



# Competitive Bidding & Vendor Selection

Training for E-rate FY 2021  
(7/1/2021 – 6/30/2022)

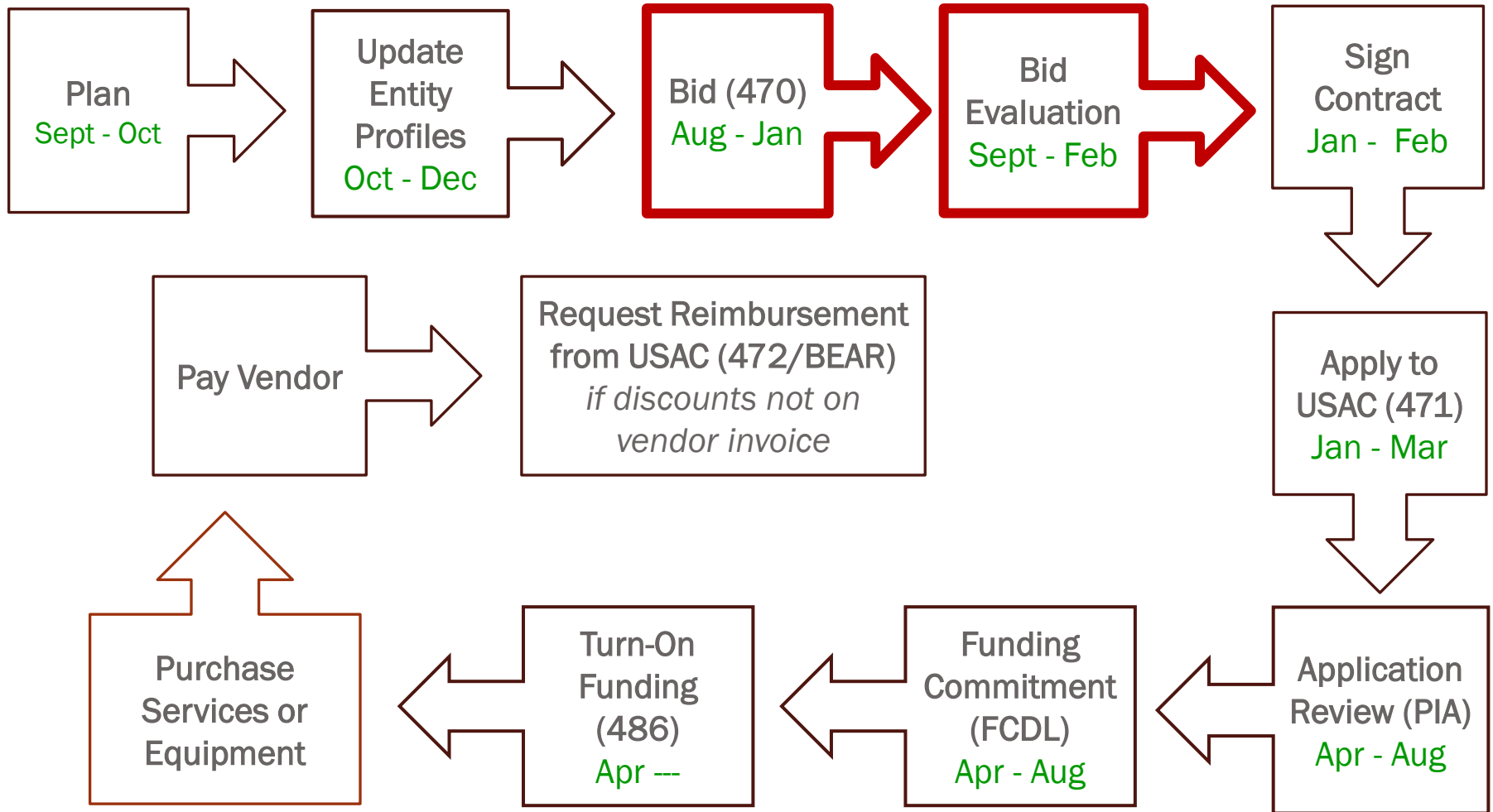
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# You are **here** in the E-rate process:





# Competitive Bidding

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# Setting Cost-Effective Prices

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- E-rate program relies on competitive bidding for cost containment.
- Ensure the prices of goods and services are cost-effective.
- Online bidding system relies on standard form.
  - FCC Form 470
- Minimum bid period is 28 days.
- FCC and SLD stringently enforce E-rate competitive bidding requirements.

# Figuring Out What You Need

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- Do your research prior to posting Form 470.
- Learn about available equipment and services.
- Talk to vendors and find out about their products and services.
- In Form 470, describe needs and ask for solutions.
- You may contract with a vendor for a technology assessment.
  - HOWEVER, assessment vendor may not respond to Form 470 unless vendor can demonstrate separation between assessment and sales functions and personnel. **This is fraught with risk.**

# Purpose of Form 470

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- Online form to **notify vendors of services and equipment** for which an applicant seeks proposals.
- All equipment/services for which applicant will seek funding on the Form 471 generally must be posted on a FY 2021 Form 470.
  - Multi-year contracts previously bid on a Form 470 are exempted.
- Vendors are invited to submit bids/price quotes for 28 days from the date of certifying your Form 470.
- Day 1 = date of Form 470 submission.
- Day 29 = earliest date for bid evaluation & vendor selection.
- Vendor proposals are sent directly to the applicant.
- An applicant is NOT obliged to purchase any service/equipment listed on Form 470.

# 470 Tips for Smooth Bidding Process

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- Supplemental Information – RFPs
  - ANY supplemental information is deemed an RFP.
  - The RFP document MUST be uploaded when you create the Form 470.
  - If you later decide to issue supplemental information, you must start over, post new Form 470 and upload the RFP document.
- Use 470 narrative text box to describe service and equipment requests.
  - Details will assist vendors in preparing responsive bids.
- Provide directions to vendors on who and how to submit inquiries.
  - Recommend use of email for all vendor communications.
- Specify requirements for “or equivalent” manufacturer proposals in the narrative text box or in RFP.
  - Interoperability with existing equipment (provide details)
  - Compatible with existing equipment (provide details)

# More Form 470 Tips

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- Minimum bid requirements - Mandatory compliance to submit a qualified bid.
  - **MUST** be set forth in narrative text box even though instructions make it appear as a “suggestion.”
- Examples may include items such as -
  - Bids must be received no later than the 29<sup>th</sup> day from the certification date of the Form 470.
  - Vendor must have office or place of business within ## miles of Applicant’s buildings.
  - Vendor must be certified to do business in South Dakota.
  - Vendor must have a Service Provider Identification Number.
  - Vendor must be in good standing with USAC and FCC and must not be on “Red Light.”
  - Vendor proposing alternative manufacturer must document compatibility and interoperability of equipment with Applicant’s existing equipment.
- Other possible minimum bid factors
  - Must you receive discounted bills to be able to afford the purchases?
  - Must vendors attend a site visit of your building(s) before submitting a bid?



# Open and Fair Bidding Required

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- Open means no secrets.
  - Share information with **all** prospective bidders.
    - This is reason for RFP upload requirement.
  - No bidder should have access to ‘inside’ information that provides the bidder with an unfair advantage over other bidders.
  - Pre-bidding discussions must be neutral & not taint bidding process.
- Fair means bidders are treated the same.
  - No bidder has advance knowledge of the project information.



# ?? about Open & Fair Bidding

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- If you have any concerns that your bidding process to date does not adhere to the open & fair bidding standard --
  - Start over and post new Form 470 – provided your new Form 470 is posted in time to meet 28-day minimum bidding period.
  - Your existing Form 470 cannot be canceled officially or taken down off the web site.
  - However you can modify the nickname of the 470 and write the word “cancelled” as part of the new description.
  - Notify vendors that have contacted you that you are starting over & email the new Form 470 to them.

# Importance of Open & Fair Bidding

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- Careful review by SLD to ensure compliance.
  - Non-compliant bidding  funding denials
  - Non-compliance detected after funding approval
  -  Rescission of funding and repayment required.
- Disgruntled bidder may become a whistleblower.
  - All allegations of unfair bidding practices are investigated thoroughly.
  - Form 471 applications are subjected to heightened scrutiny.
  - Delay in processing Form 471 and receiving funding approval.
  - Payment of BEAR reimbursements or SPIs may be delayed.

# Vendor Communications

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- Applicants may reach out to E-rate vendors and notify them of the Form 470 during 28-day bidding period in a neutral manner.
- Detailed conversations with vendors about their products and services should not occur during bidding period.
- Vendors are permitted to contact applicants for more information about the pending Form 470.
- When contacted by a vendor, you must indicate your willingness to receive a proposal for services listed on Form 470.
- *You CANNOT say you are just going to stay with your current vendor – this is a competitive bidding violation and could lead to denial of your funding application!*

# Answering Vendor Inquiries

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- General rules
  - Keep all emails received to and from vendors.
  - If you rely on phone calls, keep log of phone calls and information discussed.
  - Require vendors to follow instructions set forth on the Form 470 to ask questions.

# Vendor Questions

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- **Vendor asks for additional information that is not on 470 and is available.**
  - If you issued an RFP and posted it to the 470 website, upload the additional information as a supplement.
  - Consider whether the additional information is substantial and re-start the 28-day bidding clock.
  - Contact any other vendors that have in touch, and provide same information
- **Information that is readily available.**
  - Tell vendor where to look for the information or provide the answer.
- **Information that seems irrelevant.**
  - Ask vendor why they want or need the information and then decide whether to answer.
  - If you decide not to provide information, explain your rationale.
- **Information that is not available**
  - Explain the information is not available and ask if there is other information that could be provided.

# Vendor Meetings

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- Prior to posting Form 470
  - OK, but no sharing of ‘inside information.’
  - Learning about products and services is fine.
  - Careful about obtaining equipment lists that find their way onto the Form 470.
  - Be mindful of appearances to other potential bidders.
- During Form 470 bidding period
  - Not required and IMO not a good idea.
  - Suggestion – decline request and explain intent is to ensure open and fair process, and if the bidder submits a proposal and you have questions, you will then contact the bidder to discuss your questions.

# Handling Auto-Bids

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- Some vendors will generate a standard bid response – an ‘auto-bid’ without regard for specific requirements or information on the Form 470.
- You must consider these bids and not automatically reject them.
  - You may wait until the bidding period ends and evaluate.  
OR
  - You may review upon receipt for compliance with minimum bid requirements.
    - If bid is non-compliant, you may email the vendor and advise them.
    - Encourage vendor to review Form 470 instructions and resubmit a compliant bid by Form 470 deadline.
    - Keep record of areas where bid does not comply with Form 470 minimum bid requirements.





# Bid Evaluation

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# Overview

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- After 470 is posted for at least 28 days, it's time to evaluate bids.
- Review proposals to verify compliance with minimum bid requirements.
- Record records for disqualification of any non-compliant bids.
- If late bids were submitted, verify Form 470 minimum bid requirements mandated deadline for bids.
  - If so, you can disqualify late bids.
  - If you prefer, you may consider these proposals but subject all late bids to same treatment.
  - If Form 470 was silent, consider all bids received until the date you begin your bid evaluation.

# 4 Different Scenarios

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1. No proposal received for a particular service and you already receive the service (usually C1).
2. No proposal received for a new service request.
3. 1 proposal received for a service request.
4. More than 1 proposal received for same service request.

# No Bid Received – Existing Service

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- Verify existing vendor will continue to provide the service.
- Document the vendor selection by creating a “No Bid” memo or email.
- Necessary to ensure documentation is clear on your decision-making process for selecting the vendor.
- If existing vendor will not offer same service next year, proceed to next scenario.

# No Bid – New Service/Equipment

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- Form 470 requested new service or equipment, and no vendor submitted a bid.
- Applicant should contact one or more E-rate vendors and request a bid/proposal.
- This is the same approach for an existing service when the vendor is no longer going to offer the service in the future.
- Then proceed to next step where you have one or more bids.

# Single Bid Received

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- Must ensure the proposal is reasonably priced and therefore cost-effective.
- Conduct independent price research online and save documentation.
- If price is reasonable/competitive, then prepare memo to the file explaining your decision-making process.
- If price is not reasonable, solicit proposal from other E-rate vendor(s) and conduct bid evaluation.

# Evaluation of 2 or More Bids

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- Must create and complete formal bid evaluation matrix.
- E-rate rules require the selection of the most cost-effective bidder.
- Price of E-rate eligible services or equipment must be the most heavily weighted factor.
- **Cost-effective** does not necessarily mean lowest price.
- Non-cost factors may also be evaluated.

## C2 Alternative Manufacturer Bids

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- 470s that stated a specific manufacturer preference are required to consider proposals for other manufacturers' equipment/service
- Review documentation submitted by vendor and determine -
  - Initially, was the required information submitted and met minimum bid qualifications?
  - Is equipment comparable?
  - Is equipment interoperable with existing equipment?
  - Document your review, analysis and conclusions.
  - These considerations may be reflected in the bid evaluation.



# Bid Evaluation Matrix

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- E-rate **eligible price** must be the most heavily weighted factor.
- **Price of ineligible items** may be a separate category.
- Other factors could include –
  - Prior experience including past performance
  - Personnel qualifications including technical excellence
  - Management capability including schedule compliance
  - Local vendor
  - Technical solution

# Sample Evaluation – Ex. 1

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Factor	Maximum # Points
Price of the eligible products and services	50
Technical solution <i>(Equivalence, compatibility and interoperability of equipment with existing equipment)</i>	20
Ineligible cost factors <i>(Additional costs not paid by E-rate to implement solution)</i>	20
Management capability <i>(Personnel qualifications, prior experience)</i>	10
Total Available Points	100

# Sample Evaluation – Ex. 2

Factor	Maximum # Points
Price of the eligible products and services	50
Management capability <i>(Personnel qualifications, prior experience)</i>	25
Technical solution <i>(Equivalence, compatibility and interoperability of equipment with existing equipment)</i>	10
Local Vendor	15
Total Available Points	100

Also write notes in evaluation document to explain scoring, strengths and weaknesses of each proposal.

# Sample Evaluation – Ex. 3

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Factor	Maximum # Points
Price of the eligible products and services	30
Prior experience	25
Personnel qualifications	20
Management capability	15
Local Vendor	10
Total Available Points	100

# Price Formula Recommendation

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- Calculate a weight (percentage) based on the difference between a proposal's cost and the lowest proposal's cost.
- Then multiply the percentage by total number of points for price.

Description	Possible Points	Vendor A	Vendor B	Vendor C
Total E-rate Eligible Cost		\$600	\$800	1200
% to Lowest Bid Cost Low Bid Cost / Bid Cost		100% (600/600)	75% (600/800)	50% (600/1200)
Weighted Cost	60	60	45	30

# Bid Evaluation Matrix Example

Applicant Name	Lawrence School District			
Form 470 #	210000092			
Service/Equipment Description	Category 2 Wireless Equipment			
<b>Description</b>	<b>Possible Points</b>	<b>Vendor A</b>	<b>Vendor B</b>	<b>Vendor C</b>
Total Cost of Eligible Goods/Services		\$600	\$800	\$1,200
% to Lowest bid (low bid cost/bid cost)		100%	75%	50%
Weighted Cost (possible points * % to low bid)	50	50	38	25
Technical Solution	15	15	5	15
Vendor qualifications and references	10	0	10	10
Ineligible Costs	15	15	0	15
Prior experience with Applicant	10	0	10	10
<b>Totals</b>	<b>100</b>	<b>80</b>	<b>62.5</b>	<b>75</b>

•Price was scored using the formula set forth above.

•Technical Solution: Vendors A and C quoted preferred manufacturer and received the maximum points. Vendor B offered a different manufacturer's solution that was not as robust.

•Qualifications and references: Vendor A received 0 points because Applicant did not know of the vendor and the vendor failed to provide references as requested by the Applicant in the Form 470. Vendors B and C are familiar to Applicant and also provided the required references.

•Ineligible costs: No costs incurred with Vendor A's and C's solution because Applicant already has training. Applicant will incur training costs to be able to use Vendor B's proposed solution.

•Prior experience: Vendor A has not worked for the Applicant and therefore has no experience, and Vendors B and C received 10 points because each had performed satisfactory work for the Applicant previously.

# Next Steps

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- Ask winning bidder for an agreement/contract.
- Notify other bidders that their proposals were not selected as most cost-effective.
- Internal communications regarding contract approval.

# Vendor Selection Documentation

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- Retain documentation of criteria used to select vendor.
- Retain all winning and losing bids.
- Retain bid evaluation matrix.
- Retain all correspondence with all vendors. (winning and losing)
- Independent research regarding prices.



# Questions and Reminders

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- Upcoming Trainings
  - **Contracts** – Monday, November 23 @ 10 am CT.
  - **Overview and Getting Ready to file Form 471** – Monday, December 7 @ 10 am CT.
  - **Filing Form 471 Demonstration** – Monday, December 14 @ 10 am CT.
- All trainings and slide decks are available at <https://doe.sd.gov/ofm/sderate.aspx>
- Email questions to [dmkriete@comcast.net](mailto:dmkriete@comcast.net) or call 888 232 0241.