Nuts and Bolts of Contracting

Monterey’s Strategies for Providing Efficient Services

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Let's eat Grandma
or
Let's eat, Grandma

PUNCTUATION
It saves lives
Talk about...

• Are Municipalities prepared to take on the challenges?
• Federal rules and regulations versus municipal/state rules and ordinances...
• 10 years after...How are we doing with the contracting folks?
Challenge

What direct services can the agency provide to the military bases?
This may be a challenge...

- Because the Public Agency may not know what services it is delivering to its own residents
- Because the Public Agency needs to understand its strengths and weaknesses
- Because the Public Agency needs to know in which areas it is competitive with standard benchmarks
More Importantly

• At what costs can we provide the selected services?

AND....

• How can the agency reliably invoice the Army?
Charges / Costs / Services

- Charges can be based on
  - fixed rates
    - I.e. agency receives fixed sum of money in exchange for services
    - I.e. street sweeping - $2,000 per month
  - cost reimbursement
    - I.e. agency receives payments in exchange for services delivered
Contract Formats

• **Contracts can be based on**
  – Firm Fixed Price
  – Firm Fixed Price with Incentive
  – Cost Reimbursement
  – Cost plus Award Fee Contract
  – ...

How prepared are Municipalities?

**Federal Solicitations for municipal services**

- Private Industry versus public agencies
  - Solicitation are written with private industry in mind
  - Contracting may overlook the aspects of public agencies contracting with public agencies (federal - local)
- Municipality may or may not have staffers that understand
  - “FAR-ish” - “Dfar-ish” - “A-87-ish” - “....-ish”
  - “How-to-Negotiate” with Contracting Officers
  - Different levels of efficiency/funding
    - Deadlines
    - Customer Service
    - Result driven versus process driven
How prepared are Municipalities?

• **Contract Format**
  – Local Agencies may or may not know the costs for delivering services
    • Cost reimbursement versus firm-fixed price
    • A-87 compliance
    • Work and asset management systems

• **Vision**
  – Monterey's initiative is based on the vision to lower operational costs
  – Other municipalities may have different visions
  – Develop vision / coach other agencies
The Far Side...

- FAR knowledge necessary
  - Excellent support from published federal websites
  - Use FAR's complexity to leverage win-win (make it happen!)

- Municipalities need a supporter in Contracting
  - Without him/her the objective get lost
  - Bitterness will prevail!
Federal Rules
Municipal Rules

• Local Governments have purchasing rules in place

• We have our own Contracting (Double the pleasure – double the fun!)
  – GASB requires annual audits
  – Monterey:
    • 3 informal bids required for projects up to $65K
    • Informal bid required for projects > $65K
    • Federal Government does IGE independent of market results (Double the Fun!)
    • Federal Government treats every project > $2,500 with the same bureaucratic administration
      – 80% of projects are below 55K...
12 years after...

- Garrison Commanders
- Contracting Officer
- DPW Representatives
- Funding Levels
- Visionaries versus 'same old'
12 years after...

• **Principles we 'discovered'...**
  – The **COUNTER PRINCIPLE**
    • Every FAR rule can has exceptions
  – The **WHEEL INVENTION PRINCIPLE**
    • Every Contracting Officer has their own experiences and preferences
  – **PRINCIPLE OF SLOWNESS with occasional TURBO CHARGE**
    • Example: RFPs – asked for with deadline – responded within deadline – in the virtual federal world without deadline
Partnership “Benefits”

- Municipal - Military Partnership forced City to review own services, products and procedures
- Work management system became the highly visible invoicing system
- City work force became more customer oriented
- In return: Residents received benefits of optimization efforts
Conclusion

• Monterey Model can be replicated/cloned
• Municipalities are used to responsibly manage taxpayer funds // Hali-Burtons not so much
• Municipalities have contracting rules in place that favor low-bid
• Roll-out will require coaching
• Roll-out will require support from all levels