



APTA STANDARDS DEVELOPMENT PROGRAM
RECOMMENDED PRACTICE

American Public Transportation Association
1666 K Street, NW, Washington, DC, 20006-1215

APTA PS-PP-RP-007-13

Approved March 18, 2013

Working Group

Name: Procurement Process

The Process of Transit Procurement

Abstract: This recommended practice describes a process for a typical procurement from inception through contract closeout and warranty. The major steps in that process are:

- Identify and explore the need
- Evaluate options and establish need for procurement
- Select procurement method
- Develop final solicitation
- Execute solicitation
- Contract administration

Keywords: Procurement process, procurement plan, solicitation, contract, RFP, IFB, RFQ, RFI

Summary: When transit agencies standardize the process they utilize to procure goods and services, it enhances the effectiveness of their decisions and the ability of suppliers to respond to the agency's requirements; and improve the likelihood of achieving successful procurements. Identify and explore the need.

Scope and purpose: This recommended practice is intended to be applicable to a board range of procurements used by transit agencies of various sizes for procurement of varying sizes and complexity. It outlines the logical progression of factors that should be considered and actions that should be taken during procurement. It identifies both the "inputs" for each of the major steps in the procurement process and the "outputs", and the output for one step becomes the input for the next step. It is intended not to be not overly prescriptive or overly detailed, so that it can be used by any agency.

This *Recommended Practice* represents a common viewpoint of those parties concerned with its provisions, namely, transit operating/planning agencies, manufacturers, consultants, engineers and general interest groups. The application of any standards, practices or guidelines contained herein is voluntary. In some cases, federal and/or state regulations govern portions of a transit system's operations. In those cases, the government regulations take precedence over this standard. APTA recognizes that for certain applications, the standards or practices, as implemented by individual transit agencies, may be either more or less restrictive than those given in this document.

© 2013 American Public Transportation Association. No part of this publication may be reproduced in any form, in an electronic retrieval system or otherwise, without the prior written permission of the American Public Transportation Association.



Participants

The American Public Transportation Association greatly appreciates the contributions of the Procurement Working Group, which provided the primary effort in the drafting of this *Recommended Practice*.

At the time this standard was completed, the working group included the following members:

Stephen Goodwin, Chair

Marc Gordon
 John Andrews
 Richard Annechini
 Charles Bashay
 Stephen Bonina
 Robert Cerra
 Paul Como
 Roland Ericsson
 Joseph Gibson
 Terri Goodson
 Marc Gordon
 Sandra Lautenberg
 Kathy Mack
 C. Jack Martinson
 David Mikoryak
 Lonnie Mitchell
 Sean O'Brien
 Chris Payne
 Hal Perloff
 Steven Policar
 Annmarie Regan
 Sonya Semenov-Torrise
 Robin Stevens

KellyAnne Gallagher

Staff Advisor

Contents

1. Identify and explore the need	2
Step 1: Consider agency interests and goals	2
Step 2: Understand the request	2
Step 3: Market research	2
Step 4: Evaluate benefits	3
2. Evaluate options and establish need for procurement.....	3
Step 5: Scope of work/services; clarify issues	3
Step 6: Socioeconomic and compliance considerations	4
Step 7: Strategy to meet need	4
Step 8: Is procurement required?	4
3. Select procurement method.....	5
Step 9: Refine issues/concerns.....	5
Step 10: Refine market research	5
Step 11: Outreach	6
Step 12: Refine product or service.....	6
Step 13: Contract considerations	6
Step 14: Solicitation type.....	6
Step 15: Choosing the type	7
Step 16: Choose type of RFP.....	7
4. Develop final solicitation	8
Step 17: Solicitation planning.....	8
Step 18: Solicitation guidelines	8
Step 19: Solicitation development	8
Step 20: Internal review	9
Step 21: Is internal review OK?.....	9
Step 22: External review appropriate?.....	9
Step 23: External Review	9
Step 24: Is external review OK?.....	9
Step 25: Finalize solicitation document.....	10
5. Execute solicitation	10
Step 26: Selection planning	10
Step 27: Advertising	10
Step 28: Is pre-bid conference needed?	11
Step 29: Request for clarification?.....	11
Step 30: Log RFP/IFB submittals.....	12
Step 31: Evaluate RFP/IFB submittals received.....	12
Step 32: Negotiation and award considerations.....	12
Step 33: Award and notification	13
Step 34: Debriefing.....	13
6. Contract administration	13
Step 35: Notice to Proceed	13
Step 36: Contract administration steps	14
Step 37: Close-out.....	15
Step 38: Warranty and warranty administration	15
Appendix A: Procurement process overview	16
Abbreviations and acronyms	17

The Process of Transit Procurement

The following narrative describes a process for a typical procurement from inception through contract closeout and warranty. This procurement process may be thought of as a series of major steps, each with its own set of sub-steps. The six major steps include the following:

- Identify and explore the need.
- Evaluate options and establish need for procurement.
- Select procurement method.
- Develop final solicitation.
- Execute solicitation.
- Contract administration.

This process is represented graphically in Appendix A. This map shows the relationship between these six major steps, as well as the relationship between the sub-steps that comprise each major step. The major steps are indicated in the horizontal bands (or “swim lanes”) and the sub-steps are indicated by the boxes within each band. The “inputs” for each of the major steps are indicated in the left margin, and the “outputs” on the right. The action(s) required to turn the inputs into outputs define the process step. The output for one step becomes the input for the next step. The output in the final step is the output for the process.

This procurement process is intended to be applicable to a broad range of procurements. Agencies of varying sizes, with procurements of varying size and complexity, will need to change the details as appropriate. This framework (or guide) is intended not to be overly prescriptive or overly detailed, so that it can be used by any agency. That said, many agencies will find that they can apply this framework directly, as it represents a logical progression of factors that should be considered and actions that should be taken during a procurement. Those who adopt this approach will find that they can apply it generally, understanding that many steps may be simple and quick, while others will take longer, depending on the procurement scenario. Other agencies may prefer a more detailed approach and may choose to use this process map as a basis to develop their own more detailed process map(s). They may prefer to include details, such as how long certain activities take and who should perform them. They may also choose to develop different maps for procuring commodity goods, specialty goods or professional services.

In broad terms, the procurement steps will not change, and only the details in sub-steps can be customized. Using process maps can take an adjustment, because everyone has his or her own need for, and tolerance of, detail. It is this “need for” and “tolerance of” detail that needs to be balanced for each organization. That balance is best left determined by those who will be using the maps within each organization.

1. Identify and explore the need

Need for good or service is expressed. This is the input for Section 1. The goal is to verify that the need is real, will be met by what is being asked for, and is consistent with the goals of the agency.

FIGURE 1
Flowchart for Section 1



Step 1: Consider agency interests and goals

A critical first step is to understand the need and to evaluate whether it is consistent with the goals and policies of the agency. Conflicting interests (needs) should be identified early on. Needs that are not consistent with the goals and policies of the agency should be reviewed before proceeding. For example: An agency wants to purchase new shelters to match its current design, but other stakeholders want to upgrade to ornate shelters as part of a downtown redevelopment initiative.

This step consists of evaluation. Items to consider include the following:

- What is creating the need (what need is going unmet)
- The political environment
- The Board and CEO expectations
- Service to the public
- Safety
- Compliance with government mandates
- LEED/sustainability/life cycle issues
- Funding source implications and restrictions

Step 2: Understand the request

There are several questions to ask to assess the need: Does the person making the request understand exactly what they want to procure? Will it meet the need he or she intends to address? Are there other ways of meeting the need? Does he or she have the expertise needed to formulate the request? What is the urgency? Does the agency need to ask others to help better define requirements? Are there other stakeholders? Who else might the agency involve?

In this step, those making the request need to discuss what they want to achieve so that the “right” good or service is procured. Items to consider include the following:

- Stakeholders and their interests/dependencies
- Is it a need or a want?
- User requirements
- Constraints, such as funding and regulatory
- Resources (internal and/or external)

Step 3: Market research

At this stage in the process, market research is conducted to determine how the need can be met, who can provide the good/service, and what options for goods/services already exist in the marketplace. For example,

an agency may want to purchase a custom software package, but market research could identify existing off-the-shelf software that will meet the need.

Items to consider include the following:

- Who can provide the good or service
- The options, such as standard versus custom
- Information from suppliers, other agencies and other users
- LEED/sustainability/life cycle issues including maintenance

Step 4: Evaluate benefits

Evaluate the benefits of the good or service being procured. For example: An agency has a programmed buy of shelters over a 15-year period, and a stakeholder wants the agency to immediately purchase ornate shelters. The agency should weigh the benefits of the original plan versus the newly expressed need.

In this final step, the agency can now make further decisions. Items to consider include the following:

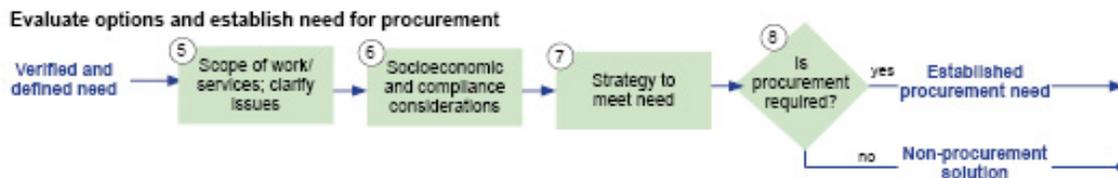
- Identification and evaluation of risks
- Weighing of costs/benefits
- Project and life-cycle costs
- Budgets
- Project scheduling

Verified and defined need. The output of this section is verification that the need is real, will be met by what is being asked for, and is consistent with the goals of the agency.

2. Evaluate options and establish need for procurement

FIGURE 2

Flowchart for Section 2



Step 5: Scope of work/services; clarify issues

After confirming that the agency has a need (e.g., the capability to move X people from point Y to point Z at time T), the next step is to consider the characteristics of the requirement. Questions to ask include the following:

- When does the agency need it?
- How often does it need it?
- How do the potential solutions fit the agency’s long-term plans?
- What are the downstream impacts on the agency’s systems (e.g., maintenance)?
- What is the agency capable of doing, overseeing or managing?

The technical elements are limited to those necessary to make decisions, not specify the solution.

In this step, the agency further explores the need to understand the best way to address the issue. Items to consider include the following:

- List/outline technical specifications
- Anticipated life cycle
- Contract duration
- Maintenance requirements/impact
- Quality expectations/oversight/resources
- System engineering/systems integration/constraints
- Review of relevant procurement documents and information
- Lead time

Step 6: Socioeconomic and compliance considerations

These socioeconomic goals or objectives are largely driven by federal, industry or agency policies. Confirm these goals before next steps of procurement.

After considering logistical issues in the first step, the agency considers socioeconomic and regulatory issues related to a possible procurement in this second step. If the procurement is being funded by an outside grant, the agency should carefully review the grant and its rules to make sure that the subsequent procurement and project comply with the grant requirements in order to make reimbursements eligible for funding. Items to consider include the following:

- Funding source, such as local money or grant-assisted funds
- WBE/MBE/DBE/SBE goals
- Health and safety/ADA
- Buy America
- Localization/buy local
- Regulatory changes
- Public interests

Step 7: Strategy to meet need

Additional considerations could include how the potential solutions may affect the agency's socioeconomic goals and how socioeconomic policies and programs (e.g., Buy America) may affect the potential solutions.

With the additional considerations in previous steps, the agency can fully evaluate its strategy to meet the need, including alternatives to procurement. Items to consider include the following:

- Internal/external options
- Alternatives to procurement
- Consortium bid/partnering/piggybacking
- State contracts (if allowed)
- End user survey
- Procurement strategy constraints
- Funding source constraints

Step 8: Is procurement required?

Based on the evaluation conducted in the previous steps, the agency should consider whether other options exist to meet the expressed need. Agency considerations may include the following:

- If a policy or practice change could satisfy the need
- If in-house personnel/resources could be applied to meet the need
- If an existing contract could be used legally
- If leasing would be superior to buying (especially for short term or intermittent needs)
- The pros and cons of each potential solution.

The decision at this point is the selection of a course of action. The decision could be to procure something or to use an alternative (non-procurement) solution. Based on the considerations in the previous steps, in this step the agency has to decide if procurement is required to fulfill the need for goods or services expressed.

Non-procurement solution. A non-procurement solution takes the agency out of the procurement process. This is the final output for this process if no procurement is required.

Established procurement need. If the decision is to procure something, then the output would include a defined procurement need. This is the output for Section 2 if procurement is determined to be required.

3. Select procurement method

FIGURE 3
Flowchart for Section 3



Step 9: Refine issues/concerns

The potential pitfalls should be considered and addressed early in the process. Now that a need has been established, related issues and concerns should be assessed. This step in the process should take into consideration identified stakeholders, constraints, risks, etc.

In this step, the agency further explores the issues and concerns related to the procurement. Items to consider include the following:

- Stakeholder issues/involvement/dependencies
- Strategy constraints and risks
- Need for specialized resources
- Resource constraints
- Funding-related impacts
- Environmental impacts

Step 10: Refine market research

Although there is a specific need at this stage in the process, market research should be ongoing throughout the procurement planning. Market drivers can influence the need for goods or services. For example, if the adoption of a new vehicle safety mechanism is anticipated, then an upgrade to this new product should be considered.

Market research is an important step at this point to understand how specific needs are filled in the market. Items to consider include the following:

- Solicit vendor/peer/customer/expert input
- Codes/standards and best practices
- Review industry standard terms and conditions
- Identify potential suppliers/likely suppliers

Step 11: Outreach

After collecting enough information during the market research stage, it is time to sell the procurement outward to stakeholders.

After gathering additional information, there is an opportunity to talk to stakeholders to promote the agency's procurement. Items to consider include the following:

- Communicate with stakeholders as appropriate
- Public relations
- Industry pre-solicitation review

Step 12: Refine product or service

After identifying issues, concerns and market factors, the need for the product or service can be re-evaluated. Is the need still the same? How should the need be filled? The information in this assessment can be used to develop specifications as well as terms and conditions for a product or service to meet the need. This step is an opportunity to make the procurement more targeted.

After gathering additional information, there is an opportunity to refine the product or service to fill the need. Revise the procurement documents as appropriate.

Step 13: Contract considerations

Contract considerations should be addressed after understanding the issues and refining the need. The contract should mitigate risk issues and facilitate the delivery of the specific product or service. Contract elements with these objectives will lead into the best procurement type.

Based on the research and refinement in the previous steps, considerations relative to contract type can be considered. Items to consider include the following:

- Type of service/good sought
- Need for pre-qualification
- Schedule
- Degree of specification (performance vs. detailed design)
- Risk issues/risk allocation
- Recurrent needs/costs
- Terms and conditions
- Transition period for repetitive procurements

Step 14: Solicitation type

The issues, market research, refined good or service, and contract type should support the decision for what type of solicitation should be chosen. The next step is to determine type of solicitation.

Step 15: Choosing the type

Option: 15a: Request for proposal (RFP)

The RFP is an invitation for suppliers to submit a proposal to supply a specific commodity or service. If this path is selected, then the solicitation type will be a RFP. Continue to develop product/service specifications to support an RFP.

Option 15b: Invitation for bid (IFB)

An IFB is an invitation for suppliers, through a bidding process, to submit a bid to provide a specific product or service. If not stated otherwise the bidder with the lowest bid is awarded the contract, provided that it meets the minimum criteria for the bid. If this path is selected, then the solicitation type will be an IFB. Continue to develop product/service specifications to support an IFB.

Option 15c: Existing contract

An existing contract may be used to simplify the procurement process for goods or services. If this path is selected, then the procurement solution will be an existing contract. Continue to develop product/service specifications to support procurement through an existing contract. Be cautious of change order options, cardinal change impacts, assignability and/or piggybacking/option requirements.

Option 15d: Single source

Instead of a competitive procurement process, a specific supplier may be identified for single-source contracting. If this path is selected, then the procurement type will be a single source. Continue to develop product/service specifications to support procurement through a single source. Justify as needed.

Step 16: Choose type of RFP

Unlike an IFB, there are several types of RFPs that can be issued for procurement. The assessment of needs and market forces in the previous procurement steps should support RFP selection. For example, if procuring a specialized service, the agency may want to issue a request for qualifications (RFQ) to pre-qualify candidates for the RFP.

If RFP is the selected solicitation type, then the type of RFP needs to be determined. Items to consider include the following:

- Contract type (lump sum, IDIQ, T&M)
- Phased solicitation (SOQ to RFP)
- Professional services
- On-call services
- Design-build (operate, finance)
- Selection criteria
- Duration
- Best value
- Revenue contracts
- A&E contracts (Brooks Act)

Product/ Service Procurement Type. This is the output for this section.

4. Develop final solicitation

FIGURE 4
Flowchart for Section 4



Step 17: Solicitation planning

In the solution planning step, the agency would identify the necessary elements of the procurement. These elements would help drive the solicitation guideline requirements established in the next step.

Typical activities for this step include the following:

- Identify resources required
- Verify who is authorized to award and execute the procurement
- Develop a procurement schedule
- Develop Independent Cost Estimate
- Verify the project budget
- Review the Statement of Work

Step 18: Solicitation guidelines

The solicitation guidelines step will establish instructions and a schedule for responses. For example, if DBE participation is needed, these goals would be outlined in the guidelines. The guidelines would also determine the need for a pre-bid/pre-proposal conference.

Items to consider include the following:

- Instructions for the process
- The schedule for the respondents
- Selection criteria/Source Selection Plan
- General conditions
- Special provisions
- Socioeconomic goals
- LEED/sustainability requirements
- Inclusion of applicable FTA contract clauses if federally funded

Step 19: Solicitation development

In this step, the agency drafts the technical specifications, the contract terms and the solicitation evaluation process. As a minimum, the agency should describe the relative order of importance between the various evaluation criteria, including price. Normally this is done in a descending order of importance. The sharing of specific evaluation weights is an agency decision, but can help proposers better understand agency priorities.

Typical activities for this step include the following:

- Revise/draft General Condition section

- Revise/draft Technical Specifications and/or Performance Specifications
- Revise/draft Special Provisions
- Draft Source Selection Plan

Step 20: Internal review

In this step, the agency performs the work required to verify that the solicitation documents adequately address all the elements the agency wants the contractor to perform.

Items to consider include the following:

- Integration/conformance
- QA/QC
- Legal
- Risk management
- Technical
- Procurement

Step 21: Is internal review OK?

In this step, the agency has to decide if the internal review conducted in the prior step is acceptable. If the internal review identifies problems, they need to be corrected and reviewed again.

If the documents are acceptable, the agency would proceed to the next step. If not, it would return to the “Solicitation development” step and revise the document. This feedback loop would be repeated until the agency feels that it has an acceptable set of solicitation documents.

Step 22: External review appropriate?

In this step, the agency has to decide if an external review (industry review, public comments, etc.) should be solicited. If the agency does not wish to conduct an external review of the solicitation documents, then it should proceed to Step 25, “Finalize solicitation document.”

Step 23: External Review

If external review is determined to be required, then the agency would send the documents to interested parties outside the agency to solicit feedback.

Typical activities requested in this step include the following:

- Pre-solicitation review
- Technical review
- Commercial review

Step 24: Is external review OK?

Based upon the external comments provided, the agency has to decide if changes to the solicitation documents are in the best interest of the agency. If the external review identifies problems, they need to be addressed and the document needs to be reviewed again.

If the solicitation documents are acceptable, the agency would proceed to the next step and finalize the documents. If not, it would return to Step 19, “Solicitation development,” and revise the document. This feedback loop would be repeated until the agency feels that it has an acceptable set of solicitation documents.

Step 25: Finalize solicitation document

In this step, the agency would prepare the final documents. Typical activities for this step include the following:

- Final check of documentation
- Collating all the appropriate attachments
- Printing the document

Solicitation document. This is the output for this section.

5. Execute solicitation

FIGURE 5
Flowchart for Section 5



Step 26: Selection planning

In this step, the agency would start the planning necessary to achieve the end goal, which is to execute a contract so that the Notice to Proceed can be issued.

Typical activities for this step include the following:

- Finalize timeline
- List milestones
- Identify evaluation team
- Develop evaluation plan
- Develop selection plan

Step 27: Advertising

The advertising process involves releasing the solicitation and advertising it in the appropriate media.

In the advertising step, the agency would perform the work required to publicly advertise the solicitation. Typical activities for this step include the following:

- Review legal requirements for public advertising.
- Advertise:
 - Local newspaper
 - Trade journals
 - Internet/intranet/agency website
 - E-commerce
- Determine a schedule for publication, broadcast and/or transmission.

- Write the advertisement text using a consistent format that highlights the following:
 - Procuring agency/contact information
 - Item(s) to be procured
 - Solicitation type (IFB or RFP) and ID number
 - Pre-bid/pre-proposal meeting date
 - Bid/proposal due date
 - DBE requirements
- Circulate to bidders/proposers list/vendor roster.

Step 28: Is pre-bid conference needed?

In this step, the agency would determine if a pre-bid/pre-proposal conference is needed. If not, then it would proceed to Step 29. If so, then the steps to perform the work required to conduct a pre-bid conference would be developed (Step 28a).

Step 28a: Pre-bid conferences

The pre-bid/pre-proposal conference is intended to reiterate the bidder/proposer instructions in the IFB/RFP and to answer any questions posed by attendees. Notice of Pre-Bid Conference should be included in the Invitation For Bid/Request for Proposal document.

Items to consider include the following:

- Site walk-through
- Instructions to bidders/proposers
- Who conducts/attends (stakeholders)?
- Review of project goals
- Review of MBE/WBE/DBE/SBE/veterans goals
- Review insurance

Step 29: Requests for clarification

The request for clarifications process permits, during a question and answer period, potential bidders/proposers to formally seek clarification about the specifications and procurement process identified in the IFB/RFP. For example, a question concerning “approved equals” may be posed, and the agency should provide formal written answer to all bidders/proposers. Minutes of the pre-bid/pre-proposal meeting will be published in the form of addenda (Step 29a) to the IFB/RFP.

If there are additional requests for clarification, then this step is repeated. If there are no requests for clarification, then the agency should move to Step 30.

Step 29a: Addenda

In this step, the agency would perform the work required to verify that the solicitation documents adequately address all the elements the agency wants the contractor to perform. Typical activities for this step include the following:

- Evaluate all requests for clarifications received.
- Conduct technical discussions as necessary.
- Make decisions on all requests for clarification.
- Notify bidders/proposers by publishing all requests for clarification and decisions thereto as addenda to the solicitation documents.

- Denial of an approved equal request can trigger a protest based on restrictive specifications. Address protests based on solicitation and initiate legal review of protest, and finalize resolution of protest.
- Issue addenda (to address schedule changes, changes to terms and conditions, scope of work changes, changes in technical specifications and approved equals).
- Incorporate bidders'/proposers' acknowledgement of receipt of all addenda into bid/proposal submittal requirements (Step 18, "Solicitation guidelines").

Step 30: Log RFP/IFB submittals

In this step, the agency receives the bids/proposals and logs them in. Since the two procurement methods have significant differences, the evaluation processes are listed separately.

Step 31: Evaluate RFP/IFB submittals received

For an RFP, the proposals are evaluated based on selection criteria. For an IFB, bids are evaluated for responsiveness, technical compliance and price.

Typical activities involved in the evaluation of proposals/bids would include:

- Evaluate responsiveness
- Evaluate responsibility
- Execute evaluation/selection plans
- Evaluate on price and other factors included in solicitation

Step 32: Negotiation and award considerations

Step 32a1 (RFP): Can negotiate?

In this step, the agency decides whether or not to enter into negotiations with proposers deemed to be in the competitive range, which includes all proposers potentially able to be selected for award based upon price and other factors. Clarifications simply provide a clearer understanding.

Step 32a2 (RFP): Negotiate proposal

If negotiation is selected, then it may be appropriate to hold discussions with each of the proposers on the short list. A short list is a smaller number of proposers most likely to be selected for award based upon their combined price and technical scores. Discussions may address schedule, cost, staffing, etc.

In this step, the agency enters into negotiations with proposers deemed to be in the competitive range. Typical activities for this step include the following:

- Clarifications
- Discussions/negotiations of any terms and conditions based upon exceptions taken by a proposer (if necessary)
- Conclusion of negotiations
- Call for best and final offers (BAFOs)

Unlike traditional RFP's, A&E contracts are awarded to the most highly qualified proposer without initial consideration of cost. Generally, A&E contracts require costs to be submitted in a separate package. Once a determination is made as to the 'most qualified proposer', or a short list is developed, the agency may negotiate price with the top choice. If agreement is not reached in relation to a fair and reasonable price to perform the services, then the first choice is removed from consideration and the agency may move onto the second firm and repeat the process, etc.

Step 32b (IFB): Can award?

The agency reviews the bids for responsiveness and responsibility against the established evaluation criteria and determines if the contract can be awarded. The agency determines if the award can be made.

Step 33: Award and notification

Step 33a: Award

In this step, the agency notifies the successful and unsuccessful proposers and executes the contract. Typical activities for this step include the following:

- Issue Notice of Intent to Award as appropriate
- Issue Notice of Award
- Address protests
- Execute contract

Step 33b: Notify all bidders/proposers

In this step, the agency notifies all bidders and proposers if the contract cannot be negotiated or awarded. After this notification, there may be a debriefing.

Step 34: Debriefing

If it is agency practice, a debriefing is provided to advise the non-successful bidders/proposers of the shortcomings of their respective submittals. In this step, the agency would conduct a debriefing with the non-successful bidders (IFB) or proposers (RFP).

Contract. This is the output for this section.

6. Contract administration

FIGURE 6
Flowchart for Section 6



Step 35: Notice to Proceed

In this step, the agency issues the Notice to Proceed letter that authorizes the contractor to begin work. Purchase orders serve as the Notice to Proceed for goods. The agency should get all the parties involved in the project together for a kickoff meeting. The discussion should include the goals, timelines, deliverables and agency expectations.

Typical activities for this step include the following:

- Schedule and hold kickoff and performance meetings.

Step 36: Contract administration steps

Step 36a: Project administration

In this step, the agency commences the project management process. It is necessary to monitor contractor performance by using tools like timelines and deliverables to ensure that these elements stay on schedule.

Items to consider include the following:

- Organizational charts
- Project management meetings
- Planning
- Performance bonds, insurance and updates
- File maintenance
- Communications
- Audits

Step 36b: Change orders

When reviewing the request for a change order, the agency must make sure it is not a “cardinal change” to the contract. Consult with legal staff on this matter, if necessary.

Changes can include both cost and non-cost elements. For cost-type changes, the process may include a proposal and performing a required cost analysis. Make sure the contract is modified to incorporate all changes.

Changes to a contract occur from time to time for a variety of reasons. Items to consider include the following:

- Cost price analysis
- Schedule delay analysis
- Assignments
- Agreements
- Period of performance
- Expenditures

Step 36c: Payments

Contract payment terms should be consistent with agency policy. Payments are a continuous process for the life of the contract. Examples of payment considerations include the following:

- Payment of line items
- Progress payments
- Claims and disputes
- Retention/release
- Interest
- Prompt payment

Step 36d: Acceptance

In this step, the agency accepts the goods or services provided.

Step 37: Close-out

The good or service is delivered, and the contract is fulfilled; the procurement is closed out.

Typical actions for this step include:

- Provide release documents
- Provide acceptance certificates

Step 38: Warranty and warranty administration

For an IFB, this step generally terminates after delivery of equipment or expiration of manufacturer's warranty.

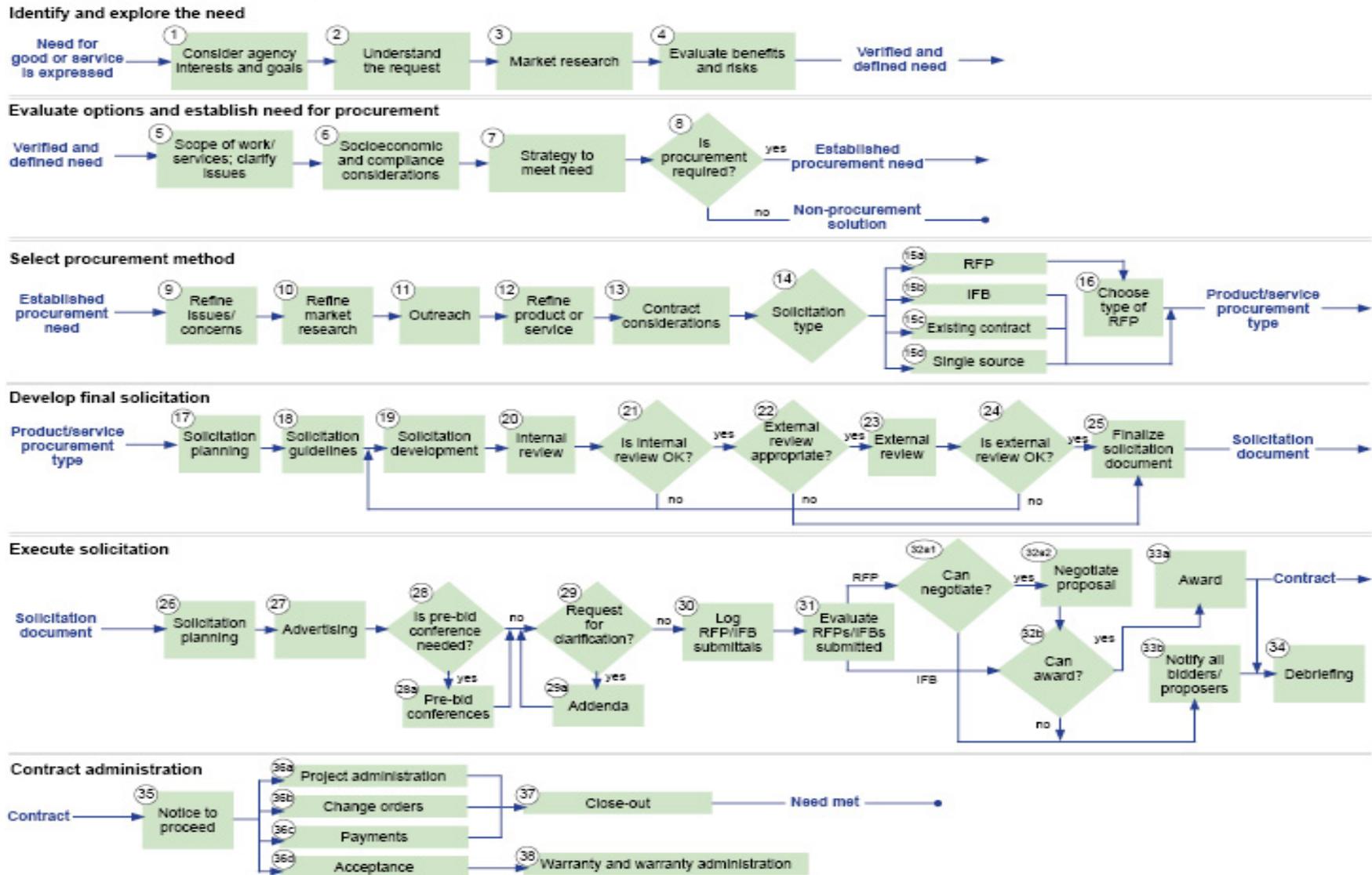
For a RFP, goods or services generally have a prolonged support period after delivery to sustain equipment or software through a maintenance support agreement. The agency should have their procedures for warranty in the solicitation so the vendor can agree to follow them or negotiate what procedures will be followed.

This is the deliverable for this section. Items to consider include the following:

- Inspection
- Product quality
- Quality control
- Proprietary information
- Beneficial ownership/use

Need met: This is the final output for this process.

Appendix A: Procurement process overview



Abbreviations and acronyms

ADA	Americans with Disabilities Act
A&E	architecture and engineering
BAFO	best and final offer
DBE	Disadvantaged Business Enterprise
IDIQ	indefinite delivery/indefinite quantity
IFB	invitation for bid
LEED	Leadership in Energy and Environmental Design
MBE	Minority Business Enterprise
QA	quality assurance
QC	quality control
RFI	request for information
RFP	request for proposals
RFQ	request for qualifications
SBE	Small Business Enterprise
SOQ	statement of qualifications
T&M	time and materials
WBE	Women's Business Enterprise