

# Competitive Bid Evaluations

Dan Riordan  
On-Tech Consulting, Inc.  
dan@on-tech.com

Introduction .....	2
Process Overview.....	2
Building an Evaluation Matrix .....	2
Allowable Selection Criteria.....	3
Examples of Evaluation Matrices .....	3
The Evaluation Process .....	4
Current Service Can Be a Bid.....	4
If You Get No Bids.....	4
If You Get One Bid .....	4
State and Local Requirements.....	5
Documentation.....	5
More Resources .....	6
On-Tech .....	6
Schools & Libraries Division (SLD).....	6

## Introduction

On-Tech is a technology consulting firm focused on managing the E-Rate process for schools and libraries. We provide a full range of E-Rate services for applicants, including: handling the entire application process; consulting on construction projects to ensure maximum E-Rate funding; and reviewing proposals to ensure E-Rate compliance. In addition, On-Tech obtains E-Rate funding for school and library construction projects. On-Tech is not associated with any service provider.

Dan Riordan has been involved with the E-Rate since 1997, when he was trained by the New Jersey Department of Education to offer assistance to school districts in completing the application. Since then, he has worked on the E-Rate as a trainer, a district technology coordinator, and now a consultant.

---

## Process Overview

The competitive bidding procedure for the E-Rate is simple:

1. Prepare Form 470 and possibly RFP
  2. Develop evaluation matrix
  3. Wait 28 days
    - a. Respond to service provider requests for information
  4. Select service provider using evaluation matrix
  5. Negotiate contract (if necessary)
  6. Sign contract (if necessary)
  7. File Form 471
- 

## Building an Evaluation Matrix

Unless you plan to take the vendor with the lowest price for eligible services, you should build an evaluation matrix. The key to building an evaluation matrix is to decide what your priorities are. The FCC says that price has to be the most important factor, but you should decide what else is important to you. Are you worried about the cost of ineligible components (for example, the cost of purchasing cell phones for cell phone service, or the cost of switching providers)? Do you want a local vendor? A vendor who has worked with libraries? A vendor that's been in business for a lot of years and has a lot of clients?

Decide what factors are important to you, then list them in order of priority. Remember, price has to go first. Next, assign weights to them, so that the total of the weights is 100. Make sure that "price of eligible services and products" is weighted more heavily than any other factor. So if you have 2 factors, Price must be at least 51. With 3 factors, at least 34, and so on.

This means, of course, that if a proposal contains both eligible and ineligible components, the cost of ineligible components should be separately identified.

## Allowable Selection Criteria

You must select the most cost-effective bid, with price of eligible services as the primary factor. If you are using price as the only factor, that is selecting the lowest-cost vendor, then the selection process is simple. However, you may want to include other factors. To date, the FCC has not made any factor ineligible, so you are free to use an reasonable factor in making your decision. Among the criteria that USAC has listed as examples:

- experience
- ability of the service provider to meet time deadlines or geographical needs
- quality of the work
- ability of the service provider to provide necessary maintenance and assistance
- availability
- minority business status
- in-state preference
- cost of ineligible products and services
- project management expertise
- local vendor
- management capability
- personnel qualifications
- environmental objectives

Other criteria which have not been provided as examples by USAC, but which have been used successfully include:

- experience in our library
- experience with similar organizations
- cost of transition (what it would cost to switch providers)
- technical expertise
- completeness of solution
- reliability
- integration with current infrastructure

## Examples of Evaluation Matrices

The suggested evaluation method is to build an evaluation matrix like this

<b>Factor</b>	<b>Max. Points</b>	<b>Vendor A</b>	<b>Vendor B</b>	<b>Vendor C</b>
Cost of eligible services	30	25	30	20
Geographical availability	25	15	20	25
Experience	25	22	20	25
Expertise	20	20	15	20
<b>Total</b>		<b>72</b>	<b>85</b>	<b>90</b>

The above matrix shows that Vendor B was not the most cost-effective, even though they had the best price (and so got the highest score on the Cost factor). Instead, Vendor C, which had the highest cost, was the most cost-effective.

The following matrix uses more factors, and shows how price can be the primary factor, but its influence diluted when many factors are used. In this case, the applicant was concerned more about the quality and availability of the vendor, and so even though Vendor A was much cheaper, that vendor finished last.

Factor	Max. Points	Vendor A	Vendor B	Vendor C
Price of the eligible products and services	20	20	1	1
Prior experience	15	0	15	10
Price of ineligible factors	15	5	10	15
Local vendor	15	10	12	15
Personnel qualifications	15	15	15	15
Management capability	15	10	10	10
Environmental objectives	5	5	5	5
Total	100	65	68	71

---

## The Evaluation Process

### Current Service Can Be a Bid

For tariffed and month-to-month services, you do not need to get a bid from your current service provider; you can consider your current service and cost to be a bid. File a note that you are counting this as a bid.

### If You Get No Bids

If you receive no bids, create a memo to the file saying:

As of today, [insert date], no bid for [service description] has been received in response to Form 470 Application Number [470 #].

The district has concluded that the existing service from [service provider] is cost-effective.

The district has selected [service provider] as the provider for this service.

There is no need to use an evaluation matrix.

### If You Get One Bid

If you receive no bids, create a memo to the file saying:

As of today, [insert date], one bid for [service description] has been received in response to Form 470 Application Number [470 #].

The district has concluded that the bid from [service provider] is cost-effective.

The district has selected [service provider] as the provider for this service.

There is no need to use an evaluation matrix.

### **State and Local Requirements**

The FCC has been clear that their bidding requirements are not intended to supplant state and local purchasing rules. So if you are required by state or local laws/regulations/policies to do a formal bid for purchases over \$25,000 or get 3 quotes for bids over \$500, you must still meet those requirements. If state or local rules require that you select the lowest-cost vendor, then you cannot use an evaluation matrix like the one above; you must select the lowest-cost vendor.

If USAC learns that your competitive bidding process satisfied E-Rate rules but violated a state or local rule, funding will be denied.

---

## **Documentation**

Save everything for at least 7 years, including:

1. All bids, winning and losing
2. A description of the bid selection process: the bid evaluation matrix and/or a memo describing how the selection was made. The description should include the individuals who were involved in the selection process.
3. All communications with service providers during the bidding process

You should have some documentation of the bid selection process. If you received only one bid, you should file a memo saying that only one bid was received, and that you determined that the bid was cost-effective.

## More Resources

### On-Tech

[www.on-tech.com/erate](http://www.on-tech.com/erate)

This handout and other E-Rate information and links are available at our Web site.

[blog.on-tech.com](http://blog.on-tech.com)

For a more informal discussion of the E-Rate, visit our blog. You can search for a topic of interest to you and get an insider's view.

If you have specific questions, contact us.

Email: [info@on-tech.com](mailto:info@on-tech.com)

Phone: 732-530-5435

### Schools & Libraries Division (SLD)

[www.usac.org/sl](http://www.usac.org/sl)

This Web site is a wealth of information, and the information is official. Start by pointing at the light blue "Schools and Library Applicants" button, and selecting the relevant step.

Info on competitive bidding:

<http://www.usac.org/sl/applicants/step03/>

The proper role of service providers:

<http://www.usac.org/sl/providers/step01/proper-service-provider-assistance.aspx>

Inappropriate roles for service providers:

<http://www.usac.org/sl/providers/step01/inappropriate-roles-providers.aspx>

Sample bid evaluation matrix:

[http://www.universalservice.org/\\_res/documents/sl/pdf/samples/Bid-Evaluation-Matrix.pdf](http://www.universalservice.org/_res/documents/sl/pdf/samples/Bid-Evaluation-Matrix.pdf)