

# Procurement Definitions

**Appeal:** An objection to a specification, process, procedure, or award.

**Award:** The City's acceptance and approval of a bid or proposal.

**Bid:** A competitive price offer submitted by a prospective vendor in response to a formal or informal invitation issued by the City.

**Bid Documents - Formal and Semi-Formal:** A set of documents; made available to bidders that may include an invitation to bid, instructions to bidders, bid form, general conditions, supplemental general conditions, special provisions, technical specifications, drawings, or other information necessary to adequately convey the characteristics of the item or service being sought.

**Change Order (CO):** A written alteration that is issued to modify a Contract or Purchase Order. A bilateral request that directs the Contractor to make changes to the contracted Scope of Work or Specifications. The modification may include time and/or costs changes. In reference to construction contracts, it relates primarily to changes caused by unanticipated conditions encountered during construction not covered by the drawings, plans, or Specifications of the project.

**Consultant:** A person or firm that possesses unique qualifications that allow them to perform specialized advisory services usually for a fee. Serves in an advisory capacity.

**Contract:** An agreement between two or more parties that creates a legal obligation to do or not do something. Contract types include Professional Services Agreements, Master Agreements, Task Orders, Contracted Services Agreements, and Purchase Orders.

**Contracted Services:** Janitorial services, landscape services etc.

**Contractor:** An individual or firm who has been awarded a contract to provide goods and/or services to the City.

**Emergency Purchase:** A purchase made without a solicitation to safeguard life, health, or property in response to a disaster, public calamity, or other unforeseen situation. Emergency purchases **MUST** be approved by Council.

**Idaho Code (I.C.):** Legal code of Idaho found in the Idaho State Statutes. This policy refers to several Idaho Statutes.

**Notice of Intent to Award:** A formal notice sent to the respondents to a bid or RFP stating the low bidder/highest ranked proposer and the City's intent to enter into contract with the successful bidder/proposer.

**Payment Bond:** A financial or contractual instrument, issued by a surety that guarantees that subcontractors and material providers to contractors will be paid for labor and materials expended by the subcontractor. Acceptable forms of payment bonds may include cashier's check, certified check, or a surety bond. Also known as Labor and Materials Bond.

**Performance Bond:** An instrument executed, subsequent to award, by a successful bidder that protects the public entity from loss due to the bidder's inability to complete the contract as agreed.

**Piggyback:** A form of intergovernmental cooperative purchasing in which an entity will extend the pricing and terms of a contract entered into by a separate entity

**Project Manager (PM):** The City employee responsible for procurement of goods, services, equipment, or a construction project. They are accountable for accomplishing the stated project objectives and have the responsibility of the planning, execution, and closing of a project, including processing of payment requests.

**Professional Services:** Services rendered by members of a recognized profession or a person possessing a special skill. Such Professional Services are generally acquired to obtain information, advice, training, or direct assistance. This includes but is not limited to accounting and auditing, legal, education, engineering, architecture, construction management, and research.

**Proposal:** A document submitted by a firm or individual in response to a Request for Proposals (RFP).

**Proposer:** A person or entity who submits a proposal in response to a Request for Proposals (RFP).

**Public Procurement:** The Procurement of an item or a service for a Public Entity using public funds.

**Public Works Construction:** includes any or all of the following branches:

**Heavy construction**, which is defined as constructing substantially in its entirety any fixed works and structures (not including "building construction"), without limitation, for any or all of the following divisions of subjects: irrigation, drainage, sanitation, sewage, water power, water supply, reservoirs, flood control, reclamation, inland waterways, railroads, grade separations, track elevation, elevated highways, hydroelectric developments, aqueducts, transmission lines, duct lines, pipelines, locks, dams, dikes, levees, revetments, channels, channel cutoffs, intakes, drainage, excavation and disposal of earth and rocks, foundations, piers, abutments, retaining walls, viaducts, shafts, tunnels, airports, air bases and airways, and other facilities incidental to the same;

**Highway construction**, which is defined as all work included in highway construction contracts, including, without limitation, highways, roads, streets, bridges, tunnels, sewer and street grading, street paving, curb setting, surfacing and other facilities incidental to any of the same.

**Building construction**, which is defined as all work in connection with any structure now built,

being built, or hereafter built, for the support, shelter and enclosure of persons, chattels, personal and movable property of any kind, requiring in its construction the use of more than two (2) unrelated building trades or crafts.

**Specialty construction**, which is defined as any work in connection with any public works construction, requiring special skill and the use of specialized skilled trades or crafts.

Statute and this policy cover any construction, repair, or reconstruction of any public work (including, but not limited to, buildings, pipelines, irrigation, drainage facilities, curbing, and numerous "specialty construction" types of work). See [I.C. §54-1901](#) for further definition and types of work subject to the requirements of this policy.

**Purchasing:** The process of ordering and receiving goods and services. A subset of the wider procurement process.

**Procurement Director:** The professional within the City who is responsible for procuring or approving the acquisition of goods and services needed by the City. A Procurement Director oversees the acquisition of materials needed for production, general supplies for offices and facilities, equipment, or construction contracts.

**Purchase Order (PO):** A short form of contract. PO includes goods and services to be purchased, amount and payment terms.

**Qualified Bidder:** A bidder, determined by the Procurement Division, that

- a) meets the minimum standards of business competence, reputation, financial ability, and product quality for placement on the bidders List, and/or
- b) has met the requirements of a solicitation.

**Request for Proposal (RFP):** A method for acquiring services, equipment and supplies that permits the negotiation of all terms, including scope and price, prior to the award. RFPs are typically utilized where the need is known but the solution is not. An RFP describes a problem or need in general terms and seeks a written proposal. RFPs are evaluated and awarded on criteria listed in the solicitation. Price is often one of the evaluation factors, however it is typically not the predominate basis for contract award.

**Request for Qualification (RFQ):** A Request for Qualification is a form of solicitation used to obtain statements of qualifications for professional services. The basis for award shall be established in the solicitation. RFQ's may not consider pricing in the evaluation and award of solicitations.

**Responsive Bidder:** A contractor, business entity, or individual who has submitted a bid or proposal that fully conforms in all material respects to the Invitation for Bids (ITB)/Request for Proposals (**RFP**) and all of its requirements, including all form and substance.

**Scope of Work/Services:** A detailed, written description of the requirements for a procurement contained within an Invitation for Bids or Request for Proposals and/or contract. The scope of work should establish a clear understanding of what the City requires.

**Specialized Repair:** Specialized repair refers to repair of rolling stock (vehicles, trailers, and equipment) where the repairs cannot be determined without tearing down the vehicle/equipment.

**Specification:** A precise description of the physical characteristics, quality, or desired outcomes of good or services to be procured, which a supplier must be able to produce or deliver for consideration of award of a contract. Specifications are written not to restrict bidding but to encourage open competition. The goal is to attract maximum reasonable competition.

**ScopeStatement of Work (SOW):** Describes the work necessary to complete the required tasks. Used most commonly to procure services.

**Statutes:** The written laws approved by legislatures, also known as legislation.

**Statement of Qualifications:** A document consultants submit in response to a Request for Qualifications

**Surety:** A pledge or guarantee by an insurance company, bank, individual, or corporation on behalf of the bidder/proposer that protects against default or failure of the contracted bidder/proposer to satisfy the contractual obligations.

**Surplus Property:** Personal property owned by the City that is of no further use to the City, obsolete and/or where the cost of maintenance, transportation, storage, or other costs exceed the economic or useful life of the property.

**Task Order:** A task order is a contractual agreement between a government agency and a contractor to perform specific services or deliver goods. Task orders are used to fulfill the goals of a more general contract, such as an indefinite-delivery, indefinite-quantity (IDIQ) contract or a multiple-award contract (MAC)

**Terms and Conditions:** Standard boilerplate language that includes standard clauses and rules that apply to bids and proposals formally solicited that may become incorporated into the final contract.

**Transparency:** In an ethical context, the idea that the more information disclosed about a business, financial, or economic activity, the better. Transparency improves ethical conduct. Maximum disclosure is for the betterment of the public and will help to discourage more regulation.

**Use Tax:** A tax imposed on contractors when they install City owned and/or pre-purchased goods, materials, or equipment.

# Construction Project Delivery Methods

**Design-Bid-Build (DBB)** A traditional project delivery method where the design and construction of a project are contracted out to separate entities. DBB is also known as design-tender, traditional method, or hardbid.

**Design-Build (DB)** A method to deliver a project in which the design and construction services are contracted by a single entity known as the design–builder or design–build contractor.

**Construction Manager at Risk (CMAR)** A project delivery method where a construction manager (CM) is hired by the owner to oversee a project from design to completion.

## **Construction Management Multi-Prime (CMMP)**

**General Contractor / Construction Manager (CMGC)** This method is used for complex projects with multiple delivery dates or compressed schedules. The GC/CM acts as both the construction manager and general contractor and guarantees the facility will be built within budget.

**Progressive Design Build (PDB)** PDB is a hybrid delivery method that combines the early contractor involvement benefits of construction manager/ general contractor (CM/GC) with the all-inclusive responsibilities of design-build. Unlike CM/GC, with PDB, the owner has one contract with the PDB Team for the entire project completion.

**Public-Private Partnership (PPP or P3)** a long-term arrangement between a government and private sector institutions. Typically, it involves private capital financing government projects and services up-front, and then drawing revenues from taxpayers and/or users for profit over the course of the PPP contract.

**Integrated Project Delivery (IPD)** a construction project delivery method by which key parties involved in the design, fabrication, and construction aspects of a project are joined together under a single agreement.

**Job Order Contracting (JOC)** a construction project delivery method that allows a contractor to work on multiple projects under a single contract. JOC is an alternative to traditional bidding, where each project is bid individually

**Multiple Award Task Order Contract (MATOC)** a type of contract that allows the government to award work to multiple vendors, who can then compete for individual task orders. MATOCs are used when it is not possible to know exactly how much of a product or service will be needed over the course of a contract.

# Idaho Statutes Regarding Procurement and Contracting

Public Works Contractor Licensure Requirements

[I.C. §54-1901](#)

[I.C. §54-1902](#)

Exemptions to Public Works Contractor Licensure

[I.C. §54-1903](#)

Filing of Notices and Income Tax Returns -- Payment of Income Taxes by Contractors

[I.C. §54-1904A](#)

Public Works Construction Bidding

[I.C. §67-2805](#)

Public Procurement of Goods and Services Bidding

[I.C. §67-2803](#)

[I.C. §67-2805](#)

Purchasing By Political Subdivisions

[I.C. Title 67, Chapter 28](#)

Exemptions to Public Procurement of Goods and Services Bidding

[I.C. §67-2803](#)

[I.C. §67-2806](#)

[I.C. §67-2808](#)

Joint Procurement Program

[I.C. §67-2807](#)

Penalties - Political Subdivisions/Public Officials

[I.C. §54-1914](#)

[I.C. §54-1920](#)

[I.C. §59-1026](#)

Prohibitions

[I.C. §67-9230](#)

Professional Service Contracts with Design Professionals, Construction Managers and Professional Land Surveyors

[I.C. §67-2320](#)

Disposal of Surplus

[I.C. Title 50, Chapter 14](#)

Abandoned or Unclaimed Property in Possession of Sheriff or City Police Department -- Sale at Public Auction.

[I.C. §55-403](#)

Written Plans and Specifications for Work To Be Made by Officials - Availability

[I.C. §67-2309](#)

Leases

[I.C. §50-1409](#)

### **Related Statutes and Rules**

Public Works Contractors

[I.C. Title 54, Chapter 19](#)

Idaho Administration Rules

Idaho Sales and Use Tax Administrative Rules - Contractors [35.01.02.12](#)

State Of Idaho Board of Examiners

State Personal Surplus Property Policy and Procedures Policy No. [442-30](#)