

Procurement Fundamentals: Doing Business with the City of Chicago

DPS Workshop Series | Hosted by: Jackie Umbles

The Department of Procurement Services is committed to Communications and Outreach, which is key to keeping citizens informed of bid opportunities, new programs, and innovations.

Also, ensure that you download a copy of our most recent **Consolidated Buying Plan**. This is a 15-month forecast including hundreds of upcoming opportunities for 12 city agencies. To download, go to: www.chicago.gov/dps.

We encourage you to follow us on our website www.chicago.gov/dps for the latest news, updates, and our calendar of events. Go online, www.chicago.gov/DPS and click on the letter icon and sign-up for our **Email Newsletter: DPS Alerts** full of news that you can use.

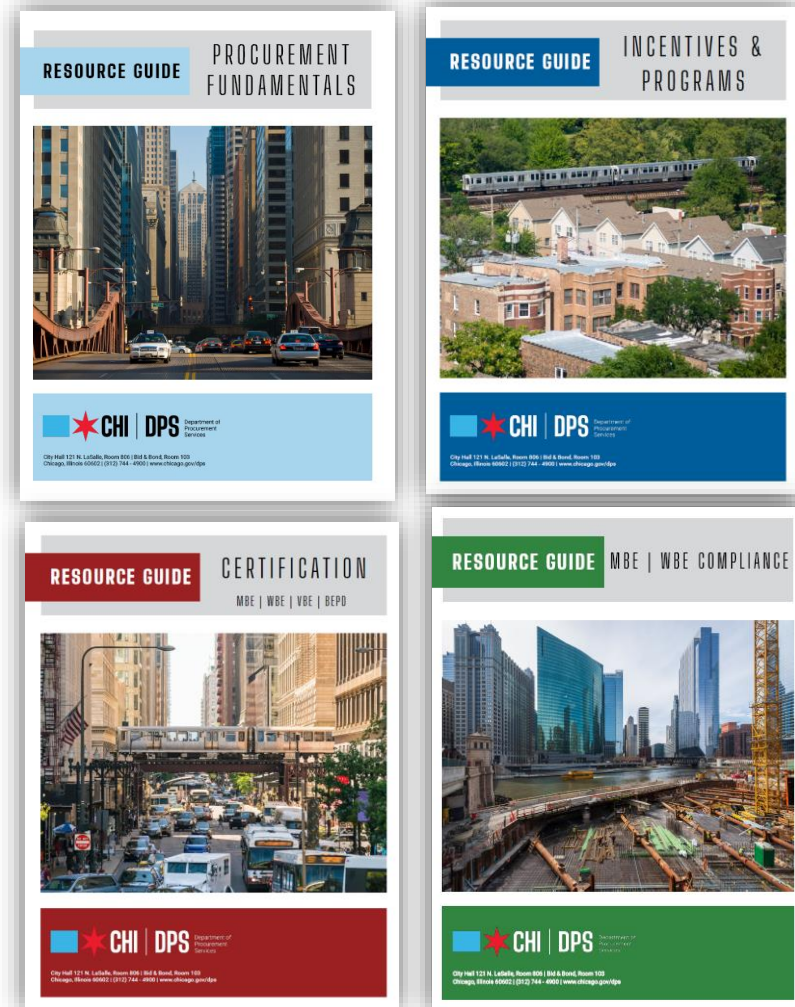
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- NOTE: Legal advertisements for the City of Chicago Department of Procurement Services (DPS) appear in the Chicago Tribune. Information about DPS contracting opportunities will be available at www.chicago.gov/bids.

Welcome

RESOURCE GUIDES

- DPS has published a four-volume set of Resource Guides, expanding on the guiding principle of transparency.
- The Resource Guides were divided into key areas of the procurement process:
 - Contract Administration
 - Incentives and Programs
 - Certification
 - Compliance
- Download now at www.chicago.gov/dpsguides



Today's Workshop

- Everyone is muted upon entry for the presentation portion of the workshop
- We ask that you hold your questions to the end of the presentation. You can use the chat feature to type out your question and the speaker will answer the questions at the end of the presentation.
- To Send a Question: **Use only the Q & A panel to ask your question. Do not use the chat panel**
 - Use the **Q & A panel** on the right side of your screen.
 - In the Send to or To drop-down list, select the recipient of the message.
 - Enter your message in the chat text box, then press Enter on your keyboard.

Note: If you join a meeting, session, or event in progress, you can see only the Q & A that participants send after you join.

Procurement Fundamentals: Doing Business with the City of Chicago

Today's Workshop | Presented by: Bryttannie Mason

- Department overview
- Laws governing the procurement process
- Procurement terms
- Types of procurement
- Certification
- Contract monitoring and compliance
- Programs & bid incentives
- DPS website
- Q & A

OUR GOALS AT A GLANCE

DEPARTMENT OVERVIEW

DPS is the contracting authority for the procurement of goods and services for the City of Chicago. We work together as a team and with our customers to guarantee an open, fair, and timely process by establishing, communicating and enforcing superior business practices.

Laws Governing the Process

- Municipal Purchasing Act (65 ILCS 5/8-10-1 et seq.)
 - The state statute that governs the City's procurement practices
- Chapter 2-92 of the Municipal Code of Chicago
 - The City ordinances that governs purchasing

Laws Governing the Process

Procurement Terms

- **Bid Package-** A set of documents issued by the City to solicit bids for goods and services.
- **Addendum-** A change to the City's requirements in an invitation to bid, request for qualifications, or request for proposals. Addendum is issued by DPS to everyone who has picked up a bid package.

Procurement Terms

Procurement Terms

- **Contract-** The written agreement between the City and a vendor for the provision of goods and/or services to the City by that vendor. There are a number of different forms of contracts.
- **Amendment or Modification-** A document which formally changes the terms and conditions of a contract. There are several forms of amendments and/or modifications to contracts. The form that is most commonly known is a change order to a construction contract.

Types of Procurement

- Small Orders
- Competitive Bids
- Request for Proposals (RFP)
- Request for Qualifications (RFQ)
- Job Order Contracts (JOC)

Procurement Types

Small Orders

- Procurement of goods or services (\leq \$250,000)
- MBE/WBE compliance required for bids over \$10,000

- Formal bid solicitation (> \$250,000)
- Advertisement
 - Chicago Tribune newspaper
 - Daily (classified section)
- Website
 - www.chicago.gov/eProcurement
- Bid & Bond Room
 - City Hall Room 103
- Bid solicitation period
 - 10 – 30 calendar days
- Plan deposit may be required for some bids



Competitive Bids

Pre-Bid Meeting *(could include site inspection of work location after pre-bid meeting)*

- Check solicitation to determine if optional or mandatory
- Requirements for bidding process which include:
 - Review of specifications
 - Address concerns regarding specification
 - Q & A
- When optional, bidders attendance encouraged
- May result in addendum or clarification questions regarding bid documents



Competitive Bids

Pre-Bid Meeting

- If there is not a pre-bid meeting, bidders are encouraged to review the specification and contract documents during the bid solicitation period and contact the Department of Procurement Services contract administrator identified in the bid advertisement regarding any questions about the bid documents.



**Competitive
Bids**

Bid Documents

- Fill in all required Information
- Note: Certain bid documents must be submitted and executed with the bid, if not, the bid could be REJECTED.
- Sign / execute the document
- Notarize document



**Competitive
Bids**

Bid Submittal

- Bid bond or deposit may be required for some bids
 - ✓ Will not exceed 10% of the contract amount
 - ✓ Must be submitted in the proper form (cash is not accepted)
- All bids must be **TIMELY** 🕒 on the bid opening date



**Competitive
Bids**

Bid Openings

Day: Monday – Friday (except major holidays)

Time: 11:00 am

Location: Currently Virtually/Online Due to COVID-19 (Generally at City Hall – Bid & Bond Room 103)

- Bids are opened and read aloud
- Bids are tabulated
- Bid tabulation and bid documents are reviewed for accuracy and completeness
- Bid tabulation can be viewed on-line at DPS website 24 hours after bid opening



**Competitive
Bids**

Award Process

- Determination is made regarding the bidder's responsiveness and responsibility for award
- Recommendation of award
- Acceptable bid (s) are packaged
- Contractor performance & payment bond, insurance and funding agency concurrence for award (if applicable) are obtained
- Bid and contract documents are routed through the signature/approval process
- Contract awarded to the lowest responsive and responsible bidder meeting City specifications



**Competitive
Bids**

Requests for Proposals (RFP)

- Method used to solicit proposals to implement a new project requiring professional services.
- Used when the City doesn't have in-house technical experts or resources to implement project or services.
- RFP defines project objectives and scope of services, but doesn't detail every aspect of implementing project.
- Requires detailed evaluation of proposals by an evaluation committee based on criteria stated in the RFP. Low price is not the only factor.
- Award is made to the highest rated and ranked respondents.

- Method used to solicit qualifications from companies who possess a high degree of technical expertise and knowledge in specific disciplines.
- City “pre-qualifies” companies to build a vendor pool to respond to future task orders (individual projects).
- Evaluation/selection is based on qualifications and technical competence.
- For A & E RFQ’s, there is no cost proposal. Fee schedule is negotiated later as part of the master agreement.
- Most commonly used for A & E design contracts and certain categories of consulting.



Requests for Qualifications (RFQ)

- JOC is a firm, fixed price, competitively bid, indefinite quantity contract specifically designed for each department's construction program.
- Method is used to accomplish small to medium size projects.
- Instead of bidding every small or medium construction job and developing plans and technical specifications, departments can use JOC.
- General contractors are solicited to respond to an advertised JOC specification which contains a unit price book (various construction tasks) with description, unit of measure and unit price for each task.

Job Order Contracts (JOC)

Economic Disclosure Statements (EDS)

- The EDS addresses the disclosure of ownership.
- Online completion of the EDS is mandatory for most solicitations.
- In addition to the applicant, any legal entity which owns more than 7.5% interest, direct or indirectly, in the applicant firm, must also file an EDS.

Certification

SIX (6) TYPES OF CERTIFICATION

- MBE: Minority-Owned Business Enterprise
- WBE: Women-Owned Business Enterprise
- BEPD: Business Enterprise owned by People with Disabilities
- DBE: Disadvantaged Business Enterprise
- ACDBE: Airport Concession Disadvantaged Business Enterprise
- VBE: Veteran-Owned Business Enterprise

Certification

BASIC ELIGIBILITY REQUIREMENTS

- Businesses must be at least 51% owned and controlled by qualifying minorities, women, veterans, individuals with disabilities, or other disadvantaged individuals
- Businesses must also be small businesses
- Businesses must be independent and viable



Certification

MBE/WBE/DBE Participation

- Section 2-92-420 sets forth the City's Minority-Owned and Women-Owned Business Enterprise procurement program for all contracts other than construction.
- Section 2-92-650 sets forth the City's Minority- and Women-Owned Business Enterprise procurement program for construction contracts.
- 49 CFR Part 26 sets forth the rules regarding participation by Disadvantaged Business Enterprises on federally funded projects.

- The City of Chicago Department of Procurement Services counts MBE/WBE/DBE expenditures toward MBE/WBE/DBE goals only if the MBE/WBE/DBE is performing a “commercially useful function.”
- What constitutes a “commercially useful function?”
 - A certified firm performs a commercially useful function when it is responsible for the execution of a distinct element of the work of the contract, which is carried out by actually performing, managing, and supervising the work involved, or fulfilling responsibilities as a joint venture.

Commercially Useful Function

- A contractor shall not be entitled to a reduction or waiver of MBE or WBE goals during the performance of the contract, after substantial completion of the contract, or at the time of contract close out, unless the contractor, in writing, makes a request to the CPO for reduction or waiver.
- A contractor seeking a waiver or reduction of MBE and/or WBE goals must demonstrate to the satisfaction of the CPO that it has made good faith efforts to meet its MBE and WBE utilization goals.



Reduction, Waiver & Good Faith Efforts

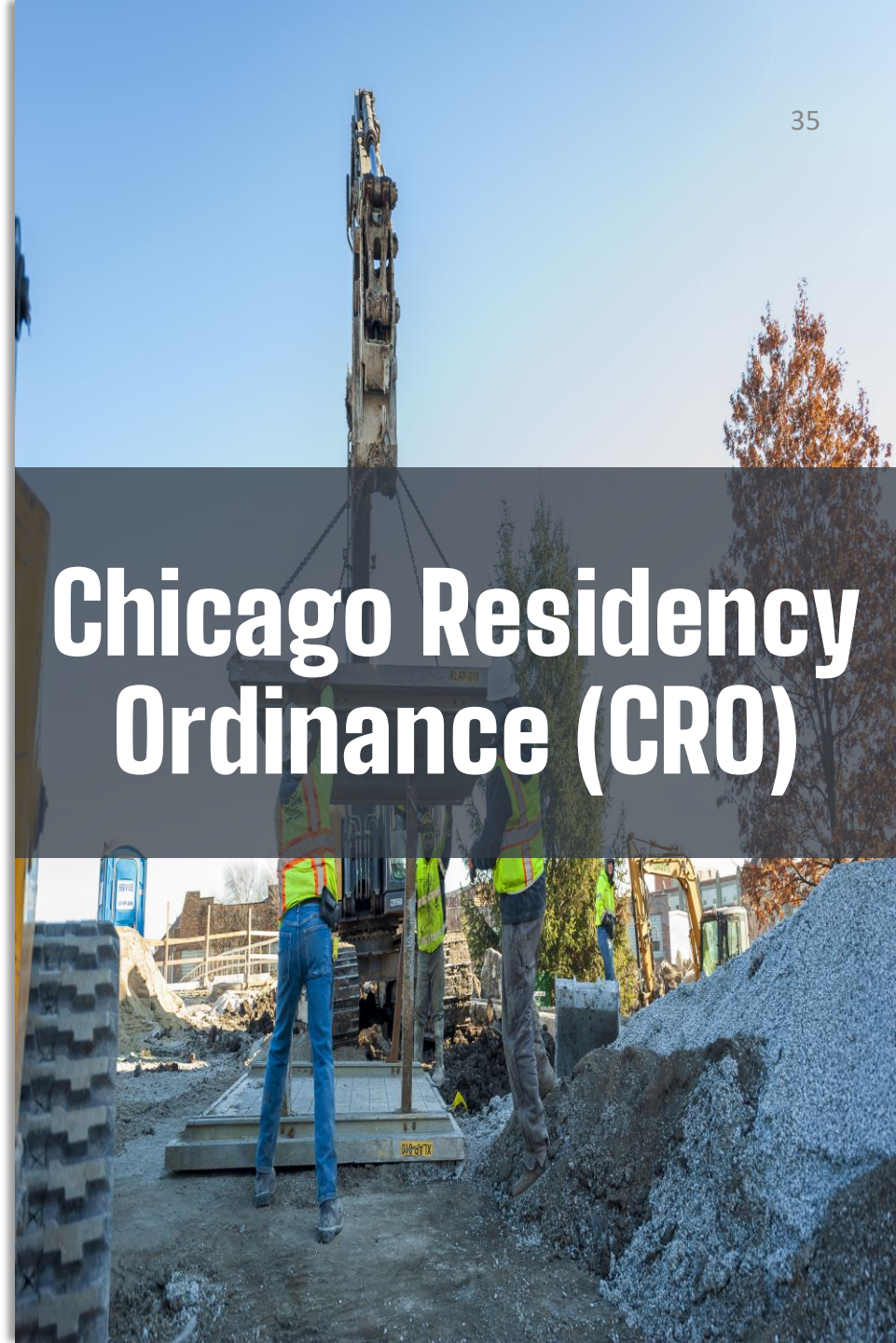
Contract Monitoring and Compliance

- Monitor the actual utilization of MBEs, WBEs and DBEs that have been listed as subcontractors on a compliance plan.
- Ensure compliance with Chicago Residency Ordinance (CRO) requirements and Equal Employment Opportunity (EEO) commitments.

Contract Monitoring and Compliance

- Construction contract must be estimated at \$100,000 or more and funded by the City of Chicago.
- 50% of the total work hours must be performed by actual residents of the City of Chicago and 7.5% of the total work hours must be performed by project area residents

Chicago Residency Ordinance (CRO)



Equal Employment Opportunity

- In order to promote equality of opportunity for minority and female personnel on city funded construction projects an award criteria determination (canvassing formula) must be inserted into each contract specification that is estimated at \$100,000 or more.
- Bidders are invited to propose the minority and female employee utilization goals.

- The prime contractor is an MBE/WBE or DBE
- Joint venturing with MBEs/WBEs or DBEs
- Subcontracting a portion of the work to one or more MBE/WBE or DBE
- Purchasing materials that are used in the performance of the contract from one or more MBE/WBE or DBE

Ways to Achieve Compliance

Prime contractors are responsible for submitting:

- Monthly subcontractor payment certification forms
- Weekly certified payrolls
- Waivers of lien



Reporting Requirements

Programs & Bid Incentives

Programs

- Small Business Initiative (SBI) Construction
- Mid-Sized Business Initiative (MBI) Construction
- Non-Construction MBI Program
- Diversity Credit Program
- Target Market Program – Non-Construction Only
- Mentor/Protégé Program
- MBE/WBE Phased Graduation Program

Summary Workshop Recap Report

Summary Workshop Recap Report

Bid Incentives

- Veteran-Owned Business Enterprises/Small Local Business JV + VBEs
- Veteran-Owned Subcontractor Utilization
- Business Enterprises Owned by People with Disabilities
- City-Based Manufacturers
- City-Based Businesses
- Apprentice Utilization – Ex-Offenders and CPS/CCC Graduates
- Alternatively Powered Vehicles
- Mentor/Protégé Program
- Project Area Subcontractor Utilization
- Equal Employment Opportunity (EEO)
- Incentive to Encourage Utilization of MBE/WBEs
- Diverse Workforce and Management Incentives

ENHANCED REPORTING

- Require contractors to submit projections as to when and to what extent in the contract certified firms are expected to be used.
- Include explanation and recovery plan if participation is below the projected usage.

DIVERSITY PROGRAMS

- Contractor's that have agreements with the City (including redevelopment agreements) required to submit annual reports of their Business Diversity Programs, or lack thereof.
- Include information as to expenditure on goods and services from minority-owned firms and women-owned firms during the prior calendar year.





**Executive Order:
Diversity
Reporting**

DPS Website

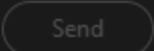
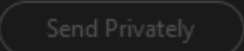
- ❑ Awarded contracts and modifications
- ❑ Payments
- ❑ Bid tabulations
- ❑ Weekly bid opportunities
- ❑ Searchable MBE/WBE Directory
- ❑ Bid incentives
- ❑ Regulations
- ❑ www.chicago.gov/eProcurement

DPS Website

▼ Q & A  

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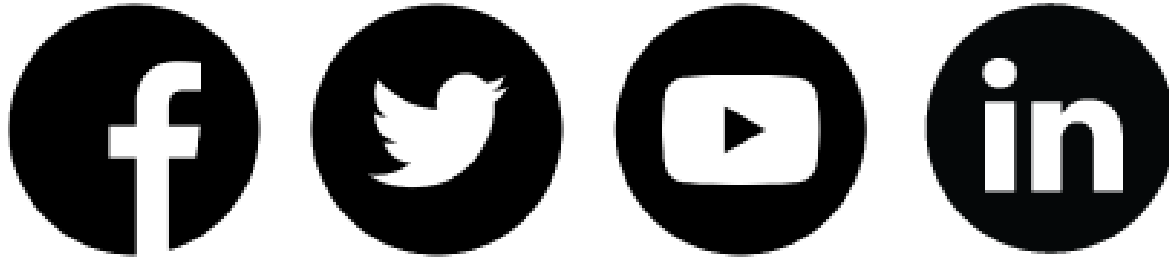
Select a question and then type your answer here.
There's a 512-character limit.



QUESTIONS?

Do you have a question? Please use the WebEx Q&A feature as shown.



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