

PTE Contracting Notes

9/30/14

Present: Christine Moody and Barbara Gibson

OMF Staff Present: Jane Braaten, Aaron Beck, Mark Grabow

Highlights:

- Some bureaus distribute the task of PTE contract development and management to individual project managers rather than having a dedicated contracts position. This is likely due to not wanting to consolidate administrative duties into one position. However, procurement staff observe that when bureaus have a dedicated contracts staff person work with on an ongoing basis, the process is more efficient and effective. Instead, many bureaus tend to use the project manager to draft and work the solicitation; these are busy people on their own and having them conduct the solicitation puts additional burden on them. With minimal time and resources, many project managers struggle with being unfamiliar with the solicitation process, competing interests, and conflicting needs.
- Few of the project managers seem to have the time to attend procurement trainings provided under the Project Manager Training Program and as updates occur, they are left further behind and expected to catch up as they go. A training or pre-certification for bureau staff who manage PTE contracts could help provide the needed background to more staff – including those that do contracts infrequently - that would make the process work better.
- OMF could review its online procurement process tools and forms with its customers to see what improvements or updates could be made or might be helpful.
- Procurement staff suggested creating standing contracts with various vendors for bureaus within the City if applicable and thereby reduce duplicative efforts across bureaus. OMF could work with bureaus to identify a group of vendors via on-call contracts to do some types of work that many bureaus contract for. [Examples might include such work as equity training (just completed with help from OEHR), marketing, graphic design, facilitation and mediation.] In the case of the equity training, City bureaus are continually having to begin a new solicitation process each time a training is needed. These agreements can be time consuming and with existing resources, Procurement Services could probably do one such on-call contract per year. This work is underway with the Office of Equity and Human Rights.
- Procurement could require that bureaus forward the draft RFP and draft contract for review by them– this puts a procurement staff review at the beginning and end of the contracting process. This might help to identify and resolve issues before the contract is awarded.

There are different structures in place for contracting among bureaus. Procurement manages construction contracting and goods and services contracting centrally. PTE contracting is decentralized in the bureaus with Procurement reviewing the documents at the end of the process. The drawback is that the larger invitations to bid, RFPs and the more complex multi-step contracting processes that are based on low bid as well as best value evaluation processes are centralized in Procurement where staff are daily dealing with multiple solicitations, are well trained in City Code and state law and can deal with all levels of complexity. Whereas RFPs are more subjective of all the processes, it is interesting to note that for professional services contracting, they are distributed throughout the City to many of the non-procurement staff with varying degrees of background or understanding in public procurement requirements, state law or City Code.

On-call contracts, as previously discussed, would allow bureaus to readily identify a vendor for a service without going through a separate RFP solicitation, evaluation and contracting process. Procurement stated that on-call contracts are not to exceed \$250K for a 3-year term; for QBS services the contract maximum is \$500k.

The current process for awarding contracts is smoother than it used to be. Currently, if a contract is higher than \$100,000, Procurement reviews the RFP document before solicitation and following the evaluation process. Having Procurement review RFPs at the beginning of the process and reviewing the contract at the end of the process may improve the process because they can identify and remedy some of the problems in the procurement requirements before the award is made as well as aid with negotiation.

Next Steps:

1. Review Water Bureau procurement process as an example of a good bureau process.
2. Explore the possibility of doing more on-call contracts on certain types of work that many bureaus contract for.
3. Contact Larry Pelatt and Jeff Blade in Procurement to follow-up on these ideas and suggest others.

PTE Contracting Meeting

11/26/14

Present: Larry Pelatt, Jeff Blade, Aaron Beck, Mark Grabow

Highlights

On-call service contracts

- Bureaus find Citywide on-call service contracts too restrictive or not specific enough to their needs. For example, BES has engineers they prefer to use since they're more familiar with BES issues.
- Procurement has set up some Citywide on-call service contract. For example, Kelly Davis handles all construction on-call service contracts; they are all \$50K and below, and this is available to all bureaus.
- On-call service contracts can be used for small projects. Any project over \$100K requires separate competitive bidding.
- The push back to on-call service contracts is that it locks a single vendor into a contract for a set time, and other vendors cannot compete for any jobs under that contract for the rest of that time (usually 3 years).
- Small firms can't do on-call service contracts because of upfront liability insurance requirement. Big vendors usually have liability already covered and up to City requirements.
- Big vendors can usually recoup the cost of the liability when entering into a contract with the City because they can write the cost into the proposal at the onset. Small vendors doing on-call service contracting with the City are not able to do this.
- Bureaus cannot use other bureaus' on-call service contracts without receiving permission—they must go to the bureau that owns the contract and ask if they can use their contract. Bureaus don't like to share because it reduces their contract authority threshold on that vendor (i.e. If BES wants to use a plumber from a Water Bureau on-call service contract for a \$5K project, BES will spend the \$5k, but it will also reduce the contract authority Water Bureau has with that vendor by \$5K). Bottom line on on-call service contracts—they are not open to all bureaus.
- There are zero Citywide on-call service contracts for facilities-related work.
- There are three Citywide contracts, and they all have to do with industrial hygiene (i.e. asbestos clean-up).

Skills of City employees

- Some project managers require further experience and knowledge in the initial solicitation phase of the process.
- Bureaus that do not often write contracts usually encounter problems the most often.
- Procurement is starting a pilot project to reach out to smaller bureaus who do not often contract out, and establishing a relationship with them for assistance in the contract development. This is being rolled out with the smaller bureaus first because it is an easier place to start than going to all bureaus with this proposal to help in contracting.
- Bureaus can feel a tension around working with Procurement on the contract, as though they will lose the management over their contract. This is not the case. Procurement wants to educate and aide in the part of the process where they own the most expertise, because when errors occur, the process must be backed up, often creating further tension and dissatisfaction among the vendors up for the bid.

- It used to be mandatory for project managers (PM's) to attend contract training, but the mandate was dropped because PM supervisors were not enforcing the rule. Now, it is rarely suggested to attend trainings.
- Procurement would like to see expanded opportunities to provide contract development trainings, would like all program managers to be required to attend 2.0 and 2.1 trainings. Others have suggested offering 'just in time' delivery of trainings to provide support to customers on an as needed basis.
- Contract development trainings include coverage on the solicitation and interview process.
- Classes help establish working relationships among Procurement staff and PM's, and it reduces tension around the thought of losing ownership of a contract by allowing Procurement to help with the process.
- Not uncommon for larger bureaus to have problems with contracting process at some point (happens roughly 2-3 times a year), and it has a major impact on the development of the contract.

Opportunities

- Opportunity: mandate city contracting classes and make sure that the PM supervisors enforce the mandate.
- Opportunity: establish Citywide on-call service contracts for facilities-related work and other work done by numerous bureaus.
- Opportunity: mandate review of RFP's and contracts at early stages for projects under \$100k (currently, only projects over \$100K are reviewed at beginning *and* end of process).

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