



ARIZONA DEPARTMENT OF ADMINISTRATION
STATE PROCUREMENT OFFICE

TECHNICAL BULLETIN No. 041

TITLE **Limited Competition Procurement**
REVISION **Number 4**
DATE **June 19, 2015**

I. Authority

A. Applicable Statute

- A.R.S. § 41-2511 Authority of the director
A.R.S. § 41-2512 Delegation of authority or functions by the director
A.R.S. § 41-2536 Sole source procurement
A.R.S. § 41-2537 Emergency procurements
A.R.S. § 41-2551 Record of procurement actions

B. Applicable Administrative Code

- A.A.C. R2-7-201 State Procurement Administrator: Duties and Qualifications
A.A.C. R2-7-202 Delegation of Procurement Authority to State Governmental Units
A.A.C. R2-7-E301 Sole Source Procurements
A.A.C. R2-7-E302 Emergency Procurements
A.A.C. R2-7-E303 Competition Impracticable Procurements

II. Definitions

- A. Agency. Any state governmental unit that is authorized by this chapter or rules adopted pursuant to this chapter, or by way of delegation from the director, to enter into contracts. [Source: A.R.S. § 41-2503]
- B. Competition Impracticable. A procurement requirement exists which makes compliance with A.R.S. §§ 41-2533, 41-2534, 41-2538, or 41-2578 impracticable, unnecessary, or contrary to the public interest, but which is not an emergency under R2-7-E302. [Source: A.A.C. R2-7-E303]
- C. Emergency. Any condition creating an immediate and serious need for materials, services, or construction in which the state's best interests are not met through the use of other source-selection methods. The condition must seriously threaten the functioning of state government, the preservation or protection of property, or the health or safety of a person. [Source: A.A.C. R2-7-E302]
- D. Limited competition procurement. Any procurement method that exceeds the informal bid limit, such as sole source, emergency and competition impracticable procurements. [Source: A.R.S. Title 41 Chapter 23 Article 3 Part E]

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- E. Single Source Procurement. A procurement decision whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available. [Source: NIGP Dictionary]
- F. Sole Source Procurement. A situation created due to the inability to obtain competition. May result because only one vendor or supplier possesses the unique ability or capability to meet the particular requirements of the solicitation. The purchasing authority may require a justification from the requesting agency explaining why this is the only source for the requirement. [Source: NIGP Dictionary]

III. Policy

- A. Limited Competition Procurements. Utilization of limited competition procurements shall be rare. All limited competition procurements shall be made with such competition as is practicable under the circumstances. At a minimum, the procurement officer shall execute a negotiation process, if practicable, with the prospective supplier(s) identified for the limited competition procurement.

Procurements less than the informal bid limit (less than \$100,000) do not meet the definition of limited competition procurement. Refer to A.A.C. R2-7-D301.
- B. Justification. A limited competition procurement may be justified when:
 - 1. Only one source is capable of supplying the product or service (Sole Source or Single Source Procurement);
 - 2. There is an emergency situation (Emergency Procurement);
 - 3. A number of sources capable of supplying the product or service may exist, but it is determined to be in the best interest of the State to direct the purchase to a particular source or to solicit from a limited and specified list of prospective suppliers (Competition Impracticable).
 - 4. In an unusual situation, a contract reaches its full term and a replacement contract has not been fully executed due to unforeseen circumstances in the solicitation process.
- C. Documentation. To document authorization of these procurement methods, follow the appropriate requirements in A.R.S. Title 41 Chapter 23 Article 3 Part E. Record the authorization using forms available on the State Procurement Office website. All determinations and forms shall be made part of the procurement file and uploaded into ProcureAZ.

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IV. Effective

This Technical Bulletin is hereby authorized and effective this 19th day of June 2015, unless otherwise revised or repealed.



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