



Straight from the Source

➔ A Primer on the State Budget and Sourcing
By Senate Finance Committee Budget Dir. Mike Shealy
Special to *DisPatches*

\$29,536,939,428.00 is a lot of money. That is the amount to be spent from the South Carolina state budget for the fiscal year which began July 1st. Most South Carolinians hear about the annual state budget from occasional news reports. But, few know that the total state budget spends over \$29 Billion. Our entire state economy as measured by total personal income of \$224 billion. So, that means the state budget is 13% of the state's economy. By any measure, state government is big business in the Palmetto State.

SOURCES

What are the sources of money spent in the budget process? Think of the sources as three buckets. The first bucket is the State's General Fund. That bucket comes from income tax collections and 2/3rds of the 6% state sales tax (note: anything you might pay above 6% is a local sales tax). The term "general" is accurate because there are few restrictions on how these funds can be spent.

The second bucket is federal funds. These funds are initially collected by the federal government and then shared with state government - with strings attached. These funds are required to be spent on things like the State's Medicaid program, our interstate and US route road system and school lunches for kids who don't have the resources to pay.

The third bucket is "Other" funds. By definition, if the funds aren't General Fund or federal funds, then they are "Other" funds. These sources are mainly transactions fees where the governmental customer pays a fee and receives something directly in return. The single largest "Other" fund category is tuition at our public colleges and universities. You pay tuition and receive education.

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Statewide Contract News

Market Research and Agency Input Requests for NEW State Term Contracts (STC):

The Office of State Procurement (OSP) is seeking input on the following recommendations for new State Term Contracts (STC). If you have any information you can share, please contact the appropriate procurement manager. Our goal is to put contracts in place that will meet your needs, but we need your input to ensure success.

Interagency Mail Services (IMS) (Courier Services) –

The State has completed evaluating the RFI responses and has determined that a contract of this type will only be effective, and cost-effective, if there is maximum participation among the State's agencies. Especially those agencies that have offices throughout the State which increases the need, and reduces the cost, to reach those areas of the State that would normally be difficult to support. Since this will be a State Term contract, political subdivisions are also welcome to participate.

To that end, the OSP has determined that prior to soliciting for these services, it is necessary to get commitments from all State agencies, and local public procurement units, who will want to participate in a resulting contract, should there be one.



The Chief Procurement Officer, in accordance with Section 11-35-4820 (Mandatory Opting) of the Consolidated Procurement Code, is requiring all local public procurement units to indicate their intent to participate prior to the publication of a solicitation. He is also extending this requirement to all governmental bodies who wish to participate in a resulting contract.

If your agency/political subdivision intends to participate in a State Term contract for Courier Services, they must complete the following:

A letter signed by the head of the agency/political subdivision, or their designated representative, on their letterhead attesting



Statewide Contract News continued

that they will participate in the State Term contract for Courier Services should one be solicited and awarded.

A spreadsheet with the necessary information to provide to the Contractor should a contract be awarded. This information includes, among other things, the agency/political subdivision's name, street addresses, operating hours and point of contact information. Estimated usage to include frequency of pick-ups and types of packages will also be requested.

Michael Speakmon has the documents necessary to meet the requirements above. You may request said documents via email at mspeakmon@mmo.sc.gov. Please do not make formatting changes to the spreadsheet as all received spreadsheets will have to be consolidated into one. You will receive further instructions at that time.

We must be in receipt of your intention to participate no later than September 2, 2019. At that time, we will evaluate the number of responses received and make a determination on how we will proceed.

IMPORTANT NOTE: In the spreadsheet, we are asking for information on agency points of contact (names, phone numbers and email addresses) which are details that are important if a contract is awarded. No one's personal information will be published in any solicitation documents by this office.

Proofpoint Software - The OSP is publishing a solicitation for a new STC for Proofpoint software which is an email protection system that provides encryption and threat detection in August. Please express your interest in this product and provide any information, questions or concerns to Carol Norfleet at cnorfleet@mmo.sc.gov or 803-737-3224.

SolarWinds Monitoring Software - The OSP market research has determined that we will establish a State Term Contract for SolarWinds Monitoring Software. We anticipate publishing solicitation in the August timeframe with award in October 2019. Any questions or concerns please contact Randy Barr, Sr., at rbarr@mmo.sc.gov or (803) 896-5232.

Carbon Black Consolidated Security - The OSP market research has determined that we will establish a State Term Contract for Carbon Black Security. We anticipate publishing solicitation in the August/September timeframe. with award in October 2019. Any questions or concerns please contact Randy Barr, Sr., at rbarr@mmo.sc.gov or (803) 896-5232.

Varonis Data Security - The OSP is finalizing market research to determine if there is a need to establish a State Term Contract for Varonis Data Security. Please share all

your information and communicate your agency's need **immediately** to Will Butler at wbutler@mmo.sc.gov or (803) 737-9854. If this is determined to be a viable candidate for a state term contract, the goal would be to publish the solicitation in August.

ROVE TraX Solution - The OSP is conducting market research on Rove to determine if a State Term Contract is needed. Please submit any info you have by **August 23rd** on usage, request or anticipated usage of this product to Randy Barr, Sr., at rbarr@mmo.sc.gov or (803) 896-5232.

Market Research and Agency Input Requests for existing State Term Contracts:

Vehicle Contract Updates - There are several changes happening in the commercial vehicle market that are having an impact on the vehicles we can solicit and offer on our State Term Contracts. These are the most recent updates we have available.

Sedans

Due to the major manufacturer's changes to their production lines, the State will no longer be able to contract for Sedan class vehicles. Manufacturers who typically make commercial Sedans (Chevrolet and Ford) are transitioning away from Sedans in their product lines to a mixture of crossovers and SUVs, which make up the largest portion of their retail market, along with pickup trucks. The State may attempt to solicit for Sedans in this year's bid cycle, but all indications are that the market will not be able to support a competitive contract for more than one year, if it will be able to support a contract at all.

Chevrolet Tahoe

Chevrolet is discontinuing taking orders on the Model Year 2020 (MY2020) Tahoe as of (late September) and will begin to retool their factories to produce the new version of the Tahoe. The earliest model year that the Tahoe will be available will be MY2021, which means the earliest they would be available on State Term Contract for order would be November 1, 2021. Indications are that this applies to both the PPV Tahoe and street Tahoe, as well as the Suburban.

Written Document Translation and Telephonic Interpretation Services - Current Contract expires 10/31/2019. Market research is being conducted to ensure that the existing contracts are meeting agency needs and to identify possible improvements. If you have input or questions please contact the Procurement Manager, Kelly Cobian, at kcobian@mmo.sc.gov or 803-737-5473 with any questions or concerns. If there are additional services your agency would utilize in this market, please notify us as quickly as possible. Thank you for your help!

State Term Contracts that will NOT be renewed or resolicited:

Truckload Deliveries of Copy Paper – This requirement has been included in the new Office Supplies solicitation, which will be effective before the current contract for truckload deliveries expires leaving no lapse in contract coverage.

FileMaker Database Software - The State Term Contract for FileMaker database software has expired and will not be re-solicit based on the lack of evidence of end-user interest to re-solicit this as a State Term Contract. **Please contact Will Butler at wbutler@mmo.sc.gov or Randy Barr at rbarr@mmo.sc.gov with any concerns or other input regarding this decision.**

Currently Published Solicitations:

Pass Thru Ovens (5400017852) - Kelly Cobian (kcobian@mmo.sc.gov) published the solicitation for pass thru ovens on July 8, 2019, with an anticipated award date of August 16, 2019. Details concerning the solicitation can be found at our website. All dates are subject to change.

Office Supplies/Truckload Copy Paper (5400017374) – The bid opening for this solicitation occurred on 7/16/2019. Offers are being evaluated and an award is expected to be published on 8/6/2019. We do not anticipate a lapse between the old and new contracts. Please contact DeAna Reed-Sharpe (drsharp@mmo.sc.gov) if you have any questions.

Duo Multi - Factor Authentication - (5400018082) The Duo Solicitation was published on June 19th with an anticipated award date of August 19th. Please contact Randy Barr, Sr., rbarr@mmo.sc.gov or 803-896-5232 if you any questions or concerns.

Ruckus Wireless (5400018201) The Ruckus Wireless Solicitation was published on July 1st with an anticipated award date of August 30th. Any questions or concerns please contact Randy Barr, Sr., at rbarr@mmo.sc.gov or (803) 896-5232.

PC Matic Pro (5400018199) - The PC Matic Pro Solicitation was published on July 15th with an anticipated award date of September 6th. Any questions or concerns please contact Randy Barr, Sr., at rbarr@mmo.sc.gov or (803) 896-5232.

Rapid 7 Vulnerability Security Software (5400018121) - The Rapid 7 Solicitation was published on June 27th. Any questions or concerns please contact Will Butler at wbutler@mmo.sc.gov or (803) 737- 9854. The contract is in force Aug. 1.

QualysGuard Security Software (54000181123) - The Qualys Solicitation was published July 18th with an anticipated award date of August 12th. Any questions or concerns please contact Will Butler at wbutler@mmo.sc.gov or (803) 737- 9854.

Symantec Product Services (5400018021) – The IFB for Symantec was published on May 23rd, 2019 and subsequently all

responses received were determined non-responsive. . A new solicitation will be published the week of June 22nd. Any questions or concerns please contact Kristen Hutto at khutto@mmo.sc.gov.

Newly Awarded State Term Contracts (STC):

All –Terrain Vehicles (5400017820) – All contracts have been awarded and will be effective beginning on 10/10/2019. The contract sheets on the website will be updated the same day the new contracts become effective. **IMPORTANT NOTE:** Previous versions of this contract had a trailer available for purchase along with the ATV. The State now has contracts in place for trailers under Lot 5, of the Grounds Maintenance Equipment – Phase II contracts, so they are no longer available under the ATV contract. You may find GME-Phase II contract sheet by following this link: <https://procurement.sc.gov/files/contracts/grounds2-%20may%2023%202019.pdf>

Condoms – Contracts for condoms and contraceptives have been established with all three of the MMCAP contract vendors, and the contract sheet on our website has been updated with the latest information. <https://procurement.sc.gov/files/contracts/contraceptives%20june%202019.pdf>

Travel Management Services – We have had some questions on how to use the Travel Management Services contract, so we have gathered those questions and created an “FAQ” portion on the contract sheet to address the most common questions. You can see the updated contract sheet at this link <https://procurement.sc.gov/files/contracts/Travel%20Mgt%20Services%20july%2031%202019.pdf>



Police Belts & Holsters (5400018024) – All contracts are awarded and effective and are accurately reflected on our website. <https://procurement.sc.gov/files/contracts/belts%20holsters%20accessories%20july%2029%202019.pdf>

Mobile Device Protection Plan (5400017601) – The MDPP contract was final on July 5th and is now ready for usage. Vendors are Safeware (4400021751) and Stay Mobile (4400021752). <https://procurement.sc.gov/files/contracts/Mobile%20Device%20Protection%20Plan%20july%2015%202019.pdf> Any questions or concerns please contact Randy Barr, Sr., at rbarr@mmo.sc.gov or (803) 896-5232

Body Cameras/In Car Video (5400014480) - The RFP for Body Camera/In Car Video, SaaS; Video Storage was published on March 18th, 2019. The contract was awarded on May 31st, 2019, but subsequently protested on June 10th. The protest is under review by the CPO. Any questions or concerns please contact Randy Barr, Sr., at rbarr@mmo.sc.gov or (803) 896-5232.

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SPENDING

What functions are funded through the state budget and where is the money spent? Almost 40% of the total budget is spent on education, from kindergarten through PhD programs. Another 37% is spent on health care and social services. The remaining 23% is spent on corrections and public safety, natural resources, debt service and revenue sharing with local governments.

Another way to view spending is to think of the large budget categories which comprise 89% of all spending. The categories are personal services, public assistance payments, aid to subdivisions, and other operating expenses.

Approximately 20% of the state budget is spent on employees and their associated fringe benefits. There are 60,000 employees of state government agencies.

The single largest budget category is public assistance payments. Nearly 34% of spending falls into this category. Most of these payments are funneled through the State's Medicaid program which provides health insurance coverage to 1.2 million South Carolinians. Overall, about 24% of the State's population receives health insurance coverage through the Medicaid program. Most funds pay for health services provided by hospitals, nursing homes, physician's offices and pharmacies.

The third budget category, distributions to subdivisions, is about 18% of the budget. Almost all of the category, some \$5 Billion, is funneled through the State Department of Education to local public school districts serving 777,000 students across South Carolina.

The fourth budget category is other operating expenses comprising about 17% of spending. Included in this category is spending for office rental costs, information technology equipment, paper products and the like.

PROCUREMENT

South Carolina's activity with the procurement process involves each budget category. Without personal services there would be no employees and no need to procure information technology equipment which enhances a worker's productivity. Public assistance payments filter throughout the state and provide opportunities for the vendor community to sell products and services. Distributions to subdivisions are disbursed to every corner of South Carolina, and school districts and local governments use similar procurements processes to meet the needs of their constituents. Other operating expenses cover many of the tangible items procured by state agencies.

In Fiscal Year 2017-18, the Office of State Procurement awarded 805 contracts at a potential value of \$1.6 Billion. That is an average of nearly \$2 Million per awarded contract. Additionally, over the same time period, state agencies directly awarded 1,327 contracts at a value of \$615 Million for an average per contract of \$463,000. Most procurement transactions are smaller and accomplished through the purchase order process. For the first 8 months of Fiscal Year 2018-19, there were 51,922 purchase orders processed at a value of 1.7 Billion for an average value of \$34,000.

SUMMARY

On July 1st, South Carolina began the process of implementing a new budget that will spend over \$29 Billion. Activities across the State will occur as a result of that budget from the education of children, to the delivery of health care to the incarceration of convicted felons. And, there will be the opportunity for the State's vendor community to participate in the procurement process and do their part as government and business work together to provide the necessary goods and services that enhance our quality of life.



CALIBRATIONS

News from the
Office of the State Engineer

Bid Mistake in Fact vs. Judgement

Part 4

Editor's Note: This article continues the discussion we started in our [June Edition](#).

Answer to Part 3: After a thorough evaluation of Joe's written request to correct his bid and the evidence supporting that request, Billy determined that the mistake was a mistake in fact that would cause Joe substantial loss. However, the mistake was not clearly evident on the face of the bid document, and the burden was on Joe to provide clear and convincing evidence of the mistake. In this case, Billy found the evidence of mistake that Joe provided met that burden. Therefore, Billy prepared a written determination of appropriateness allowing Joe to withdraw his bid due to mistake.

Let's see what Joe has up his sleeve this time when faced with a similar situation.

Joe went to school at Myrtle College and spent many a night at the Library. When he got word that it was going to be renovated, he had to win this commission. Joe loves unique and complex renovations and this 90,000 sq. ft. library for Myrtle College was no different. The bids were due at 2:00pm on what felt like the hottest day of the summer. Joe trying to be calm and cool, as always, began to feel the sweat run down his forehead. It's Thursday afternoon around 1:55pm and Joe arrives at the bid room feeling confident. Joe struts down to the front of the room and hands his bid to Billy. Like always Billy shuts the door and shouts with a loud voice, 2:00pm bids are closed. Joe has submitted the lowest bid in the amount of \$16 million. Joe's bid price is \$1 million less than the next lowest bidder. There is no evidence of mistake on the face of Joe's bid. Billy asks Joe, are you confident with your bid? Joe, puzzled at this time, says yes but I need to check my bid. After the bid opening and back at the office Joe reviews his bid and discovers a mistake in the Curtain Wall System. The glass total for the curtain wall system was not moved over to the totals column. The mistake totals \$700,000 and if added to Joe's actual bid price, yield an intended bid price of \$16.7 million. Joe submits to Billy a request to make an upward correction in his bid. Joe includes with his request a copy of his bid take off documents which clearly show the failure to transpose the curtain wall system to the totals column. If allowed to correct his bid, Joe would still be low bidder. What are the factors that Billy should consider in reviewing this request? Let's review:

In order to obtain relief for bid mistake, the mistake must be a mistake of fact. Bruner & O'Connor on Construction Law §2:135.

A **mistake of fact results from such things** as unintentional arithmetic errors, typographical errors, **transposition errors**, decimal misplacement, or an unintentional omission of a quantity of work, labor or material made directly in the compilation of a bid. Ibid, §2:135.

The burden of proof on the bidder seeking relief is clear and convincing evidence of the mistake. Ibid, §2:134; [Martin Engineering v. Lexington County Sch. Dist. One, 365 S.C. 1, 615 S.E.2d 110 \(2005\)](#) .

S.C. Code Ann. 11-35-1520(7) states in part:

Correction or withdrawal of inadvertently erroneous bids **before or after award** ... may be permitted in accordance with regulations promulgated by the board. After bid opening, **changes** in bid prices or other provisions of bids **prejudicial to the interest of the State or fair competition must not be permitted**. After opening, bids must not be corrected or withdrawn except in accordance with the provisions of the code and the regulations promulgated pursuant to it. Except as otherwise provided by regulation, all decisions to permit the correction or withdrawal of bids, ..., must be supported by a written determination of appropriateness made by the chief procurement officers or head of a purchasing agency. 2019 Act 41, Section 18

Regulation 19-445.2085 states:

A bidder or offeror must submit in writing a request to either correct or withdraw a bid to the procurement officer. Each written request must document the fact that the bidder's or offeror's mistake is clearly **an error that will cause him substantial loss**. All decisions to permit the correction or withdrawal of bids shall be supported by a written determination of appropriateness made by the chief procurement officers or head of a purchasing agency, or the designee or either.

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Statewide Contract News continued

Fortinet Products & Services (5400017961) – Fortinet Products and Services was final on June 25th and is ready for usage. The Vendors are Acumen IT (4400021709), Atrion Communications Resources (4400021720), Layer 3 Communications (4400021721), NE Systems Incorporated (4400021722), & Spartantec (4400021723). Information on these contracts can be accessed using the following link: <http://webprod.cio.sc.gov/SCSolicitationWeb/solicitationAttachment.do?solicitationnumber=5400017961> If you have any questions or concerns, please contact Kristen Hutto at khutto@mmo.sc.gov or (803) 737-7685.

Tenable Products & Services (5400017963) – Tenable Product & Services was awarded and is final and ready for usage. The Vendor is Access IT Group (4400021810). <http://webprod.cio.sc.gov/SCContractWeb/contractDetail.do?contractNumber=4400021810&hideReturnButton=false> If you have any questions or concerns, please contact Kristen Hutto at khutto@mmo.sc.gov or (803) 737-7685.

Cloud Services (5400016870) – The Cloud Shared Services procurement was awarded and is final. The Vendor is Smartrox with the following platforms: AWS (4400021852) and Microsoft Azure (4400021853). Shared services point of contact is TBD.

Currently Advertised Cooperative Contracts

The following cooperative contracts are currently advertised in SCBO and the State intends to participate in the resulting contracts when awarded, if it is determined to be in the interest of the State. Since we have no control over when the contracts are actually issued, we will have no further information until such time as they are issued. **NOTE:** Once the bid opening has occurred, it is difficult to get updates on cooperative contracts until they are awarded. We will continue to monitor the award of the contracts below and provide updates as necessary.

If you have any questions about these solicitations please contact Michael Speakmon at mspeakmon@mmo.sc.gov.

NASPO – Equipment Rental (RFP PCA-19-01) – Contract for the rental of equipment (tractors, light sets, generators, lifts, fork lifts, etc.) Ad was placed on 4/24/2019, and the estimated bid opening date is 6/6/2019.

MMCAP – Specialty Pharmaceuticals (Reference #27888) – This will be a new contract should the State determine participation is in its interest. Ad was placed on 04/30/2019, and this bid has already opened.

MMCAP – Dental Products and Services (Reference #28028) – The State is already participating in this contract. This is just the updated version. Ad was placed on 05/21/2019, and esti-

mated bid opening date is 07/01/2019. Offers are being evaluated by the lead state.

MMCAP – Pharmaceutical Waste Disposal (Reference #27933) – This will be a new contract should the State determine participation is in its interest. Ad was placed on 05/06/2019, and the estimated bid opening date is 06/18/2019. Offers are being evaluated by the lead state.

MMCAP – USP Chapter 800 Implementation and Compliance Resources (Reference #28026) – This will be a new contract should the State determine participation is in its interest. Ad was placed on 05/24/2019, and the estimated bid opening date is 06/25/2019. Offers are being evaluated by the lead state.

MMCAP – Distribution of Vaccines Including Influenza Vaccine (Reference #28099) – The State is already participating in this contract. This is just the updated version. Ad was placed on 06/06/2019, and estimated bid opening date is 7/23/2019. Offers are being evaluated by the lead state.

MMCAP – Animal Healthcare Products and Services Distribution (Reference #28215) – This would be a new contract for the State should we choose to participate. **We are very interested in feedback for this contract and for anyone who would wish to participate. Please contact Michael Speakmon at mspeakmon@mmo.sc.gov to provide your feedback.** An ad was placed on 6/25/2019 with an anticipated bid opening of 8/14/2019.

NASPO – Grounds Maintenance Equipment (Reference E194-377) – The State already has contracts for this type of equipment in place. However, the NASPO contract is focused more on larger equipment that may not be currently available on the State's contracts. An ad was placed on 7/15/2019 with an anticipated bid opening of 8/21/2019.



Bid Mistake *continued from Page 5*

To maintain the integrity of the competitive sealed bidding system, a **bidder shall not be permitted to correct a bid mistake after bid opening that would cause such bidder to have the low bid unless the mistake is clearly evident from examining the bid document;** for example, extension of unit prices or errors in addition.

Should Billy approve this request? We will conclude this series next month with a discussion of the answer to this question and some potential nuances.

