



POLICIES AND PROCEDURES

Policy # 023

Subject: Add-on Procurement items and Alternate Procurement Items

Effective: May 10, 2017

References: Utah Administrative Rules R33-6-110

Purpose:

In an effort to fully utilize the budget available and maximize the amount of work awarded within a project budget, public entities may use a bidding technique called Add-on Procurement Items or Alternate Procurement Items. Add-ons are additional procurement items or additions to the original scope of work that may be awarded as part of the contract. Alternates are different or upgraded materials, components, products, supplies, construction methods, etc. that may be awarded as part of the contract.

Definitions:

“Add-on Procurement Item” means: an additional procurement item or scope of work that may be added to a project (procurement) and includes the amount that must be added to the price if the additional procurement item or scope of work is accepted by the procurement unit.
(An accessory or added feature that enhances or supplements a procurement item).

“Alternate Procurement Item” means

- (a) An alternate procurement item or method of construction that is different from the procurement item or method of construction identified in the solicitation and includes the amount that must be added to the price if the alternate procurement item or method of construction is accepted by the procurement unit;
- (b) Deductive Alternates are not allowed.

Policy:

An add-on is a defined portion of the work that is priced separately and thus provides an option for the procurement unit in determining the final scope of work for the project. Alternates provide

the procurement unit with a choice between different products or methods that can be used in the project.

Add-ons and Alternates are a means for a procurement unit to defer certain decisions on the scope of a project until after pricing is obtained from prospective vendors. The process of successfully incorporating Add-ons and Alternates into a procurement process can provide a procurement unit with maximum flexibility in awarding contracts. Using an excessive number of Add-ons and Alternates should be avoided because it can unnecessarily complicate the procurement process.

Procurement units should include language in the solicitation that sets forth a method of evaluating add-ons and alternates to objectively determine to whom the contract will be awarded.

- In the comparison of Bids, add-ons and alternates will be applied in the same order of priority as listed in the Bid Form. To determine the Bid prices for purposes of comparison, the procurement unit shall announce to all bidders a “Base Bid plus add-ons or alternates.”
- For comparison purposes add-ons or alternates will be accepted, following the order of priority established in the Bid Form, until doing so would cause the budget to be exceeded.

Procurement Fraud Warning

Depending on which add-ons or alternates are selected, the order of the bidders could change. This is a cause of concern for some vendors who fear that public agencies may use add-ons and alternates to manipulate who the low bidder is and to purposely exclude a bidder from receiving a contract award. An ethical procurement unit must ensure that policies and procedures are put in place to ensure that bid manipulation or steering does not occur.

Invitation for Bids: Add-ons and Alternates must be prioritized and can only be accepted by a procurement unit in the order of prioritization. Low bid wins. This is to prevent manipulation and steering to a favored vendor.

Alternates will be accepted on a prioritized basis with Alternate 1 being highest priority, Alternate 2 having second priority, etc. Alternates will be selected in prioritized order up to the construction cost estimate.

RFP (Best Value): Add-ons and Alternates do not have to be taken in order. However, a cost-benefit analysis is required if the highest scoring vendor is not the low cost provider for the add-ons and alternates selected.