

THE PRICE IS RIGHT: LEARNING PROCUREMENT BASICS

WORKSHOP FOR:
MMA ANNUAL MEETING AND TRADE SHOW
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(MAPPO)



THE PRICE IS RIGHT: NOT EVERYONE IS A WINNER

*OBJECT IS TO KNOW THE PROCUREMENT LAWS
AND HOW THEY APPLY TO PURCHASES AND
CONTRACTS FOR YOUR CITY/TOWN*

PROCUREMENT LAWS



- **M.G.L. c. 30B** ~ SUPPLIES AND SERVICES, DISPOSAL OF SURPLUS SUPPLIES, and MUNICIPAL REAL PROPERTY TRANSACTIONS



- **M.G.L. c. 149** ~ BUILDING CONSTRUCTION CONTRACTS



- **M.G.L. c. 30, §39M** ~ PUBLIC WORKS (NON-BUILDING) CONSTRUCTION CONTRACTS (WITH LABOR)



- **M.G.L. c. 7C, §§44-57** ~ PUBLIC BUILDING PROJECTS DESIGN SERVICES



THE PRICE IS RIGHT: CROSS THAT THRESHOLD

*IN THE PROCUREMENT GAME, THE THRESHOLD
DETERMINES THE METHOD*

OVERVIEW – C.30B, C.30, 39M AND C.149

(MAY BE SUBJECT TO PREVAILING WAGE REQUIREMENTS)

- **Under \$10k – Sound business practices**

Ensuring favorable prices by employing knowledge of the market, soliciting comparison pricing, “shopping it out.”

- **\$10k to \$50k – Written quotations**

Use a written purchase description to solicit at least 3 written quotations from entities that customarily provide that supply or service. Contract awarded to lowest price quotation.

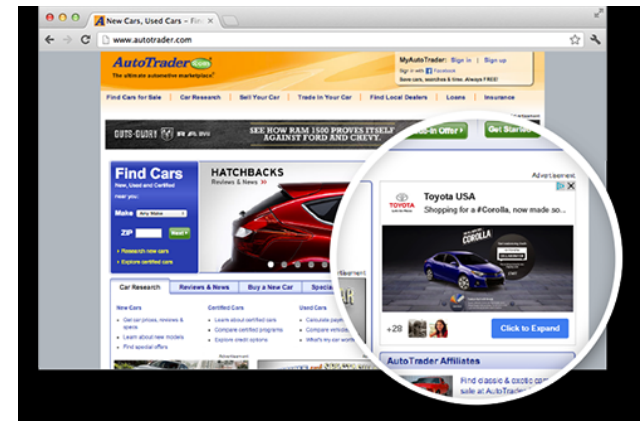
- **Over \$50k – Sealed bid process or proposal process**

Formal process. Advertising is required at least two weeks prior to bid due date. Contract must be awarded to responsive and responsible bidder (or, in the case of requests for proposals under c. 30B, to the one offering the most advantageous proposal taking into consideration both non-price and price submittals).

Under \$10k – Sound business practices – SUPPLIES/MATERIALS

Use online comparisons from shopping sites.

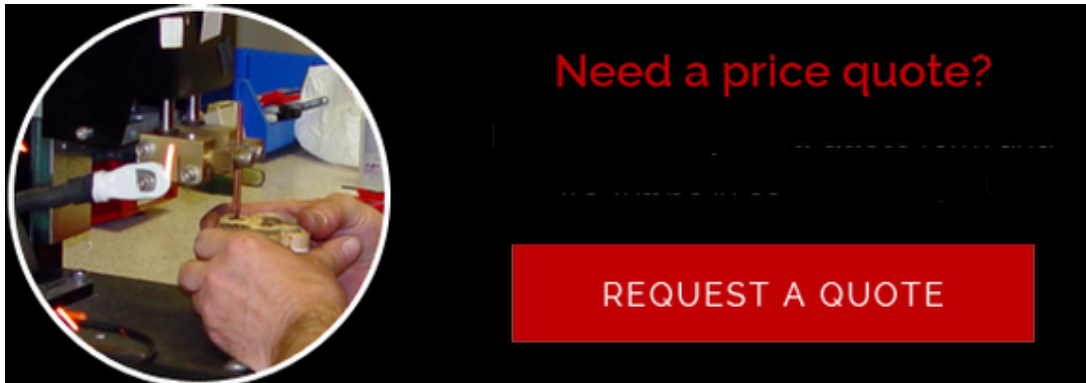
- Check up-to-date catalogs and flyers.
- Call around, talk to sales reps, do your research.



Under \$10k – Sound business practices – SERVICES/CONTRACTORS

Employ the “contact us” forms online to get pricing.

- Discuss with sales reps to identify what you need and what it will cost.
- Talk to other jurisdictions who may use the same service, and do your research.



- Develop a purchase description.
- Provide the description, in writing, and at least 3 vendors who customarily provide the supply or service must respond.
- Award a contract to the vendor or contractor who meets the description and offers the best price.
- Retain records

[illegible]

Over \$50k –Invitation for Bid (IFB)

1. Prepare your IFB.
2. Advertising is required at least two weeks prior to bid due date.
3. Receive, open, and record bids after due date and time has been reached.
4. Evaluate bids.
5. Perform reference checks and due diligence to be sure the bidder meets your criteria.
6. Prepare a bid summary for your file.
7. Award contract to the responsible and responsive bidder who offers the best price.
8. Retain your records.



Over \$50k – Request for Proposal Process (RFP) for c. 30B only

The RFP process is an alternative to the IFB process and should be used when the merits of a proposal outweigh the need for the lowest price.

In order to use an RFP process, a jurisdiction must have an appointed Chief Procurement Officer.

The RFP process must have written justification that establishes the reasoning why price is not the driving force behind the decision to award.

Over \$50k – Request for Proposal Process (RFP) for c. 30B only

1. Prepare your RFP.
2. Advertising is required at least two weeks prior to bid due date in newspaper, on COMMBUYS, and on the jurisdiction's bulletin board.
3. Receive and record names of proposers only after due date and time has been reached. Only record of proposers is public until the process is complete.
4. Evaluate technical proposals and rank the proposals.
5. Open and evaluate price proposals.
6. Perform reference checks and due diligence to be sure the vendor or company meets your criteria.
7. Award contract to the responsible and responsive bidder who offers the most advantageous proposal taking into consideration both non-price and price submittals.
8. Retain your records.

RFP comparison to IFB

The RFP shares many of the same requirements as an IFB. However, there are distinct differences:

1. Requires submittal of two separate envelopes containing a technical and price proposal.
2. Requires documented reasoning for using the process.
3. Requires comparative criteria for features you may be willing to pay more for, which you evaluate during the process.
4. You *MAY NOT* open the prices until the evaluation/ranking process is complete.

DISPOSAL OF SURPLUS SUPPLIES

- Disposal of surplus supplies fall under the same thresholds as 30B purchases.
- A jurisdiction should have a written procedure for disposal of surplus supplies valued at less than \$10k.
- For surplus supplies valued at more than \$10k, jurisdictions must use a public auction or a sealed bid process.
- Auction or bid process requires advertising as described for the IFB process.
- A contract, or bill-of-sale, must be executed and records must be retained.

REAL PROPERTY TRANSACTIONS

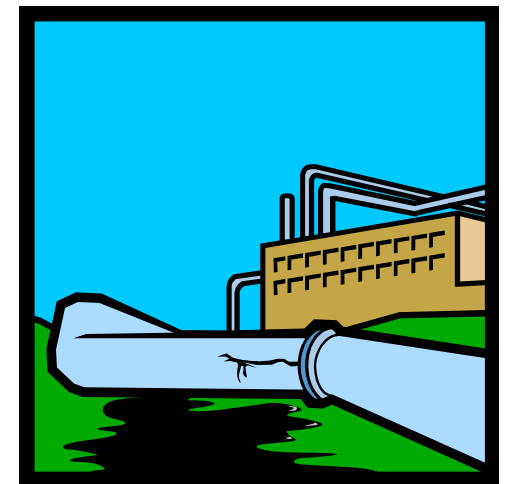
Real property transactions conducted by a jurisdiction (not tax-title property) must be done in accordance with Chapter 30B.

- For low value (see thresholds below) property sales, “best practices” apply.
- If acquiring real property at a **cost** in excess of \$35k, the jurisdiction must conduct a sealed bid process.
- If disposing of real property at a **value** in excess of \$35k, the jurisdiction must conduct a sealed bid process.

EMERGENCIES



In qualifying emergency situations, certain procurement laws may be waived. For c.30B the Chief Procurement Officer can approve an emergency procurement. Under c. 30, 39m and c.149, some aspects such as advertising requirements may be waived when the awarding authority receives written approval from The Division of Capital Asset Management and Maintenance (DCAMM).





THE PRICE IS RIGHT: DESIGN TIME

*A MULTI-PLAYER GAME WHERE QUALIFICATIONS
SET YOU APART*

Procuring Design Contracts under c.7C, §§ 44-57

1. Establish local procedure (must be approved by governing body).
2. Set design fee or not-to-exceed fee
3. Prepare your qualifications-based solicitation.
4. Advertising is required at least two weeks prior to bid due date.
5. Receive and record names of proposers after due date and time has been reached. Only record of proposers is public until the process is complete.
6. Evaluate proposals and rank the proposals.
5. Perform reference checks and due diligence to be sure the vendor or company meets your criteria.
6. Negotiate with the highest ranking proposer.
7. Award contract.
8. Retain your records.



THE PRICE IS RIGHT: WINNER'S SHOWCASE

*YOUR MUNICIPALITY IS THE WINNER WHEN YOU
HAVE A DEDICATED PURCHASING
PROFESSIONAL ON YOUR TEAM*



Chief Procurement Officer

- The Chief Procurement Officer (CPO) is responsible for all activities related to procurement of supplies and services under c.30B.
- CPO may delegate functions to others, by written notification to the Office of the Inspector General.
- A CPO must be appointed if the jurisdiction wishes to utilize the Request for Proposal process under Chapter 30B.



WINNING WITH A PROCUREMENT PROFESSIONAL

Purchasing Professionals are:

- Vital to the stability of the finance team by providing checks and balances to the purchasing/accounting process.
- Essential contributors to the municipality serving as “watchdogs” of public funds through effective procurement and contract management.
- Administrators of legal, competitive, fair procurements that comply with MGL.

PROCUREMENT PROFESSIONALS SERVE A CRITICAL FUNCTION WITHIN YOUR FINANCE TEAM



- Your procurement team provides valuable assistance to all municipal departments to maintain compliance with MGL and local statutes.
- Your procurement team is a resource when identifying cost-savings and better contracts, thereby being friends of the taxpayer as well.
- Your procurement team can provide insight into how a municipality spends and is therefore critical to the budget process.





THE PRICE IS RIGHT: HOT SEAT

*YOUR TURN TO PLAY!
ASK AWAY!*

QUESTIONS?

Should you need additional information on the material provided, please visit the following:

Office of the Inspector General:

<http://www.mass.gov/ig/>

DCAMM: <http://www.mass.gov/anf/property-mgmt-and-construction/oversight-agencies/dcam/>

Office of the Attorney General:

<http://www.mass.gov/ago/doing-business-in-massachusetts/workplace-rights/public-construction/>



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