

Nuts and Bolts of Contracting

Monterey's Strategies for Providing Efficient Services

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Friendly Reminder

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?









Agency's COST CALCULATIONS 101



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

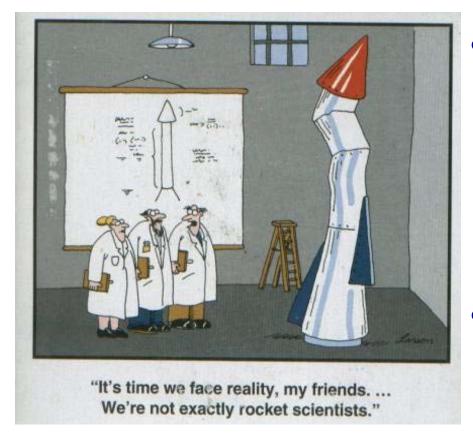
- Local Agencies may or may not know the costs for delivering services
 - Cost reimbursement versus firm-fixed price
 - A-87 compliance
 - Work and asset management systems

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!



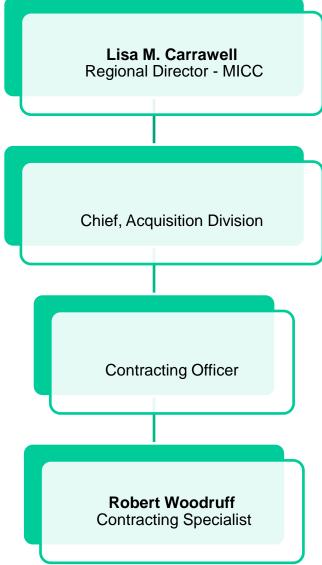
Federal Rules Municipal Rules

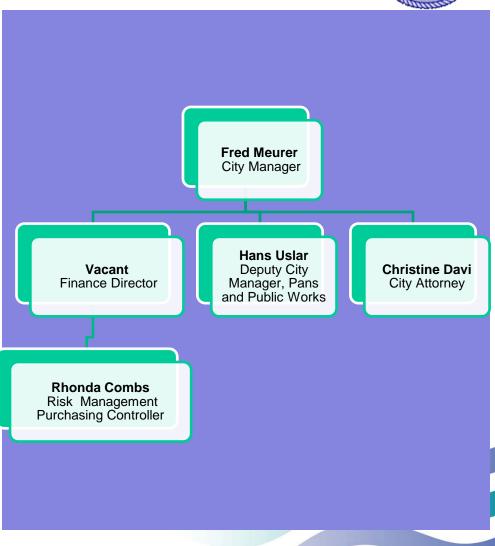
- Local Governments have purchasing rules in place
- We have our own Contracting (Double the pleasure double the fun!)
 - GASB requires annual audits
 - Monterey:
 - 3 informal bids required for projects up to \$65K
 - Informal bid required for projects > \$65K
 - Federal Government does IGE independent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



City of Monterey Cost Control mirrors Army Contracting

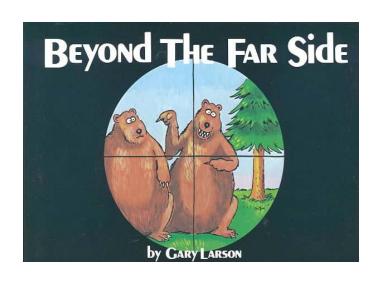








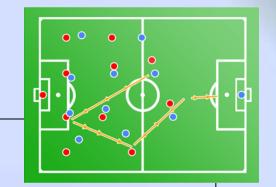
12 years after...



- GarrisonCommanders
- 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