



# State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

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		Effective 9-1-17
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- V. The "extension activation period" (EAP) is defined as the number of minutes before the end of an auction, during which, if a bid is received, the state may choose to extend the auction by a pre-defined number of additional minutes (the "extension"). For example, if the auction parameters are:

EAP=3 minutes, Extension=5 minutes

then, if a bid is placed within the last 3 minutes of an auction, the auction would be extended an additional 5 minutes. If another bid was received in the last 3 minutes of that extension, the auction would again be extended another 5 minutes. This would continue until no more bids were received.

- VI. "Surrogate bidding" is when the state or the RASP accepts bids via phone, fax, or some alternate method on behalf of a bidder that cannot enter its own bids via the Internet for whatever reason.

## CONTENT:

- I. The agency will evaluate its need using the following criteria to determine if a reverse auction is feasible.
- A. Compression: This is based on the amount of markup there is on an item relative to the value of the total lot. If there is not a substantial markup, vendors are already selling near or at cost. In this case, a reverse auction may not provide enough additional savings to justify the cost of conducting an auction.
  - B. Lot size: This is based on how much money is at stake and how attractive the business is to prospective bidders. Presumably, a larger lot would attract a larger number of bidders, and therefore, result in better prices.
  - C. Definable quality: Items that have defined specifications and/or have small or no differences in quality are best suited to a reverse auction.
  - D. Competitive market: Items available from many vendors are better suited to a reverse auction than items for which there are only one or two suppliers.

Authorized:



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If the criteria are met, the agency will submit form [DOA-3000](#), Reverse Auction Application, to the State Bureau of Procurement.

- II. If the Bureau concurs that a reverse auction is appropriate, the Bureau will work with the agency and the RASP (using form [DOA-3003](#), Reverse Auction Checklist) to:
  - A. Plan the auction
  - B. Conduct the ITQ process
  - C. Set up the auction (See form [DOA-3004](#), Reverse Auction Setup.)
  - D. Train bidders
  - E. Conduct the auction
  - F. Award the contract(s)
- III. RASP responsibilities (See form [DOA-3002](#), Reverse Auction Service Provider Responsibilities.)
  - A. The RASP will, at a minimum, train bidders on the following topics:
    - 1. State of Wisconsin reverse auction policies and procedures
    - 2. State of Wisconsin reverse auction terms and conditions
    - 3. Refresh issues (e.g., server clock vs. local clock, unseen bids due to refresh delays, etc.)
    - 4. Browsers that can be used with their site
    - 5. Connectivity (e.g., transmission delays, submit time vs. receive time)

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6. Do's and Don'ts (e.g., don't use the "Back" button; don't hit "X" (close the window); do hit "Refresh" if stuck; do have a minimum number of applications running; do disable your screen saver; do disable call waiting if it would interfere with your Internet connection)
  7. How to fill in the bid screen and submit a bid
  8. Problem procedures/contact information (Contact the Bureau *as soon as* there is a problem or potential problem.)
- B. The RASP is not expected to and will not attempt to answer questions about state business practices, state procurement policies or state laws. All questions of this nature should be referred to the state's primary contact listed in the Reverse Auction Setup.
- C. The RASP will conduct a practice auction with each bidder on a one-on-one basis. The practice auction will be identical to the actual auction.
- IV. There is no mandatory public opening of the ITQ responses. There is no mandatory public viewing of the reverse auction event. However, ITQ responses and reverse auction logs are considered public record. Upon request, they will be made available to the public after the award has been made (for commodities) or after the notice of intent to award has been issued (for services).
- V. Clarifications, negotiations, and acceptance of all specifications, requirements, terms and conditions, etc. will occur before the state decides whether to invite a vendor to the reverse auction. After the reverse auction, the state may permit changes only with the limitation that the change(s) do not alter the scope or content of the original solicitation to a degree that will affect the justification that was used to eliminate other vendors from being invited to the reverse auction.
- VI. The state will notify responding vendors as to whether they are invited to the reverse auction. The state will not disclose to the public or other vendors, the names of the vendors that have been invited to the reverse auction until after the reverse auction has occurred.

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- VII. No surrogate bidding is allowed.
- VIII. During the auction, the on-line view of the bids presented to the bidders will not have names, aliases, or identifiers of any kind as to who has placed a particular bid.
- IX. If a bidder loses the ability to place bids during an auction for any reason, the auction will be suspended as soon as practical and remain suspended until all bidders regain the ability to place bids via the Internet auction site. If no resolution to the problem is imminent, the reverse auction may be terminated and rescheduled by the state for a later date. In addition, the auction may be suspended or terminated for any reason by the state or the RASP. Upon resuming an auction after a suspension, the time remaining will be the time remaining when the auction was suspended or 10 minutes, whichever is greater.
- X. A bidder will be contacted by any means available under the following circumstances:
  - A. Fifteen minutes before the end of the initial period to:
    - 1. Check that everything is technically stable
    - 2. Reconfirm that the bidder understands the rules (especially extension and auction ending rules)
    - 3. Reconfirm the understanding that: "The state is not responsible for honoring any bids submitted, but not received and logged by the server, within the last two minutes of an auction"
  - B. A bidder is not logged in after 10 minutes from the start of the auction
  - C. A bidder does not place a bid for 20 minutes
  - D. The auction needs to be suspended
  - E. Before the auction resumes from a suspension

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- XI. Any bidder that wishes to leave the auction before the end must notify the RASP and let them know that they are no longer participating. By leaving the auction, a bidder forfeits any right of protest and/or appeal that may apply to the procurement. Bidders may re-enter an auction by notifying the RASP that they are re-entering the auction.
- XII. The state is not responsible for honoring any bids submitted, but not received and logged by the RASP, within the last 2 minutes of an auction.
- XIII. The state will determine the auction's extension parameters prior to the beginning of the auction. The EAP may not be less than 3 minutes. The following extension options may apply:
- A. None—No extensions to the initial length of the auction will be allowed.
  - B. Limited number of extensions—A predefined number of extension periods will be allowed.
  - C. Cut-off time—An unlimited number of extensions will be allowed until a pre-defined time of day.
  - D. Unlimited—An unlimited number of extensions will be allowed. The auction will end when no further bids are received and time expires.
- XIV. Only bidders that have placed at least one correct and accepted bid during the initial period of the auction will be eligible to place bids during any extension period.
- XV. All bidders still participating (i.e., all bidders that have not actively indicated that they have left the auction) at the end of an auction must stay connected to the auction site until they are actively notified by the RASP that the auction is officially over. The RASP will:
- A. Verify that all logs and other necessary deliverables are intact.

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- B. Review logs for obvious irregularities.
- C. Contact all bidders and confirm that the auction is over with the following message:

"This auction is officially closed. Thank you for your participation. The apparent winning bid is not final until verified by the state. Bids may be adjusted for such items as reciprocity agreements and minority business enterprise preference as provided for by law. No award of any contract is given or implied to any auction participant at this time. The state will make known its decision to award contract(s) through written notification at a later date."

- XVI. The state must approve any re-opening of an auction after it has been closed.
- XVII. For the procurement of services over \$50,000, the intent of Adm 10.15 regarding protesting "a solicitation or a notice of intent to award" will also apply to the state's decision to invite/not invite a vendor to participate in a reverse auction ("invitation to participate"). All parameters and timelines of Adm 10.15 will apply to the invitation to participate (e.g., 5 working days to file a notice of intent to protest, 10 working days to file the protest, etc.).
- XVIII. There will be a minimum of 7 days between publication of the last legal notice of the procurement (pursuant to Chapter 985) and the reverse auction event.

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