



Georgia Competitive Bidding Threshold

Sample Purchasing Scenarios and Guidance

All state entities must follow the Order of Precedence as described in the Georgia Procurement Manual. If making open market purchases under Tier 4 of the Order of Precedence, all purchases of **\$25,000 or more** must be competitively bid. The state entity may not split ***reasonably foreseeable*** or ***related purchases*** into two or more transactions for the purpose of circumventing the requirement that any purchase of \$25,000 or more be based on competitive bidding. To assist state entities, the following examples offer guidance on applying the competitive bidding rule. For more information, please reference the Georgia Procurement Manual, Section 1.3.4.5.1. Competitive Bidding Threshold. For assistance, please consult with your APO/CUPO. APOs/CUPOs may contact SPD via email at spdpolicy@doas.ga.gov.

#	State Entity Purchasing Scenario	Are the purchases related?	Is it reasonably foreseeable that the bid threshold will be exceeded?	Recommended Action
1.	Multiple Service Projects in State Fiscal Year Less than \$25,000 The state entity purchases graphic art design services from three local suppliers for various communication campaigns. Each project typically costs around \$5,000 to \$7,000. Supplier A received payments of \$12,000, Supplier B received payments of \$5,000, and Supplier C	Yes , the state entity is purchasing the same type of services from one or more suppliers. A review of the scope of services and the NIGP Code utilized (91548) on the purchase orders indicates the same type of services are being purchased from multiple	Yes , based on a review of historical spend and in consultation with the internal state entity representative, the APO can anticipate that aggregate spend will be \$25,000 or more in the upcoming state fiscal year.	The APO must advise the Communications Director that aggregate spend for graphic art design services cannot exceed \$24,999 in the upcoming fiscal year until a competitively bid source of supply is established. The APO should conduct a Request for Proposals or other

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	received payments of \$7,000. In aggregate, the state entity spent \$24,000 for graphic art design services (NIGP Code 91548) in the past fiscal year. The APO consults with the state entity's Communications Director, who confirms that the need for graphic design services will continue in the upcoming state fiscal year at a similar rate and are likely to increase as the state entity introduces several new initiatives. The Communications Director would like to continue using the three local suppliers and does not anticipate any of the suppliers will be paid more than \$20,000 each.	suppliers. Therefore, the state entity must consider the aggregate cost of these services per state fiscal year when applying the competitive bidding threshold.	Although it is not anticipated that each individual supplier will be paid more than \$20,000, the purchases from the three suppliers are related and must be considered in total when applying the competitive bidding threshold.	purchasing action permitted by the Georgia Procurement Manual. The APO may wish to consider a multiple award strategy depending on the business need. Alternatively, the APO may review available convenience statewide contracts and share information with the Communications Director for consideration.
2.	Multiple Product Purchases in State Fiscal Year Less than \$25,000 The university purchases various promotional items, such as canvas totes, t-shirts, and pens, for student recruitment events and other campus activities. The CUPO consults with internal staff representatives for each campus event and places orders with a single supplier who is approved to use the university's logo. Various NIGP Codes have been used on the purchase orders including general codes based on the use of the products (03752 Novelties, Promotional and Specialty Products and 03778 Souvenirs and prizes: Promotional, Advertising, etc.) as well as	Yes , the university is purchasing the same type of products from the same supplier. Although a variety of goods (totes, t-shirts and pens) are being purchased, these goods fall within a similar category which are generally available for purchase together from companies offering branded, promotional items. Therefore, the university must consider the aggregate cost of these products per state fiscal year when applying the competitive bidding threshold.	Yes , based on a review of historical spend, the CUPO can anticipate that aggregate spend will be \$25,000 or more in the upcoming state fiscal year.	The CUPO must advise internal staff representatives that aggregate spend for promotional items cannot exceed \$24,999 in the upcoming fiscal year until a competitively bid source of supply is established. The CUPO should conduct a Request for Quotes or other purchasing action permitted by the Georgia Procurement Manual. The CUPO may also want to consider purchasing promotional items through an intergovernmental agreement with Georgia Correctional Industries. The CUPO should consult with its legal

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	specific NIGP Codes based on the items purchased (20070 Shirts, Dress and Casual). The cost of promotional items per event ranges from \$4,000 to \$6,000. The university's aggregate spend with the supplier was \$30,000 for the most recent fiscal year. In consultation with internal staff representatives, the CUPO has confirmed that the need for these purchases will continue in the upcoming state fiscal year at the same rate.			staff regarding use of the university's logo when contracting with suppliers.
3.	Physical Services Provided at Different Geographic Locations by Same Supplier Less than \$25,000 per State Fiscal Year The state entity purchases secure document shredding services for its various offices in metro-Atlanta from a single company. The annual cost per office location is approximately \$10,000. In aggregate, the state entity spent \$60,000 for secure document shredding services during the most recent state fiscal year. The state entity signed a contract with the supplier that included all metro-Atlanta office locations. The state entity issued a single purchase order with individual lines for each of the office locations using NIGP Code 96227 Document Shredding Services. The APO has confirmed with operational staff that the need for shredding services will continue in the upcoming state fiscal year at the same rate.	Yes , the state entity is purchasing the same type of service from the same supplier under a single contract. Although these are physical services being conducted at different geographic locations in metro-Atlanta, the state entity desired to establish one contract with a single supplier for ease of contract administration. Therefore, the state entity must consider the aggregate cost of these services per state fiscal year when applying the competitive bidding threshold.	Yes , based on a review of historical spend, the state entity can anticipate that aggregate spend will be \$25,000 or more in the upcoming state fiscal year.	The APO should contact SPD to notify SPD that it is currently out of compliance with the competitive bidding thresholds. The APO should consult with SPD to establish an action plan to become compliant with competitive bidding rules as quickly as possible while avoiding any security risks or impact to operations at its offices.

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4.	<p>Physical Services Provided at Different Locations by Different Suppliers Less than \$25,000 per State Fiscal Year</p> <p>The state entity purchases janitorial services for its various offices across the state from multiple suppliers. The annual cost of services per location is approximately \$20,000. In aggregate, the state entity spent \$200,000 for janitorial services during the most recent state fiscal year. The state entity enters into a separate contract per office location and a separate purchase order was issued to each of the suppliers per office location using the NIGP Code 91039 Janitorial and Custodial Services. For each geographic location, the state entity has contracted with a local supplier. As a result, the state entity is not using the same supplier for all office locations. The APO has confirmed that the need for janitorial services will continue in the upcoming state fiscal year at the same rate but that the cost of services for each individual location will remain under \$25,000.</p>	<p>No, SPD has recognized an exception for when a state entity requires the same physical service to be performed but at different geographic locations when available suppliers will vary per geographic location and the state entity would generally contract for services separately. In this example, it is common for janitorial services companies to operate within specific geographic locations, such that the state entity would not contract with the same supplier for all locations. Therefore, the purchases may be considered unrelated and secured without competitive bidding provided that the cost of providing services at the specific geographic location is less than the competitive bidding threshold.</p>	<p>No, based on a review of historical spend and in consultation with internal staff, the state entity does not anticipate spend per geographic location will be \$25,000 or more in the upcoming state fiscal year.</p>	<p>The APO should continue to monitor total spend at each geographic location. If it is likely that spend will exceed the bid threshold, then the APO would need to conduct a Request for Proposals for that specific geographic location or other approved purchasing action permitted by the Georgia Procurement Manual.</p>
5.	<p>Various Product Purchases from Single Supplier Less than \$25,000 per State Fiscal Year</p>	<p>No. In general, purchases from the same supplier would be considered related. However, in this example, each purchase was</p>	<p>No, based on a review of historical spend and in consultation with internal staff, the university does not</p>	<p>The CUPO should continue to monitor spend. When obtaining informal quotes for the unique items, the CUPO should monitor the market to see if the</p>

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	Over the course of a single state fiscal year, a university makes two separate purchases from the same supplier. The first purchase order was for uniforms for maintenance staff (NIGP Code 93618 Clothing, Including Uniforms, Maintenance and Repair). The second purchase order was for non-slip floor mats for a warehouse (NIGP Code 36028 Non-slip Floor Coverings: Mats, Rolls, Strips, etc.). Each purchase order was for less than \$25,000; however, in aggregate, the total amount purchased from the supplier during the state fiscal year was \$40,000. The CUPO has confirmed that the aggregate cost per distinct item will be less than \$25,000 for the upcoming state fiscal year.	for a different product and these products do not fall within a similar category which is generally available for purchase together from the same companies. Therefore, the university is not required to consider the aggregate cost of the unique items.	anticipate spend per unique item will be \$25,000 or more in the upcoming state fiscal year.	unique products are generally available for purchase together from multiple suppliers. If so, then the purchases would be considered related purchases, and the CUPO would need to consider the aggregate cost of the purchases when applying the competitive bid threshold.
6.	Various Product Purchases from Single Supplier Less than \$25,000 per State Fiscal Year Over the course of a single state fiscal year, a state entity makes three separate purchases from the same supplier. Each purchase is for a distinct item: AED batteries (NIGP Code 28712 Batteries and Hardware for Electronic Equipment), gym wipes (NIGP Code 34594 Wipes, Decontamination, Personnel, Equipment), and first aid kits (NIGP Code 34532 First Aid Cabinets, Kits and Refills). Each	No. In general, purchases from the same supplier would be considered related. However, in this example, each purchase was for a different product and these products do not fall within a similar category which is generally available for purchase together from the same companies. As a result, when conducting a competitive solicitation, the state entity would be unlikely to	No , based on a review of historical spend and in consultation with internal staff, the state entity does not anticipate spend per unique product item will be \$25,000 or more in the upcoming state fiscal year.	The APO should continue to monitor spend. When obtaining informal quotes for the unique items, the CUPO should monitor the market to see if the unique products are generally available for purchase together from multiple suppliers. If so, then the purchases would be considered related purchases, and the CUPO would need to consider the aggregate cost of the purchases when applying the competitive bid threshold.

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	purchase order was for less than \$25,000; however, in aggregate, the total amount purchased from the supplier during the state fiscal year was \$60,000. The APO has confirmed that the aggregate cost per distinct item will be less than \$25,000 for the upcoming state fiscal year.	combine the products into a single solicitation. Therefore, the state entity is not required to consider the aggregate cost of the unique items.		