

CITY OF PHILADELPHIA
MAYOR'S INTERNSHIP PROGRAM



MAYOR MICHAEL A. NUTTER

IT SOURCING AND PROCUREMENT

EXECUTIVE COMMITTEE REPORT

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GROUP LEADERS:

Trevor Day, Procurement Operations Manager
Tara Mohr, Assistant Managing Director

GROUP MEMBERS:

Matthew Gabalawi, Jasmine Gibson
Nadia Man, Ryan McCarthy
Caroline Picher, Andrew Rein
Jonathan Ritchie, Jonah Stern
Ashley Thayer, Briana Wilkins
Dan Worthington, Stephanie Yoon

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I. PROJECT OVERVIEW

With the ultimate goal of improving the City of Philadelphia's ("the City:" Information Technology ("IT") infrastructure, this report explores how Philadelphia can attract greater competition and competency for its IT-related contracts. This project will help Philadelphia improve its IT sourcing strategy, move the City towards more sophisticated and efficient IT solutions, and increase marketability to IT companies. Permeating throughout the ensuing material is the expectation of fostering greater competition for IT contracts and reducing overall costs to the City.

The individual group members now possess a greater understanding of how Philadelphia procures IT-related goods as compared with the remaining top 20 most populous cities in the United States. After analyzing numerous strategies employed by these cities, this report provides suggestions which the City may utilize to attract greater competition and remove barriers currently impeding the contracting process. By appreciating the findings contained within this report, Philadelphia can have the ability to advance contracting opportunities with private businesses for IT products and solutions.

II. BACKGROUND

The world today revolves around technology. Newer, faster computers are being released each year along with cellular telephones, cars, video and sound equipment, surveillance, and other high technology equipment and supplies. Having access to new and evolving technology is vital for a productive and successful workforce. Using up-to-date technology cannot be of higher importance. For the City of Philadelphia, Information Technology goods are obtained through the competitively-sealed procurement process. For a number of reasons explored in this report, the City can become more progressive in its purchasing and contracting scheme especially with respect to IT.

The City receives on average 2.4 bids for all competitively-sealed bids including bids for Information Technology goods and services. In truth, the City receives two or less bids on many contracts and, often, at least one of those bids cannot be considered for being found unresponsive or irresponsible. This has led to decreased competition, meaning that the City of Philadelphia may be paying more than necessary for their goods and services. Furthermore, the procurement process can be a slow system. The drawn out process is a particularly acute issue for IT given it is constantly changing.

A. LOCAL LAWS

Philadelphia is a First-Class City in Pennsylvania, and as such, is governed by the Home Rule Charter. Philadelphia's procurement legislation is found within the Home Rule Charter, Section 8-200.¹

B. IT PROCUREMENT ISSUES

There are multiple problematic areas concerning the low-turnout for competitively-sealed bids. One which affects the speed with which goods can be procured is the absence of electronic bidding. Currently, a vendor wishing to submit a bid to the City of Philadelphia must submit a hard copy in person to the Procurement Department. In the age of electronic mail and reliance on the Internet, this system proves to be archaic.

C. CONTRACT TERMS

With competitive bids that must follow Section 8-200, it is not legally permissible for the City of Philadelphia to negotiate contract terms with a potential contract. This hinders procurement because the terms and conditions for contracts can be strict. It is perceived that some vendors have objections to these terms and conditions such as insurance, indemnification, limitation of liability, performance bonds and securities, and other similar requirements.

¹ Philadelphia Home Rule Charter § 8-200 (2010). See Appendix A.

D. GENERAL SUMMARY

Overall, the City of Philadelphia seems to be behind other populous municipalities across the country in terms of technological capabilities and advancement due to the current slow and uncompetitive procurement process. Focusing on the problem areas mentioned above, a group of twelve interns were presented with the task of researching and evaluating the current state of procurement, centering on Information Technology goods and services. The goal was to make recommendations for the Executive Team to enhance the procurement process in order to make doing business with the City of Philadelphia more attractive and to garner more bids for Information Technology contracts.

III. METHODOLOGY

In order to research possible improvements for IT procurement in the City of Philadelphia, the group split up into three sub-groups. Each group was charged with a specific task to target and research particular areas where the group, as a whole, had identified potential problems with the procurement process. The three sub-groups were designated as Internal Research, City Comparison, and Cooperative Purchasing.

A. INTERNAL RESEARCH

The first of these sub-groups was the internal research team, which evaluated the IT procurement process of the City of Philadelphia. The team did this by reviewing a sample size of 22 IT contracts from the last five fiscal years. The group reviewed these contracts in order to analyze the City's procurement of services and goods related to Information Technology. The team then documented the research data using various spreadsheets, graphing tools, and online document sharing services.

B. CITY COMPARISON

The second sub-group evaluated the procurement process in the top 20 most populous cities in the United States in order to get an idea of how Philadelphia's IT procurement rates and processes compare with those in the other cities. In order to achieve this, the group created a 14-question survey that was sent to other procurement departments inquiring about the selected city's procurement process; for example, whether the city had an online bidding system, or how many average responses the city received for IT-related contracts (see Appendix C).

The responses were then compiled into spreadsheets in order to compare the results to the process in Philadelphia. The group also looked at the legislation from each city that dictated how procurement would be conducted in order to see whether the legislation is more or less strict than that of Philadelphia.

C. COOPERATIVE PURCHASING

The final sub-group looked at the process of cooperative purchasing and its possible usage in Philadelphia. These group members researched the potential benefit to using cooperative purchasing in IT procurement. They did this by researching six cooperative purchasing agencies by exploring information found on their websites, then contacting the appropriate departments for further inquiries to fill holes in the Internet research.

From the research gathered, the three sub-groups were able to produce policy recommendations to help improve the identified problems in the City of Philadelphia's procurement process. This in turn will create more competition for IT-related bids.

IV. INTERNAL RESEARCH: HISTORICAL CONTRACT EVALUATIONS

The Internal Research group is part of a binary team with the main purpose to evaluate the City of Philadelphia's procurement processes and actions to solicit bids from the private sector for contracted services. These vendors are needed to fulfill the City's demand for products and services relating to Information Technology electronic products, and technological support and maintenance needs.

The costs associated with issuing competitively sealed bids for vendor services and/or products are high in relation to the significantly low number of responses that are received by the Procurement Department for certain contracts. Currently, the average number of official bids received for all contracts is 2.4 bids. The inability to attract more vendors to respond to bids severely limits the City's options to choose the best-value vendor; thus, losing the ability to potentially receive a lower total cost price as a result from competitive pricing that would more likely occur between a larger number of interested vendors.

A. DOCUMENTATION SUMMARY

In early June 2011, the Internal Research group began its initial investigation into the low number of bid responses by first taking a historical research approach as to identify certain characteristics, commonalities, and potential trends in I.T. procurement practices. A sample size of 22 past contracts from the previous five fiscal years (FY2006-FY2011) was the scope of the investigation. The group chose to focus on the most recent five fiscal years because the team wanted to highlight the more recent demands for upkeep and new technology acquisitions to the City's I.T. structure. Furthermore, researching much further past FY2006 may not be as relevant in such a rapidly evolving field.

The Internal Research group reviewed historical contracts and extracted data deemed essential for the project. The research data was then assembled into relevant information and organized using various spreadsheets, graphing tools, and online document sharing services. Structuring the research findings in the aforementioned processes allowed for the dissemination of the team's results and interpretations that collectively make up the bulk of the Internal Research group's report

B. INFORMATION AND FINDINGS

Over the past five fiscal years, the City of Philadelphia has paid for contractual services with 18 different companies from the technology industry, as indicated within the sample size. Services rendered and products received also varied between companies. The publicly and privately-held businesses from the sample were found to be the following:

- ABB

- Anexinet Corporation

- AT&T
- Cavalier Telephone
- CBM Archives
- DataWorks Plus, LLC
- Decisive Business Systems
- DTN, Inc.
- Instaknow
- Lockheed Martin
- MPC Specialists
- P.C. Specialists
- Sirsi Corporation
 - Sprint
 - SPSS, Inc.
 - TIG
 - Trident
 - Vertiq Software

The contracts that the City holds or has held with the above contractors allowed the internal research group to identify past commodities the City has procured whether those commodities were for services or for technology-related products. The following list describes the commodities that were purchased during the time period covered by the sample:

- Office Automation
- Automation Software
- Wireless Phone and Service
- Intranet Quorum CRM Software
- Integrated Library System
- Statistical Software and Maintenance
- Printers
- Internet Access Service
- CME Software Annual Maintenance
- Image Archive System Software and Support
- Maintenance Data Processing Equipment
- Meteorological Forecasting Software
- Process Control System
- Case Management System (DA Office)
- Hardware/Software Maintenance and Support

Further analysis of the sample indicated the average number of responses to bids associated with IT services and products was 1.5 responses as compared to the 2.4 overall response average.

After the group had the opportunity to attend a live pre-bid meeting for a video surveillance bid, the group became interested in whether there was a relationship between the number of bids submitted and the attendance at the pre-bid meeting for a particular contract. The team assumed that there would be a positive correlation between the two events: that a higher number of vendors who attended the pre-bid meeting would result in a higher number of proposals received by the Procurement Department.

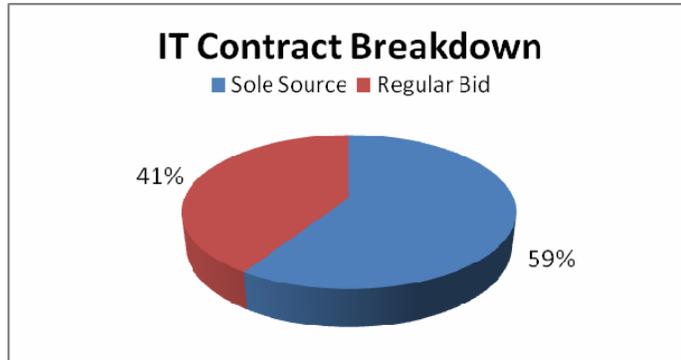
From the data, 91% of the bids did not hold pre-bid meetings, while only nine percent (9%) did have a meeting. It should be noted that if a contract is deemed sole source,² of which there were 13 (or 59%), then no pre-bid meeting is held. Additionally,

² A sole source contract implies that there is only one person or company that can provide the contractual services needed, and any attempt to obtain bids would only result in one person or company being available

during the group’s research it was found that the majority of the contracts had no evidence of a pre-bid (mandatory/non-mandatory) meeting in any supplemental documents. Because of this, we could not determine what relationship, if any, there was between attendance at a pre-bid meeting and the total number of responses for a contract.

Chart 1.1 displays the presence of IT sole source contracts against the number of non-sole sourced contracts issued during the past five fiscal years.

i. Chart 1.1

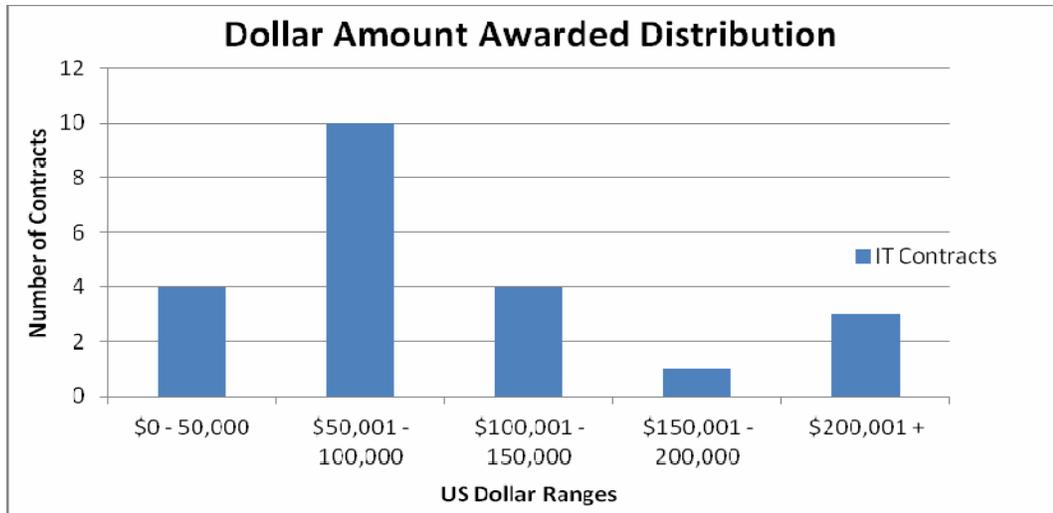


The total dollar amounts awarded for the reviewed contracts ranged from the lowest \$31,260.00 bid to the highest bid worth \$444,420.00. The award amount that appeared the most was an even \$100,000.00, while the average remained around \$123,375.00. The total amount awarded to all contracts contained in the sample size summed to a formidable \$2,714,264.91. The high total amount for the sampled contracts is a clear indication as to the high costs the City spends to satisfy its IT needs. With costs over \$2.7 million, the cost-saving recommendations contained in this report should not go unheeded; if implemented there exists a potential to save the City a significant amount of money in its procuring of IT goods and services.

Graph 1.1 displays the distribution of IT contracts to the total dollar amounts awarded during the timeframe of the sample. It should be noted that each contract award is valid for one calendar year, and most of the contracts are eligible for renewal up to three additional, individual years.

ii. Graph 1.1

to meet the need. These contracts can be negotiated much more quickly than a typical competitive contract. Also known as a “no-bid” contract.



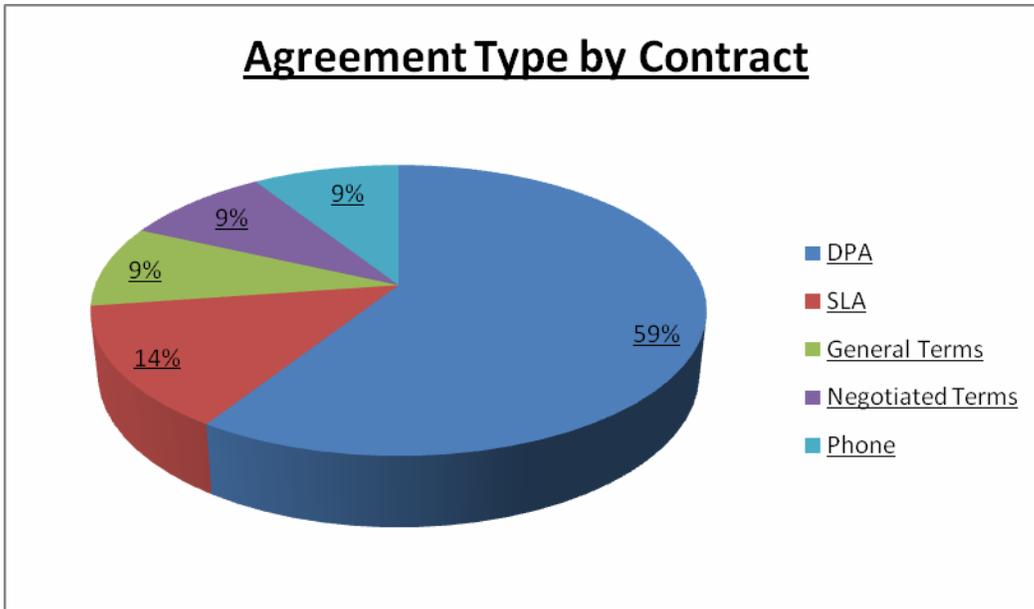
Additionally, from the 22 contracts sampled, an alarming 27% (or six contracts) had to be re-issued through the re-bid³ process. From the six re-issued contracts, only two were ultimately determined to be sole source.

Included into every contract the City enters with a vendor there is provided one of the following: general Terms and Conditions (General Terms), Negotiated Terms and Conditions (Negotiated Terms), Data Processing Agreement (DPA), Software Licensing Agreement (SLA), or a Phone and Service (Phone) contract.

These documents outline certain provisions that must be followed by the indicated party or else the contract would be legally voidable. The type of contract agreement that is included in the final contract depends chiefly on the services being provided. During the sample’s timeframe, the City included 13 DPAs, three SLAs, two General Terms, two Negotiated Terms, and two Phone into various contracts. The following breakdown of agreements is offered below in Chart 1.2.

iii. Chart 1.2

³ “Re-bidding” means that the Procurement Department, for a variety of reasons, decided to cancel the old bid and re-announce it in an effort to obtain more competition. The reasons for rebidding are many, but often involve the non-responsiveness of bidders in the first round.



C. POLICY RECOMMENDATIONS

During the course of the Internal Research team’s investigation it was decided that there are some improvements that could be made in the record keeping of historical documents pertaining to past contracts. One such improvement would be the safekeeping of the sign-in sheet that is offered to vendors that attend the mandatory or non-mandatory pre-bid meeting.

For the research team, the importance of the sign-in sheet is to help identify the relation of the number of interested contractors in a certain procurement opportunity to the actual number of vendors that respond by submitting official, sealed bids. Additionally, the sign-in sheet gives a workable database to the City’s Procurement Department that keeps track of the companies that respond to the City’s advertised IT-related contracts.

Due to the absence of the sign-in sheet for a majority of the contracts, identifying the correlation of the number of vendors at the pre-bid meeting to those that submit formal bids remains unclear. Further, once records of the pre-bid meetings are kept, the Procurement Office should follow-up with those vendors who attended the pre-bid meetings but did not bid, to find out why they didn’t ultimately bid. Better record-keeping allows for those interested in bids to be in contact with the City.

It is also advisable that the Procurement Office keep a trending history of the type of commodities most used and/or most recently used to develop relationships with vendors in those particular areas. It is essential for the City to connect with not only those contractors who submit bids, but all available businesses in the industry. This refined outreach approach will attract additional business, as well as allow the City to approach particular vendors depending on procurement needs.

In addition, the City must also work to decrease the amount of contracts that are re-bid on. Using our sample size, six of 22, or 27%, IT-related contracts in the past five years had to be re-bid. This costs the City thousands of dollars through lost working hours and provides little incentive for companies to re-bid on a contract,. Moreover, businesses must have bid bonds in place prior to contracting with the City; when a contract is required to be re-bid on, this initial bond money is essentially lost because the bid was thrown out, even if the contract was agreed to. The City must therefore work to create an organized way of tracking how often contracts are re-bid, and why, in order to minimize the total number of re-bid contracts.

V. COMPARISON OF TOP 20 U.S. CITIES

The overall goal of this sub-group was to research and collect data on how Philadelphia handles IT procurement compared with other cities of similar size. The group sought to develop and understand Philadelphia's strengths and how those strengths could be enhanced as to make Philadelphia stand out as one of the leading cities in technology procurement. How the team achieved this was by reviewing legislation involved in the process of technology related procurement, including contract terms and conditions.

Yet, reviewing Philadelphia's contract terms and conditions for procurement was not enough to fully understand how the City's procurement process functions. In order to better understand and eventually improve Philadelphia's procurement process for IT-related products, the group analyzed the top 20 most populous cities in the United States and their procurement processes (relating to IT goods and services) to see how Philadelphia fares in comparison. We created a 14-question survey to investigate applicable legislation, contract terms and conditions, the average number of bids received for IT products, and the overall contracting process as it occurs in other major municipalities across the country.

For 12 of these cities, group members were in direct contact with a procurement officer; for the remaining 7, information was collected from respective city websites and other sources.

A. PHILADELPHIA'S PROCUREMENT PROBLEMS

Our research indicates that Philadelphia's current procurement process for all IT-related products, while making improvements, is still not the most efficient or effective way to conduct business with outside contractors. However, the City and the citizens of Philadelphia must be commended for approving the November 2010 ballot questions that amended Section 8-200 of the Philadelphia Home Rule Charter. This legislative change now allows the City to move forward with electronic bidding and to expand cooperative purchasing. While this is an extremely important step, it must be emphasized that it is only a beginning to the necessary changes which should occur within City procurement operations.

B. ELECTRONIC BIDDING

Electronic bidding is an essential step that the City should implement to streamline the procurement process. Cities such as San Francisco, Charlotte, and Baltimore utilize e-bidding which allows contractors to access all available bids through the City's website. Furthermore, those contractors are able to register with the city online and submit bids electronically, while side-stepping such requirements that Philadelphia currently imposes such as submitting a hard-copy bid with wet a signature or opened in the presence of the City Controller.

According to the Home Rule Charter, City departments are allowed to use electronic bidding in lieu of hard-copy submissions; yet, the process is not operational on the procurement website. As of this time, applications, bids, and other proposals are not allowed to be submitted online. They must be submitted in writing, in ink, via mail or courier to the department.

Eight of the cities surveyed have an electronic bidding process. Amongst those cities are Baltimore, Charlotte, Chicago, Columbus, Indianapolis, Los Angeles, Memphis, and San Francisco. In particular, San Francisco's online bidding process gives vendors greater transparency on which particular bid they want from the city's database, and the bid may be placed completely electronically.

C. RULES AND PROCEDURES

The City's Terms and Conditions are very strict relating to indemnification and other risk-of-loss protections for Philadelphia. This prevents contractors from wanting to do business with the City. In addition, it is not legally permissible for the City of Philadelphia to negotiate contract terms for competitively-sealed bids, unless the contract is deemed sole source or only one bid was received. Therefore, once the bid is announced and the lowest responsible bidder is determined, the City and its chosen contractor are legally bound to all the terms within that contract.

With respect to advertising requirements, the sub-group found that a majority of the cities advertised their bids through similar intermediaries, meaning they had to be advertised in some form of public media (e.g. newspapers, public announcement). All cities included in this investigation required a minimum advertising time-period. Among those cities were New York, San Antonio, Jacksonville, Austin, Columbus and Memphis. Memphis applies a difference in advertising; for those bids between \$2,500 and \$50,000, the department advertises the contract through phone calls and mailings to companies on the city's bidder list. For contracts over \$50,000, the bid must be advertised in the local newspaper.

Another barrier for some companies is the fact that the City is only allowed to contract for one-year at a time. While the City can enter into longer-term contracts when approved by City Council, this approval can sometimes take months. However, the benefit of longer-term contracts can be many. One, companies have an assurance that the contractual engagement will be longer than a year. Although the City's contract typically have three options to renew for additional year-long terms, companies may find it more attractive to have an up-front commitment that their services will be contract for a minimum of two, three, or four years. Two, with certain bids, the companies must lay out significant investment and longer-term contract would allow them the persuade them that it would be worthwhile to commit the investment given the potential return a multiple-year contract could promise. As opposed to Philadelphia, we found that many of the other cities we researched regularly allowed three- or five-year contracts, with available one- to two-year extensions.

D. VALUE THRESHOLD FIGURE

Another problem concerning the legislation governing procurement is the dollar threshold outlining which goods must be competitively bid in a formal manner. The City of Philadelphia must follow the formal rules for competitively-sealed bidding for any contract valued at \$30,000 or higher. This is a very low benchmark compared to other municipalities of Philadelphia's size. The value threshold limit also presents issues when dealing with IT-related products because of their relatively high price. What may be considered a simple technology solution may cost more than \$30,000 and thus be required to go through the extensive bidding process.

All Texas cities surveyed (Austin, Dallas, Fort Worth, Houston, San Antonio) have the same threshold for bids. For these cities, competitive bidding must be used for any contract more than \$50,000. However, if the municipality is making an expenditure of more than \$3,000 but less than \$50,000 it can contract at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller as designated by the legislation.

E. POLICY RECOMMENDATIONS

IT-related products are unique with respect to procurement. For this reason, our recommendations focus around two major issue-areas. First, we recommend the rules and procedures for City contracting be revisited and revised. Second, we recommend the City utilize an electronic-bidding system.

Although revising the rules may necessitate further Charter changes, it is crucial to treat procurement of Information Technology differently in order to improve the amount of bids Philadelphia receives on average for IT contracts. Essentially, the City must allow for a more flexible application of the rules when contracting for IT products. Moving towards a more RFP-style approach may allow for the flexibility this field needs.

In addition, implementing a similar electronic-bidding application for Philadelphia will help to minimize time currently by contractors through in-person bid submission, decrease hours spent by City officials sifting through numerous paper documents, and increase transparency – all of which should attract great business to the City. When contractors see a city on the cutting edge of technology, they may be more inclined to foster closer working relationships with that particular City. This electronic process should also assist with eliminating the high percentage of IT-related contracts that must be re-bid, saving the City valuable time and resources.

We also recommend the City that the value threshold figure for competitively-sealed bids be increased to \$50,000 or \$100,000. This will allow for smaller and simpler IT-related goods to be acquired through reputable organizations without the more cumbersome bidding process. Within the applicable legislation, Philadelphia should move towards defining "IT-related" goods, allow longer multi-year contracts, and provide for up-front contracts lasting more than one year.

VI. COOPERATIVE PURCHASING

Ensuring the responsible provision of goods and services while keeping costs down is critical to Philadelphia's continued prosperity. For this reason, it is necessary to examine the way in which the City currently conducts business with private vendors. *Section 8-200* of the Home Rule Charter codifies the City's procurement procedures and regulations.

For one, this legislation attempts to ensure impartiality by requiring the Procurement Department to advertise all competitive bids in local newspapers and partake in a sealed bidding process. The City's competitive bidding procedures also enable market competition, which guarantees the lowest costs possible. On the other hand, the extensive and costly steps to the City's procurement procedures oftentimes make the City of Philadelphia an unattractive business partner.

As the non-partisan Committee of Seventy noted in 2010, "while well-intentioned and appropriate at the time of their writing [many of the Home Rule Charter's requirements] are unnecessarily restrictive and outdated."⁴ The Charter was amended in November 2010, streamlining several procurement processes and providing the City with an important tool – cooperative purchasing. *Section 8-200* enables the use of this procedure, as long as it would entail lower costs for the City as opposed to "the use of procedures otherwise authorized or mandated."⁵

A. WHAT IS IT?

Cooperative purchasing essentially allows a city to reap the benefits of rigorous oversight by leveraging the publicly bid process of another municipal entity. While the use of the procedure requires certification by the Finance Director and Procurement Commissioner according to *Section 8-200*, it bypasses the arduous sealed bid process. A state, county, or local government typically acts as the "lead entity" by generating a contract in accordance with its specific regulations. Thereafter, the sponsoring government agency makes the contract available to additional entities, which are then able to move forward with procurement procedures with the assurance that due diligence has occurred.

A number of regional and national organizations facilitate this process by listing current contracts offered by their member entities. Not only does this save an enormous amount of time, but members can often benefit from volume discounts offered by goods and service providers. Therefore, the City of Philadelphia would be able to save time and money by pursuing commercial relations via cooperative purchasing in the future.

⁴ Committee of Seventy, *Ballot Questions, November 2, 2010*, available at http://www.seventy.org/Elections_Ballot_Questions_November_2_2010.aspx (last visited Aug. 9, 2011).

⁵ Philadelphia Home Rule Charter § 8-200 (2010).

B. POLICY RECOMMENDATIONS

As noted by the Committee of Seventy, it is common knowledge that “the advent of the Internet, in particular, has made certain provisions in the Charter obsolete.”⁶ In the case of IT equipment and services, archaic procurement standards seriously impede the City of Philadelphia from entering the Digital Age, which only further detracts our role as a key business player. Implementing fair and responsible cooperative purchasing methods currently being developed by the Procurement Department, Law Department, and Finance Department, will allow Philadelphia to remain a significant advocate for economic growth and prosperity.

⁶ Committee of Seventy, *Ballot Questions, November 2, 2010*, available at http://www.seventy.org/Elections_Ballot_Questions_November_2_2010.aspx (last visited Aug. 9, 2011).

VII. CONCLUSION

This comprehensive final report presents the current state of affairs with respect to procurement and contract issues for IT-related goods in the City of Philadelphia. While Philadelphia does have serious impediments when procuring IT products, these issues are by no means insurmountable. The business community and the City of Philadelphia must attract greater competition and increase marketability for IT-related products to truly succeed as a world-class city for the next generation.

A viable plan for a streamlined contracting process will place this City on a practical path to success. We strongly recommend that the City take those steps deemed necessary and appropriate, as articulated above, to improve Philadelphia's IT infrastructure. Our recommendations include: improve electronic record-keeping, establish electronic bidding, change the rules and procedures governing IT-related contracts, and utilize the ability to do cooperative purchasing.

These undertakings will help Philadelphia improve its IT sourcing strategy, move the City towards more sophisticated and efficient IT solutions, and increase marketability to IT companies.

Respectfully submitted,

Trevor Day
GROUP LEADER

Tara Mohr
GROUP LEADER

Matthew Gabalawi
Jasmine Gibson
GROUP MEMBERS

Nadia Man
Ryan McCarthy
GROUP MEMBERS

Caroline Picher
Andrew Rein
GROUP MEMBERS

Jonathan Ritchie
Jonah Stern
GROUP MEMBERS

Ashley Thayer
Briana Wilkins
GROUP MEMBERS

Dan Worthington
Stephanie Yoon

GROUP MEMBERS

APPENDIX A:
SECTION 8-200 OF THE PHILADELPHIA HOME RULE CHARTER

§ 8-200. Contracts.

(1) Except in the purchase of unique articles or articles which for any other reason cannot be obtained in the open market, competitive bids shall be secured before any purchase, by contract or other-wise, is made or before any contract is awarded for construction, alterations, repairs or maintenance or for rendering any services to the City other than professional services and the purchase shall be made from or the contract shall be awarded to the lowest responsible bidder; provided, however, that City Council may, by ordinance, prescribe bid preferences for businesses located in or doing business in Philadelphia, and provided further that Council may, by ordinance, regulate the process by which purchases and contracts not subject to the lowest responsible bidder requirement of this paragraph are awarded, and may require that contracts with agencies (as that term is defined in subsection [6-400\(c\)](#) of this Charter) or with other entities include provisions obligating such agencies or entities to comply with any process established by Council under the authority of this subsection, except that such regulations may not require Council authorization of a contract unless Council authorization is required by some other provision of this Charter. [78](#)

(2) Except as authorized by Section [8-200\(4\)](#), if any purchase or contract for which competitive bidding is required involves an expenditure of more than twenty-five thousand (\$25,000) dollars, which amount shall be adjusted every five (5) fiscal years as rounded to the nearest one thousand (\$1,000) dollars to reflect the percentage change in the most recently published Consumer Price Index for All Urban Consumers (CPI-U) All Items Index, Philadelphia, Pennsylvania, United States Department of Labor, Bureau of Labor Statistics, the following procedure shall be applicable: [79](#)

(a) The Procurement Department shall advertise for sealed bids (which may include, at the discretion of the Department, electronic submission of bids, so long as appropriate safeguards are in place to protect against premature disclosure) at least once a week for two weeks in one of the three newspapers having the largest paid circulation in the City and in such other newspapers as it deems necessary. Council may by ordinance adopted by a vote of two-thirds of all of its members specify different or additional methods by which the Department shall provide notice of contracts available for bids, in accordance with applicable law. Any such ordinance may include a requirement that notice be posted on the City's official website. The Department shall require bid security in an appropriate form and amount which shall be stated in the specifications to accompany all bids unless a bidder has filed an annual bid bond in excess of such amount. [80](#)

(b) After the time specified for bid closing, bids shall publicly be opened and tabulated in the presence of a representative of the City Controller. At its discretion, and in lieu of sealed bids, the Department may provide for competitive electronic auction bidding under which (i) bids are submitted electronically at the time and in the manner

designated in the invitation to bid; (ii) during the auction, only such information regarding the prices bid as the Department determines is likely to result in the lowest price to the City is disclosed to other bidders; (iii) bidders have the opportunity to reduce their prices during the auction; and (iv) at the conclusion of the auction, the name of each bidder and the lowest price it submitted are made available for public inspection. Whether or not the Department utilizes competitive electronic auction bidding, the Department may reject all bids if it shall deem it in the interest of the City so to do. Otherwise the contract shall be awarded to the lowest responsible bidder.

(c) Within ten days after the award of a contract, the successful bidder shall furnish such performance security and, where appropriate, payment security, as the Department may require, containing such terms as the Department and the City Solicitor shall require.

(d) The contract shall be in writing and shall be executed in behalf of the City by the Procurement Department but only after it has been approved as to form by the City Solicitor and as to availability of funds under the budget and appropriations by the City Controller and the Director of Finance. The Department may permit the contract to be executed electronically, in a manner approved by the Law Department. The contract shall contain a provision that in the performance of the contract the contractor will not discriminate nor permit discrimination against any person because of race, color, religion, ancestry, national origin, sex, gender identity, sexual orientation, age or disability. [81](#)

(e) The Procurement Department may in its discretion, permit a bidder to file an annual bond, or other security acceptable to the Department, to cover bids that may be made by, or the performance of contracts that may be awarded to, such bidder during an annual period. Such security shall be in such an amount as the Department may determine and may be increased from time to time, as the Department may require, in order to keep it commensurate with the bids made or contracts awarded during the annual period.

(3) Contracts may be made for the leasing of real estate and for personal property to be supplied or services to be rendered over a period of more than one year only when permitted by ordinance. Otherwise no contract shall be binding upon the City unless there is an appropriation available for its payment. When the term of a contract exceeds four years, there shall be inserted a clause reserving to the City the right to terminate it at the option of the City at any time after the expiration of four years without liability to the other party for damages or loss of profits which would have been realized had the contract not been terminated. The limitations of this paragraph shall not apply to any contract entered into between the City and any authority.

(4) In lieu of compliance with Section [8-200\(1\)](#) and [8-200\(2\)](#), the Procurement Department may participate in a cooperative arrangement with the procurement office of any public agency for the joint procurement of any services, supplies, equipment or construction, or may utilize contracts of a public agency, upon certification by the Procurement Commissioner and the Director of Finance that the use of such an

arrangement or contract is very likely to result in a lower total cost to the City than the use of procurement procedures otherwise authorized or mandated for such a procurement by this section and the basis for such determination; and that the public agency conducts the procurement pursuant to its own standard procedures in such a manner as to invite competition, guard against favoritism and corruption, and secure the lowest practicable price. The resulting City contract shall comply with all otherwise applicable ordinances, except and to the extent the Commissioner, after consultation with the Law Department, certifies that compliance is impracticable; and that entry into the contract, as opposed to a contract under Subsection (2) of this section, is unlikely to have a material impact on the City's ability to meet Annual Participation Goals established pursuant to Section [6-109\(b\)](#). For purposes of this subsection, "public agency" shall mean any federal, State, or municipal government agency or any authority, school district or public college or university, or any consortium of such entities. Certifications required by this subsection shall be within the sole discretion of the designated officers and shall not be subject to further review. Nothing in this Subsection (4) is intended to apply to the making of any professional services contract. [82](#)

**APPENDIX B:
INTERNAL RESEARCH DOCUMENTS**

Contract Reference Sheet*

** All files provided by the Procurement
Department*

Bid #	Vendor Name	Contract#	Commodity#	Bid Title
S6Z51710	TIG	060178	42710	Office Automation
	Decisive Business System	060179	42710	Office Automation
	MPC Gateway	060185	42710	Office Automation
S8XY839S	Instaknow Inc.	080323	21610	Automation Suite Software
S8OM766S	Anexinet Corp.	080332	26610	Case Mgt. System for the DA's Office
S6Z51710	Decisive business systems	060179	28210	Office Automation
	MPC/Gateway	060185	28210	Office Automation
S9VT3490	DTN Inc	090128	20910	Meteorological Forecasting Software
T9WZ6550	ABB (cancelled)	090144	26610	PROCESS CONTROL SYSTEM
S9Z5465S	Data Works Plus LLC	090192	26610	Hardware/Software maintenance
U9WZ655S	ABB	090412	26610	PROCESS CONTROL SYSTEM
U0Z56240	P.C. Specialists	100269	42710	Office Automation
T9WJ753S	Sirsi Dynix	100312	26610	INTEGRATED LIBRARY SYSTEM
S0Z56240	Decisive Business System	100179	42710	Office Automation - Printers
T0Z54940	Sprint	100164	20940	Wireless Phone Equipment and Service
	AT & T	100163	20940	Wireless Phone Equipment and Service
S0XZ140S	Lockheed Martin	100169	21610	Intranet Quorum (IQ) CRM Software
S9KQ656S	SPSS Inc	090432	21610	SPSS Software & Maintenance
T1Z56750	Trident Comp. Res	110112	26610	Data Processing Equipment Maintenance
S1QM224S	CBM Archives	110098	21610	Image Archive System Software
S1XR721S	Vertiq Software	110022	21610	CME Software Annual Maintenance
U0Z56240	TIG	100269	42710	Office Automation
S1VZ6000	Cavalier Telephone	110097	20910	Internet Access Service

APPENDIX C:
PROCUREMENT SURVEY QUESTIONS

1. Can you describe the rules and/or procedures required when procuring information technology?
 - a. Do rules/procedures differ if you are procuring equipment, software, or services? If so, in what ways?
 - b. Do rules/procedures differ if the procurement is over a certain dollar threshold?
2. What local or state legislation governs your procurement process?
3. Do you have an electronic bidding or procurement process?
 - a. Can businesses submit applications/bids/proposals online?
 - b. If not, how are they submitted?
4. Do you require businesses to be registered with your department or system before submitting an application/bid/proposal?
 - a. Is the registration online?
 - b. Is it free?
 - c. Are there any other requirements of registration worth mentioning?
5. How do businesses find out about contracting opportunities with your city?
 - a. Do you notify or alert businesses about contract opportunities in which they may be interested? If so, how do you notify them?
 - b. Are you required to, or do you, advertise bids/RFPs in local newspapers or other media?
6. Are you required to advertise a bid/RFP for a minimum length of time?
 - a. How long, on average, do you advertise bids? Does this differ if the bid/RFP is IT-related?
7. What is the average number of applicants/bidders you receive per bid? Does this differ if the bid/RFP is IT-related?
8. How do interested parties apply or submit their bids? Is it online or in hard copy?
9. Are there any specific requirements for bidding/applying, such as bid processing fees, bid securities, bonds (e.g. performance, security), insurance requirements, line of credit?
10. Can you send us a copy of your contract terms? Do you have terms that are specific to information technology contracts?
 - a. Is it legally permissible to negotiate contract terms for your IT-related contracts?

- b. If so, do you do so on a regular basis?
 - c. Are there any particular terms to which IT businesses tend to object or want to negotiate?
- 11. What is the average term (i.e. length) of your contracts? Does this differ if the bid/RFP is IT-related?
 - a. Is it legally permissible for your city to enter into multi-year contracts?
- 12. Do you have any difficulty with procuring IT-related goods or services?
 - a. If so, what do you see as the possible problems?
- 13. Do you get a good response from information technology bids?
- 14. Do you have the ability to do cooperative purchasing?
 - a. If so, can and do you attach your own terms and conditions onto a contract?

APPENDIX D:
PHILADELPHIA PROCUREMENT SURVEY

1. Can you describe the rules and/or procedures required when procuring information technology?
 - a. Do rules/procedures differ if you are procuring equipment, software, or services? If so, in what ways?
 - b. Do rules/procedures differ if the procurement is over a certain dollar threshold?

Answer: Typically, for goods, software and some services, the City of Philadelphia has to follow competitive bidding rules (sealed bid, contract goes to the lowest responsible bidder). Some IT services can be procured under non-competitively bid contracts (i.e. cost and responsiveness/responsibility are not the sole reasons for award). The legislation found in the Home Rule Charter does not lay out any specifically different rules or procedures for procuring information technology. There are separate terms and conditions for contracts found in the Data Processing Agreement. There are different rules for contracts for \$30,000 or less.

2. What local or state legislation governs your procurement process?

Answer: Philadelphia's competitively-sealed bidding procurement process is governed by the Home Rule Charter, Section 8-200.

3. Do you have an electronic bidding or procurement process?
 - a. Can businesses submit applications/bids/proposals online?
 - b. If not, how are they submitted?

Answer: According to the Home Rule Charter, Departments are allowed to use electronic bidding in lieu of sealed bids at their discretion yet the process is not currently running on the procurement website. Currently applications/bids/proposals are not allowed to be submitted online. They must be submitted in writing, in ink, via mail or courier to the department.

4. Do you require businesses to be registered with your department or system before submitting an application/bid/proposal?
 - a. Is the registration online?
 - b. Is it free?
 - c. Are there any other requirements of registration worth mentioning?

Answer: Businesses do not need to be registered in order to Bid. In order to be placed on the Bid Announcement List, vendors must complete a Bid Announcement List application. Once the application has been completed, vendors will be placed on the list and will receive bid and/or proposal notices and information on how to obtain a bid in those commodity groups (categories for

which they have registered). This application is found on the City's website but must be mailed or faxed in order to be processed. The Bid Announcement List application is free. The application also alerts potential vendors to registering with the Office of Economic Opportunity as well as the Local Business Entity registration. These are not required but are suggested as they will make vendors more attractive as potential contractors.

5. How do businesses find out about contracting opportunities with your city?
 - a. Do you notify or alert businesses about contract opportunities in which they may be interested? If so, how do you notify them?
 - b. Are you required to, or do you, advertise bids/RFPs in local newspapers or other media?

Answer: Businesses can find out about contracting opportunities with the City of Philadelphia by registering to be on the Bid Announcement List which is a direct mailing list. This allows businesses to receive notices for bids/proposals. These notices are only sent out to vendors who have indicated that particular bid as an area of interest. Bids are also advertised online and in local newspapers. As deemed by the Home Rule Charter, bids must be advertised in one of the three largest newspapers having the largest paid circulation in the city.

6. Are you required to advertise a bid/RFP for a minimum length of time?
 - a. How long, on average, do you advertise bids? Does this differ if the bid/RFP is IT-related?

Answer: The City of Philadelphia is required to advertise bids in one of the three largest newspapers having the largest paid circulation in the city at least once a week for two weeks. The average number of bidders received per bid is 2.4 for all competitively-sealed bids.

7. What is the average number of applicants/bidders you receive per bid? Does this differ if the bid/RFP is IT-related?

Answer: 2.4 bids on average. This number does edge upward if it is a RFP.

8. How do interested parties apply or submit their bids? Is it online or in hard copy?

Answer: There is no online option available; all bids must be submitted by hard copy.

9. Are there any specific requirements for bidding/applying, such as bid processing fees, bid securities, bonds (e.g. performance, security), insurance requirements, line of credit?

Answer: Each bidder must supply a bid security fee for any bid over \$30,000. The Master Bid Security Program covers bids between \$30,000 and \$500,000. The program allows those enrolled to have their bid security covered for anywhere between one or two fiscal years. For bids over \$500,000 and those who are not

enrolled in the program, bidders can submit a check or bond for the amount listed in the Invitation and Bid. If the amount of the contract is greater than \$30,000 but less than \$500,000 the successful bidder is required to participate in the City's Master Performance Security Program by paying to the City a non-refundable fee of \$5.00 per thousand dollars of the contract amount for firm limit contracts and \$4.00 per thousand dollars of the contract amount for requirements contracts, or as otherwise specified in the Invitation and Bid. Bid security requirements and fees vary but the bond forms, applicable document preparation fee and certificate of insurance must be returned within 10 days after receipt of the bond form, or the vendor may lose the award.

10. Can you send us a copy of your contract terms? Do you have terms that are specific to information technology contracts?
 - a. Is it legally permissible to negotiate contract terms for your IT-related contracts?
 - b. If so, do you do so on a regular basis?
 - c. Are there any particular terms to which IT businesses tend to object or want to negotiate?

Answer: There are terms that are specific to information technology contracts. These terms are laid out in the Data Processing Agreement which specifically refers to information technology equipment and software.

Answer: It is not legally permissible for the City of Philadelphia to negotiate contract terms for competitively-sealed bids unless the contract is deemed sole source or unless only a single bidder is received. We perceive that some vendors have objections to requirements such as insurance, indemnification, limitation of liability, performance bonds/securities, and other requirements.

11. What is the average term (i.e. length) of your contracts? Does this differ if the bid/RFP is IT-related?
 - a. Is it legally permissible for your city to enter into multi-year contracts?

Answer: One year. It is legally permissible to enter into multi-year contracts, but this requires approval by City Council.

12. Do you have any difficulty with procuring IT-related goods or services?
 - a. If so, what do you see as the possible problems?

Answer: It is extremely difficult to procure IT-related goods for a variety of reasons. First, the procurement process moves slowly and it is important to procure information technology goods quickly because technology changes rapidly. Also, there is really no clear avenue for purchasing these specific goods in the City of Philadelphia's rules and procedures.

13. Do you get a good response from information technology bids?

Answer: No, on average we receive 2.4 bids for all Invitations and Bids.

14. Do you have the ability to do cooperative purchasing?
 - a. If so, can and do you attach your own terms and conditions onto a contract?

Answer: The City does have the ability to do cooperative purchasing. The legislation is found in the Home Rule Charter, Section 8-200, Number 4. The legislation does not state that the City is able to attach our own terms and conditions onto a contract. The legislative amendment that broadens our ability to purchase cooperatively was only recently passed in late 2010 so the City has little experience in this area.

**APPENDIX E:
CITY SURVEY RESPONSES**

	New York	Los Angeles	Chicago	San Antonio
Question 1	<p>Purchasing in New York is done by the New York Economic Development Corporation (NYCEDC). The body that oversees the rules and regulations is the Procurement Policy Board (PPB). Any contract that is over \$5000 is bid out. For each bid there must be a minimum of 3 bids and a maximum of 5. The lowest bid typically gets the contract. Sole source is used when there is only 1 company that can provide the services or software needed.</p>	<p>Competitive bidding is the primary method for obtaining solicitations. In general, solicitations will be requested through a document called a Request for Bid (RFB), Request for Proposal (RFP), or Request for Qualifications (RFQ). Interested businesses should respond to the document by following the instructions detailed therein. Many City contracts will include opportunities for businesses to work as prime contractors (i.e., contracting directly with the City) or as subcontractors (i.e., contracting directly with the prime or another subcontractor to perform a distinct portion of the contract). Subcontracts enable smaller firms to participate in large City contracts such as construction projects.</p>	<p>The Contract Administration is responsible for managing the contracting process for the City of Chicago. Once a City Department identifies and defines a need, it is brought to DPS to procure the needed goods or services.</p> <p>The City of Chicago buys from any technically and financially responsible business entity, and practices equal opportunity/affirmative action in all areas of the marketplace. The Department of Procurement Services is specifically targeted to manufacturers, dealers, sales agents, and any technically and financially responsible businesses.</p>	

Question 1-a	Rules do not differ for procuring equipment, software or services.	No	No	No
Question 1-b	Over \$5000, there must be a bid.	Anything over \$100K must be bid on	<p>Formal Competitive. Contracts with a value of greater than \$100,000 must be let by free and open competitive sealed bidding or competitive negotiation after public advertisement. Any financially responsible company can bid on a contract.</p> <p>Informal Competitive. Contracts valued at less than \$100,000 are solicited by mail, fax and/or web posting. Bid Solicitations are made without public advertisement. They are subject to the same terms and conditions as Formal Solicitations. Any financially responsible company can bid on a contract.</p> <p>Non-Competitive Procurement. Per the Illinois Municipal Purchasing Act 65 ILCS 5/8-10-4, non-competitive</p>	Yes. No competition required under \$3,000. Informal competition required when contract is between \$3,000 and \$50,000. Formal competition required over \$50,000.

			<p>procurement is a method to procure goods and services which by their nature are not adapted to competitive bidding as specified in the Illinois Municipal Purchasing Act. A non-competitive procurement can be for, but not limited to, patent or copyright restrictions; exclusive or unique capabilities; highly specialized skill, qualifications or technical expertise; or single source.</p> <p>Emergency. Per the Chicago Municipal Code and Illinois Municipal Purchasing Act, Chapter 65, Section 5/8-10, emergency contracts that are awarded to meet a bona fide City emergency need, and do not exceed \$250,000, are solicited without public advertisement or competitive bidding.</p>	
<p>Question 2</p>	<p>Chapter 13 of the Charter of the City of New York is the legislation that governs NYC procurement.</p>		<p>The Municipal Purchasing Act, 65 ILCS 5/8--10-1, et seq.</p> <p>The Municipal Code of Chicago, Chapter 2-92</p> <p>The McLaughlin Ordinance, Sections 2--92--</p>	<p>Texas Local Government Codes 252 and 271. Texas Government Code 2254</p>

			330 and 2--92—390 The Chicago Residency Ordinance, Sections 2--92--330	
Question 3	There is no electronic bidding process.	Yes	Yes	No
Question 3-a	Businesses do not submit applications/bids/proposals online.	Yes – 16/17 documents are required for bids; these can be filed once, annually, and remain effective through the year.	Yes	San Antonio has an eProcurement site that they are setting up and businesses can register to be a part of it, but it cannot currently be used to submit bids online.
Question 3-b	They are submitted via regular mail.	Can do hardcopy, but City is moving towards this as the only way to submit bids (online)	Can submit in hardcopy	Bids can either be submitted by mail or in person
Question 4	Businesses do not have to be registered to submit and application/bid/proposal.	Not as of now, but over 35,000 businesses are registered with the city. Will become mandatory.	As of now, not required to register. However, once fully moved to e-procurement, will be required to register first	There is a required online vendor registration and also registration for the new e-procurement system that they are creating
Question 4-a	Yes, there is an online registration service.	Yes	Yes	Registration is only available online

Question 4-b		Yes	Yes	NO fee is mentioned, although one may exist
Question 4-c		-	A certificate of filing and insurance certificate is usually required for bid submission	No
Question 5	Businesses find out about contract opportunities via email, references, calls and the website mainly.	All City opportunities greater than \$100,000 are posted on www.labavn.org	All bid opportunities are posted on City website	According to Texas Local Government Code, the city must advertise the important information involved in a bid, including a description of the work, the location at which the bidding documents, plans, specifications, or other data may be examined by all bidders, and the time and place for submitting bids and the time and place the bids will be opened.
Question 5-a	Businesses are notified about contracts verbally or through email. Whoever is running IT will reach out to vendors.	Yes. Also, if aware of company not in City database, they are asked to register	Companies can receive alerts for upcoming openings; must follow instructions in RFP or RFQ. Most companies also bookmark website.	Yes, companies are notified through newspaper advertisements and through a list of open proposals that is kept on the procurement website.
Question 5-b	There is no requirement to advertise IT bids/RFP's in any form of media. Other bids are required to do so. "IT bids are totally different	Yes	Must be in the <i>Tribune</i> or <i>Sun Times</i> (more typical than <i>Tribune</i> because ad space is cheaper)	As required by Texas State law, San Antonio must publish advertised bids in a newspaper published by the municipality or posted at City Hall if there is no such newspaper.

	than regular RFP's."			
Question 6	IT contracts can be bid for 3-4 months depending on the project.		Yes, required by law for a minimum of 10 days.	Advertisements must be published for at least once a week for 2 consecutive weeks. If posted at City Hall, they must be posted for 14 days before the date set to publicly open the bids and read them aloud
Question 6-a	The average number of bids is 3-5.		Generally at least 10 days.	
Question 7	There are insurance requirements for bidding/applying. There are no bid fees	At a minimum 3. For some IT-related bids, 30-40.	Minimum of 3. RFQ/RFP generally receive at least 40.	
Question 8	When I asked if the the person in the DOT that I was talking to could email me a copy of their contract terms, she said that she was unsure if she was legally allowed to and would have to check with legal.	Online	Online	
Question 9	It is legally permissible to negotiate contract terms for IT contracts. 9-a. - It is not done on a regular basis. 9-b.	Bonding is required for certain construction projects. Insurance requirements apply to proprietary	There are insurance requirements	In order to protect the interests of San Antonio taxpayers, the City may require surety bonds on bids and contracts depending on the dollar amount and

	- Generally there are not particular terms to which IT businesses tend to object to. If there was one, it would be the payment terms.	departments.		risk involved. In particular, payment and performance bonds may be required for public works contracts which are defined as the construction, alteration, or repair of any public building or completion of any public work. Bonding requirements for public works contracts are dependent upon the dollar amount of the resultant contract
Question 10	NYC does not have any trouble procuring IT related goods or services.	There are standard contract forms and terms.	For software/hardware, standard references for contract terms and conditions	
Question 10-a	N/A	Yes	The City of Chicago negotiates IT terms and conditions which are not related to City ordinance, state statute or federal regulations which are legal requirements and non-negotiable.	
Question 10-b		No	Most companies seek to negotiate limits of liability language for a cap, indemnification, insurance, document ownership rights (intellectual property vs. work product), software license terms, warranty,	

			source code rights, etc.	
Question 10-c		No	No	
Question 11	Yes, they receive the required amount.	3 years	3 years, with 1- to 2-year extensions automatically available. The longer the contract, the more favorable the pricing. Wireless and cellular related contracts are generally for 10 years (5 + 5-yr extension).	
Question 11-a		Yes	Yes	
Question 12		No	No	
Question 12-a		-	-	
Question 13		Yes. Depending on the product/service, sometimes over 25-30.	Yes. Generally receiving at least 3 is not an issue.	

Question 14		Yes	Yes	
Question 14-a		Case-by-case basis.	Typically depends on other gov't agencies. Law requires front-end solicitation. Must have own purchase order, but Chief Procurement Officer can allow piggybacking.	

	Jacksonville	Indianapolis	San Francisco	Austin	Columbus
Question 1	Competitive, sealed bid awarded to the lowest responsive, responsible bidder.	All procurements are governed by Indiana Code 5.22 and the policies of the City.	Articles and services must comply with applicable laws, ordinances and other legal requirements, including (among others) the Cal-OSHA regulations in Title 8 of the Code of Regulations and, for electrical products, Sections 110.2 and 110.3 (B) of the S.F. Electrical Code. In addition, if an electrical item has not been tested by a lab approved by City’s Department of Building Inspection (DBI) or Department of Public Works (DPW), Contractor shall notify the requesting department before delivery by writing the department at the “Deliver to” address on the front of the Purchase Order.	Texas local government defines "high technology procurement" as the procurement of equipment, goods, or services of a highly technical nature, including: data processing equipment and software used in conjunction with data processing equipment, telecommunications equipment and radio microwave systems, electronic distributed control systems, and technical services related to those items. It states in Subchapter B Sec. 252.021 of Texas Local Government Ch. 252 that a municipality (Austin) may use the competitive sealed proposal procedure for the purchase of goods or services, including high technology items.	Information technology is procured through sealed, competitive bids.

<p>Question 1-a</p>	<p>n/a</p>	<p>Equipment must be competed, services do not</p>	<p>Any department or other entity ordering Commodities or</p> <p>Services through the Computer Technology Store shall pay an administrative fee of up to one</p> <p>and nine tenths*9-percent 0.9% 1 of the total purchase price of Commodities and Services</p> <p>4 purchased through the Computer Technology Store. Such administrative fee shall be used</p> <p>5 solely to pay the City's teF-actual costs of administering the ComputeY Technology Store contrac~</p> <p>6 for the benefit of City departments.</p>		<p>No.</p>
<p>Question 1-b</p>	<p>n/a</p>	<p>Equipment must be competed, services do not</p>	<p>Any department or other entity ordering Commodities or</p> <p>Services through the</p>	<p>Competitive bidding must be used for any contract that requires an expenditure of more than \$50,000. However, if the municipality is making an expenditure of more than</p>	<p>The only real difference concerning dollar threshold is the specifications are advertised for a longer period. Bids estimated at <\$20,000 are</p>

			Technology Store shall pay an administrative fee of up to one and nine tenths*9-percent 0.9% 1 of the total purchase price of Commodities and Services purchased through the Computer Technology Store. Such administrative fee shall be used solely to pay the City's -actual costs of administering the Technology Store contract for the benefit of City departments.	\$3,000 but less than \$50,000 it shall contract at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller as designated by the legislation.	submitted online. Bids estimated at >\$20,000 are submitted by mail. This is a policy not legislation.
Question 2	Jacksonville, Florida Code of Ordinances, Title V, Ch. 126 - Procurement Code	Indiana Code 5.22 & for Public Works projects it is Indiana Code 36	Ordinance amending Administrative Code Chapters 21 and 21C to conform Purchasing requirements to Administrative Code Chapter 14B.	Texas Local Government Codes 252 and 271. Texas Government Code 2254	Section 329 of Columbus City Code. Columbus is a "home rule city"
Question 3	n/a	Yes.	yes.	No	Yes
Question 3-a	n/a	No	Yes.	According to the Local Government Code Ch. 252, a municipality is allowed to receive bids or proposals through electronic transmission as long as those electronic bids or	Vendors can submit applications/bids/proposals online for informal bids at vendorservices.columbus.gov

				proposals are not required to be sealed. A provision of this charter that applies to a sealed bid or proposal applies to a bid or proposal received through electronic transmission.	
Question 3-b		Bids are submitted by mail or in person		While the legislation for the state of Texas allows for electronic bidding, it states in Austin's Solicitation instructions that offers that are not submitted in a sealed envelope or container will not be considered.	Formal bids are advertised at vendorservices.columbus.gov but must be submitted by mail or delivery to the appropriate City location.
Question 4		No	no	On the City of Austin's Solicitation Instructions it states that all vendors, contractors, subcontractors, consultants, and subconsultants desiring to sell to the City must be registered to do business with the City prior to submitting an offer to a City solicitation.	They must be registered to submit a bid online. In order to submit a formal bid, you do not have to be registered yet you must be registered in order to receive a contract with the City.
Question 4-a		Application is available online but not able to submit online	Yes, the application is online and can be submitted online.	Registration can be done through the City's on-line vendor registration system.	Registration is online.
Question 4-b		Yes	yes.	I do not know if it is free but it does not state anywhere that there is a fee.	Registration is free.
Question 4-c		No	no	n/a	Registration also meets the IRS requirement for collecting the W-9

<p>Question 5</p>		<p>If registered they get an e-mail notice if contract is in their commodity or category. Also, bids and Requests for Proposals are advertised in the local papers.</p>	<p>Businesses are notified about bids through the "Bids & Contracts" database.</p>	<p>The governmental agency must advertise for bids. The advertisement must include a notice that describes the work, states the location at which the bidding documents, plans, specifications, or other data may be examined by all bidders, and states the time and place for submitting bids and the time and place the bids will be opened.</p>	<p>Bids are advertised on vendorservices.columbus.gov</p>
<p>Question 5-a</p>		<p>Email</p>		<p>Businesses that are registered are notified of potential bids. The governmental entity must mail a notice containing information required to any organization that: requests in advance that notices be sent to it; agrees in writing to pay the actual cost of mailing the notice; and certifies that it circulates notices for bids to the construction trade in general.</p>	<p>Businesses may register under any commodity code(s) they wish. When a bid is posted in that commodity code, an email is automatically sent out to all companies registered under that code informing them of the bid opportunity.</p>
<p>Question 5-b</p>	<p>They must, at a minimum, publish the solicitation of formal purchases in a newspaper of general circulation in the City.</p>	<p>We are required to notify at least three vendors known to do business in the line or class of commodity and we also advertise in the local papers</p>	<p>All bids of \$50,000 or more are advertised in the local official newspaper. The City's official newspapers are subject to change annually. Also, it is not required but the database is transformed into a newsletter once a</p>	<p>As required by law, the City of Austin must publish advertised bids in a newspaper published by the municipality or posted at City Hall.</p>	<p>No they do not advertise bids/RFPs in local newspapers or other media.</p>

			<p>week. It</p> <p>is also available by paid subscription (currently \$72 per year)</p> <p>to all other vendors.</p>		
Question 6	<p>A minimum of 21 calendar days prior to the opening of the bid and no less than 5 days prior to a scheduled pre-bid or pre-proposal conference</p>	<p>Yes</p>	<p>All bids of \$50,000 or more are advertised in the local official newspaper. The City's official newspapers are subject to change annually.</p>	<p>Advertisements must be published for at least once a week for 2 consecutive weeks. If posted at City Hall, they must be posted for 14 days before the date set to publicly open the bids and read them aloud.</p>	<p>Most bids are advertised for at least 24 hours online. Bids estimated at >\$20,000 must allow a minimum of 7 days.</p>
Question 6-a		<p>We are required to advertise twice, seven days apart with the bid opening no less than 7 days after the second advertisement. No difference for IT related items</p>	<p>Prices must be firm for the period specified, from as short as ninety (90) days to as long as two (2) years. For a contract that could extend over several years, prices can change yearly.</p>		<p>72-120 hours for most bids. Estimated >\$20,000: fourteen to thirty days depending on content.</p>
Question 7		<p>Five. No difference for IT related bids.</p>			<p>Most commodity areas average 6 bidders. IT commodity areas average closer to 20 bidders.</p>

Question 8		Hard copy	They are available online within the "How to do business with the City and County of San Francisco" and on the American Legal Publishing Online Library.	A governmental agency shall accept any bids or proposals under subchapter A. Sec. 271.0065 in hard-copy format. Offerors are required to submit an executed original and copies of the Offer as specified in the solicitation. They must be returned in a sealed envelope or container marked on the outside with the Offeror's name and address, Solicitation number, due date and time.	Online for informal bids. Hard copy for formal bids.
Question 9		For some bids there are requirements as outlined in the question but not for all.		All costs associated with preparing a bid in response to a solicitation shall be borne by the bidder. A bid/proposal/response guaranty and/or bond must be submitted with a Power of Attorney attached when required by a solicitation.	Depends on the contract: no bid processing fees, bid securities perhaps but rarely, performance bonds on some projects, insurance requirements if the contract will require it.
Question 10		Copy attached		Only have Solicitation Instructions downloaded from the City of Austin's website.	Standard terms are available at vendorservices.columbus.gov
Question 10-a		Only for RFP's and service contracts that are not bid	n/a	In the City's Solicitation Instructions it states that the City reserves the right to negotiate all elements which comprise a proposal to ensure that the best possible consideration be afforded to all concerned.	All negotiations required approval from City Council.

Question 10-b		Yes		n/a	Rarely, less than 1% of contracts.
Question 10-c		No		n/a	Depends on the commodity area.
Question 11			n/a	n/a	Average length of contract terms are two years. It does not differ if the contract is IT related.
Question 11-a		Average is one year contracts but some are as many as four years.		n/a	Yes
Question 12		No	yes.	n/a	Yes, at times.
Question 12-a		Yes, generally			Technology providers often don't understand that their products can be assessed through a competitive process. They sometimes believe that their products can't be compared to anything else and therefore must simply be selected outside of a competitive situation.
Question 13		Yes			Yes for most commodity areas.

<p>Question 14</p>		<p>Yes</p>	<p>The legislation governing cooperative purchasing is located in subchapter F of the Texas Local Government Code Ch. 271. It states that a local government may participate in a cooperative purchasing program with another local government or a local cooperative organization. The government that is participating in a cooperative purchasing program may sign an agreement with either another participating local government/local cooperative organization or directly to a vendor under a contract made under this subchapter; and be responsible for a vendor's compliance with provisions relating to the quality of items and terms of delivery, to the extent provided in the agreement between the participating government or organization. In subchapter Z, Sec. 271.902 the legislation states that if a member of the governing body or an appointed board or commission of a municipality or county belongs to a cooperative association, the municipality or county may purchase equipment or supplies from the association only if no member of the governing body, board, or commission will receive a pecuniary benefit from the purchases, other than as reflected in an increase in dividends distributed</p>	<p>Yes</p>
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				generally to members of the association.	
Question 14-a					We haven't usually. If we were to do that, it would then be a negotiated contract and we would need bid waiver authorization from City Council.

	Fort Worth	Charlotte	Memphis	Baltimore
Question 1		All technology procurements valued at \$10,000 or more must be reviewed and approved by the Technology Proposal Evaluation Team (TPET), as governed by the Policy Management (PMT) and Technology Management (TMT) Teams.		
Question 1-a	Rules are not different when procuring IT. Recent changes to state relaxes requirement to use competitive bids (meaning, they can do RFPs when justifiable and factor other substantive concerns in addition to cost when awarding).	Yes. The purchase of commodities (i.e. tangible goods, equipment, apparatus, and materials) and software are governed by the state statutes and require a competitive bid/solicitation process according to the dollar amount. Services are not covered by the State Statutes, but the City of Charlotte does require a Request for Proposals (RFP) process instead of an ITB. The RFP allows more flexibility in the selection criteria and can be awarded based on factors other than low bid.	There are different rules when it comes to procuring equipment, software and services.	Same rules apply when procuring IT. Rules only differ when it's sole source. Also have ability to do an RFP where technical scoring is combined with price and awarded based on the combined scoring.
Question 1-b	Yes. No competition required under \$3,000. Informal competition required when contract is between \$3,000 and \$50,000. Formal competition required over \$50,000.	Commodity purchases greater than \$10,000 but less than \$100,000 requires multiple informal quotes. Purchases of \$100,000 or more must be formally solicited using a sealed bid (Invitation to Bid) process. Contracts are awarded to the lowest,	0-\$2500 is at the discretion of the department. 2500 - \$50,000 by telephone and written bids mailed to firms listed on city bidder list. \$50,000 and up by written bids advertised in the Daily News.	Informal bidding under \$50,000 and formal bidding over \$50,000

		responsible, responsive bidder.		
Question 2	Chapter 252 and 271 of Texas Local Government Code. Chapter 2254 in Texas Government Code.	N.C. State Statutes (G.S. 143-129) govern the purchasing process for goods, equipment, apparatus, and materials.	The person from procurement who I talked to said that city guidelines determine their rules for procurement but the research that I did online lead me to believe that there is Tennessee state law that governs procurement. It may be a combination of the two.	Article 6, Section 11, under Board of Estimates in the City Charter. Finance and Procurement section of City Code. Also some practices/procedures are governed by an internal administrative manual (e.g. all IT bids are reviewed by the IT department which has the right to "veto")
Question 3	Yes, but really only for bids resulting in contracts under \$50,000. Over \$50,000 are still handled in hard copy.	No, at this time we do not have an electronic bidding process for formal sealed bids/proposals. However, we are in the process of acquiring a new Enterprise Resource Planning (ERP) system with modules for electronic bidding.	Yes, there is an online bidding process.	Yes, there is CitiBuy (BuySpeed Online).
Question 3-a	Not yet. Local area must set up governing procedures in order to allow submitting bids online. Fort Worth has drafted procedures, but not formalized them yet.	We do accept informal quotes (<\$100,000) via e-mail or fax. Formal (>\$100,000) bids/proposals cannot currently be submitted electronically, but we hope to implement this technology in the near future.	Businesses can submit bid proposals online.	Bids are advertised, but only informal bids are received online. Formal bids are still received in hard copy and opened by the City Controller.

Question 3-b	Above \$50,000, in hard copy. Below \$50,000, electronically or whichever way the department chooses.	Hard (paper) copies and CD copies of the Bids/Proposals are submitted via mail or hand delivered.		
Question 4	No registration is required.	The vendor does not have to be registered to submit a quote/bid or proposal. However, they must be registered if they are awarded a contract and expect to get paid.	Businesses must be registered with the City to propose a bid.	Do not have to be registered to view opportunities, but encourage vendors to do so. Vendors register using a 7-digit NIGP code (National Institute of Government Purchasing), but notifications are sent out more broadly (at the the 3 or 5-digit categories). City still urges vendors to check website regularly.
Question 4-a	Registration is online.	Yes.		Yes
Question 4-b	Registration is free,	Yes.	It is free to register.	Yes
Question 4-c	Registration requires submission of a W-9 form.	The data required in registration includes: Name of Firm; Legal Name of Firm as shown on IRS Tax Forms; Business Location Address & Contact Information; Remit Payment / Mailing Address and Other Information; Business and Demographic Information. Further information required includes:		

		Incorporation status; Business License Status; Number of Employees; Date Firm Established; Firm's Organizational Type (Partnership, Joint Venture, LLC, Corporation, Sole Proprietorship, Non-Profit, Other); Race of Ownership of Organization (African American, Asian American, Non-Minority Female, Hispanic / Latino, Native American, Non-Minority Male; Business Type (Architectural & Engineering, Commodities, Goods & Supplies, Professional Services, Construction, Concessions, Other Services); Commodity Code and Description; Tax ID or SSN.		
Question 5	City publishes bid in local newspapers, online on website, and electronic or faxed notices are sent to registered vendors (based on categorization via the NIGP codes).	We post all our formal solicitations on the State Interactive Purchasing Site and vendors can monitor the site or receive automatic notifications from the site if they are registered.	Businesses find out about bids via RFP's or RFQ's.	Advertise on CitiBuy, bids are available on a statewide procurement site, and advertise in local newspaper.
Question 5-a	Businesses may register under any commodity code(s) they wish. When a bid is posted in that commodity code, an email or fax (depending on company preference) is automatically sent out to all companies registered under that code informing them of the bid opportunity.	Yes, we send broad e-mails and/or fax notifications to vendors that have registered. The notice informs them a solicitation has been posted on the State site that they may be interested in.	Email is used to notify businesses about contract opportunities.	Vendors are notified if registered with online system.
Question 5-b	Yes, in the newspaper	The State Statutes requires advertisement of ITB/RFP in a local newspaper and/or electronic advertising. If the governing board	Bids over \$50,000 must be advertised in the Daily News.	State law mandates advertising on state procurement. Also in

		adopts a resolution for electronic advertising only, the entity is not required to advertise in the newspaper as well. The City of Charlotte has adopted a resolution for electronic advertising only.		newspaper.
Question 6	Bids must be advertised for a minimum of 15 calendar days.	Seven full days between the posting and the bid/proposal deadline.	Minimum time for bid to be advertised is 10 days. This can vary depending on an emergency.	Formal bids must be advertised for 10 calendar days - in practice this turns out to be two weeks (open on one Friday, and closed two Fridays later).
Question 6-a	No difference for IT bids. If the bid is an RFP, the City tries to advertise for longer (e.g. 28-30 calendar days).	Typically 10 days to 2 or 3 weeks for technology related or more complex projects.		On average, bids are advertised for three weeks. Often have requests to extend and will consider extensions on a case-by-case basis. If a complicated IT bid, will keep it out longer.
Question 7	City receives on average 5-6 bids, but IT receives fewer.	This varies significantly according to the item or service being solicited. We can receive just one or 100. We do traditionally receive less technology proposals or bids than we do for services. As an example, our most recent ERP solicitation resulted in five (5) proposals. Other more specialized technology needs, perhaps specific to Fire or CMPD, like Computer Aided Dispatch, E-911, or Fire Station Alerting might only result in 2 proposals because there is some unique technology but	There are insurance requirement attached to bids. There are no fees.	Average is 3.1

		also if there are only a couple of vendors doing this, they are limited in resources to implement so they can't bid on everything.		
Question 8	Above \$50,000, in hard copy. Below \$50,000, electronically or whichever way the department chooses.	See question #3.	Contract terms go through IT. The man I spoke with from Purchasing said that they differ from contract to contract.	Online for informal bids, hard copy for formal bids.
Question 9	Bonds and/or insurance may be required depending on the bid.	Typically there are no fees associated with commodities/services/technology bids. We do require performance bonds for some high risk or complex projects. We also require a certificate of insurance which names the City as a third party for all contracts.	IT is legally permissible for them to negotiate contract terms. 9-a. It is done often. 9-b. Specific terms that businesses tend to object to are always different.	Sometimes require a performance bond. Performance bonds used to be required, but a recent Charter change allows the department some discretion when requiring it.
Question 10		Yes and Yes.	Memphis does not have any problems with procuring IT related goods and services.	Sent a contract with terms.
Question 10-a	Yes, but only when the "bid" is RFPed.	Yes		It is legally permissible to negotiate. City has authority to do a "best and final offer."
Question 10-b	Negotiations are regular.	Yes		Will allow bidders to request exceptions, but it does not happen often.
Question 10-c	Indemnification, ownership/intellectual property rights	Indemnification, errors and omission insurance, warranties, transfer of ownership, certain force majeure clauses, anything related to liability,		Indemnification

		payment terms, escrow, liquidated damages, etc.		
Question 11	Average length is one year plus four one-year renewals.	It depends on the individual contract, but on average the term is three (3) years, but they can be five (5) years or more. For large enterprise-wide systems, we try to get warranties and support and maintenance negotiated upfront for as many years as possible.		3 years with two one-year renewals. Term depends on conditions of contract. If bid is complicated, term is sometimes longer - want to make sure contractor gets an appropriate return on investment.
Question 11-a	Yes, as long as there is there is a fiscal year funding out-clause.	Yes		Yes, average term is 3+2.
Question 12	Not really.	No, not normally.	Not sure about cooperative purchasing.	Yes.
Question 12-a		Although we don't have problems procuring IT-related goods or services, technology procurement is generally made more complex due to some vendor's willingness to accept and comply with our terms and conditions. Additionally, some technology goods have limited competition or may be a sole source.		One possible problem is that the purchasing division does not have IT experts on staff to develop strong bids.
Question 13	Usually	It depends on the individual bid, but in general, we receive enough bids or proposals to consider the procurement process competitive,		Not nearly as good as the City hopes for.

		compliant, and legal.		
Question 14	City does a lot of cooperative purchasing through state and through schedule 70 GSA.	Yes		Can do cooperative purchasing and can attach own contract terms. City dislikes doing cooperative purchasing bc the City likes to require certain things (minority participation) and promoting certain community/social agendas.
Question 14-a	Not generally. City usually accept the conditions of the cooperative unless there is something completely objectionable.	Typically we do prepare our own contract and incorporate our terms and conditions, unless the master agreement prohibits this (e.g. some GSA contracts) or if it's a onetime low dollar purchase.		Yes.

**APPENDIX F:
COOPERATIVE PURCHASING SUPPLEMENT**

ORGANIZATION	PEPPM: Technology Bidding and Purchasing Program	National IPA: National Intergovernmental Purchasing Alliance Company	WSCA: Western States Contracting Alliance	NJPA: National Joint Powers Alliance	TCPN: The Cooperative Purchasing Network	US Communities
WEBSITE	http://www.peppm.org/	http://www.nationalipa.org/	www.aboutwsca.org	www.njpacoop.org	www.tcpn.org	www.uscommunities.org
GENERAL INFO	A technology product procurement organization for schools, libraries, government and other eligible non-profit agencies	A government cooperative purchasing organization for agencies nation-wide, with the specific purpose of reducing procurement costs by leveraging group volume	Establishes the means by which participating states could join together in cooperative multi-state contracting.	A member-driven service cooperative that offers various products, equipment and service opportunities to education, government and other non-profits.	A national governmental purchasing cooperative able to leverage the purchasing potential of governmental entities.	
AVG # OF BIDS	PEPPM maintains anywhere from 200 to 250 contracts awarded during a year, and has 222 IT contracts awarded to date	One for IT Hardware Software and Peripherals (CDWG) and one for Panasonic Tough book Solutions (Panasonic) usually one per category.		Varies	"It depends on the category – some are as few as 3 or 4, the new Technology Solutions contract we just did got 71 responses."	Varies
HOW LONG ARE BIDS ADVERTISED?	"We advertise...for multiple weeks in newspapers in states across the country"...also e-mail 1,500+ companies the invitation to bid.	"Lead agency standards are adhered to, however the solicitations are also published on the IPA website [and other publications]..."	Depends on origin of the contract	For at least two consecutive weeks in the Star Tribune (Twin Cities)	"We advertise our RFP's in USA Today and online for a minimum of 4 weeks. We use USA Today [to ensure national reach]..."	Varies according to local statutes
HOLD SOLE SOURCE BIDS?	"[Yes], only after close examination of both the company and the offered pricing."	We follow our lead agency rules, however to date we have not had a sole source contract			Generally not	"A sole source may be awarded, but there must be [competitive]."

ORGANIZATION	PEPPM: Technology Bidding and Purchasing Program	National IPA: National Intergovernmental Purchasing Alliance Company	WSCA: WesternStates Contracting Alliance	NJPA: National Joint Powers Alliance	TCPN: The Cooperative Purchasing Network	US Communities
CAN CITY ADD OWN TERMS & CONDITIONS?	"All awards were made using a competitive sealed bid process according to PA statutes."	Lead agency standards are adhered to, however the solicitations are also published on the IPA website [etc]..."	Lead state model	"You [can advertise] your intent to use of any consortium contract and allow a comment period."	"TCPN bids out our own contracts. We are able to do this because we are actually a state agency of Texas."	"The solicitation follows the municipalities guidelines but the advertising is also solicited nationally..."
HOW TO APPLY FOR BIDS?	1) electronic procurement (i.e., online process); 2) fax a paper purchase order to our toll-free fax service at (800) 636-3779	"Contracts are done by a Principal Procurement Agency (lead agency), county, city or K12 district"	Through the website	Advertise each RFP for at least 2 consecutive weeks in Star Tribune, NJPA website, and other appropriate e-commerce sites	TCPN issues an RFP (or bid) for a commodity or service, and the awarded contract is ratified by Board of Directors	
CONTACT	Jim Randecker: (570) 523-1155 x2115 jrandecker@csiu.org	Stephen Maxwell (732) 608-4403 stephen.maxwell@nationalipa.org	Paul Stembler, (612) 284-4316 pstembler@amrms.com	Gregg Meierhofer gregg.meierhofer@njpacoop.org	Jonathan Applegate japplegate@tcpn.org	Phil Letendre pletendre@uscommunities.org