1998 Training Seminars Scheduled

This Office has scheduled three training seminars as part of the Massachusetts Certified Public Purchasing Official Program. General seminars will be offered January 14-16 and February 25-27. A seminar on supplies and services procurement will be offered March 11-13. You must attend a general seminar before you attend a supplies and services seminar. Both seminars are comprehensive three-day programs taught mostly by Office of the Inspector General (OIG) staff. The response to these seminars has been overwhelmingly positive. Comments from participants in general seminars include the following:

"Informative and related to my work."
"I enjoyed the entire program and learned a lot of information I need to do my job."
"This seminar was extremely helpful to me as a town official and addressed or answered a lot of things for me."
"Overall, the course was informative and taught by extremely knowledgeable individuals. Sharing information among fellow attendees was invaluable."

Comments from participants in supplies and services seminars include the following:

"This has been the best seminar I've ever attended. It was well thought out and carefully presented. The written take home materials are invaluable. I enjoyed each day."
"I am impressed with the advocacy role the Inspector General's Office has taken with the implementation of this law and this class. Often, action by state agencies charged with enforcement is adversarial. The Inspector General's Office has shown that this is not necessary."
"In general, the IG's Office is very "user friendly" which is extremely helpful in making my job easier and less frustrating."
"Overall, the classes filled many gaps in my knowledge and I will address the job with my new found knowledge."

For further information about upcoming seminars please contact Anne Tierney at (617) 727-9140, or fill out the registration form on page five.
There has been much attention paid in the last several years to poor public procurement practices. At the federal and state level there have been movements to reform procurement statutes, rules, and practices. One target of reform has been the reliance on prices as the sole determining factor for contract awards. In particular, some contracting officers have awarded contracts to the vendor offering the lowest price without taking into consideration contractors’ past performance or the full costs of owning or using the goods or services offered. Especially notorious are instances in which public contracting officers made awards to contractors who had a history of poor performance with the very same agencies. Predictably, the result has been a series of failures: receipt of inferior goods or services and poor contractor performance. In this context, it is easy to understand the negative connotation sometimes attached to the phrase “low bid.”

The response has been to focus on “best value” instead of just “low price.” Here is the definition from the Federal Acquisition Regulations:

Best value means making contract award decisions not solely on the basis of price but also on factors such as the offeror’s ability to successfully complete the contract on time and at the quality level specified at the offered price. Additional rating elements can include technical factors relating to the item or system being procured and past performance on similar contracts. . . .

Local awarding authorities can and should take into consideration contractor performance and the full costs of goods or services when making contract awards. Granted, this sometimes requires more work, but it is an investment worth making, especially for larger and more complex contracts.

Consider procurements of supplies and services under Chapter 30B. Whether you use an IFB or RFP, your objective is to award a contract to a responsive and responsible contractor. Remember that a responsive bidder is one who agrees to provide the supply or service you require, and that includes when and where you require it. A responsible bidder is one who has the capability, integrity and reliability to perform. Certainly you should consider your own and other jurisdictions’ past experience with a contractor. If you do a good job of assessing responsiveness and responsibility, you’re well on your way to best value procurement.

You can also consider the life cycle costs of a supply or service in addition to the price. For example, it would be reasonable in some instances to compare estimated costs of fuel, power or water consumption in addition to the purchase price. If you plan to do so, just be sure to specify how you will calculate the life cycle costs and be careful to use reliable information, not unfounded claims of vendors.
Coming Next March: Electricity Deregulation

The Massachusetts Legislature has enacted legislation deregulating electricity sales beginning in March 1998. This legislation, Chapter 164 of the Acts of 1997, means that your jurisdiction may be able to save money by generating competition for electricity purchases. It is not too soon to start planning for deregulation by collecting and analyzing your jurisdiction’s electricity consumption patterns.

Under the new legislation, you will be able to conduct your own electricity procurements or to participate in a larger electricity purchasing group. Some types of energy and energy-related contracts have been exempted from Chapter 30B, while others can be procured under a new Chapter 30B provision: Section 6(k). The new legislation requires municipalities that procure electricity on behalf of electricity customers within their boundaries to solicit bids for these contracts under a new provision of Massachusetts General Law Chapter 164. Our March newsletter will provide a more detailed discussion of these new electricity procurement requirements and exemptions.

ATTENTION PROCUREMENT OFFICIALS

We want to hear from you!

Here’s your chance to tell the procurement community about your Chapter 30B success stories. Has your community saved money by seeking competition? Do you have helpful hints that you would like to share? If so, we would like to publish your story. Please fax your name and phone number to this Office at (617) 723-2334 along with a brief description of your success story. We will contact you if we need further information.

Tell us about your successes!
Questions About Chapter 30B

What are the advertising requirements for acquisitions and dispositions of real property valued at more than $25,000?

You must advertise your request for proposals to acquire or dispose of real property in a newspaper with a circulation sufficient to inform the people of your locality. The advertisement must be published at least once a week for two consecutive weeks and the last day of publication must occur at least eight days before the day proposals are opened. Your advertisement must specify the geographical area, terms and requirements of the proposed transaction, and the time and place for the submission of proposals. If your real property transaction involves more than 2500 square feet, then you must also publish the advertisement in the Central Register (published by the Secretary of State) at least 30 days before the opening of proposals.

When I solicit prices for renewal or extension options as part of an invitation for bids for a multi-year supplies or services contract, do I consider these prices when I determine the lowest bid?

No. You do not consider the price of renewal and extension options to determine the low bid, since you may not choose to exercise those options at the end of the contract term. You determine the lowest bid based only on the price you are certain to pay.

You look at option prices when you are deciding whether to renew or extend a contract. Chapter 30B requires that you make a reasonable investigation of the costs and benefits of exercising an option. If you choose to extend or renew, you must then determine in writing that exercising an option is more advantageous than procuring a new contract.

There are several ways to “reasonably investigate” exercising an option under Chapter 30B. You may look at the prices of other jurisdiction’s bids for the same item, you may solicit price quotations for the same item, or you may conduct a new invitation for bids.

Legislative Changes to Chapter 30B

Small changes to Chapter 30B were enacted by the Legislature this year. Section 12 (b) of Chapter 30B now states that, "Unless authorized by majority vote, a procurement officer shall not award a contract for a term exceeding three years, including any renewal, extension or option."

This section used to require obtaining a majority vote before soliciting a contract for a term exceeding three years. Under the new provision, you may solicit bids or proposals before you obtain the majority vote.

The new legislation simply removed the word "solicit" from this section.

Additionally, the IFB for the collective purchase should contain a recognized method for placing a value on the trade-in, such as The Blue Book for vehicle valuation. The recognized valuation method stated in the IFB must be used when you trade-in a surplus supply for a new item under a cooperative bid.

By the way...

- You may trade in a surplus supply when you are making a purchase from a vendor that has a contract through a collective purchase. Chapter 30B permits trade-ins under a collective purchase as long as the IFB specifies that the contractor must take trade-ins from any jurisdiction that has joined in the group purchase. For example, you can reduce the cost of a new police car purchased under a collective procurement process by trading in an old car, if the IFB for the collective purchase contained a provision requiring the acceptance of trade-ins.

- Many communities will be receiving grants from the Department of Education (DOE) for technology upgrades. When you contract for technology installation, keep in mind that the wiring and cabling portion may be subject to the requirements of Chapter 149 if the cost will exceed $25,000. Be especially careful if you are procuring technology cabling and wiring from a vendor that has a statewide contract with the state's Operational Service Division (OSD). Cabling and wiring contracts procured by OSD are not always procured using Chapter 149 procedures.
The Commonwealth of Massachusetts  
Office Of the Inspector General  
P.O. Box 270 - State House Station  
Boston, MA 02133  
(617) 727-9140

MASSACHUSETTS CERTIFIED PUBLIC PURCHASING OFFICIAL PROGRAM  
REGISTRATION FORM

Please indicate seminar by 1" and 2" choice of available dates. Each seminar will be filled on a space available basis.

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NAME: ___________________________  PHONE: ___________________________

ORGANIZATION/JURISDICTION: ___________________________  TITLE: ___________________________

ADDRESS: ___________________________________________  FAX: ___________________________

CITY: ___________________________  STATE: ___________________________  ZIP CODE: ___________________________

HOME ADDRESS: ______________________________________  PHONE: ___________________________

CITY: ___________________________  STATE: ___________________________  ZIP CODE: ___________________________

HOW LONG HAVE YOU BEEN EMPLOYED AS A PURCHASING OFFICIAL?:  ___________________________

REGISTRATION FEES: $200.00 per person/per seminar. Registration and payment must be received 10 days prior to course date in order to process a confirmation. A confirmation letter with directions will be mailed 10 days prior to course.

PAYMENT:  □ CHECK OR MONEY ORDER  □ PURCHASE ORDER (Government only – copy must be attached)

All payments must indicate participant name(s) and be made PAYABLE TO: Office of the Inspector General.  
Mail To: Office of the Inspector General, P.O. Box 270, State House Station, Boston, MA 02133 Attn: MCPPO.

SUBSTITUTIONS/CANCELLATIONS: Each Seminar is limited and filled on a space available basis. No cancellations accepted and no refunds. Registration transfer to someone in your organization is possible with prior notice. The OIG reserves the right to cancel any seminar and is not responsible for any costs incurred by registrants. Alternate course dates may be substituted in the event of an emergency, upon notification.

FOR MORE INFORMATION: Please contact Anne Tierney, Director or Genesi Dorsey, Coordinator at (617) 523-1205 or FAX (617) 723-2334

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