



Office of the
Inspector General
Commonwealth of Massachusetts

Gregory W. Sullivan
Inspector General

Inspector General's
Proposed Reforms to the
Public Bidding Laws

February 2003

Inspector General's Proposed Reforms to the Public Bidding Laws

Inspector General Gregory W. Sullivan has proposed a package of reforms to the public bidding laws in response to Governor Romney's request for proposals to help cities and towns cope with anticipated mid-fiscal year cuts. These proposals would substantially increase the dollar thresholds for soliciting formal competition on public contracts for supplies, services, and construction. Under the Inspector General's proposed legislation, local governments would be able to award supply and service contracts up to \$50,000 through an informal quotation process. State and local governments would be able to use the same informal quotation process for construction contracts up to \$50,000, and filed sub-bidding would no longer be required for building construction contracts costing less than \$200,000. These reforms would streamline public procurements while ensuring adequate competition and preserving public contracting safeguards.

The Inspector General's proposed reforms were detailed in a letter dated January 24, 2003 to Governor Romney and Lieutenant Governor Healy. A copy of the Inspector General's letter, which included a chart summarizing the impact of the Inspector General's proposed changes on state and local procurements, is attached.



The Commonwealth of Massachusetts
Office of the Inspector General

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CORRECTED

January 24, 2003

The Honorable Mitt Romney
Governor
Commonwealth of Massachusetts
State House
Boston, MA 02133

The Honorable Kerry Healy
Lieutenant Governor
Commonwealth of Massachusetts
State House
Boston, MA 02133

Dear Governor Romney and Lieutenant Governor Healy:

This letter is in response to a request from the Office of Administration and Finance for recommendations from this Office for potential changes to the public bidding laws. The Office of the Inspector General is responsible for interpreting M.G.L. c. 30B, the municipal bidding law for supplies, services and real property, and has purview to investigate public construction in the Commonwealth.

This Office is recommending the following changes, which are further detailed in the attached chart:

M.G.L. c. 30B - raise the sound business practices threshold to \$10,000 (currently \$5,000); allow use of a quotation process between \$10,000 and \$50,000; raise the sealed bid threshold to \$50,000 (currently \$25,000).¹ The 30B quotation process would also apply to public works and public building construction projects costing between \$10,000 and \$50,000.

¹ In reference to M.G.L. c. 30B only, the term "sealed bid" is defined as use of either an invitation for bids or request for proposal process.

M.G.L. c. 30, §39M – raise the sealed bid threshold for public works projects to \$50,000 (currently \$10,000) and allow c.30, §39M procedures to be used for public building projects between \$50,000 and \$200,000.

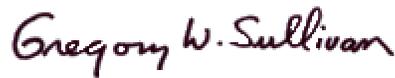
M.G.L. c.149, §§ 44A - M – raise the threshold for projects subject to DCAM certification and filed sub-bidding to \$200,000 (currently \$25,000) and increase the amount at which the sub-bid process applies to specific trades to \$25,000 (currently \$10,000).

M.G.L. c. 7, §§38A½-O – raise the threshold at which the selection of designers is subject to the designer selection law to construction projects estimated to cost more than \$200,000 (currently \$100,000).

This proposal represents reasonable limits that will streamline state and municipal procurement procedures while maintaining competitive safeguards.

I look forward to working with you to implement these changes.

Sincerely,



Gregory W. Sullivan
Inspector General

cc: Daniel Winslow, Governor's Legal Counsel
Eric Fehrstrom, Governor's Communications Director
Tom Reilly, Attorney General
David Perini, Commissioner, Division of Capital Asset Management
David Weiner, Chairman, Designer Selection Board
Peter Flaherty, Office of the Lieutenant Governor
Harry Grossman, General Counsel, Department of Administration and Finance
Geoff Beckwith, President, Massachusetts Municipal Association
John Carroll, Town Manager, Norwood

**Inspector General Gregory Sullivan's Recommendations to Governor Romney and Lieutenant Governor Healy
Regarding Governmental Procurement Reform**

	Procurement Threshold \$0-5,000	Procurement Threshold \$5,000-10,000	Procurement Threshold \$10,000-25,000	Procurement Threshold \$25,000-50,000	Procurement Threshold \$50,000-100,000	Procurement Threshold \$100,000-200,000	Procurement Threshold \$200,000 or more
M.G.L. c. 30B Supplies and services	<u>Current</u> <i>sound business practices</i> <u>Proposed</u> <i>sound business practices</i>	<u>Current</u> <i>three price quotations</i> <u>Proposed</u> <i>sound business practices</i>	<u>Current</u> <i>three price quotations</i> <u>Proposed</u> <i>three price quotations</i>	<u>Current</u> <i>sealed competitive process</i> <u>Proposed</u> <i>three price quotations</i>	<u>Current</u> <i>sealed competitive process</i> <u>Proposed</u> <i>sealed competitive process</i>	<u>Current</u> <i>sealed competitive process</i> <u>Proposed</u> <i>sealed competitive process</i>	<u>Current</u> <i>sealed competitive process</i> <u>Proposed</u> <i>sealed competitive process</i>
M.G.L. c. 30, §39M public works/ horizontal construction and small building projects	<u>Current</u> <i>law does not apply</i> <u>Proposed</u> <i>sound business practices</i>	<u>Current</u> <i>law does not apply</i> <u>Proposed</u> <i>sound business practices</i>	<u>Current</u> <i>sealed bid process</i> <u>Proposed</u> <i>M.G.L. c. 30B price quotations</i>	<u>Current</u> <i>sealed bid process</i> <u>Proposed</u> <i>M.G.L. c. 30B price quotations</i>	<u>Current</u> <i>sealed bid process</i> <u>Proposed</u> <i>M.G.L. c. 30, §39M sealed bid process</i>	<u>Current</u> <i>sealed bid process</i> <u>Proposed</u> <i>M.G.L. c. 30, §39M sealed bid process</i>	<u>Current</u> <i>sealed bid process</i> <u>Proposed</u> <i>M.G.L. c. 30, §39M sealed bid process</i>
M.G.L. c. 149, §§ 44A-M building/ vertical construction	<u>Current</u> <i>law does not apply</i> <u>Proposed</u> <i>sound business practices</i>	<u>Current</u> <i>law does not apply</i> <u>Proposed</u> <i>sound business practices</i>	<u>Current</u> <i>sealed bid process</i> <u>Proposed</u> <i>M.G.L. c. 30B price quotations</i>	<u>Current</u> <i>sealed bid process with filed sub-bids</i> <u>Proposed</u> <i>M.G.L. c. 30B price quotations</i>	<u>Current</u> <i>sealed bid process with filed sub-bids</i> <u>Proposed</u> <i>M.G.L. c. 30, §39M sealed bid process</i>	<u>Current</u> <i>sealed bid process with filed sub-bids</i> <u>Proposed</u> <i>M.G.L. c. 30, §39M sealed bid process</i>	<u>Current</u> <i>sealed bid process with filed sub-bids</i> <u>Proposed</u> <i>M.G.L. c. 149 sealed bid process with filed sub-bids</i>
M.G.L. c. 149, §29 Payment bond requirement for construction	<u>Current</u> <i>required for construction over \$2,000</i> <u>Proposed</u> <i>not required</i>	<u>Current</u> <i>required</i> <u>Proposed</u> <i>not required</i>	<u>Current</u> <i>required</i> <u>Proposed</u> <i>not required</i>	<u>Current</u> <i>required</i> <u>Proposed</u> <i>required</i>	<u>Current</u> <i>required</i> <u>Proposed</u> <i>required</i>	<u>Current</u> <i>required</i> <u>Proposed</u> <i>required</i>	<u>Current</u> <i>required</i> <u>Proposed</u> <i>required</i>