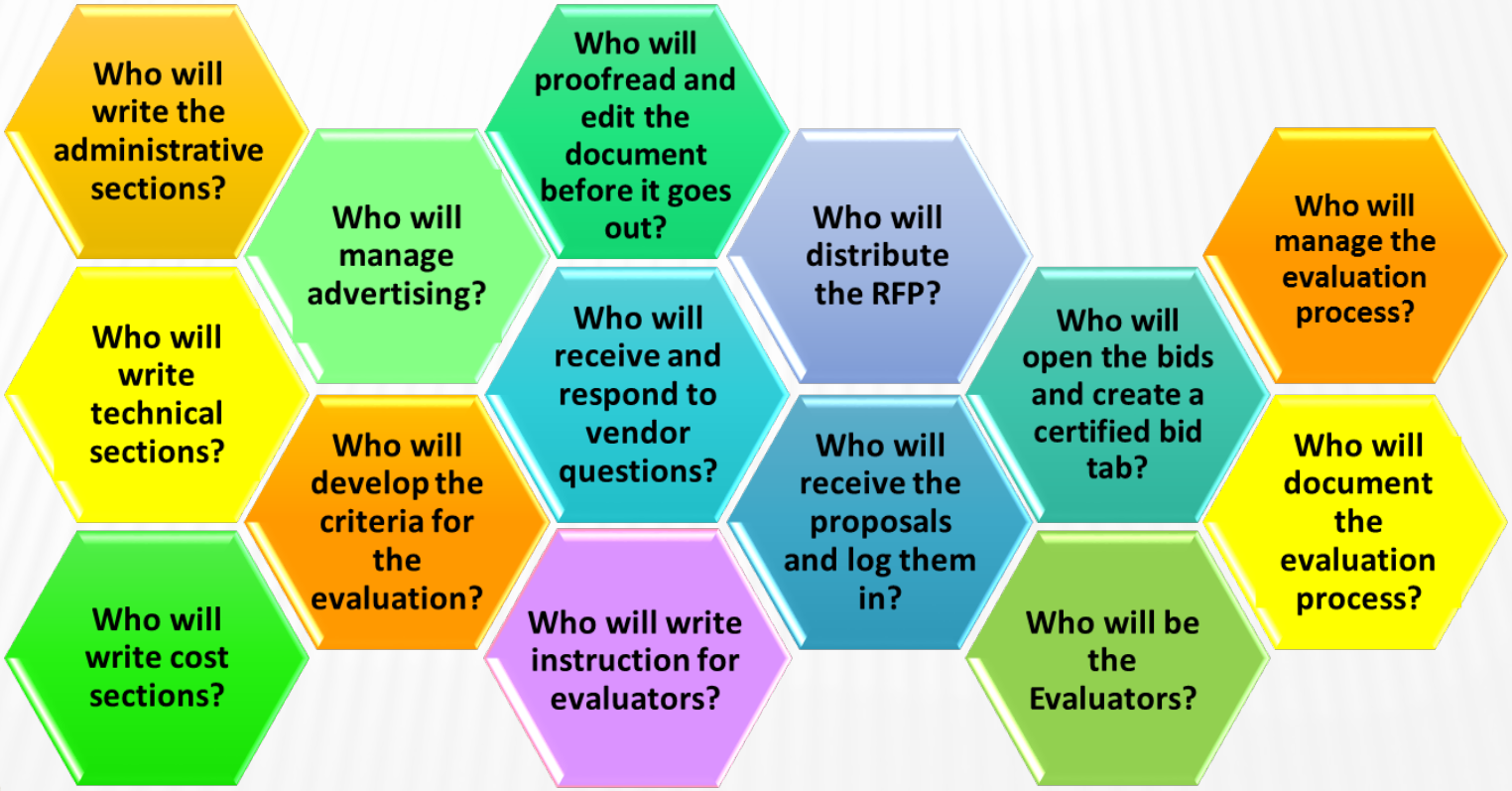
- Elements of the procurement process
  - Specifications
    - Requirements
    - Site Visits
    - Interviews
    - Reference Checks
  - Pool of Vendors
  - Funding Stream(s)
  - Evaluation (Evaluators, Instructions, Execution)
  - Forms (e.g., Cost Sheet)
  - Other Special Events (e.g., Pre-Bid Conference)
  - Procurement Rules and Regulations

RFP PROCUREMENT PLANNING - EVENTS

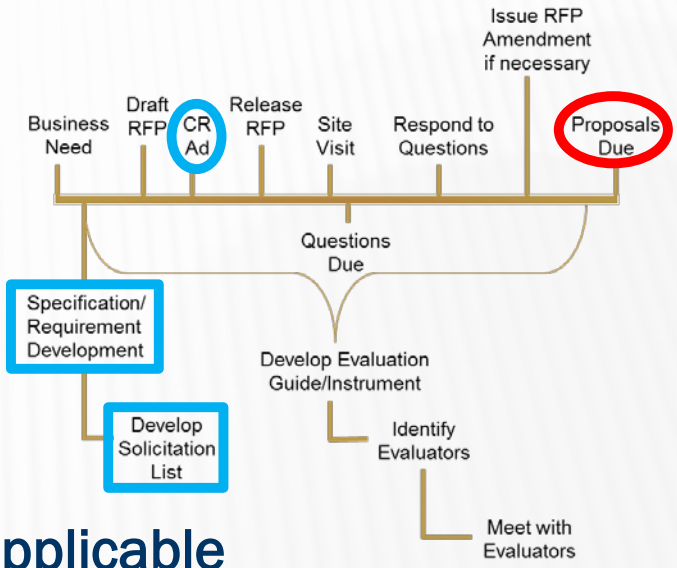


RFP STAFF SELECTION

- Identify all the people you will need to execute a successful procurement.



RFP PROCUREMENT ADVERTISEMENT



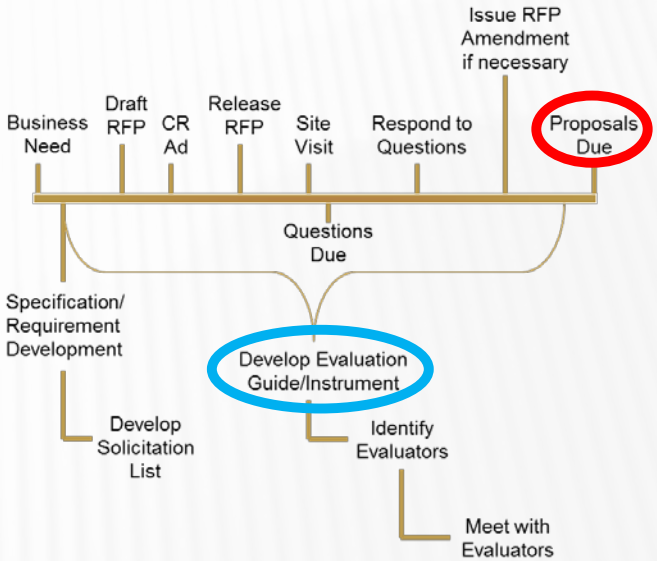
- Develop Solicitation Specifications
  - Procurement Description
  - Contract Period
  - Proposal Due Date
  - Designated Contact Person
  - Questions and Answers Due Date if applicable
  - Site Visit or Pre-Bid Conference information if applicable
- Contract Reporter
  - Procurement must appear in Contract Reporter at least 15 business days prior to the due date of proposals.
- Additional Advertising/Outreach

RFP EVALUATION CRITERIA

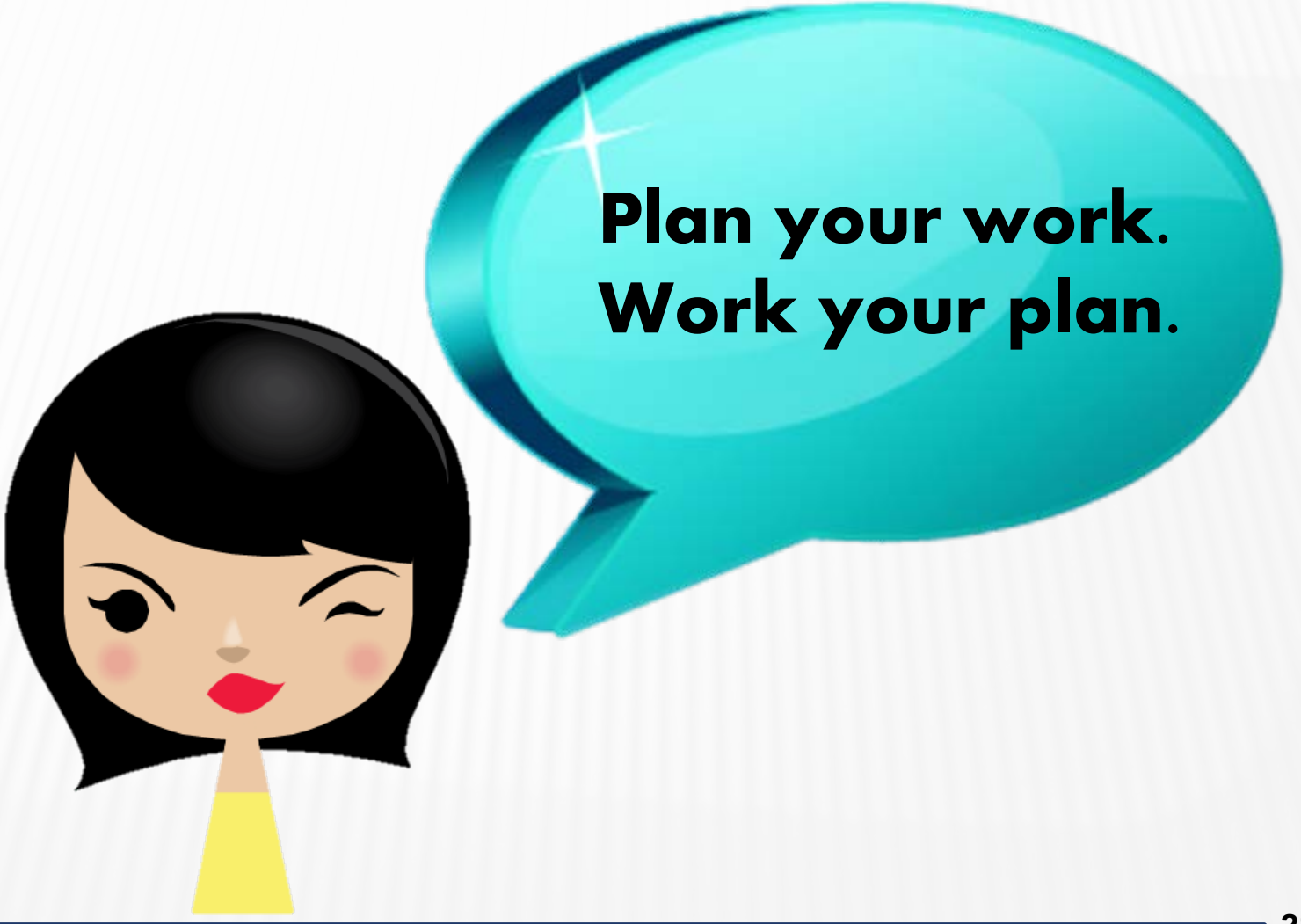
- Develop the evaluation criteria while developing the RFP:
  - Must be clearly stated in the RFP
  - Must be important to the result you are seeking
  - Must be measurable
    - Pass/Fail
    - Scale
  - Set the Technical/Cost ratio

RFP EVALUATION INSTRUMENT

- Develop RFP Evaluation Instrument prior to receipt of bids
- Specify:
  - Summary/scope of the project
  - General instructions to evaluators
  - Forms and how to use them
  - Evaluation steps, responsibilities, and timeline including:
    - Indicate scoring methodology
    - Define how interview and references will be used, if applicable
    - Discuss how to distribute work in case of multi-award procurement



RFP TICKET FOR SUCCESS



RFP TICKET FOR SUCCESS

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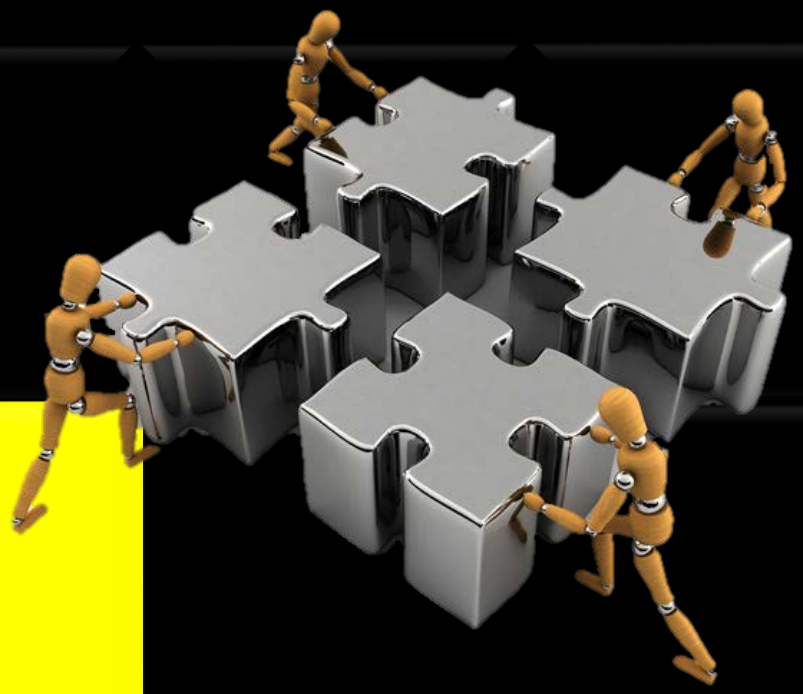
RFP

RFP COMPONENTS



RFP COMPONENTS

- Table of Contents
- Introduction
  - Statement of purpose
- Calendar of Events
  - Date of Issuance
  - Proposers' Conference
  - Site Visit
  - Date Questions and Answers Due
  - Date Responses to Questions and Answers Due
  - Due Date of Proposals
  - Oral Presentation and Demonstrations
- Agency Mission
  - Statement about the duties of your Agency

RFP CALENDAR OF EVENTS

Calendar of Events	Key Dates
Publication in Contract Reporter	08/30/14
Release RFP	09/07/14
Submission of Written Questions	10/01/14
Pre-Bid Conference	10/12/14
Distribution of Pre-Bid Conference Minutes and Responses to Questions	11/01/14
Proposal Submission Due Date	11/29/14
Interviews/Reference Checks	01/10/15 – 01/21/15
Finalist Notified and Contract Negotiations Begin	02/21/15
Contract Submitted to OSC for Approval	03/01/15
Contractor Work Commences	05/10/15

Note: Build in adequate time for internal/external approvals

RFP COMPONENTS

- Administrative Process
  - Timeline
  - Technical Proposal submission requirements
  - Cost Proposal submission requirements
  - Single award/multiple awards
- Criteria
  - Minimum qualifications
  - Service Specifications
  - Additional information
  - References
- Contract Terms and Conditions
- Questions and Answers
  - Make any necessary change(s) via an addendum
  - Distribute to entire potential vendor pool

RFP COMPONENTS

- Procurement Policies, Statutes & Disclosures
  - Appendix A
  - Vendor Responsibility
    (Guide to Financial Operations (GFO). XI.16.)
  - Procurement Lobbying law (GFO. XI.18.B.)
  - Sales and Compensating Use Tax (GFO. XI.18.D.)
  - Debriefing Language
  - Protest Procedures (GFO. XI.17.)
  - Minority/Women Owned Business Enterprise (MWBE)

RFP COMPONENTS

- Procurement Policies, Statutes & Disclosures, if applicable:
  - Health Information Portability and Accountability Act (HIPAA)
  - Agency Specific Appendices
  - Consultant Disclosure Legislation (GFO. XI.18.C.)
    - Form A
    - Form B
  - Prevailing Wage (http://www.labor.state.ny.us/workerprotection/publicwork/PWReqforOWS.shtm)

RFP COMPONENTS

- Non-negotiable contract provisions
- Rationale
  - Address concerns raised prior to bid submission
  - Avoid prolonged negotiations
  - Save agency time and money
  - Prevent gaps in program/service delivery

RFP EVALUATION CRITERIA

- Evaluation Criteria
  - Minimum qualifications (pass/fail)
  - Technical criteria
  - Cost criteria
    - Multiple years –Define escalation (e.g., limit annual increase to Consumer Price Index (CPI) as published by the U.S. Department of Labor)
  - Relative importance – cost vs. technical
    - RFP must disclose the relative importance and/or weight

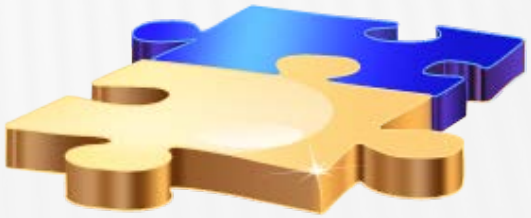
RFP EXAMPLE 1

- RFP – Consultant Services
  - The procurement record stated that the agency had evaluated the proposals utilizing the following weighting in determining best value:
    - 65% Technical / 35% Hourly Rate
  - RFP only specified that both hourly rate and qualifications of the consultant would be taken into consideration.

RFP EXAMPLE 1

RFP EXAMPLE 1 – DECISION

- Add relative weight of cost and technical evaluation to the RFP.
- Require a re-bid as the RFP failed to identify the relative weight of cost and technical.
- Why?
  - State Finance Law Section 163 requires that the solicitation identify the relative importance and/or weight of cost and the overall technical criterion to be considered.



RFP METHOD OF AWARD

- Method of Award
  - Single Award
    - Upon completion of the evaluation process, a contract will be awarded to the proposer whose proposal met all mandatory requirements and obtained the highest composite score, inclusive of both cost and technical.
  - Multiple Award
    - Reserve the right to make multiple awards.
    - Specify the number or "up to" number of awards to be made and how work will be allocated among the vendors.
    - Determine the award criteria prior to receipt of proposals and documented in the Evaluation Instrument.

RFP LANGUAGE

- RFP language should:
  - Allow agency to reject any and all bids
  - Allow agency the right to request clarification
  - Allow agency to waive a mandatory requirement
    - If unmet by ALL proposers and non-material
  - Allow agency the right not to proceed with an award
  - Establish a minimum period of proposal validity (e.g., price firm for 180 days and/or proposal irrevocable for 60 days)

RFP TICKET FOR SUCCESS

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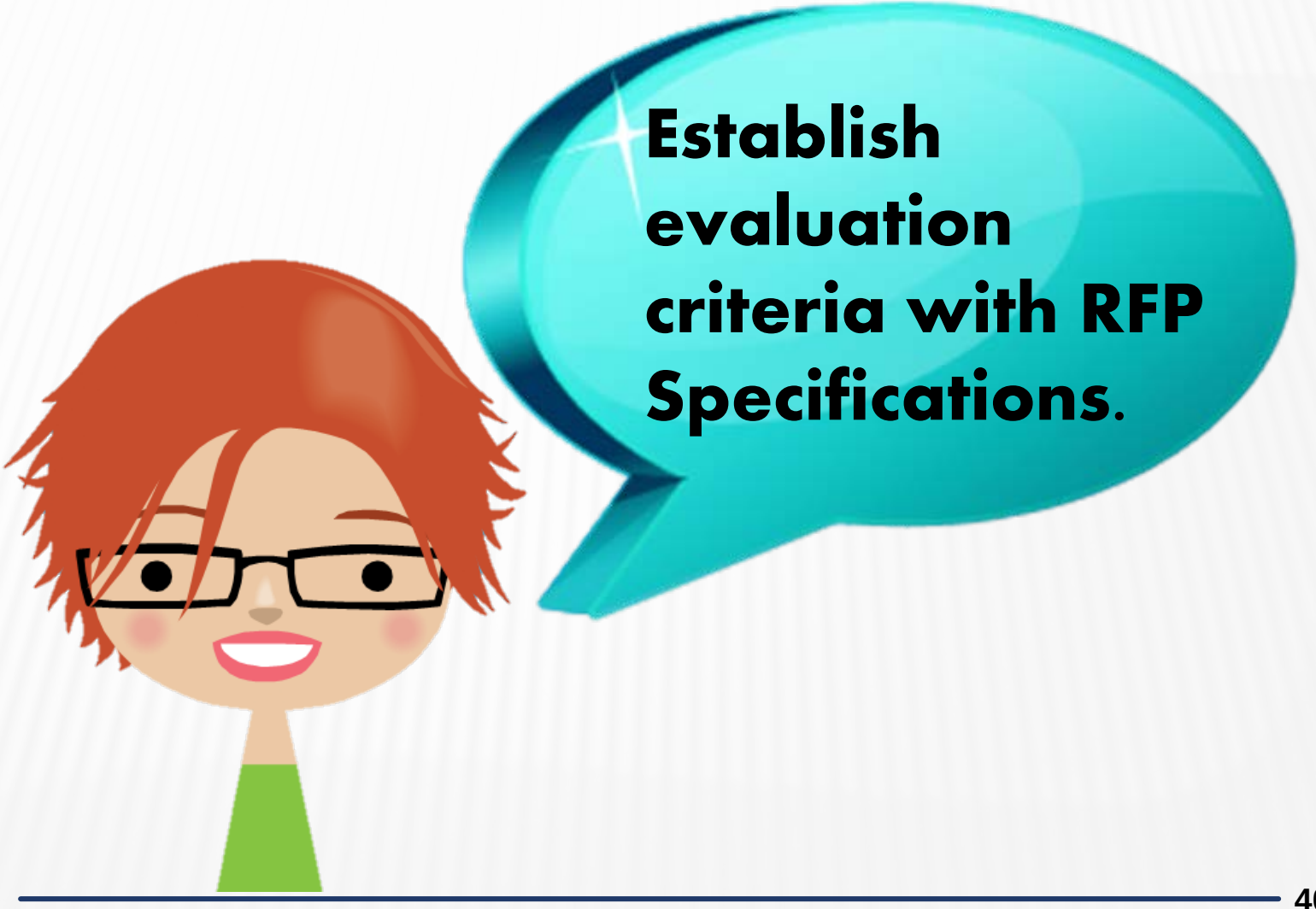

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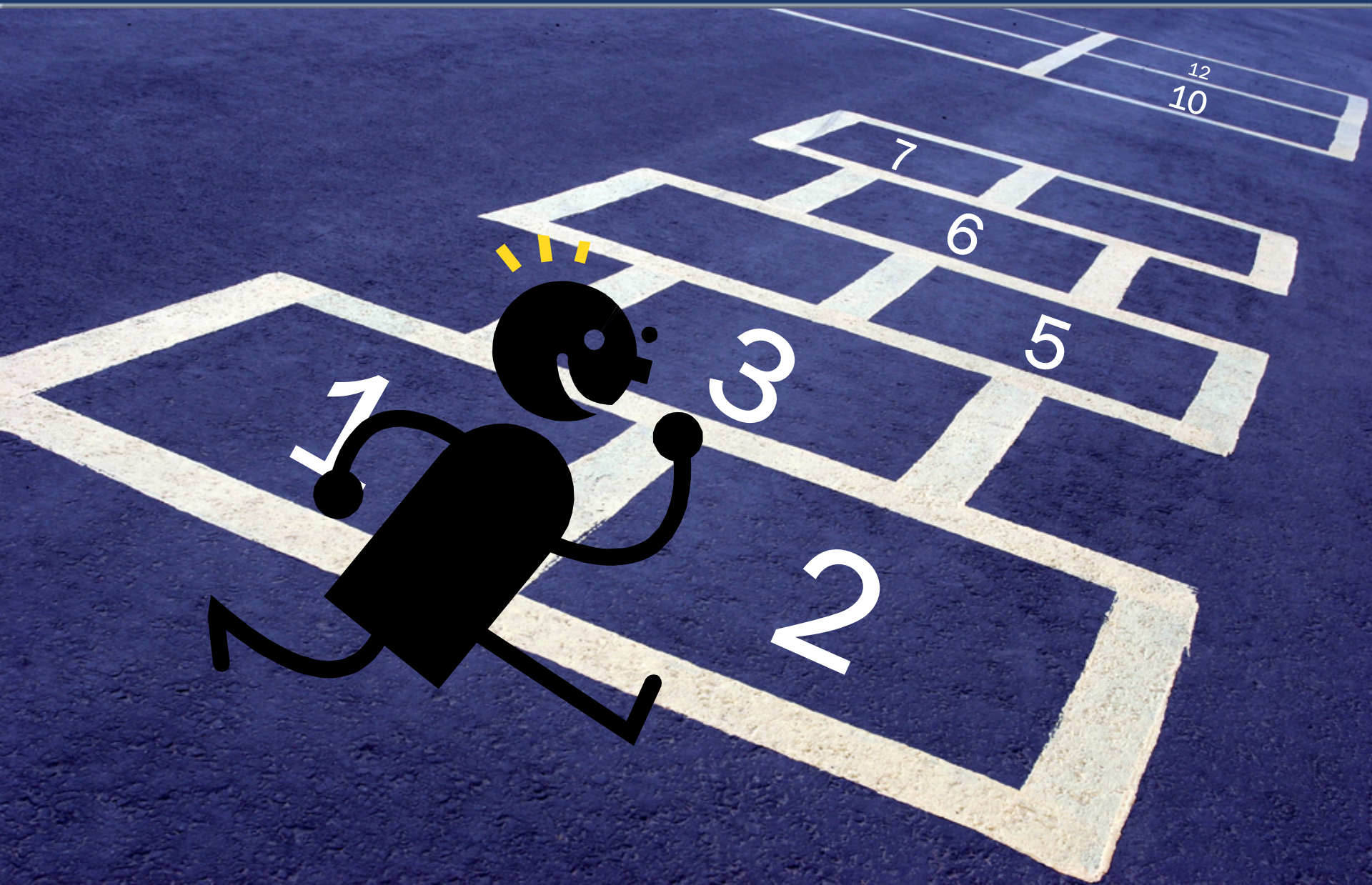
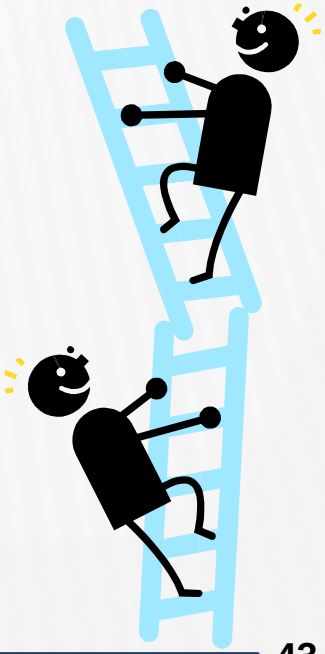


RFP

RFP
Evaluation & Selection Process

RFP EVALUATION & SELECTION PROCESS

- Critical Steps in developing your evaluation strategy
  - Set the Technical/Cost ratio
  - Define the criteria
    - Mandatory (pass/fail) vs. Desirable (scored)
  - Determine distribution of points among criteria
  - Create key for assigning points within criteria

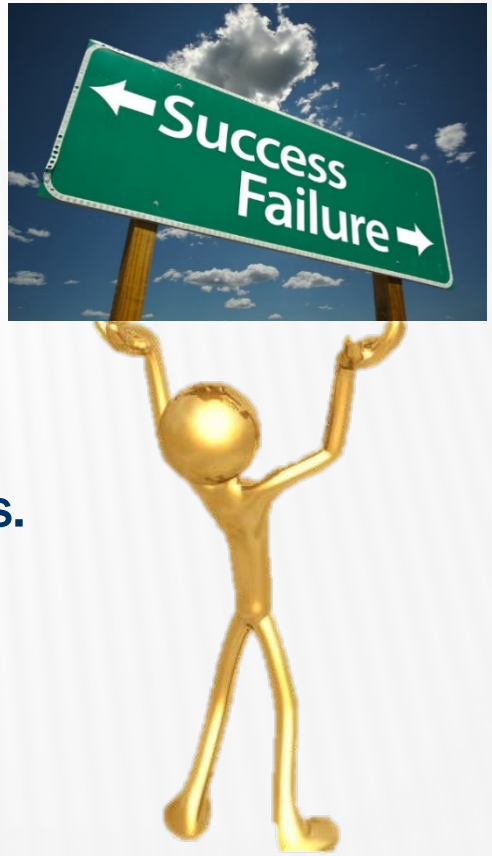


RFP EVALUATION & SELECTION PROCESS

- Questions & Answers
  - Issues raised may result in the issuance of an addendum to the RFP.
    - Review all evaluation criteria
    - Make any necessary change(s) in Instructions, Instrument, Score Sheets
- Clarifications
  - Must reserve the right in the RFP
  - Cannot result in a material change to the bid
  - If cost proposal is extremely low, agency can seek verification from the vendor that they understood the intent or scope of the services.

RFP EVALUATION & SELECTION PROCESS

- Mandatory Qualifications Checklist
  - Pass/Fail – Yes/No
  - If not met, disqualify.
  - Disqualified proposals:
    - Both Technical and Cost proposals must be submitted to OSC for all disqualified vendors.



RFP EVALUATION & SELECTION PROCESS

- Technical evaluation forms must:
  - Identify the vendor
  - Identify the evaluator
  - Have a reference list of points and meanings
    - Example:

      5 points = exceeds all requirements

      4 points = meets all requirements

      3 points = meets most requirements

      2 points = meets some requirements

      1 point = meets few requirements
  - Have a space for the evaluator to enter his/her rating
  - Have adequate space for comments

RFP EXAMPLE 2

- RFP – Auditing Services
  - RFP specified relative weight of:
    - 60% Technical / 40% Cost
  - RFP indentified the following criteria to be evaluated:
    - Relevant experience
    - Approach to specific project (understanding scope)
    - References
    - Cost
  - Scoring guide for technical criteria:
    - Excellent Response = all available points
    - Good Response = half of available points
    - Unacceptable Response = zero point

RFP EXAMPLE 2

- Evaluation Summary Matrix

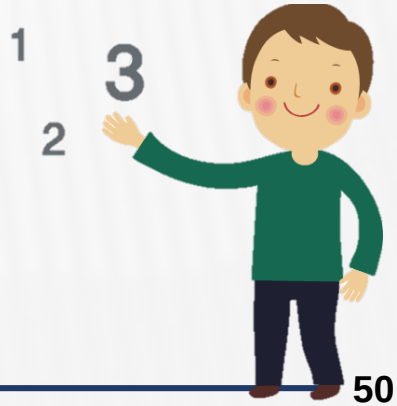
Enter Points as follows:	
Excellent	All Available Points
Good	Half Available Points
Unacceptable	Zero Point

	Bidder A	Bidder B	Bidder C
Experience (20 Points)	13	18	18
Approach (20 Points)	16	16	12
References (20 Points)	12		7
Total Technical (60 pts)	41		37
Cost (40 pts)	28	25	40
Total Composite Score	69	78	77

RFP EXAMPLE 2

RFP EXAMPLE 2 – DECISION

- Agency should re-score proposals in accordance with the evaluation instrument.
- Why?
  - Range of points assigned was not allowed by the scoring methodology as defined in the evaluation instructions.
  - Recommend more flexible tool. Full/Half/None point scale does not allow valuation of proposals on a flexible scale.



RFP EVALUATION & SELECTION PROCESS

- RFP must have a cost form.
  - Cost comparisons must be equal among all proposals.
  - Costs submitted must be complete.
  - Costs submitted must be meaningful.
  - Costs components not evaluated must not be in the resulting contract.

RFP EVALUATION & SELECTION PROCESS

- Developing a Cost Form
  - Examples: Job Titles and Hourly Rates, Deliverable Based, Unit Price, Categories (i.e., SOW, Training, Support)
  - Understand what you are really asking for (i.e., what is a page? A sheet? A document?)
  - Capture the cost of all components

RFP EVALUATION & SELECTION PROCESS

- Cost score is a calculation, not an analysis.
- Recommended formula for cost scores:

  Max Points x (Low Bid ÷ Bid Being Evaluated)

RFP EVALUATION & SELECTION PROCESS

- Example of Cost Score Calculation
  - 70% Technical/30% Cost

Vendor	Hourly Rate	Cost Score
A	$90	30
B	$100	?

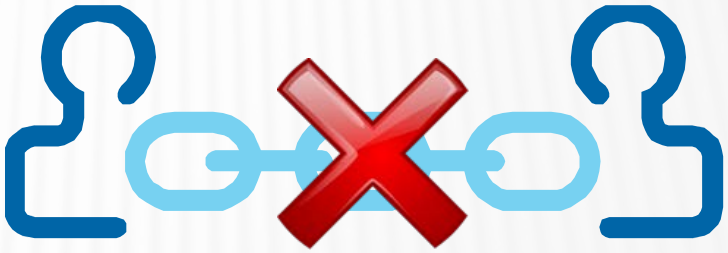
  - Cost Score = Max Points x (Low Bid ÷ Bid Being Evaluated)
  - Vendor B Cost Score = 30 x (90 ÷ 100)

    = 30 x (0.9)

    = 27

RFP EVALUATION & SELECTION PROCESS

- Formula should show a relationship among the bids.
  Do NOT score cost proposals based on a key (as below).
  - $10,000 = 30 points
  - $10,100 = 25 points
  - $18,500 = 20 points
  - $18,501 = 15 points
  - $21,700 = 10 points
  - $21,728 = 5 points
  - $21,750, $25,000 and $31,622 = 0 point



RFP EXAMPLE 3

- RFP – Market assessment of a new program
  - RFP specified a relative weight of:
    - 65% Technical / 35% Hourly Rate
  - Proposals were to be evaluated by a team of four evaluators.
  - Average score of the Evaluation Team was to be used in assigning the overall technical score.
  - One evaluator (Evaluator 4) had a conflict of interest with one of the proposing companies and therefore did not evaluate this proposal.

RFP EXAMPLE 3

- Summary of Scores

	Tech Eval 1	Tech Eval 2	Tech Eval 3	Tech Eval 4	Average Tech Score	Cost Score	Composite Score	Rank
Bidder A	65.0	65.0	65.0	65.0	[illegible]	19.8	[illegible]	1
Bidder B	60.0	61.0	64.0	63.0	62[illegible]	[illegible]	82.1	3
Bidder C	50.0	41.0	46.0	N/A	45.7	[illegible]	61.9	5
Bidder D	65.0	63.0	61.0	57.0	[illegible]	22.[illegible]	[illegible].9	2
Bidder E	41	40	45	44	[illegible]	35	[illegible].5	4

RFP EXAMPLE 3

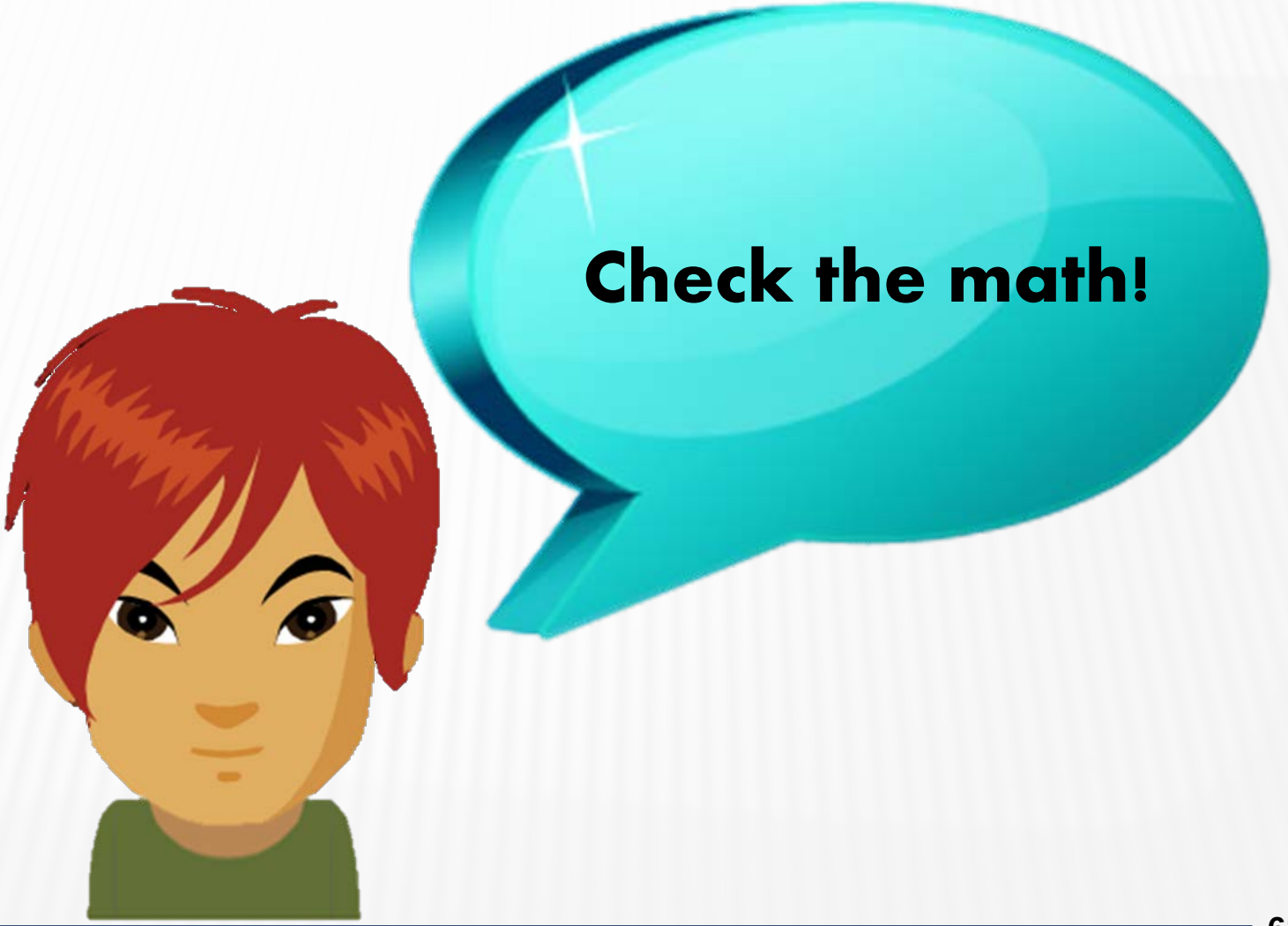
RFP EXAMPLE 3 – DECISION

	Tech Eval 1	Tech Eval 2	Tech Eval 3	Tech Eval 4	Average Tech Score	Cost Score	Composite Score	Rank
Bidder A	65.0	65.0	65.0	N/A	65.0	19.8	84.8	2
Bidder B	60.0	61.0	64.0	N/A	61.7	20.1	81.8	3
Bidder C	50.0	41.0	46.0	N/A	45.7	16.2	61.9	5
Bidder D	65.0	63.0	61.0	N/A	63.0	22.4	85.4	1
Bidder E	41.0	40.0	45.0	N/A	42.0	35.0	77.0	4

RFP EXAMPLE 3 – DECISION

- Award to Bidder D
- Why?
  - State Finance Law Section 163 requires that there must be a balanced and fair method of award.

RFP TICKET TO SUCCESS



RFP TICKET TO SUCCESS

RFP EVALUATORS

- Who should be an evaluator? Someone with:
  - Expertise
  - Time to participate fully in the process
  - No conflict of interest

  Note: Different teams of evaluators can be used for different criteria but the same evaluators must do any single criterion for all bidders.

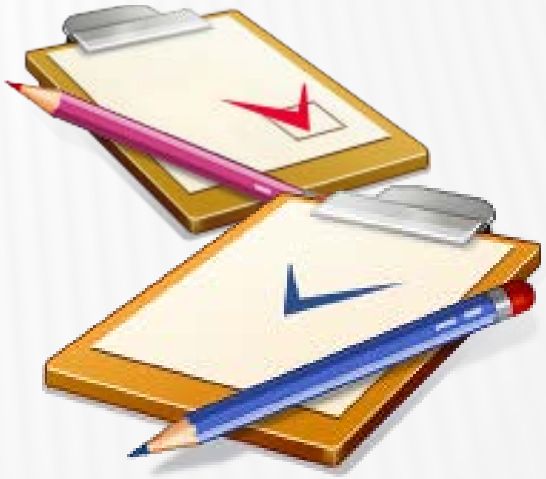
RFP INSTRUCTIONS TO EVALUATORS

- Instructions to Evaluators must:
  - Define decision parameters and explain expectations
  - Evaluate proposals according to standards set in the RFP
  - Define the use of decimals if they will be allowed
  - Be submitted to OSC with procurement package

RFP EVALUATION & SELECTION PROCESS

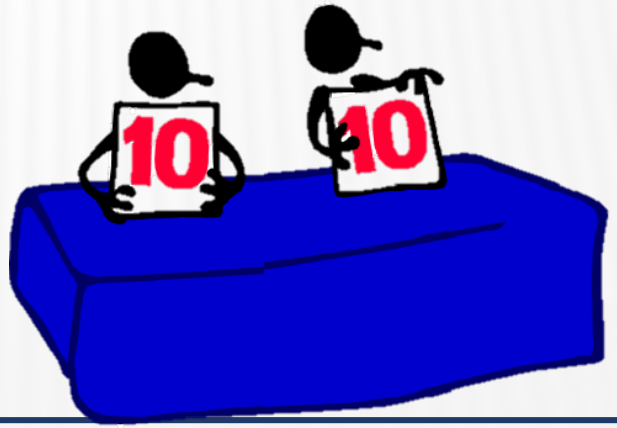
- Less than three proposals received:
  - Verify cost reasonableness
  - Justify limited response
  - Canvass non-responding vendors

- Only one proposal received:
  - Evaluate the proposal
  - Verify cost reasonableness
  - Justify limited response
  - Canvass non-responding vendors



RFP EVALUATION & SELECTION PROCESS

- Ties
  - If two offers' composite scores are tied, the award shall go to bidder with the highest Cost score (lowest price).
  - If technical and cost scores are both the same, agency must have a pre-defined tie-breaking mechanism. May have different mechanisms for different types of procurements.



RFP TICKET TO SUCCESS

- Check your math
- Use decimals and rounding consistently
- Document the process
  - Each evaluator should document his/her score and explain with comments.

RFP TICKET TO SUCCESS

- Develop evaluation instrument prior to issuance of RFP
- Document your process
- Ensure evaluation criteria are measurable
- Change as a result of Q & A - Make changes to all documents and distribute to vendor pool
- Understand your chosen formula and carefully consider the weighting
- Avoid non-standardized technical and cost evaluation forms
- Check your formulas/number transpositions
- Make sure mandatory requirements are necessary

RFP EXAMPLE 4

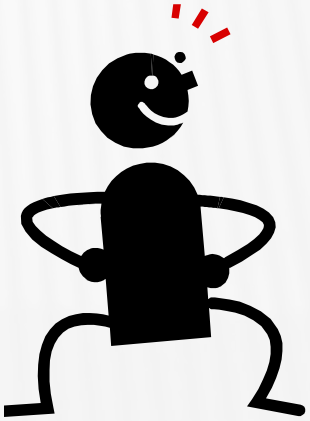
- RFP – Upgrade of software system
  - RFP specified available workspace could accommodate up to five contractor staff at a time.
  - The cost sheet of Proposal A identified 12 individuals.
  - The agency requested Proposer A to clarify their proposal by confirming that no more than five staff would need to be on-site at any one time. Proposer A confirmed the agency's assumption.
  - Proposals were evaluated in accordance with the evaluation strategy established prior to the receipt of proposals. Proposer A received the highest composite score, was deemed responsive and responsible and was awarded the contract.

RFP EXAMPLE 4

RFP EXAMPLE 4 – DECISION

- Yes. Submit the contract for approval.
- Why?
  - State Finance Law Section 163 states that:

    "Where provided for in the solicitation, state agencies may require clarification from offerers for purposes of assuring a full understanding of responsiveness to solicitation requirements."



RFP EXAMPLE 5

- RFP - To obtain technical support for the Information Technology (IT) Bureau of the agency
  - Since the agency anticipated that a single vendor would not be able to provide necessary services, the procurement provided for multiple awards to two vendors.
  - The relative weight was 60% for technical and 40% for cost.

RFP EXAMPLE 5

- Technical Score: 60%

	Tech. Eval 1	Tech. Eval 2	Tech. Eval 3	Tech. Eval 4	Tech. Eval 5	Total Technical Score
Bidder A	44	46	48	50	47	235
Bidder B	46	40	42	39	38	205
Bidder C	54	50	52	51	49	256
Bidder D	50	51	48	53	47	249
Bidder E	51	49	47	52	50	249
Bidder F	52	55	54	55	54	270

RFP EXAMPLE 5

- Summary of Scores

	Technical Score	Cost	Total Score
Bidder A	235	35.5	270.5
Bidder B	205	40.0	245.0
Bidder C	256	38.7	294.7
Bidder D	249	37.2	286.6
Bidder E	249	39.3	288.3
Bidder F	270	34.6	304.6

RFP EXAMPLE 5

- The agency awarded a contract to Bidder C and Bidder F.

	Technical Score	Cost	Total Score
Bidder A	235	5.5	70.5
Bidder B	205		45.0
Bidder C	256	38	294.7
Bidder D	249	37	286.6
Bidder E	249		88.3
Bidder F	270	.6	4.6

RFP EXAMPLE 5

RFP EXAMPLE 5 – DECISION

	Technical Score	Cost	Total Score
Bidder A	47.0	35.5	82.5
Bidder B	41.0	40.0	81.0
Bidder C	51.2	38.7	89.9
Bidder D	49.8	37.2	87.0
Bidder E	49.8	39.3	89.1
Bidder F	54.0	34.6	88.6

RFP EXAMPLE 5 – DECISION

- Re-calculate scores in accordance with the stated relative weights.
- Why?
  - The composite scores were not weighted at 60% Technical and 40% Cost.
  - The Evaluation Instrument should include a step in the process advising the evaluation committee that the technical score is averaged.

RFP

RFP PROCUREMENT RECORD

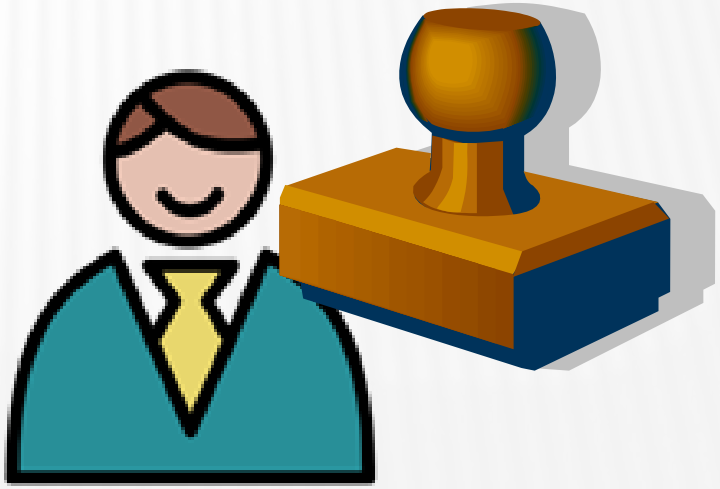
RFP PROCUREMENT RECORD

- New York State Finance Law, Article 11, §163.9.g.

  A procurement record shall be maintained for each procurement identifying, with supporting documentation, decisions made by the commissioner or state agency during the procurement process. The procurement record shall include, but not be limited to each contract amendment and the justification for each.

RFP PROCUREMENT RECORD

- If applicable:
  - Division of Budget (DOB) approval
  - Office of the Attorney General (OAG) approval
  - Civil Service approval
  - Information Technology Services (ITS) approval

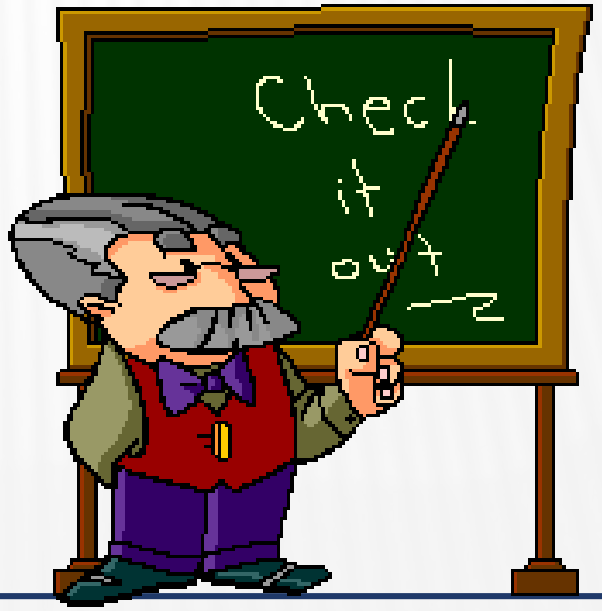


RFP PROCUREMENT RECORD

- Documents to be submitted to OSC:
  - Instructions to evaluators
  - Blank cost form
  - Blank Individual Technical Score Sheet (ITSS)
  - Blank Mandatory Requirements Checklist (MRC)
  - Completed MRC for each vendor
  - Competed Summary cost score sheet
  - Completed ITSS for each evaluator for each vendor
  - Summary of Technical Score for all vendors
  - Technical/Cost matrix with points and rankings

RFP PROCUREMENT RECORD

- Documents to be submitted to OSC, if applicable:
  - Site Visit/Bidder Conference sign in sheets
  - Questions and Answers
  - Addendum(s) to the RFP



RFP Contract Encumbrance

- Encumbering a Contract (GFO. XI.2.C.):
  - Agencies must be prepared to enter the PO encumbrance.
  - Agencies should indicate the intended encumbrance amount on the bottom of the STS or AC340-S.
  - Minimum encumbrance calculation (in general):
    1. Contract Value ÷ Numbers of Years = Amount per Year
    2. Amount per Year ÷ 12 months = Monthly Amount
    3. Monthly Amount x Numbers of Months (between the start date of contract and end of fiscal year) = Minimum encumbrance Amount

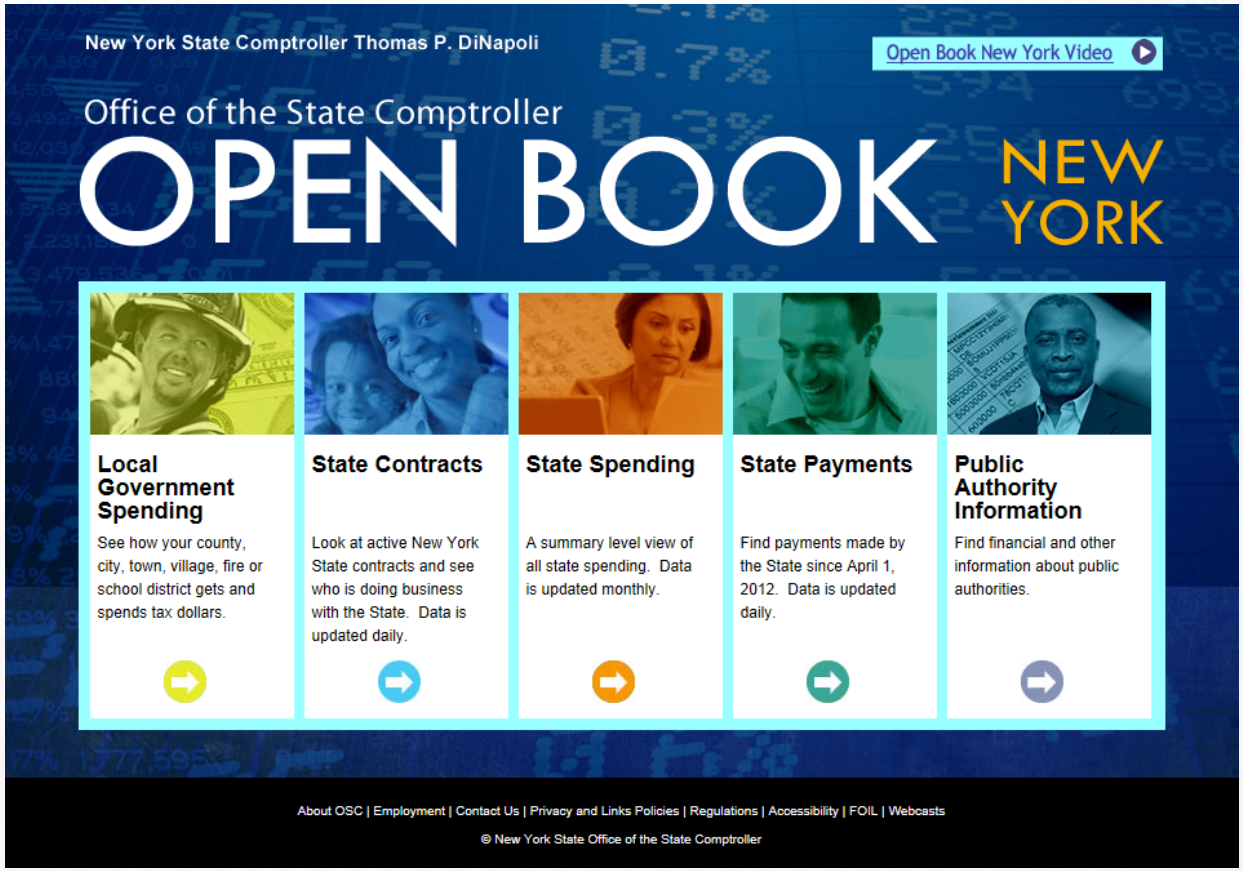
RFP Contract Encumbrance

- Example:
  - Fiscal Year End Date: March 31
  - Calculate the minimum encumbrance amount on a $360,000, three year contract beginning August 1

1. $360,000.00 ÷ 3 years = $120,000.00/Year
2. $120,000.00 /Year ÷ 12 Months = $10,000.00/Month
3. $10,000.00/Month x 8 months = $80,000
   (Minimum Encumbrance Amount)

REFERENCES

- Open Book NY: http://www.openbooknewyork.com/



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- OSC Internet Site
  http://www.osc.state.ny.us
- Guide to Financial Operations
  http://www.osc.state.ny.us/agencies/guide/MyWebHelp/
- Procurement Council Guidelines
  http://www.ogs.ny.gov/BU/PC/Docs/Guidelines.pdf
- Advisory Council on Procurement Lobbying Model Forms/Language
  http://www.ogs.ny.gov/acpl/regulations/advisoryCouncil/ModelLang.html
- NYS Department of Taxation and Finance
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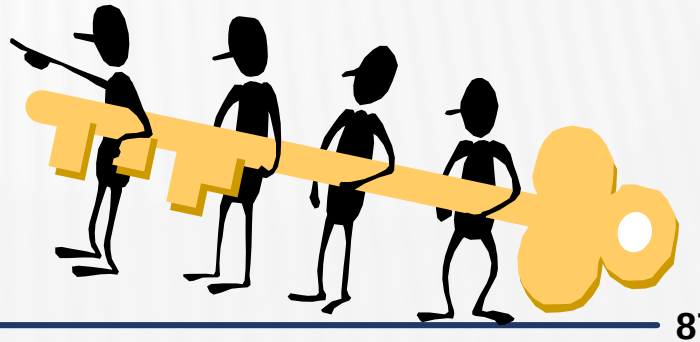

QUESTIONS?

Bon Voyage!