

# Procurement Preferences



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# Procurement Preferences



## Points of Interest

- What is a procurement preference?
- When to look for a preference?
- Why do we use preferences?
- Where to find preference information?
- How to apply procurement preferences.

# Procurement Preferences



What is a procurement preference?

- When lowest bidder is not a resident of VA
- Only applies to bidders
- Virginia Public Procurement Act § 2.2-4324
- Agency Procurement & Surplus Property Manual 3.14
- Commonwealth's Vendor's Manual 1.8A

# Procurement Preferences



## When to look for a preference?

- Reciprocity  
Percentage, Price-matching, Absolute
- Tie Bids  
VA Products & Firms, Recycled Content
- Recycled Paper and Paper Products
- Recycled Oil and Antifreeze
- Energy Efficient Appliances
- Biodiesel Fuel
- Coal

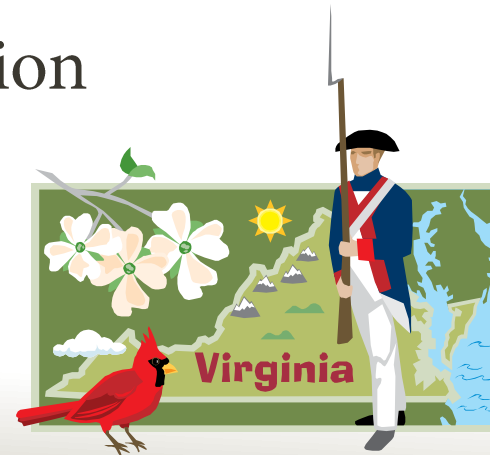


# Procurement Preferences



Why do we have preferences?

- Stimulates in-state economy
- Higher employment
- Increased tax revenue
- Increase small business participation



# Procurement Preferences



Where to find preference information?

DGS/DPS posts other state's preference laws on:

[www.eva.virginia.gov](http://www.eva.virginia.gov)

State of Oregon compiles information

Contact DPS Account Executive for assistance



**Virginia's eProcurement Portal**

# Procurement Preferences



## State by State



## Reciprocal Preference Data

# Procurement Preferences



## Iowa (IA)

Preference	Conditions
<b>Resident</b>	Preference shall be given to purchasing Iowa products and purchases from Iowa-based businesses if the Iowa-based business bids submitted are comparable in price to bids submitted by out-of-state businesses and otherwise meet the required specifications.
<b>Non-resident bidder</b>	If the laws of another state mandate a percentage preference for businesses or products from that state and the effect of the preference is that bids from Iowa businesses or products that are otherwise low and responsive are not selected in the other state, the same percentage preference shall be given to Iowa products when businesses or requirements.

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## New Mexico (NM)

Preference	Conditions
<b>Precertification</b>	<p>A business must be pre-certified as "resident firm" before being given a preference. The preference applies to state, county and political subdivisions for commodities, services, and construction. A bidder must claim manufacturer preference on bid document. The bidder who offers materials grown, produced, processed or manufactured wholly in New Mexico gets a 5% preference when bidding against any business offering goods not made in New Mexico.</p> <p>All governmental units have a duty to award public works construction contracts to resident contractors whenever practicable, with resident contractors who are pre-certified by the State Purchasing Agent receiving a 5% preference. In accordance with a 1997 law, "resident business" means a New Mexico resident business or a New York state business enterprise." Also, "a New York state business enterprise shall be deemed to be a resident manufacturer solely for the purpose of evaluating the New York state business enterprise's bid against the bid of a resident manufacturer that is not a New York state business enterprise." Total of above preferences does not exceed five percent (5%).</p>



# What is a Percentage Preference?



1. Lowest R & R bidder is a resident of another state.
2. That state allows a resident contractor a Percentage Preference.
3. Next lowest R & R bidder is a Virginia resident bidder.
4. Apply like preference to Virginia resident bidder.

# What is a Price Matching Preference?



1. Lowest R & R bidder is a resident of another state.
2. That state allows a resident contractor a **price-matching preference**.
3. Apply preference to Virginia residents bidder.

If the lowest R & R Virginia bidder is **unable to match** the price, the preference **shall be given to other Virginia bidders in ascending price order**.

# What is an Absolute Preference?



A state **ONLY** considers bids from resident contractors who reside within that state.

Virginia does **NOT** consider bids from states with absolute preferences.

# How to Apply Procurement Preferences



## Case Study 1:

Four bids are received for a Consulting Services solicitation. Multiple addendums have been issued and the solicitation has generated vendor complaints. Bids received are:

- 1) NC- \$87,500.00
- 2) VA- \$89,000.00
- 3) CT- \$89,100.00
- 4) FL- \$90,000.00

Who will receive the award and why?

# How to Apply Procurement Preferences



Case Study 1 Answer:

**North Carolina**

**NC does have a preference for price matching,  
however the preference does not apply to services.**

# How to Apply Procurement Preferences



## Case Study 2:

Four bids are received for printing maps at an estimated cost of \$300,000.

Bids received are:

- 1) Handy Dandy Printing, Salem, Oregon  
\$291,000
- 2) Love Them Spuds Printers, Boise, Idaho  
\$293,000
- 3) The Print Shack, Roanoke, VA  
\$293,100
- 4) Commonwealth Printers, Allentown, Pennsylvania  
\$293,400

Who will receive the award and why?

# How to Apply Procurement Preferences



## Case Study 2 Answer:

### Virginia

- The low bidder from Oregon will not be considered as Oregon has an absolute preference.
- Idaho is the next low bidder and has a 10% preference for printing.

Virginia's reciprocal percentage preference applies because VA is now the next low bidder to Idaho. When the preference is applied, the bid from Idaho is now \$322,300 which makes VA the low bidder at \$293,100.

# How to Apply Procurement Preferences



## Case Study 3:

Two bids were received for printing:

- 1) South Carolina, \$16,000
- 2) Virginia, \$17,120.

The specification required the bidders to submit their products recycled content.

SC contained 20% and VA contained 18%.

Who should receive the award and why?



# How to Apply Procurement Preferences



## Case Study 3 Answer:

**The SC firm should receive the award. SC has a 7% preference for printing. Once the preference is applied to the SC bid, it results in a tie, both at \$17,120. Normally the tie bid would go to a VA firm, but in this case per *APSPM 3.24b* “In the case of a tie bid in instances where goods are being offered and existing price preferences have already been taken into account, preference then shall be given to the bidder whose goods contain the greatest amount of recycled content.”**

# How to Apply Procurement Preferences



## Case Study 4:

The VA Dept of General Services issues an IFB for coal to be used in several DOC facilities.

Bids received are from:

- 1) TN- \$876,000
- 2) KY- \$877,500
- 3) VA- \$890,000

Who should receive the award and why?

# How to Apply Procurement Preferences



## Case Study 4 Answer:

### Virginia

**§ 2.2-4325 “shall award to the lowest responsive and responsible bidder offering coal mined in Virginia, so long as its bid price is not more than 4% percent greater than the bid price of the low responsive and responsible bidder offering coal mined elsewhere.”**

# How to Apply Procurement Preferences



## Case Study 5:

An Invitation for Bid was issued for goods:

Bid received:

1. Wyoming -\$63,000
2. Virginia -\$65,000
3. West Virginia-\$65,000

# How to Apply Procurement Preferences



Case Study 5 Answer:

**Virginia (given the assumption the goods are provided by a resident in each state)**

**Wyoming has a 5% preference for products manufactured or produced or supplied by a resident. When the 5% is applied to Wyoming's bid, it exceeds the VA bid.**

**Virginia is tied with West Virginia and per Code of VA § 2.2-4324 A, VA receives preference in the case of a tie bid.**

# How to Apply Procurement Preferences



## Case Study 6:

DMV issues a solicitation for printing.

Two bids are received:

1. Iowa - \$1,846,000
2. Virginia - \$1,978,000

Who should receive the award?

# How to Apply Procurement Preferences



## Case Study 6 Answer:

### Iowa

**Iowa does have a preference if bids are comparable in price to out-of-state bids submitted and otherwise meet the required specifications. But is this an absolute, percentage or price-matching as defined in § 2.2-4324B? No, so there is no preference to apply and Iowa is the low bidder.**

# Procurement Preferences



In Review

What is a procurement preference?

When to look for a preference opportunity?

Why do we use preferences?

Where do I find preference information?

How to apply procurement preferences.

Most important question.....



# Procurement Preferences



## Questions and Answers

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