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## TRANSPORTATION CABINET

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### Report for SEP-14 on Multi-Step Competitive Sealed Procurements

During eighteen-month period (November 2016 – May 2018) following the approval of the SEP-14 approval to use Multi-Step Competitive Sealed Procurement (also known as Reverse Auction) on commodities which may be furnished on federal aid highway projects, the Division of Purchases issued the following solicitations:

| Date      | Solicitation # | Contract #      | Commodity Description             |
|-----------|----------------|-----------------|-----------------------------------|
| 2/23/2017 | RFB 1700000576 | MA 1700000844   | Lane Use Signs                    |
| 2/24/2017 | RFB 1700000585 | MA 1700000832   | Conflict Monitors                 |
| 3/29/2017 | RFB 1700000634 | MA 1700001003   | ATC Controller without 1C         |
| 4/13/2017 | RFB 1700000717 | No award        | Steel Strain Poles                |
| 6/26/17   | RFB 1700000983 | No award        | LED Modules                       |
| 7/27/2017 | RFB 1700001088 | MA 1800000113   | LED Modules (REBID)               |
| 2/28/2018 | RFB 1800000502 | MA 1800000628   | Traffic Cabinets                  |
| 5/8/2018  | RFB 1800000741 | CTT1 1800000043 | Used Railroad Rails – District 4  |
| 5/30/2018 | RFB 1800000811 | CTT1 1800000047 | Used Railroad Rails – District 10 |

### Cost Effectiveness

| Commodity Description     | Cost Comparison  |
|---------------------------|--|
| Lane Use Signs            | Prices from auction averaged 7% lower than KYTC estimates for these items. There were no recent historical prices to compare to; previous purchase was from 2009.  |
| Conflict Monitors         | Prices from auction averaged 7% lower than KYTC estimates for these items. Prices from auction averaged 1% higher than previous contract prices bid in 2013.   |
| ATC Controller without 1C | The price for each controller from auction was 46% lower than the KYTC estimate. There wasn't historical pricing to compare to.  |
| Steel Strain Poles        | Prices from auction averaged 17% higher than KYTC estimates for these items. No award was made from this solicitation. We issued a rebid using typical competitive sealed bid process (no reverse auction). Those bid prices averaged 24% lower than KYTC estimates and 28% lower than previous contract prices from 2016. |
| LED Modules               | No auction was held; only 1 bid was deemed responsive and eligible to participate.   |
| LED Modules REBID         | Prices from auction were 11% lower than KYTC estimates for these items. Prices from auction were 6% lower than previous contract prices bid in 2013.   |

| <b>Commodity Description</b> | <b>Cost Comparison</b>   |
|------------------------------|--|
| Traffic Cabinets             | Prices from auction averaged 18% higher than KYTC estimates for these items. There wasn't historical pricing to compare to as these cabinets had different specifications than previous purchases. |
| Used Railroad Rails D4       | Prices from auction were 3% lower than KYTC estimates for these items. Prices from auction were 5% lower than previous contract prices from bid one month prior.                                   |
| Used Railroad Rails D10      | Prices from auction were 15% lower than KYTC estimates for these items. Prices from auction were 7% higher than previous contract prices from bid earlier that month.                              |

Overall, KYTC realized cost savings by using the reverse auction method.

**Schedule Impacts**

There were no impacts to the schedule for any of these items solicited. The reverse auction process requires only an additional 1-2 days over a regular competitive bid process.

**Quality Impacts**

There were no impacts to the quality of items purchased. The items received met all of the requirements of the solicitations as they did when other procurement methods were used.

**Bidding environment impacts and contracting community reaction**

| <b>Commodity Description</b> | <b>Bidding impacts</b>  |
|------------------------------|---|
| Lane Use Signs               | There were 2 bidders on this solicitation; previous bid using normal process had 3 bidders.   |
| Conflict Monitors            | There were 4 bidders on this solicitation and the previous one.   |
| ATC Controller without 1C    | There were 3 bidders on this solicitation.  |
| Steel Strain Poles           | 2 of 4 bidders declined to participate in the live auction. When resolicited using the normal process, all 4 sent pricing, thus giving KYTC better pricing for these items. |
| LED Modules                  | There were 3 bidders on this solicitation, however only 1 was determined responsive and thus eligible to participate in the auction. Previous solicitation had 4 bidders.   |
| LED Modules REBID            | There were 5 bidders on this solicitation.  |
| Traffic Cabinets             | There were 5 bidders on this solicitation and the previous solicitation.  |
| Used Railroad Rails – D4     | There were 3 bidders on this solicitation. Solicitations for railroad rails generally receive 2-5 bids.   |
| Used Railroad Rails – D10    | There were 2 bidders on this solicitation. Solicitations for railroad rails generally receive 2-5 bids.   |

Overall, the use of reverse auctions as the procurement method did not impact the bidding environment; we generally received the same number of bids as on previous solicitation using the normal competitive sealed bid process.

## Conclusion

The Division of Purchases in conjunction with other KYTC Divisions has found the use of multi-step competitive sealed bidding, or reverse auctions, to be beneficial to the procurement of various commodities and services. While reverse auctions are not effective for all procurements, they have become an additional tool in our procurement toolbox to help us achieve cost effective results for the Cabinet when the circumstances are favorable.



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Director

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