

## MEMORANDUM

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April 23, 2009

TO: Honorable Mayor & City Commissioners  
VIA: Anthony G. Otte, City Manager <sup>AGO</sup>  
FROM: Judith H. Delmar, Assistant City Manager <sup>jhd</sup>  
SUBJECT: Piggybacking Policies & Procedures

Piggybacking is a form of inter-governmental cooperative purchasing in which a public purchaser requests competitive sealed bids, enters into a contract, and arranges, as part of the contract, for other public purchasing units to purchase from the selected vendor under the same terms and conditions as itself.

Typically small purchasers (i.e., cities) piggyback on contracts entered into by a larger purchaser (i.e., counties, the state) in order to take advantage of the better pricing that large purchasers are able to obtain because they are purchasing in greater quantities. In addition, cities generally have smaller staffs, and piggybacking with a large purchaser reduces administrative time and costs involved in the procurement process (i.e., cost of preparing bid specifications, advertising, etc.).

Chapter 287, Florida Statutes, and City Ordinance 95-01 grant the authority to piggyback the purchase of goods and services, except that professional services subject to the Competitive Consultant Negotiation Act (CCNA) are excluded from the authority to piggyback. The excluded services fall within the scope of the practice of architecture, professional engineering, landscape architecture, or registered land surveying.

The specific sections of the City's ordinance that grant authority for piggybacking are the following:

**Sec. 2-403. Procurement under the provisions of the state purchasing contracts.**

(a) Pursuant to Chapter 287, F.S., the State of Florida Division of Purchasing of the Department of Management Services plans and coordinates purchases in volume and negotiates and executes purchasing agreements and contracts for commodities and contractual services under which municipalities may make purchases.

(b) Purchases by city agencies under the provisions in the state purchasing contracts are exempt from the competitive sealed bid requirements otherwise applying to purchases.

**Sec. 2-404. Procurement under contracts bid by other agencies.**

a) In order to procure commodities and contractual services at the most economically advantageous cost to the public, it is sometimes desirable to "piggy back" or consolidate the purchasing power of the city with that of other agencies in the state.

(b) Purchases by city agencies under contracts competitively bid by any county, municipality, school board, school district or other agency or entity constituted for governmental purposes in the state are exempt from the competitive sealed bid requirements otherwise applying to purchases. Documentation of such competitive bidding by other agencies or entities shall be included in the official records of the city.

In response to recent questions by members of the City Commission and the public about the City's use of piggybacking for purchase of goods and services when better pricing might be obtained by going out to bid,

we have reviewed our procedures and added the following requirement which mirrors the County's procedure:

Before piggybacking will be authorized, the City's purchasing agent must obtain a minimum of three informal quotes and determined that the cost of the goods or services under the contract to be piggybacked is lower than the cost indicated by the quotes.

If any one of the three informal quotes results in a lower cost than the contract to be piggybacked, then piggybacking will not be authorized and the goods or services must undergo competitive bidding.

We have also revised our piggybacking procedures by spelling out exactly what constitutes documentation of competitive bidding by the other government agency and how that documentation is to be included in the official records of the City. This means that a copy of the solicitation (advertisement and specifications), tabulation, award and executed contract must be obtained from the other agency and attached to the City's request for purchase order.

In addition we have updated agreement forms and added a checklist that must be completed and attached to the request for purchase order and the agenda memo if the procurement requires approval by the City Commission because it exceeds applicable thresholds or is an unbudgeted expense. Using the Best Practices Procurement Manual of the Federal Transit Administration (FTA) as a guide, we have included criteria that make a particular contract a "piggybackable contract," i.e., the contract is assignable, there are unit prices and no specific quantities, and the contract has not expired.

## **RECOMMENDATIONS**

Through the adoption of ordinances a city commission sets policies for administration by city staff. Although specific commission approval is not required for procedures developed to implement ordinances, it is vital that staff administer policies in accordance with the intent of their governing body.

By adopting Ordinance 95-01 in 1995, the City Commission set a policy that under certain circumstances piggybacking a state contract or a contract bid by another government agency may be the most economically advantageous procurement method for the City and is, therefore, authorized. The current City Commission may modify or eliminate this policy, if it chooses, by amending Ordinance 95-01.

It is staff's recommendation that the City Commission not eliminate this policy but, instead, endorse the revised procedures that include a requirement for the purchasing agent to obtain at least three quotes for comparison purposes. Revised procedures requiring the collection of specific documentation from the other government agency ensure that conditions which make a contract piggybackable do, in fact, exist.

As part of this discussion, we should note that Purchasing Ordinance 95-01 does not authorize purchasing off the General Services Administration (GSA) contract although Florida Statutes does permit State agencies to do so. If the City Commission wishes to authorize GSA purchasing, an ordinance amendment will be prepared.

## **ATTACHMENTS**

Revised Piggybacking procedure and forms

## **PIGGYBACKING**

To obtain the benefits of volume purchases or reduce administrative expenses and time when procuring similar goods or services, the City may utilize a process commonly known as “piggybacking.” This term refers to the use of competitive Bids or RFP’s obtained by other governmental entities.

In accordance with authority granted by Chapter 287 F.S. and Purchasing Ordinance 95-01, the City may utilize a competitive Bid or RFP solicited by any other municipal, county, state or federal governmental agency if such Bid or RFP is deemed to be in the best interest of the public but only if all the following requirements are met:

1. The City’s purchasing agent has obtained a minimum of three informal quotes and determined that the cost of the goods or services under the contract to be piggybacked is lower than the cost indicated by the quotes.

***Note: If any one of the three informal quotes results in a lower cost than the contract to be piggybacked, then piggybacking is not permissible and the goods or services will undergo competitive bidding as required by sec. 2-417 or sec. 2-418 of the City’s purchasing ordinance.***

2. The procurement was publicly advertised, issued and awarded by a bona-fide governmental agency during the last 12-month period. A copy of the solicitation (advertisement and specifications), tabulation, award and executed contract have been obtained and are attached to the request for purchase order.
3. The contract is “piggybackable;” i.e.:
  - a. it includes an *assignability* clause that allows for the assignment of all or part of the specified deliverable items.
  - b. the specific items and quantities to be ordered were included in the original bid and evaluated as part of the contract award decision (i.e, there are unit prices and no specific quantities).
  - c. the contract has not expired, or, if the initial term has passed, the contract has been extended.

***Note: Piggybacking is not permissible when the action would call for a substitution of goods or services or an increase in quantities that were not originally bid on and not originally evaluated as part of the contract award. Such an order for substitutions or additional quantities would constitute a non-competitive procurement sometimes referred to as a “tag-on.”***

4. The vendor consents to the piggybacking and executes a separate agreement with the City which confirms that the same prices, terms and conditions granted to the original contracting agency will be granted to the City. A copy of the executed agreement is attached to the request for purchase order.
5. A completed *Piggybacking Checklist* form is attached to the request for purchase order.
6. Where the procurement requires approval by the City Commission because it exceeds applicable thresholds or is an unbudgeted expense, a copy of all documents required above will be attached to the agenda memo.

When piggybacking off a State of Florida, Department of Management Services, Division of Purchasing contract (“State contract”), paragraphs 2 through 4 above do not apply. Paragraphs 1 and 6 above apply to all procurement utilizing the piggybacking procedures including use of State contracts.

Piggybacking is not authorized for the procurement of professional services that are subject to the requirements of the Consultants’ Competitive Negotiation Act (CCNA), section 287.055 F.S.; i.e. those services within the scope of the practice of architecture, professional engineering, landscape architecture, or registered land surveying.

**CITY OF LAKE WALES  
PURCHASING DIVISION**

**PIGGYBACKING CHECKLIST**

Instructions: This form is to be completed for any purchase of goods or contract for services where the City will utilize a contract competitively bid by another governmental agency (i.e. "Piggyback"). Where the purchase requires approval by the City Commission because it exceeds applicable thresholds or is an unbudgeted expense, a copy of this completed form will be attached to the agenda memo.

Department/Division: \_\_\_\_\_ Date: \_\_\_\_\_

Item/Service	
Vendor/Service Provider	

☐ State Contract # \_\_\_\_\_ ☐ Other Governmental Agency

		Yes	No
1.	Were informal quotes obtained by the City's purchasing agent for comparison purposes?	<input type="checkbox"/>	<input type="checkbox"/>
2.	Is documentation of informal quotes attached?	<input type="checkbox"/>	<input type="checkbox"/>

If box beside "Other Governmental Agency" is checked above, complete the remainder of this form.

3.	Governmental Agency	
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		Yes	No
4.	Was Item/Service bid out in compliance with the City's purchasing ordinance?	<input type="checkbox"/>	<input type="checkbox"/>
5.	Is the proposed vendor the low bidder selected by the agency named above?	<input type="checkbox"/>	<input type="checkbox"/>
6.	Is documentation of the bid process attached to this form? (solicitation, tabulation, award, contract)	<input type="checkbox"/>	<input type="checkbox"/>
7.	Does the original contract contain an assignability clause?	<input type="checkbox"/>	<input type="checkbox"/>
8.	Is the price that the City will receive by piggybacking equal to the price obtained by the agency named above?	<input type="checkbox"/>	<input type="checkbox"/>
9.	Has the Vendor/Service Provider executed an agreement with the City confirming that the City may piggyback on the contract with the agency named above?	<input type="checkbox"/>	<input type="checkbox"/>
10.	Is a copy of the agreement attached to this form?	<input type="checkbox"/>	<input type="checkbox"/>

Attach this form with documentation required by #2, #6 and #10 to Request for Purchase Order.

**AGREEMENT TO PIGGYBACK A CONTRACT FOR GOODS OR MATERIALS  
BID BY ANOTHER GOVERNMENTAL ENTITY**

**WHEREAS,** \_\_\_\_\_ a Florida corporation (the "Vendor"), entered into an agreement dated \_\_\_\_\_, with \_\_\_\_\_, a political subdivision of the State of Florida, for goods or materials procured pursuant to F.S. §287.057 (the "Contract") and specifically described as: \_\_\_\_\_; and

**WHEREAS,** the CITY OF LAKE WALES, a Florida municipal corporation (the "City") has the legal authority under Ordinance 95-01 adopted by the Lake Wales City Commission to "piggyback" onto a contract procured pursuant to F.S. §287.057 by another governmental entity when seeking to purchase the same goods or materials provided for in the said contract; and

**WHEREAS,** the City desires to "piggyback" onto the above referenced Contract between the Vendor and \_\_\_\_\_ for purchase of the same goods or materials specifically described as: \_\_\_\_\_ and the Vendor consents to the aforesaid "piggybacking;"

**NOW THEREFORE,** having found it to be in the public interest,

1. The Vendor affirms and ratifies the terms and conditions of the above referenced Contract with \_\_\_\_\_ and agrees to provide the above-described goods or materials to the City in accordance with the terms of said Contract.
2. The City agrees to purchase the above-described goods or materials upon the terms and conditions as set forth in the Contract with \_\_\_\_\_.

VENDOR

CITY OF LAKE WALES

\_\_\_\_\_  
by:

\_\_\_\_\_  
By: Anthony G. Otte, City Manager

WITNESS:

ATTEST:

\_\_\_\_\_  
City Clerk

WITNESS:

**AGREEMENT TO PIGGYBACK A CONTRACT FOR SERVICES  
BID BY ANOTHER GOVERNMENTAL ENTITY**

**WHEREAS**, \_\_\_\_\_ a Florida corporation (the "Vendor"), entered into an agreement dated \_\_\_\_\_, with \_\_\_\_\_, a political subdivision of the State of Florida, for \_\_\_\_\_ services procured pursuant to F.S. §287.057 (the "Contract"),

**WHEREAS**, the CITY OF LAKE WALES, a Florida municipal corporation (the "City") has the legal authority under Ordinance 95-01 adopted by the Lake Wales City Commission to "piggyback" onto a contract procured pursuant to F.S. §287.057 by another governmental entity when seeking to utilize the same or similar services provided for in the said contract; and

**WHEREAS**, the City desires to "piggyback" onto the above referenced Contract between the Vendor and \_\_\_\_\_ for utilization of the same or similar services for \_\_\_\_\_ (the "Work") and the Vendor consents to the aforesaid "piggybacking;"

**NOW THEREFORE**, having found it to be in the public interest,

1. The Vendor affirms and ratifies the terms and conditions of the above referenced Contract with \_\_\_\_\_ and agrees to perform the services set forth therein for the City in accordance with the terms of said Contract until the Work is completed.
2. The City agrees to utilize the services of the Vendor in a manner and upon the terms and conditions as set forth in the Contract with \_\_\_\_\_ until the Work is completed.

VENDOR

CITY OF LAKE WALES

by:

By: Anthony G. Otte, City Manager

WITNESS:

ATTEST:

City Clerk

WITNESS: