

**TYPES OF STATE AND FEDERAL
CONTRACTS**

State of New Mexico

- **Term Contract** purchase is for items in great demand throughout the year. Vehicles, tires, and office equipment, are some examples of the vast number of term contracts issued. These contracts are generally let for one (1) year only.

State of New Mexico

- An **Open Market purchase** is for a onetime purchase. State agencies request these purchases when the value exceeds their small purchase authority of \$1,500.00.

State of New Mexico

- **Statewide, Agency and Multi-Term Agreements**
- **Statewide Price Agreement** - The State Purchasing Office establishes statewide price agreements for commodities or services commonly used in volume by state agencies. The State allows Local Public Bodies, (counties, cities, schools, etc.) to purchase from these contracts. These contracts are awarded by the FORMAL SEALED BID and are issued for definite periods of time, usually one (1) year.

State of New Mexico

- **Agency Price Agreement** - This term contract is issued for estimated quantities for specific products or family of products, or services for use by individual state agencies. An example of this type of price agreement would be for janitorial services for a particular agency or a one-time purchase of a forklift. The Formal Sealed Bid is generally used; however, the Informal Bid may be used if the total purchase is estimated to be less than \$20,000.00.

State of New Mexico

- **Multi-Term Contract** - A multi-term contract of less than \$25,000.00 per year may be entered into for any term deemed to be in the best interest of a state agency not to exceed four (4) years. Contracts of over \$25,000 may be entered into for any period of time not to exceed eight (8) years.

State of New Mexico

- **OPEN MARKET** purchases:
- **Quotation**
- An Informal Quote, is allowed when the purchase totals less than \$20,000.00 but more than \$10,000.00. This solicitation does not require advertisement in the newspapers but does require no fewer than three businesses solicited to submit written or oral quotations.

State of New Mexico

- **Formal Bid**
- A Formal Bid, also called a Sealed Bid, must be made if the purchase exceeds \$20,000.00.
- These bids must be legally advertised in at least 3 newspapers of general circulation in the state and sent to all vendors registered with the State for the particular Commodity.
- These bids must be sealed and opened in public at a definite date, time, and place. **TIGHT BID SECURITY IS MAINTAINED UNTIL BID OPENING.**
- All Invitations to Bid and Request for Proposals are also posted on the SPD Website.

State of New Mexico

- **Small Value Authority** - this is a price limit to which an agency may purchase without going through competitive bid, however at the best obtainable price. That limit is \$10,000.00. Purchases over \$10,000.00 must be bid.

State of New Mexico

- **Professional Service Contracts** - Contracts for more than \$50,000.00 shall be solicited, negotiated, and awarded through a competitive, sealed proposal process. Contracts for less than \$50,000.00 may be solicited, negotiated, and awarded without a competitive sealed process if certain conditions have been met. (Because of the complexity of professional services, you may wish to visit with one of the Procurement Specialists in State Purchasing).

Federal Contracts

- A federal contract may be any of type authorized in Federal Acquisition Regulations Part 16 (e.g., fixed price, cost reimbursement, incentive, indefinite-delivery, time and materials, etc.).

Fixed Price

- Price is fixed for goods and services. Contractor delivers with a maximum dollar limit for which the Government will pay.
- Contractor accepts the risk of price fluctuations, etc.
- Fixed price with economic price adjustment will minimize risk.

Cost-Reimbursement

- Contractor delivers “best effort” on a specified service.
- Government reimburses the contractor for all allowable costs, regardless of delivery, up to a specified level stated in the contract.
- Government accepts the risk.

Incentive

- Cost, performance and delivery incentives.
- The Federal Acquisition Regulation states that incentive fee contracts can be used to motivate contractors when an agency wants to achieve specific objectives, such as delivering products or services on time, within cost estimates and with promised performance outcomes. The award fee, the FAR states, must be tied to demonstrated results, rather than only effort, in meeting or exceeding the established goals.

Indefinite Delivery, Indefinite Quantity (IDIQ)

- IDIQ is a type of contract that provides for an indefinite quantity of supplies or services during a fixed period of time. FAR Section 16.501(a).
- Most often used for service contracts and Architect-Engineering (A-E) services. Awards are usually for base years as well as option years.
- Government places delivery orders (for supplies) or task orders (for services) against a basic contract for individual requirements.
- Used when Government cannot predetermine, above a specified minimum, the precise quantities of supplies or services that the Government will require during the contract period.

Time and Materials

- Contract providing for procurement of supplies or services on basis of:
 - a. direct labor hours at specified fixed hourly rates (which rates include direct and indirect labor, overhead, and profit); and
 - b. material at cost.
- Useful when full scope of project is unknown.