



ARIZONA DEPARTMENT OF ADMINISTRATION  
STATE PROCUREMENT OFFICE

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## TECHNICAL BULLETIN No. 041

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TITLE **Limited Competition Procurement**  
REVISION **Number 2**  
DATE **October 1, 2011**

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### I. Authority

#### A. Applicable Statute

- A.R.S. § 41-2511 Authority of the Director
- A.R.S. § 41-2512 Delegation of Authority 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. An Arizona State Governmental Unit with either limited or unlimited delegated procurement authority granted by the State Procurement Administrator and person(s) with relevant procurement authority within the State Governmental Unit.
- B. Limited competition procurement. Any procurement method utilizing less than full competition, including competition impracticable, sole-source and emergency procurements.

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- C. Competition impracticable. A procurement requirement 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.
- D. Sole Source Procurement. As clarified by the National Institute of Government Purchasers (NIGP) Dictionary of Purchasing Terms, Fifth Edition: NIGP 1996 offers an expanded definition of sole source procurement as follows:
1. Only one vendor possesses the unique and singularly available performance capability to meet the requirement of the solicitation, such as technical qualifications, ability to deliver at a particular time, or services from a public utility.
  2. A situation where a particular supplier or person is identified as the only qualified source available to the requisitioning authority.

In addition, the NIGP Dictionary defines single-source procurement as a contract for the purchase of goods and services entered into after soliciting and negotiating only with one source, usually because of the technology required or uniqueness of the service provided.

- E. Emergency Procurements. 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.

### III. Policy

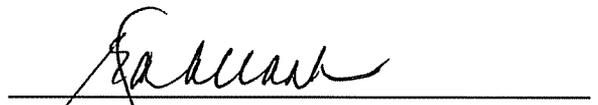
- A. Purpose. The State of Arizona's policy for limited competition procurements in accordance with the Arizona Statutes, A.R.S. § 41-2501 et. seq. and Administrative Rules and Regulations A.A.C. R21-7-101 et. seq. which constitute the Arizona Procurement Code (APC).
- B. Limited Competition Procurements. 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.
- C. Justification. A limited competition procurement may be justified when:
1. Only one source is capable of supplying the product or service (Sole-Source Procurement);
  2. There is an emergency situation (Emergency Procurement);

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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).

To document authorization of these procurement methods, use the forms that area available on [spo.az.gov](http://spo.az.gov). From the home page, click on Administration & Policy, State Procurement Manual, Standard Forms and Documents.

This Technical Bulletin is hereby authorized and effective this 1<sup>st</sup> day of October, 2011, unless otherwise revised or repealed.



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