

# DPS WORKSHOP



Procurement Fundamentals:  
Doing Business with the City of Chicago

# Doing Business with the City

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

# Mission Statement

We are the contracting authority for the procurement of goods and services for the City of Chicago.

We pledge to 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.

Integrity, public trust and the law are our guiding principles.

# 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

# Procurement Terms

DPS provides a checklist for bidders in every bid package. Bidders should review its bid documents and the checklist before submitting a bid. A bidder should be sure to provide all of the information requested, so that the bid is complete.

# 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.
- **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.
- **Amendment - or modification** – A document which formally changes the terms and conditions of a contract. There are several forms of amendments to contracts. The form that is most commonly known is a change order to a construction contract.

# Procurement Terms

**Bids** – The majority of the City's contracts are awarded through competitive bidding.

**Request for Proposal (RFP)** – A form of competitive procurement that is typically used to solicit proposals to implement a new project requiring professional services.

**Request for Qualifications (RFQ)** – A form of competitive procurement that is used to solicit qualifications for vendors who possess a high degree of technical expertise and knowledge in specific disciplines.

# Types of Procurement

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

# Small Orders

- Procurement of goods or services (< \$100,000)
- No formal bid specifications or public advertisement required
- Quotes may be solicited by telephone, fax or written quotation posted on DPS website
- City of Chicago certified MBE/WBE vendors are solicited first
- MBE/WBE compliance required for bids over \$10,000

# Competitive Bids

- Formal bid solicitation ( $\geq$  \$100,000)
- Advertisement
  - Chicago Sun-Times newspaper
  - Daily (classified section)
- Website [www.cityofchicago.org/procurement](http://www.cityofchicago.org/procurement)
- 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** (*could include site inspection of work location after pre-bid meeting*)

## Optional

Requirements for bidding process which include:

- Review of specifications
- Address concerns regarding specifications
- Q & A
- Bidders attendance encouraged
- May results in an addendum or clarification being issued to answer questions regarding the bid documents

# Competitive Bids

**Pre-Bid** (*could include site inspection of work location after 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.

# 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

# 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)

**Bids must be TIMELY🕒 on the bid opening date**

# Bid Openings

Day: Monday – Friday (except major holidays)

Time: 11:00 am

Location: 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 hrs after bid opening

# Award Process

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

# Request 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.

# Request for Qualifications (RFQ)

- 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.

# Job Order Contracts (JOC)

- JOC is a firm, fixed price, competitively bid, indefinite quantity contract specifically designed for each department's construction program.
- Method used to solicit qualifications from companies who possess a high degree of technical expertise and knowledge in specific disciplines.
- 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)

## JOC continued...

- Award to the general contractor offering the most favorable adjustment factors against the price book (work performed during normal working hours and work performed other than normal working hours).
- Value of JOC contract depends upon departmental needs and budget.

# Economic Disclosure Statements

- 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

## 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

# 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.

# Commercially Useful Function

- 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.

# Reduction, Waiver & Good Faith Efforts

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.

# Contract Monitoring & 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.
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## CHICAGO RESIDENCY ORDINANCE

- 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.

## 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.

# Ways to Achieve Compliance

- The prime 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

# Reporting Requirements

Prime contractors are responsible for submitting:

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

# Programs & Bid Incentives

## Programs

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

## 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

# DPS Website

- ❑ Awarded contracts and modifications
- ❑ Payments
- ❑ Bid tabulations
- ❑ Weekly bid opportunities
- ❑ Searchable MBE/WBE Directory
- ❑ Bid incentives
- ❑ Regulations
- ❑ [www.cityofchicago.org/Procurement](http://www.cityofchicago.org/Procurement)

# TRAINING • OUTREACH • COMMUNICATIONS

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[www.youtube.com/ChicagoDPS](http://www.youtube.com/ChicagoDPS)



[www.cityofchicago.org/dps](http://www.cityofchicago.org/dps)



2019 WORKSHOP SCHEDULE  
[WWW.CITYOFCHICAGO.ORG/D](http://WWW.CITYOFCHICAGO.ORG/D)

Note: All bid advertisements, addenda, upcoming workshops, events, new policies, and procedures that affect vendor community.



**Questions?**

# Thank You for Attending...



FAIRNESS • TRANSPARENCY • DIVERSITY • INCLUSION

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121 North LaSalle, City Hall Room 806, Chicago, IL  
60602

City Hall Bid & Bond Room 103 • 11th Floor Room 1103

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