1	01 NCAC 05A .	0112 is amended with changes as published in 37:04 NCR 308 as follows:
2		
3		CHAPTER 05 - PURCHASE AND CONTRACT
4		
5		SUBCHAPTER 05A – DIVISION OF PURCHASE AND CONTRACT
6		
7	01 NCAC 05A	.0112 DEFINITIONS
8	For the purpose	of this Chapter:
9	(1)	"Agency" or "Agencies" means all departments, institutions, boards, commissions, universities,
10		community colleges, or other units of the State subject to G.S. 143, Article 3, unless specifically
11		exempted by statute.
12	(2)	"Best and Final Offer" ("BAFO") is a document that memorializes the details of Negotiations
13		between the State and a Vendor and mutually modifies the Vendor's Offer.
14	(3)	"Best Value Procurement" shall have the same meaning as in G.S. 143-135.9.
15	(4)	"Bid Value Benchmark" or "General Delegation" means the maximum authorized expenditure set
16		pursuant to G.S. 116-31.10, G.S. 115D-58.14, or G.S. 143-52(a) and 143-53.1 for which an Agency
17		may contract to purchase Goods or Services without obtaining prior approval for the purchase from
18		the Division.
19	(5)	"Clarification" means communications between the State and a Vendor that occur after receipt of a
20		Vendor's Offer made for the purpose of eliminating irregularities, informalities, or apparent clerical
21		mistakes in an Offer. A Clarification may also be used in order for the State to interpret an Offer or
22		Offers or to facilitate the State's evaluation of all Offers. A Clarification shall not be used to cure
23		material deficiencies in an Offer, alter the scope of an Offer, or to negotiate.
24	(6)	"Consultant Services" means contracted work or tasks performed by a Vendor or independent
25		contractor possessing specialized knowledge, experience, expertise, and professional qualifications
26		to investigate a Purchasing Agency's defined problems or projects and to provide counsel, review,
27		analysis, or advice in formulating or implementing improvements in programs or Services. This
28		includes improvements related to the organization, planning, directing, control, evaluation, and
29		operation of a program, Agency or department.
30	(7)	"Competition" in purchasing exists when the available market for the Goods or Services to be
31		acquired consists of more than one Responsible Vendor that is qualified and willing to submit an
32		Offer.
33	(8)	"Contract" means any type of agreement entered into by Agencies, regardless of what it may be
34		titled or called, setting out the obligations of the parties concerning a Procurement of Goods or
35		Services.
36	(9)	"Contract Term" means the time period in which a Contract is active and in effect.

1	(10)	"Deficiency" means either a failure to meet a stated Requirement or a combination of weaknesses
2		in an Offer that increases the risk that a Vendor will be unable to meet its contractual obligations.
3	(11)	"Division" means the Division of Purchase and Contract.
4	(12)	"Electronic" means electrical, digital, magnetic, optical, electromagnetic, or any other similar
5		technology.
6	(13)	"Electronic Bid System" means the Division's Electronic system used variously to advertise
7		Solicitations, notify Vendors, conduct Reverse Auctions, and post Contract awards.
8	(14)	"Emergency Situations" means unforeseen circumstances as stated in G.S. 143-57, that endanger
9		lives, property, or the continuation of a vital program such as those essential for health or safety, as
10		determined by the Purchasing Agency Director, and that can be rectified only by immediate
11		purchases or rental of Goods or Services.
12	(15)	"Extension" means an additional Contract Term not provided for in the Contract that is mutually
13		agreed to by the State and all Vendor parties in a Contract amendment.
14	(16)	"Goods" means any tangible property, including all equipment, materials, supplies, and
15		commodities. Where the printing is not the predominant aspect of a service contract, acquisition of
16		printing shall be considered the purchase of Goods under these Rules.
17	(17)	"Goods Contract" means any agreement involving the Procurement of Goods from a Vendor, but
18		that may also have ancillary Services aspects.
19	<u>(18)</u>	"HUB" means Historically Underutilized Business as defined in G.S. 143-128.4 and certified in
20		accordance with G.S. 143-48.4.
21	<u>(19)</u>	"HUB Office" means the North Carolina Department of Administration Office for Historically
22		Underutilized Business.
23	<del>(18)</del> <u>(20</u>	"Initial Contract Term" means the initial period for performance under a Contract after which the
24		Contract will either terminate or be extended pursuant to a Renewal or Extension.
25	<del>(19)</del> <u>(21</u>	"Negotiation" means oral or written communications in a waived or open competitive Procurement
26		between the State and Vendor undertaken with the intent of allowing a Vendor to revise its Offer.
27		Revisions may apply to price, schedule, technical requirements, or other terms of the proposed
28		Contract. Negotiations are specific to each Offer and shall be conducted to maximize the State's
29		ability to obtain best value based on the evaluation factors set forth in the Solicitation. Negotiations
30		shall be memorialized in any resulting Contract.
31	<del>(20)</del> <u>(22</u>	"Offer" means a bid, proposal, BAFO, or other proposition submitted in response to any Solicitation,
32		Negotiation, or other approved acquisition process, as well as responses to solution-based
33		Solicitations and government-Vendor partnerships.
34	<del>(21)</del> <u>(23</u>	Personal Services Contract" has the same definition as in G.S. 143-48.6(b). A Personal Services
35		Contract is a type of Service Contract.
36	<del>(22)</del> <u>(24</u>	"Pressing Need" means a need arising from unforeseen causes as stated in G.S. 143-57, outside the
37		State's control, including delay by contractors, delay in transportation, breakdown in machinery, or

1	unanticipated volume of work, as determined by the Purchasing Agency Director, which can be
2	satisfied only by immediate purchase or rental of Goods or Services.
3	(23) (25)"Price" means the amount paid by the State to a Vendor for Goods or Services.
4	(24) (26)"Procurement" means the process of acquiring Goods or Services.
5	(25) (27)"Professional Services" means the contracted work or tasks performed by a Vendor or independent
6	contractor possessing specialized knowledge, experience, expertise, and professional qualifications,
7	who provides ongoing Services. A Professional Services Contract is a type of Service Contract.
8	(26) (28)"Progressive Award" means an award for portions of a definite quantity requirement to more than
9	one Vendor. Each portion is for a definite quantity and the sum of the portions is the total quantity
10	procured. A Progressive Award may be in the Purchasing Agency's best interest when awards to
11	more than one Vendor for different amounts of the same item are needed to obtain the total quantity
12	or the time or times of delivery required.
13	(27) (29)"Public Funds" means any amount received, held, disbursed, or otherwise subject to or accounted
14	for in accordance with the State Budget Act and amounts used to acquire Goods and Services that
15	are required to be purchased in accordance with Article 3 of Chapter 143 of the General Statutes.
16	(28) (30)"Purchasing Agency" or "Purchaser" means the Agency that issues a purchase order or otherwise
17	acquires Goods or Services through a purchasing process.
18	(29) (31)"Recalled Bid" means a Bid that is rescinded by the Vendor after the bid opening but prior to a
19	contract being awarded.
20	(30) (32)"Renewal" means an optional term provided for in the Contract that can be exercised as of right by
21	the State.
22	(31) (33)"Responsible Vendor" means a Vendor who demonstrates in its Offer that it has the capability to
23	perform the requirements of the Solicitation.
24	(32) (34)"Responsive Offer" means an Offer that conforms to the Requirements of the Solicitation.
25	(33) (35)"Requirement" is a provision of a Solicitation and any resulting Contract that prescribes the nature
26	or details of a standard, process, or procedure that must be complied with by the Vendor before any
27	further evaluation of the Offer is conducted by the State.
28	(34) (36)"Sealed Offer" means an Offer that remains unopened until the public opening time stated in the
29	Solicitation.
30	(35) (37)"Secretary" means the Secretary of the North Carolina Department of Administration.
31	(36) (38)"Service Contract" means any agreement for compensation involving Services and requiring a
32	particular or specialized knowledge, experience, expertise, or similar capabilities in the Vendor.
33	Contracts for Consultant Services, Professional Services, and Personal Services are also examples
34	of a Service Contract. A Service Contract may also involve the ancillary purchase of Goods.
35	(37) (39)"Services" means the tasks and duties undertaken by a Vendor in a Service Contract to fulfill the
36	Requirements and Specifications of the Contract.

1	(38) (40)"Signature" means a manual autograph, an Electronic identifier, or an Electronic authenti	cation
2	technique, that is intended by the person using it to have the same force and effect as a n	nanual
3	signature.	
4	(39) (41)"Small Purchase" means the purchase of Goods and Services not covered by a Term Contract	where
5	the expenditure of Public Funds including Extensions and Renewals is equal to or less than the	Small
6	Purchase Benchmark amount, pursuant to 01 NCAC 05B .0301.	
7	(40) (42)"Solicitation" means to request or invite Vendor Offers, or to request information regarding	ng the
8	acquisition of Goods and Services, through the use of Solicitation Documents.	
9	(41) (43)"Solicitation Documents" means a Written or Electronic (a) Invitation for Bids (IFB); (b) Reference of the second secon	equest
10	for Quotations (RFQ); (c) Request for Proposals (RFP); (d) Best and Final Offer (BAFO);	or (e)
11	other documents to invite Vendor Offers, including all mutually agreed attachments and	items
12	incorporated by reference therein.	
13	(42) (44)"Specification" means any description of the physical or functional characteristics of, or the	nature
14	of, the Goods or Services to be procured.	
15	(43) $(45)$ "SPO" means the State Procurement Officer who is also the Director of the Division.	
16	(46) "Subcontractor" means a firm under contract with the prime contractor/vendor for sup	<u>plying</u>
17	materials, labor, or materials and labor.	
18	(44) (47)"Tabulation" means a list of Vendors submitting Offers in response to a particular Solicitatio	n and,
19	if applicable, the prices offered as allowed under G.S. 143-52(a).	
20	(45) (48)"Technical Offer" means a proposal by a Vendor in response to the Solicitation, absent the	price
21	content.	
22	(46) (49)"Term Contract" is a binding agreement between purchaser and seller to buy and sell certain	Goods
23	or Services at certain prices, for an agreed Contract Term, and under specific terms and cond	itions.
24	(47) (50)"Total Cost of Ownership" means a summation of all purchase, operating, and related costs	to be
25	expended during the projected lifetime of a Good or Service or both.	
26	(48) (51)"Vendor" means a contractor, supplier, bidder, company, independent contractor, firm, corpor	ration,
27	partnership, individual, or other entity submitting a response to a Solicitation.	
28	(49) (52)"Voided Bid" means an Electronic bid that was submitted by a Vendor in connection w	ith an
29	Electronic Solicitation that has been cancelled, the bids voided and not opened electronically	
30	(50) (53)"Weakness" means a flaw in the Offer that increases the risk of unsuccessful contract perform	nance.
31	(51) (54)"Withdrawal" or "Withdrawn Bid" means a Bid that is rescinded by the Vendor prior to the	he bid
32	opening.	
33	(52) (55)"Written" or "Writing" means a communication recorded in a medium of expression that of	an be
34	preserved, read, retrieved, and reproduced for an indefinite period of time, including information	tion in
35	a form that is electronically transmitted and stored.	
36		
37	History Note: Authority G.S. 143-48.3; 143-48.6; 143-49; 143-52; 143-53; 143-53.1; 143-57; 143-135.9;	

1	<i>Eff. February 1, 1996;</i>
2	Amended Eff. April 1, 1999;
3	Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 23,
4	2016;
5	Amended Eff. March 1, 2022; November 1, 2021; October 1, 2019.
6	Eff. <del>December 1, 2022-January 1, 2023</del>
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01 NCAC 05A .0101 is adopted with changes as published in 37:04 NCR 311 as follows:

3		<u>SUBCHAPTER 05E – HISTORICALLY UNDERUTILIZED BUSINESS</u>
4		
5	<u>01 NCAC 05E .</u>	0101 GOOD FAITH EFFORTS
6	Agencies shall 1	require vendors subcontracting all or part of a contract for the purchase of goods or services to
7	undertake good f	faith efforts to recruit HUB participation when contracting with the State. A vendor makes good faith
8	efforts if they pe	rform at least five of the following actions:
9	(1)	Notifying Notify at least two HUBs to be included in a Solicitation about the opportunity to
10		participate as a subcontractor at least 10 calendar days before the opportunity to respond to the
11		solicitation ends. The notification shall be made by electronic means and must shall include:
12		(a) a description of the goods or services being solicited;
13		(b) the date, time and location where offers are to be submitted;
14		(c) the name of the individual within the company who will shall be available to answer
15		questions about the opportunity to participate in the response to the solicitation;
16		(d) where solicitation documents may be reviewed; and
17		(e) any special requirements that exists, such as insurance, licenses, bonds, and financial
18		arrangements.
19	(2)	Making plans, specifications, and requirements available accessible to prospective HUBs
20		subcontractors by publishing them on the vendor's website at least 10 calendar days before the
21		opportunity to respond to the solicitation ends.
22	(3)	Dividing or combining elements of work into subcontracts economically feasible units as
23		determined by the vendor. to facilitate HUB participation.
24	(4)	Working with minority trade, community, or similar organizations identified by the HUB Office
25		that provide assistance-assist in recruitment of recruiting HUBs. This element is satisfied if the
26		vendor makes contact with any of the organizations listed at https://bit.ly/hub-business-resources to
27		identify HUBs that provide goods or services needed to complete the project.
28	(5)	Attending any pre-bid conferences or site visits provided for in the solicitation.
29	(6)	Providing assistance Assisting in obtaining required bonding or insurance or providing alternatives
30		for HUB subcontractors. This element is satisfied if the vendor:
31		(a) Contacts a bonding or insurance company to assist a potential HUB subcontractor in
32		obtaining coverage from the bonding company or insurance company:
33		(b) Offers to cover a potential HUB subcontractor with the vendor's bonding or insurance
34		policy; or
35		(c) Offers a potential HUB subcontractor an alternative to bonding or insurance that meets the
36		requirements of the solicitation.

1	(7)	Negotiating in good faith honestly with interested HUBs. HUB subcontractors. Honest negotiations
2		are presumed if the efforts made to negotiate with an interested HUB subcontractor is documented,
3		and Any rejection The The reasons for rejecting the an interested HUB is are shall be documented
4		in writing. Rejection of a HUB should shall have the reasons documented in writing.
5	(8)	Providing assistance to an Assisting a potential HUB subcontractor in need of in obtaining
6		equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters
7		of credit. <del>credit, including waiving credit.</del> <u>This element may shall be satisfied by:</u>
8		(a) offering to loan equipment to a HUB subcontractor;
9		(b) offering a letter of reference to a HUB subcontractor to obtain equipment, supplies, a loan,
10		or a line of credit; or
11		(c) offering to establish a joint payment agreement with a HUB subcontractor.
12	(9)	Assisting a HUB subcontractor to obtain in obtaining the same unit pricing with from the vendor's
13		suppliers by requesting their suppliers provide the same unit pricing to a HUB subcontractor as the
14		vendor would pay.
15	(10)	Negotiating joint venture and or partnership agreements arrangements with HUBs. to increase
16		opportunities for HUB participation.
17	(11)	Providing quick pay agreements and policies that pay HUB subcontractors as work is performed,
18		whether in time units or job units, as agreed by the vendor and HUB subcontractor. to enable HUBs
19		and suppliers to meet cash flow demands.
20		
21	History Note:	Authority G.S. 143-48(a); <u>143-48.4; 143-49(1), (2), (3), (11); 143-53(a)(1), (</u> 4), <u>(8); 143-60(5).</u>
22		<u>Eff.</u> <del>December 1, 2022 January 1, 2023.</del>

1 01 NCAC 05A .0103 is adopted with changes as published in 37:04 NCR 311 as follows: 2 3 01 NCAC 05E .0103 OFFICE FOR HISTORICALLY UNDERUTILIZED **BUSINESSES** 4 RESPONSIBILITIES 5 (a) Interested businesses may register as a HUB in accordance with 01 NCAC 44A, STATEWIDE UNIFORM 6 CERTIFICATION. The information provided by the HUB shall be used by the HUB Office to: 7 assist public entities in developing a HUB participation plan; (1)8 (2)identify areas of work where there are HUBs; 9 (3)create and maintain a list of certified HUB vendors; and 10 (4) assess the need for technical assistance for HUBs. 11 (b) The HUB Office shall also: 12 Provide training and technical assistance to HUBs on how to identify and obtain State purchasing (1)13 and contract opportunities through the Division of Purchase and Contract and other public entities. 14 (2) Provide training and technical assistance to public entities on how to identify and obtain HUB 15 participation on projects or contracts. 16 (3)Develop relationships with North Carolina trade and professional organizations by providing 17 periodic meetings, such as networking and information sessions, obtaining input and feedback 18 regarding HUB issues, legislation, and policies to improve the ability of HUBs to participate in State 19 purchases and contracts. 20 (4)Collaborate with the Division of Purchase and Contract to monitor Agencies' compliance with the 21 State HUB Plan for Goods and Services. Compliance monitoring will be conducted by reviewing 22 quarterly spend reports and other procurement documentation provided by the agency upon written 23 request by the HUB office Office, such as contracts, purchase orders, and responses to solicitations. Notify Agencies in writing of the outcomes of any compliance review with the State HUB Plan for 24 (5)Goods and Services. 25 26 (6) Work collaboratively with Agencies agencies found to be out of compliance to create a corrective 27 action plan. to support their progress toward meeting the statewide HUB goal. 28 29 Authority G.S. 143-48(a); 143-48.4; 143-49(1), (2), (3), (11); 143-53(a)(1), (4), (8); 143-60(5); 143-History Note: 30 128.4(c). Eff. December 1, 2022 January 1, 2023. 31 32

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01 NCAC 05E .0104 is adopted with changes as published in 37:04 NCR 312 as follows:

3	01 NCAC 05E .	0104 AGENCY REQUIREMENTS
4	(a) The Agency	agency shall develop and implement a HUB participation plan to identify HUBs that can provide
5	Goods goods and	Services services to meet the needs of the agency and implement outreach efforts to encourage HUB
6	participation in	the agency's procurement process. The plan shall include education, recruitment, and interaction
7	between HUBs a	nd non-HUBs.
8	(b) Before aware	ling a contract, the Agency agency shall:
9	(1)	Attend any pre-bid conference and explain the HUB participation goals and objectives of the State
10		specific to the Agency agency.
11	(2)	Notify HUBs from the Agency's agency's HUB vendor list or HUBs that have otherwise indicated
12		to the agency interest in the type of work in the Solicitation solicitation at least 10 calendar days
13		before the opportunity to respond to the Solicitation solicitation ends. The notification shall be made
14		by electronic means and must include:
15		(A) a description of the work being solicited;
16		(B) the date, time, and location where <u>Offers</u> <u>offers</u> are to be submitted;
17		(C) the name of the Purchasing Officer purchasing officer or individual who will be available
18		to answer questions;
19		(D) where <u>Solicitation</u> solicitation requirements may be reviewed; and
20		(E) any special requirements that may exist.
21	(3)	Utilize media likely to inform potential HUBs of the Solicitation being sought. Working with
22		minority trade, community, or similar organizations identified by the HUB Office that assist in
23		recruiting HUBs. This element is satisfied if the vendor makes contact with any of the organizations
24		listed at https://bit.ly/hub-business-resources to identify HUBs that provide goods or services
25		needed to complete the project.
26	(4)	Maintain documentation of any contacts, correspondence, or conversation with HUB firms in
27		accordance with 01 NCAC 05B .1903 and this Subchapter.
28	(5)	Evaluate any affidavit and documentation submitted by a vendor pursuant to 01 NCAC 05E
29		.0105(a)(2) to determine that good faith efforts pursuant to 01 NCAC 05E .0101 has have been
30		achieved prior to recommendation of award.
31	(6)	Notify Vendors vendors of the Agency's agency's annual HUB participation goal or project specific
32		HUB participation goal.
33	(c) After a contr	act has been awarded, the Agency agency shall:
34	<del>(1)</del> If a vendor ha	as submitted an affidavit pursuant to 01 NCAC 05E .0105(a)(1), then the agency shall review Vendors
35	vendors' pay app	lications for compliance with HUB utilization commitments made in the affidavit prior to payment;
36	<del>and</del> payment. If the	ne agency finds that the HUB utilization commitments are not being met by the vendor, they shall:

1		(1)	hold payment until a plan for the vendor to meet their HUB utilization commitments is mutually
2			agreed upon; or
3		(2)	make payment based upon the vendor's assurance acceptable to the agency that the HUB utilization
4			commitments will be satisfied by the end of the project.
5			
6	<del>(2)(<u>d)</u></del>	The age	ency shall submit a report electronically to the HUB Office the percentage of total contract payments
7	that were paid to HUBs.		
8	<del>(e) Provi</del>	ide docu	mentation of compliance with this Rule to the HUB Office upon request, such as for a compliance
9	<del>review, c</del>	omplair	it, investigation, or other inquiry <u>.</u>
10			
11	History N	Note:	Authority G.S. <del>143 48; 143 49; 143 53; 143 128.4; <u>143-48.4; 143-49(1)</u>, (2), (3), (11); <u>143-</u></del>
12			<u>53(a)(1), (</u> 4), <u>(8); 143-60(5).</u>
13			<u>Eff.</u> <del>December 1, 2022</del> January 1, 2023.

 01 NCAC 05E .0105 is adopted with changes as published in 37:04 NCR 312 as follows:

3	01 NCAC 05E .01	05	VENDOR REQUIREMENTS
4	(a) Vendors respo	onding	to Solicitations solicitations for the purchase of Goods goods and Services services who
5	intend to use a <del>Sub</del>	contrac	etor subcontractor shall provide one of the following to the purchasing agency:
6	(1) 4	Attend a	any scheduled pre-bid conference.
7	<del>(2)</del> I	dentify	opportunities where HUBs may have an interest in providing Goods or Services., based
8	ŧ	<del>apon th</del>	e Vendor's discretion as to whether subcontracting opportunities exist.
9	<del>(3)</del> I	dentify	the HUBs that will be utilized on the project with the corresponding total dollar value of
10	ŧ	he wor	k they will perform. and submit this information to the procurement contracting office at the
11	f	ourchas	ing agency.
12	(	<del>(4)</del> (1)	Provide one of the following to the Purchasing Agency:(a) anAn affidavit stating the
13			percentage of the total contract price that HUBs subcontracting on the project will perform
14			collectively that is equal to or more than the HUB participation goal for the solicitation,
15			and lists the HUBs to be used on the project, the value of the work each HUB will perform,
16			and a description of the work each HUB will perform; or
17	(	<del>(b)(2)</del>	anAn affidavit of all good faith efforts taken pursuant to Rule .0101 of this Section, if the
18			percentage of subcontracted work to be performed by HUBs is less than the HUB
19			participation goal for the solicitation and any supporting documentation for each action
20			taken.
21	Failure to con	<u>mply w</u>	ith the requirements of Subsection (a) of this Rule shall be grounds for rejection of the offer
22	and shall be l	handled	according to 01 NCAC 05B .0501.
23	(5)(b) In the event	that a v	vendor determines that any HUB identified in Subparagraph (a)(1) needs to be replaced, the
24	vendor sh	all:	
25	(	(1)	Provide written notification to the agency and the HUB Office within five calendar days
26			of said determination. The notification shall identify the HUB to be replaced and the
27			circumstances and reasons why the vendor has made the determination; and
28	(	(2)	The vendor shall select another HUB as a replacement or shall make good faith efforts in
29			accordance with Rule .0101 of this Section to replace the HUB; and
30	(	(3)	The vendor shall provide an affidavit in accordance with Paragraph (a) regarding the
31			replacement of the HUB.
32	Submit no	otificati	on of the need for replacement of a participating HUB for approval by the purchasing agency
33	and the HUB Offic	<del>e withi</del>	n five calendar days. Notification shall be in writing stating why replacement of the HUB is
34	necessary. The ver	<del>idor sha</del>	all make good faith efforts in accordance with Rule .0101 of this Section to replace a
35	participating HUB	with a	nother HUB.
36	<del>(6)<u>(</u>c) Make good i</del>	faith ef	forts in accordance with Rule .0101 of this Section to solicit bids from HUBs should
37	additional goods o	r servic	es opportunities become available after the contract is awarded.

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2	History Note:	<u>Authority G.S. 143.53;</u> 143-48(a); <u>143-48.4; 143-49(1), (2), (3), (11); 143-53(a)(1), (4), (8); 143-</u>
3		<u>60(5).</u>
4		
5		<u>Eff.</u> <del>December 1, 2022 January 1, 2023.</del>
6		
7		