

CHAPTER 2

SOURCES OF SUPPLY

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2. **General.** This chapter discusses mandatory and non-mandatory sources of supply. All agencies and institutions are required to use the mandatory sources under the conditions outlined in each subsection of paragraph 2.1. The non-mandatory sources identified in Section 2.2 are recommended for the products/services indicated and agencies and institutions are encouraged to use them. The remaining sections of this chapter offer guidance on use of supplier source list, catalogs and seeking assistance from vendors.

2.1 **Mandatory Sources.**

- a. **Term Contracts.** To obtain more favorable prices through volume purchasing and to reduce lead-time and administrative cost and effort, DGS/DPS may establish mandatory use term contracts for goods or services. DPS contracts are posted on the eVA State Contracts listing. Agencies and institutions are required to check this listing for contracts, contract changes, renewals, and mandatory use prior to placing orders. In accordance with the terms and conditions, purchase orders shall be issued in any amount for any goods or service on a term contract available to that participant. Agencies and institutions shall place all orders on mandatory use contracts through eVA. If an item is available on a DGS/DPS mandatory contract, agencies and institutions may not establish a contract for the same or similar goods or services or use their local purchasing authority to purchase from another source unless the purchase is exempt by contract terms such as not meeting the contract's minimum order requirement. Vendors who intentionally sell or attempt to sell goods or services to an authorized participant who is under a mandatory contract with another vendor may be suspended and/or debarred by DGS/DPS. The purchase by agency personnel of goods or services that are on DGS/DPS mandatory contracts from non-contract sources may result in reduction or withdrawal of that agency's delegated purchasing authority by DGS/DPS (see 13.7). An exception from a mandatory state contract may be granted by DGS/DPS. The Procurement Exemption Request

form located in Annex 13-D should be used to request an exception. Approved exemption requests must be attached to the purchase transaction file either electronically or by hard copy.

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- b. **Virginia Correctional Enterprises (VCE).** Goods and services produced or manufactured by state correctional facilities shall be purchased by all departments, institutions, and agencies of the Commonwealth, which are supported in whole or in part with state funds. VCE products may also be purchased by any county, district of any county, city or town and by any nonprofit organization, including volunteer emergency medical services agencies, fire departments, sheltered workshops and community service organizations (*Code of Virginia*, §53.1-47.) Products include, but are not limited to: wood and metal case goods, seating, Office Systems, shoes/boots, clothing, embroidery, silk screening, Braille, signs, document conversion to microfilm and electronic medium (CD); electronic content management (ECM) and document destruction, optical, dentures, laundry, license tags, janitorial products, and VCE Digital Works. Special or unique products or services requiring extensive production runs in volume are available.

Agencies may submit agency purchase orders directly to VCE through eVA. If an agency has a critical need, they should contact the VCE Customer Service Department by telephone 804-743-4100. Printing Services may be reached at 804-598-4251 extension 4417, 804-714-2087 or 804-225-3574 to discuss printed product availability and delivery. Additional information concerning goods and services available from VCE is contained in the Virginia Correctional Enterprises web site www.GoVCE.net.

The following goods and services are available through VCE for purchases by state agencies, institutions, municipalities and local governments, and Not-for-Profit organizations:

1. **VCE Printing Services:** Services include black and white, multi-color, and four-color process offset and digital printing. VCE prints a variety of flat and coil, GBC, tape, saddle stitched, and perfect bound publications. Imprinted three-ring binders are available from VCE as are special perforations and numbering services. Agency letterhead and business cards are available as well as envelopes (kraft, regular window, special window, custom designs). VCE desktop publishing software support includes QuarkXpress9, Adobe CS 6, and Microsoft Office 2010 Publishing.
Convenient pickup and delivery services are available upon request. VCE services include document file storage for future access, updating, re-purposing, and reprinting. Customers may submit jobs via the FTP, eVA, e-mail, or may deliver in person to either the VCE downtown location (State Corporation Commission, First Floor, 1300 E. Main Street, Richmond, VA 23219) or the Southpark location (5200 Commerce Road, Richmond, VA 23234).
2. **Wood and Metal Case Goods:** Total offering of Office, Lounge, Dormitory, and Occasional Furniture. This includes but is not limited to: desks, credenzas, bookcases, bridges, hutches, lateral files, storage cabinets, shelving, filing cabinets, beds, sofas, loveseats, chairs, stools, and table. Custom metal and wood products are available.
3. **Seating:** A comprehensive offering of office, conference room, reception area, dormitory, lounge, and laboratory seating.
4. **Office Systems:** VCE offers a broad spectrum of component office systems including, panels, work surfaces, filing systems, tables, cable management, and keyboard trays. VCE also offers a complete line of remanufactured to new specifications systems products. Remanufactured products carry the same warranty as new systems offerings. The remanufactured systems products are an option for budgetary concerns.
5. **Shoes/Boots:** All-purpose 6" and 10" top work boots made of full and corrected grain leather, Goodyear welt with cushioned insole, rubber heels. In addition to 6" and 10" work boots, VCE offers all styles of shoes and boots ranging from a variety of regular shoe styles, geriatric style shoes, to side zipper boots, to work boots and shoes that offer a Vibram sole, or a non-slip sole.
6. **Clothing and Textiles:** A wide selection of clothing items which includes, but is not limited to shirts, pants, jackets, coats, hospital scrubs, lab coats, blankets, sheets, pillowcases, laundry bags, full dress uniforms, food-service clothing, health-care provider clothing. VCE also offers men's boxer shorts; T-shirts in white, orange and blue; socks and other apparel products.
7. **Embroidery:** VCE provides all services needed to embroider logos or special graphics to any piece of apparel or textiles.
8. **Silk Screening:** Full service silkscreen and/or foil stamping services.

9. **Awards/Sign Products:** Full range of pad holders, plastic signs, banners, laser engraving and decals.
10. **Document Management Services:** Full service document conversion which includes: document scanning from business size to architectural/engineering drawings and continuous forms, microfilming from business size to folio size, hybrid conversion scanning and microfilming. Ancillary document conversion services including, document preparation, indexing/keying, microfilm processing, microfilm duplication, transfer to storage media (CD, DVD, hard drive and others), OCR (Optical Character Recognition), image enhancement and document destruction. CD/DVD services includes, mastering, duplication, labeling and packaging. ECM shared services (Electric Content Management and document management) including: customization, development, configuration, simple workflow, advanced workflow, secure browser based connection (Cloud), incoming fax and e-mail support, redundancy, backup, automated failover site, data/document storage in native format, wet signature, electronic signature, full text search and retrieval, integration services and rapid deployment.
11. **Optical:** VCE's prescription eyewear is a full service lab. The product offering includes single vision, bi-focal, and tri-focal lenses, tinting, and a large number of frames.
12. **License Tags:** State and municipal license plates are quoted on an individual design and quantity basis.
13. **Dentures:** From full dentures to simple mouth guards. VCE dental prosthetics are made to the most exacting standards. Services include: soft mouth guards, relines of upper and lower, acrylic splints, space maintainers, surgical trays, surgical splints and hard mouth guards.
14. **Laundry Services:** Laundry services may include par cart packing, pick-up and delivery, assistance with linen inventory control, water conservation. Each laundry customer has unique requirements; contact VCE for a quotation on the service required.
15. **Janitorial Products:** Products and descriptions can be found at the VCE website, www.GoVCE.net.
16. **Braille:** VCE offers this service with an offender base that is certified by the United States Library of Congress for specific levels of Braille transcription.

Exemptions from VCE: An agency may be granted an exemption from buying from VCE, with the consent of both the Director of Purchases and Supply and the Chief Executive Officer of VCE, in any case where the item does not meet the reasonable requirements of the agency, an identical item can be obtained at a verified lesser cost from the private sector, or the requisition made cannot be complied with due to insufficient supply, or otherwise. (*Code of Virginia*, § 53.1-48). See Annex 2-A for VCE exemption process.

Intentional Violations: Intentional violations of the requirement to purchase from VCE, after notice from the Governor to desist, shall constitute malfeasance in office and shall subject those responsible for such violations to suspension or removal from office (*Code of Virginia*, § 53.1-47, 53.1-48, 53.1-49, and 53.1-51).

Prison Industry Enhancement: VCE enters into agreements with public or private sector firms as partners in the sale, distribution, service, development and production of products that may be sold in interstate trade. Prison Industry Enhancement (PIE) is a federally chartered and administrated program. Offender labor must be paid minimum or prevailing wage from which deductions for victims' restitution, family support, taxes, etc. must be made. Offenders employed in the PIE program must also be covered under Workers Compensation while in the PIE program.

- c. **Department for the Blind and Vision Impaired (DBVI).** The Department for the Blind and Vision Impaired (DBVI) is a mandatory source, as stated below. More information regarding DBVI may be found on its website at <http://www.vdbvi.org/> or by calling 800-622-2155.

- (1) **Procurement of Goods and Services.** As provided in *Code of Virginia* § 2.2-1117, when procuring services, articles, or commodities, if such services, articles, and commodities:
 - (i) are required for purchase by DPS or by any person authorized to make purchases on behalf of the Commonwealth and its departments, agencies, and institutions;
 - (ii) are performed or produced by persons under the supervision of DBVI, or are performed or produced in schools or workshops under the supervision of DBVI;
 - (iii) are available for sale by DBVI; and
 - (iv) conform to the standards established by DPS

then such services, articles, and commodities must be purchased from DBVI at the fair market price without competitive procurement, unless exempted by DGS/DPS or the Commissioner of DBVI.

The “fair market price” is the price in a transaction between a seller who desires, but is not required, to sell, and a buyer who is not required to buy. There may be more than one way to ascertain fair market price, including determining the price at which private, commercial sources have sold or offered substantially similar goods/services to other public or private entities.

Requests for exemptions should be directed to the Commissioner and should contain information sufficient to evaluate why convenience or emergency requires releasing the purchasing officer from these obligations.

Any purchasing officer who violates *Code of Virginia* § 2.2-1117 shall be guilty of a Class 1 misdemeanor.

For more information on DBVI’s Virginia Industries for the Blind (VIB) and the good and services available through VIB for purchase by state public bodies, see the VIB’s website at <http://www.vibonline.org/> or contact VIB.

- (2) **Businesses in Public Buildings.** As provided in *Code of Virginia* § 51.5-79 & 51.5-89, blind persons shall be authorized to operate vending stands and other business enterprises on any property where, in the discretion of the owner or custodian of the property, vending stands and other business enterprises may be properly and satisfactorily operated, and when any vending stand or other business enterprise (as those terms are defined in *Code of Virginia* § 51.5-60) operated in a public building becomes vacant, or when a vacancy is created through construction, acquisition, renovation, or expansion of public buildings:

- (i) the existence of such vacancies shall be made known to DBVI, and
- (ii) DBVI, acting on behalf of the blind, shall have first priority in assuming the operation of such vending stand or business enterprise through placement of a properly trained blind person in such vacancy.

Fulfilling the above requirement in § 51.5-79 & 51.5-89 by means of a lease, license, or other real property concession is outside the purview of *Code of Virginia*, § 2.2-1117, and the APSPM. However, if the transaction sought by the using agency requires the concessionaire to carry particular goods, sell at particular prices, or otherwise constitutes the using agency's purchase of services from the concessionaire, the transaction shall not be viewed as a lease, license, or other real property concession but rather shall be viewed as a purchase of services subject to § 2.2-1117 and the APSPM. Such services shall be purchased from DBVI at fair market value, if the value of the contract exceeds \$5,000, and such services are available to be purchased from DBVI, are performed by DBVI-supervised persons or are performed in DBVI-supervised schools or workshops, and conform to standards established by DGS/DPS. Fair market value can be a net payment to the using agency, if the concession-related services provide an income opportunity for the contractor.

d. Deleted.

- e. **Virginia Distribution Center (VDC).** The VDC purchases, stores, and distributes staple goods, canned foods, frozen foods, janitorial supplies, paper products, and other selected items for state agencies and institutions and political sub-divisions. To achieve optimal savings for the entire Commonwealth, the VDC purchases products in volume and ensures consistent quality through an extensive Quality Assurance Program, which includes an on-site VDC Laboratory. An agency may not use its local purchasing authority to purchase an item from another source that is available from the VDC without a written waiver from the VDC Quality Assurance Manager or designee.

Orders: Public bodies should submit orders directly to VDC through eVA, preferably via the VDC Punch-out Catalog. Those with special ordering needs may call the VDC Customer Service Team at 804-328-3232 ext. 0 for assistance. Additional information concerning goods and services available from VDC is contained in the VDC Dynamic Catalog (<http://shopvdc.dgs.virginia.gov/catalog/>).

Products: To view the VDC product line, please go to the VDC Dynamic Catalog at <http://shopvdc.dgs.virginia.gov/catalog/>. An up-to-date catalog can be printed at any time. Customers may contact the VDC Customer Service Team at 804-328-3232 ext. 0 to request assistance and discuss product availability and delivery.

Agency Unique Stocked Items: If the VDC stocks a high volume item solely for one agency, that agency is asked to notify the VDC immediately when there is no further demand for the product.

Waiver Requests: If an item or similar item is available from the VDC, a state agency shall not use its local purchasing authority to purchase the item from another source without written approval from the VDC Quality Assurance Manager or designee. To receive a faster response when requesting a mandatory source waiver from the VDC, send an e-mail to vdcweb@dgs.virginia.gov. If e-mail is not available, you may fax requests to 804-328-3222. The request must include the following:

- item for which a waiver is requested
- justification
- time duration for which the waiver is needed
- product quantity

Orders: Public bodies should submit orders directly to the VDC through eVA, preferably via the VDC Punch-out Catalog. Those with special ordering needs may call the VDC Customer Service Team at 804-328-3232 ext. 0 for assistance. Additional information concerning goods and services available from the VDC is contained in the VDC Catalog (<http://shopvdc.dgs.virginia.gov/catalog/>).

Specific Guidance: For VDC policies and procedures see the VDC Catalog at <http://shopvdc.dgs.virginia.gov/catalog/>. For information related to:

- ordering, backorders, pickup orders, shipping and delivery, returns, pallet exchange, exceptions and invoicing see the **Contacts, Instructions, Terms & Conditions** link
- Material Safety Data Sheets (MSDS) or Contractor Provided Services, see the Appendices link

Special Assistance: Special assistance or problems can be discussed by calling the VDC Director at 804-328-3233 or the VDC Customer Service Team 804-328-3232 ext. 0.

- f. **DGS/DPS Office of Graphic Communications (OGC).** OGC is a mandatory source for graphic communication services in excess of \$750. OGC offers consultation, project management, design and production for a wide variety of graphic design projects which include web and print communications.

Services include concept and marketing strategies, creative writing, graphic design, desktop publishing, web graphics, photography research and art direction, illustration, and production management.

Typical projects include promotional, informational and public educational campaigns; logos and identity systems; internet sites, annual reports and strategic plans; economic development and travel publications; magazines and newsletters; training and conference materials, interactive PDF files, PowerPoint presentations, calendars and posters; museum catalogs and brochures, etc.

All agencies planning to procure graphic communication services in excess of \$750 must first contact OGC to determine if their requirements can be provided by that office and, if not, the agency must receive written authority from OGC to procure from another source. This requirement does not apply to agencies utilizing existing in-house capabilities; however, if any portion of these services will be contracted with the private sector, **or another public body, the agency must first contact OGC. To contact OGC, email paris.ashton@dgs.virginia.gov or call 804-371-8359.**

If OGC gives authority to contract out the service, the vendor solicitation should specify the following vendor requirements, as applicable: research, concept, design and layout, copywriting, editing, proofreading, photography, illustration, format, management of the production process and time frame for deliverables, ownership and archive of work, billing process and hourly rate for alterations.

- g. **Virginia Information Technologies Agency (VITA).** Telecommunications services, as defined in Appendix A, must be procured through VITA.
- h. **DGS/Office of Fleet Management.** For the purchase or lease of motor vehicles, agencies must submit OFMS Form OFMS - 1 "Application for Assignment/Purchase/Lease of State Vehicle" (Replaces CP-3 and CP-15) to the DGS Office of Fleet Management for approval to initiate the purchase process for all vehicles (*Code of Virginia*, § 2.2-1176). OFMS approval of a form OFMS - 1 to purchase a vehicle does not constitute a waiver of purchasing procedures set forth in this manual or the Code of Virginia. Agencies must obtain approval from OFMS to rent a car for a period greater than 30 days.

Institutions of Higher Education are not required to obtain the above approval from the Office of Fleet Management Services prior to purchasing or leasing a vehicle see the Appropriation Act but this exemption does not waive any other purchasing rules otherwise applicable to the purchase or lease.

Additional information on OFMS can be obtained at the website.

<http://www.dgs.virginia.gov/OfficeofFleetManagementServices/tabid/173/Default.aspx>

2.2 **Nonmandatory Sources.**

- a. **Optional Use Term Contracts.** Optional use term contracts may be established by DGS/DPS or other agencies and institutions within their delegated authority. This type of contract may be appropriate because of the unique nature of the commodity or service being procured and when the demand base encompasses all agencies and institutions. An example would be office supplies that generally are ordered in low dollar increments by users at the lowest organizational level and when local storage and distribution costs exceed any bulk purchase savings. Optional use contracts may also be appropriate when erratic or rapidly dropping prices are encountered such as in the personal computer and related peripheral equipment industries. Market conditions in these limited applications create an incentive for the contractors to retain business by publishing revised price lists against which fixed discount rates can be applied throughout the contract's term. Agencies and institutions shall place all orders on DGS/DPS optional use term contracts through eVA.
- b. **Surplus Property.** DGS/DPS has statutory responsibility for administering the surplus property program for state-owned personal property, as well as the federal surplus property program which makes surplus federal property available to eligible state participants. These programs are optional use sources of supply and should always be considered prior to initiating purchase action. Substantial sums of money can be saved for goods that are often in "like new" condition. To avoid unnecessary purchases of new materials or equipment, the agency or institution's Fixed Asset Accounting and Control System (FAACS) coordinator should ensure that assets being procured are first screened against available assets from within their own agency and from other agencies and institutions by reviewing FAACS screening reports FAC30020 (agency) and FAC301 (statewide). Copies of these reports are available on request by contacting the Department of Accounts (DOA) at 804-225-2646.
- c. **Employment Services Organizations (ESO).** (See definition in Appendix A.) State agencies may purchase selected goods and services from employment services organizations without competition if the goods or services:
 - (1) are of acceptable quality;
 - (2) can be supplied within the time required;
 - (3) are not produced by schools or workshops under the supervision of the Virginia Department for the Blind and Vision Impaired or by inmates confined in State correctional institutions; and,
 - (4) can be purchased within ten percent (10%) of fair market value. DGS/DPS deems fair market value to be the lowest purchase price paid by the purchasing agency or other governmental entity for like items or services purchased in a similar quantity within the last six months. If this information is not available, then obtain at least one additional quote to determine fair market value.

A commodities list of available goods and services provided by employment services organizations is accessible from a link on the eVA home page, www.eva.virginia.gov or www.vadrs.org.

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Purchase of goods from employment services organizations should be accomplished by utilizing an appropriate agency purchase order. These purchases are exempt from the set-aside requirement, see 3.10. g.2. Contracts may be negotiated with individual employment services organizations for nonprofessional services (*Code of Virginia*, § 2.2-1118). When establishing contracts for goods or services that involve the manual packaging of bulk supplies or the manual assemblage of goods where individual items weigh less than 50 pounds buyers should include the Employment Services Organizations special term and condition, Appendix B, Section II.

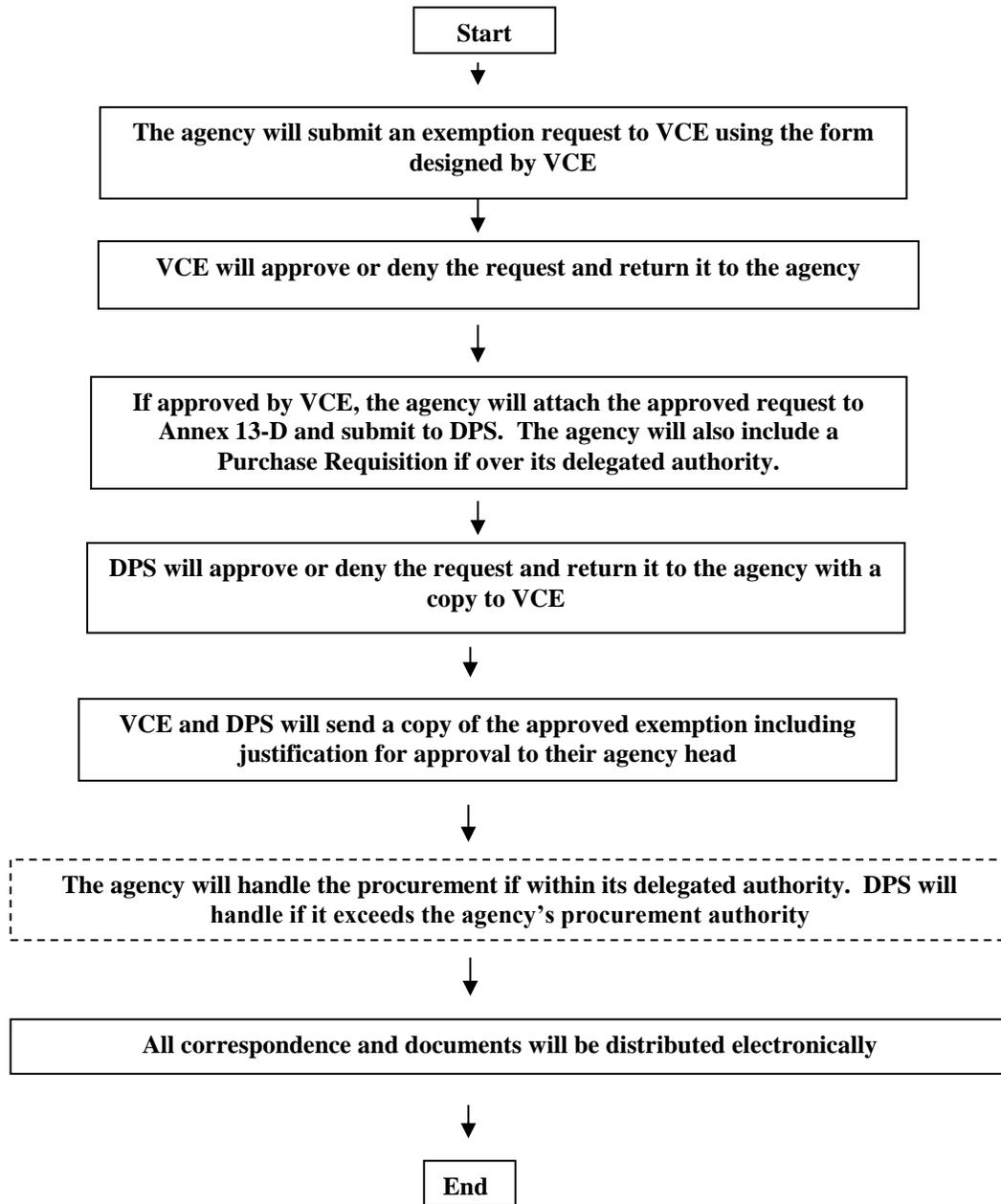
- 2.3 **Source Lists.** Care should be taken to solicit sources capable of providing, as a regular part of their business, the goods or services needed. The maintenance and use of appropriate and current source lists are essential to competitive procurement. Personnel at all levels should make a concerted effort to identify responsible vendors as sources of supply for goods and services. Special emphasis should be placed on including Virginia vendors and DSBSD-certified small, women-owned and minority-owned businesses on all solicitation lists. Agency source lists may also be furnished to DGS/DPS for its use as well as for use by other agencies. DGS/DPS maintains an automated list of registered vendors

by commodity and service (see 3.10a, 13.3 and the Bidders List tool in eVA). For information on selection of bidders/offerors, see 4.1 of the *Vendors Manual*.

- 2.4 **Suppliers' Catalogs.** Suppliers' catalogs are an excellent source of descriptive information and current technology. Purchasing offices should keep current catalogs and make them available to agency personnel to assist them in identifying functional characteristics of supplies, materials, and equipment. Caution must be exercised when using suppliers' catalogs to be sure that information is taken from current editions.
- 2.5 **Contact with Vendors.** Suppliers' and manufacturers' representatives are valuable sources of information and may be contacted when developing purchase requirements. Vendors' visits should be arranged in a manner that will assure a full, courteous, and mutually beneficial exchange of information. Such assistance must be considered normal sales effort and does not entitle a vendor to any preference. Buying offices should caution agency personnel that commitments cannot be made which would lead a supplier to believe they will subsequently receive an order. If agency personnel receive vendor assistance in preparing a specification, a written notification to that effect must accompany the requisition to the purchasing office, or to DGS/DPS, as applicable. Under no circumstances shall a bidder or offeror be permitted to evaluate or assist in evaluating competitors' bids or offers (see 3.16b and 4.4d).
- 2.6 **Other Sources of Supply.** Sources of supply can be identified through a variety of methods. Some methods include DGS/DPS vendor source lists (see 2.3), trade journals, trade shows and exhibitions, Yellow Pages, Thomas Register, and through networking with other purchasing offices. Other State agencies and organizations such as the Department of Economic Development, Department of Small Business and Supplier Diversity (DSBSD, 800-223-0671), Virginia Minority Supplier Development Council (VMSDC) and local Chambers of Commerce are also possible vendor information sources. The Internet provides a good source of possible vendor and product information. Search on "business" or particular industries or products. Sites such as www.virginiabusiness.com or www.wiznet.net may offer information on sources of supply. National purchasing organizations such as the National Institute of Governmental Purchasing (NIGP) at www.nigp.org or the Institute for Supply Management (ISM) at www.ism.ws also provide resource information.

Annex 2-A

VCE Exemption Process



Annexes 2-B, 2-C, 2-D

(DELETED)

