

City of Cambridge

**ECONOMIC DEVELOPMENT, TRAINING
AND EMPLOYMENT COMMITTEE MEMBERS**

Councillor E. Denise Simmons, Chair

Vice Mayor Henrietta Davis

Councillor Kenneth E. Reeves

In City Council May 13, 2002

The Economic Development, Training and Employment Committee held a public hearing on Thursday, May 2, 2002, beginning at 11:00 A.M. in the Ackermann Room.

The purpose of the meeting was to discuss the procurement law with the Purchasing Agent and any general business that comes before the committee.

Present at the hearing were Councillor E. Denise Simmons, Chair of the Committee, Vice Mayor Henrietta Davis, Cynthia Griffin, Purchasing Agent, Nancy E. McLeod, Manager, Construction Procurement, Purchasing Department, Beth Rubenstein, Assistant City Manager for Community Development, Estella Johnson, Director, Economic Development Division of Community Development, Sue Walsh, Director of Workforce Development, Duane Brown, Affirmative Action Officer and Donna P. Lopez, Deputy City Clerk.

Councillor Simmons opened the meeting stated the purpose and gave an overview of the work of the committee thus far. She was concerned with how people of color and women do business with the city. A business incubator program was mentioned in the Gibbs Report. The workforce study, she said, chose to focus on the youth preparedness for work. Mr. Spofford, Director of RSTA, has held a interagency summit. She requested Ms. Walsh to keep this committee informed about the progress of the interagency summit. Ms. Johnson will be informing this committee about the Business Industrial District (BID) and if the businesses are buying into the BID. She stated she would like to institute a "Buy Cambridge Initiative" (BCI). Women and people of color have a difficult time interfacing with the city of Cambridge, she said. Cambridge has a bad reputation about paying its bills in a timely manner, which is problematic for small business. She wanted a kick off for the BCI.

Ms. Griffin gave a presentation about 30B, the state procurement law. New England Office Supply (NEOS) is a minority business that is on the state contract. Cambridge uses NEOS exclusively. City departments, she said, are encouraged to do business within the community. She informed the committee of the following:

- *Under \$5,000 purchases are made by individual departments.
- *Purchases 5,000 or over are put out to bid.
- *Purchases \$5,000-\$25,000 require written quotes.
- *Purchases \$25,000 are formal bids that is advertised.

Ms. Johnson asked how will small businesses get into the purchasing stream. Ms. Griffin responded that businesses send the Purchasing Department information about their business. If a department needs to purchase a specific product the Purchasing Department will provide a list of vendors who carry the product.

Ms. Griffin cautioned that for purchases \$5,000 and under research must be done to get the best price for the product. If all vendors are equal price is the determining factor. Sound business practices must be followed. Cambridge vendors are given preference.

Councillor Simmons asked how is Cambridge vendor preference known by city departments. Ms. Griffin stated that it is not formally in writing. Councillor Simmons stated that criteria should be described. Ms. Johnson asked how can the wealth be spread around to include small businesses. Ms. Griffin responded that this is the reason why the threshold in the state law was increased to \$5,000 to spread the business around. She stated the Purchasing Department could provide a list of how many businesses are doing business with Cambridge.

Vice Mayor Davis stated that for purchases under \$5,000 departments must use sound business practices.

Councillor Simmons asked if business A pricing is high and business B pricing is low, but business A has better product can business A be used to purchase product. Ms. Griffin responded in negative. Best business practices must be used. The procurement law, 30B, requires buying cheap. If quality is a criteria, this can be incorporated in the bid process. Best business practices is based on pricing. Once the pricing criteria is solicited then sound business practice must be followed stated Ms. Griffin.

Ms. Johnson asked how can the city make sure that city departments know that the city would like small businesses to do business with Cambridge and do City employees know that Cambridge vendors are available for purchasing. Ms. Griffin responded that bids are put out and many small businesses do not respond Councillor Simmons stated that businesses owned by women and people of color state that Cambridge takes too long to pay their bills. Ms. Griffin stated that this has been corrected.

Ms. Griffin informed the committee that a mailing is being sent to area restaurants in an effort to encourage the area restaurants to get on the state contract list. No pricing is needed to get on the state contract. Councillor Simmons stated she would like more area restaurants on the state contract.

Vice Mayor Davis asked how do you get on the state contract and then not have to bid. She also wanted to know about environmentally friendly products. Vice Mayor Davis asked if and when a vendor gets certified by the state does the price matter. Ms. Griffin responded in the affirmative.

Ms. Griffin stated \$5,000 - \$25,000 specs are sent out to suggested vendors. Bids are then received and awarded to the lowest bidder. For printing and paper supplies the city only buys recycled products. Over \$25,000 are formal bids. A Request For Proposal (RFP) is written. On the RFP the first criteria is not price, however it must be justified to avoid price alone. Construction contracts are covered by Minority Business Enterprise (MBE). For contracts over \$50,000 ten percent (10%) must go to an MBE. If the vendor does not have an MBE an extension can be given. The city monitors the contract, he said. The contract is not awarded until there is a 10% MBE. The city also conducts compliance checks.

Councillor Simmons asked if purchasing was broken up into areas such as goods, services or professional services. Ms. Griffin responded that the Purchasing Department is set up by departments. Each buyer in the purchasing Department has a set of departments that they are responsible. This process was established so that buyers are familiar with products purchased by departments. Councillor Simmons asked if this information was on a flow chart. Ms. Griffin responded in the affirmative. Councillor Simmons wanted a copy of this chart. Councillor Simmons asked if she was a business owner who wanted to do business with the city would she have to approach each buyer in the Purchasing Department. Ms. Griffin responded in the affirmative.

Vice Mayor Davis spoke about the philosophy around purchasing. Buyers, she said, must be aware of the policies of the city. The Climate Protection Plan, (CPP) when submitted, will include a purchasing aspect. Ms. Rubenstein responded that a meeting will be held with all city departments within the next month to go over the implementation of the Climate Protection Plan. Ms. Griffin added that the state has a huge Environmental Protection Plan, however the first requirement is to follow 30B.

Vice Mayor Davis stated that the city has the ability to make a difference in the environment because of its buying power.

Councillor Simmons informed the committee that she wants the BCI to be goal oriented. She wants a kick off date for the BCI. The BCI will be a better way to do good. Vice Mayor Davis stated that to have a kick off materials about the BCI need to sent to the vendors and outreach needs to be done to the vendors. Councillor Simmons stated that she would like to set a deadline.

Ms. Rubenstein stated that the fall of 2002 would be as good time. Vendors need to know about opportunities and purchasers need to know about the vendors. All parties agreed that the deadline for the BCI will be mid October, 2002.

Ms. Rubenstein suggested that there be a list of what the city purchases most often.

Councillor Simmons stated that the School Department personnel be included in this initiative. Councillor Simmons will notify Mr. Conry, School Department of this initiative.

At the conclusion of the meeting the following actions were taken for the next meeting of the committee that was scheduled for May 23, 2002 on BCI.

- ❖ Councillor Simmons will contact Mr. Conry, School Department and Nicola Williams from Women in Business, owner of the Williams Agency.
- ❖ Ms. Rubenstein would report on Climate Protection Plan as it relates to environmentally friendly products.
- ❖ Vice Mayor Davis suggested the Public Information Officer could provide positive public relations to combat the bad publicity the city has received for its untimely payment of bills.
- ❖ Mr. Brown would provide the State Office of Minorities and Women Businesses Association (SOMWBA) list and regulations.

Ms. Johnson informed the committee that the business directories are scheduled for a publication date of June 30, 2002.

Councillor Simmons requested Ms. Walsh to keep the committee informed about the follow up meeting of the Interagency Summit.

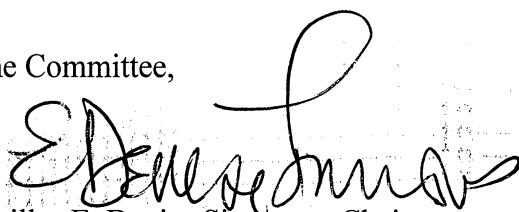
A second meeting of the committee was scheduled for June 20, 2002 at which time the discussion will be on the following:

Interagency summit
Directories
BCI
Any matter that comes before committee.

Councillor Simmons thanked all attendees.

The meeting adjourned at 12:08 p.m.

For the Committee,


Councillor E. Denise Simmons, Chair

S-152

Committee Report #1

Committee Report from Councillor E. Denise Simmons, Chair of the Economic Development, Training and Employment Committee, for a meeting held on May 2, 2002 to discuss the procurement law with the Purchasing Agent and any general business that comes before the committee.

In City Council May 13, 2002

**REPORT ACCEPTED.
PLACED ON FILE.**