

Reverse Auctions

Frequently Asked Questions



**Ross Campbell, Chief Procurement Officer
Director, DFA Office of Purchasing, Travel and Fleet Management**

Background Information

- ▶ House Bill 1106 (2017) - Effective Jan. 1, 2018
- ▶ House Bill 1109 (2017) - Effective Jan. 1, 2018



Know the Difference

HB 1106	HB 1109
Requires “ electronic bidding ” option	Requires “ reverse auction ” as primary method of bidding
Secure electronic interactive system	No definition of reverse auction
Applies to commodities, equipment, and construction	Construction exempted
Cannot require participation	Cannot require a particular type of participation (electronic, in person, etc.)
Population exemptions (County <20k, City<10k) and exemption where no high-speed internet available	Applies to everyone regardless of population or access to high-speed internet

Question 1

- ▶ Am I required to allow electronic bidding for anything other than reverse auction?
- ▶ **Yes.** You must allow for electronic bidding for construction also, but you cannot make it mandatory (HB 1106).



Question 2

- ▶ How do I allow an electronic construction bid when the law requires a COR # on envelope?
- ▶ **HB 1106** allows bidders to include copy of COR as attachment with electronic submittal

YATES CONSTRUCTION, LLC	
Record Type	Licensed
License Number	18506 -MC
Address	P.O.BOX 54
City	PHILADELPHIA
State	MS
Miss. County	NESHOBA
Zip	39350
Phone	601-656-5411
Fax	
DBA Name	
Expiration Date	07/08/2017
Minority	No
First Issue	08/09/2010
Class(es)	
Classification	Qualifying Name
BUILDING CONSTRUCTION	WILLIAM G YATES JR
CONSTRUCTION MANAGEMENT	WILLIAM G YATES JR
HEAVY CONSTRUCTION	WILLIAM G YATES JR
HIGHWAY, STREET AND BRIDGE CONSTRUCTION	WILLIAM G YATES JR
MUNICIPAL AND PUBLIC WORKS CONSTRUCTION	WILLIAM G YATES JR
Officers	
Name	Title
WILLIAM G YATES JR	PRESIDENT
YATES CONSTRUCTION, LLC	

Question 3

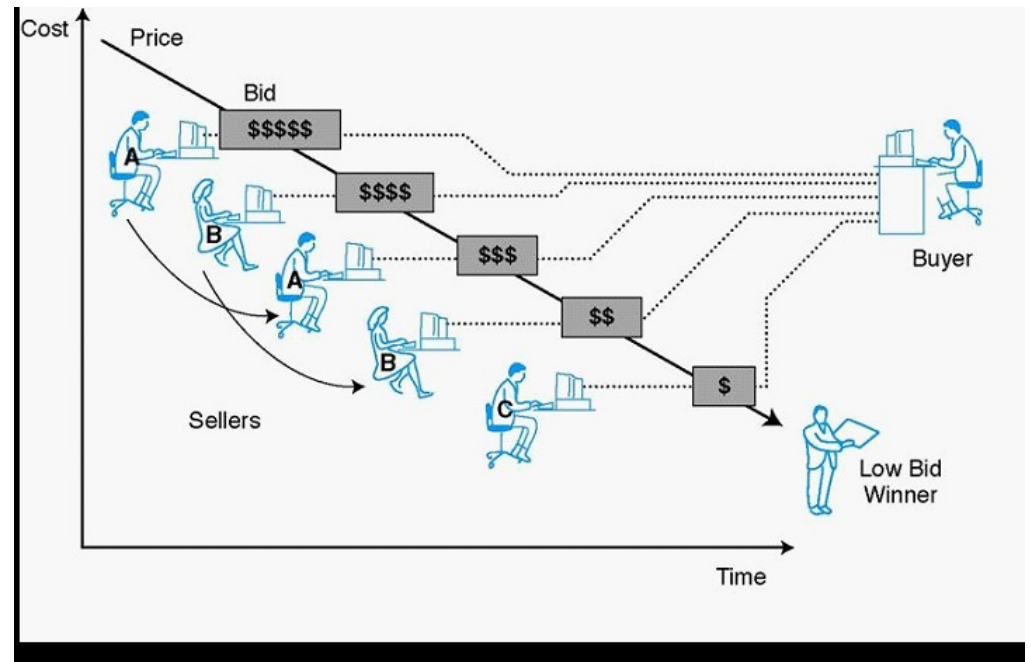
- ▶ Am I required to use reverse auction for purchases if I am in a County with population under 20,000?
- ▶ Yes. The exemption due to population pertains to **electronic bidding** only.
- ▶ But, note that AG Op., *Adams* (June 1, 2018), Choctaw County School District also benefits from electronic bidding exemption because Choctaw County has less than 20,000 residents



Question 4

► What is a **reverse auction**?

An online auction in which sellers bid against each other to win a buyer's business. Typically used to purchase commodities from multiple pre-qualified providers. Also referred to as eAuction.



NIGP Public Procurement Dictionary of Terms

Question 5

- ▶ Can I use **state contracts** through DFA and the **express products lists (EPL)** through ITS without conducting a reverse auction?
- ▶ **Yes.** These continue to be available for use by all governmental entities.



Question 6

- ▶ Must I hold a reverse auction if I am bidding construction or services?
- ▶ **No.** Reverse auction is only to be used for the purchase of commodities or equipment over \$50,000.00.



Question 7

- ▶ How are the vendors chosen to participate in the reverse auction?
- ▶ Advertise for bids just like you normally advertise for sealed bids. **Evaluate those responses to make sure they meet specs.** Invite only the vendors that meet specs to the auction.
- ▶ Tip: Hold pre-bid vendor conferences and don't make specs so restrictive that you limit competition.



Question 8

- ▶ Can I hold a reverse auction with one vendor?
- ▶ **Yes.** Although not the most advantageous, there is no rule or law that says you cannot hold auction with only one vendor.



Question 9

- ▶ How do we conduct a reverse auction?
- ▶ There is **no prescribed format**.
 - Vendors must have a way of participating if they chose not to participate online.
 - Must have a computer available or someone from the entity will enter the bid for the vendor.
 - Reverse Auction is not required to be conducted online (in person paper bids, by telephone, etc.)
 - Vendor should alert the governmental entity if they will be attending in person.



Question 10 & 11



- ▶ How long does the average auction last?
- ▶ Depends on the commodities. Can be as short as **twenty minutes** or as long as **several days**.
- ▶ Can I negotiate with vendors after the auction?
- ▶ **No**. Once auction is completed, you have the choice of accepting the bid or cancelling the procurement.

Question 12

- ▶ How do we get an exemption?
- ▶ “not in the best interest of the state”
- ▶ Purchasing entities must **seek PPRB approval** for exemption from using reverse auction as method of procurement.



MS Department of Finance and Administration – Public Procurement Review Board
STATE AGENCY/GOVERNING AUTHORITY

REVERSE AUCTION EXEMPTION FORM

Reverse Auction Exemption Form



MS Department of Finance and Administration – Public Procurement Review Board
STATE AGENCY/GOVERNING AUTHORITY

REVERSE AUCTION EXEMPTION FORM

AGENCY/GOVERNING AUTHORITY CONTACT INFORMATION

AGENCY/GOVERNING AUTHORITY NAME: _____

AGENCY/GOVERNING AUTHORITY CONTACT PERSON: _____ PHONE: _____

AGENCY/GOVERNING AUTHORITY CONTACT EMAIL ADDRESS: _____

BRIEF COMMODITY DESCRIPTION: _____ RFP / COMMODITY CODE: _____

QUANTITY: _____ ESTIMATED COST: _____

PURCHASING DIRECTOR/DESIGNEE SIGNATURE: _____ DATE: _____

PLEASE PROVIDE A DETAILED EXPLANATION WHY A REVERSE AUCTION IS NOT IN THE BEST INTEREST OF THE STATE:

PLEASE PROVIDE AN ALTERNATIVE PROCESS TO SOLICIT BIDS THAT PROMOTES OPEN COMPETITION:

DFA USE ONLY:

APPROVED: REJECTED: APPROVED UPON CONTINGENCY: DATE: _____

NOTES: _____

- Governing Authorities must submit completed forms to PRR@DFA.MS.GOV. The email subject line must contain: GOVERNING AUTHORITY NAME_REVERSE AUCTION EXEMPTION EX: HINDS COUNTY_REVERSE AUCTION EXEMPTION
- State Agencies must be MADE to request an exemption. An "OVERRIDE" button must be created with the Reverse Auction Exemption Form attached. Link to Reverse Auction Exemption: <https://www.dfa.ms.gov/procurement/procurement-approval-requests-for-reverse-auction-exemption>
- All exemption requests must be submitted by the published deadline. The submission deadline information can be found at: <https://www.dfa.ms.gov/procurement>

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Management

Question 13

- ▶ How long is the exemption process?
- ▶ It is a **4 month process**.
- ▶ Examples of reasons for exemptions: multiple awards, no participation in prior auctions.



Reverse Auction Exemptions

- ▶ Reverse Auction exemptions – Must justify why reverse auction will not work for the commodity you are purchasing.
- ▶ **Questions** – How many vendors did you notify? How many vendors have bid in the past? If you have trouble getting responses, are your specs restrictive?



Question 14

- ▶ Can I award a contract for multiple years if I receive an exemption?
- ▶ Yes. However, if you have a multi-year contract, (example: one year with option to renew 4 additional one year periods) **you must come back to the PPRB for approval** to extend the contract.



Question 15

- ▶ If the governmental entity wishes to spend more on the contract than was approved by PPRB, does the increase need to be approved by PPRB?
- ▶ **Yes.** Any increase in total amount or length of contract, resulting from an exemption and approved by the Board, must come back before the Board for approval.



Question 16

Who can we hire?



Additional Info



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Mission Statement

The Office of Purchasing, Travel and Fleet Management promotes economy and efficiency in procurement functions for governmental entities within the State of Mississippi and to provide a consistent, efficient, and cost effective fleet management program for all vehicles owned by the State of Mississippi.

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Questions?



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