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CITY COUNCIL APPROVES BIDDING PROCESS REFORMS TO INCREASE INNOVATION, ENSURE HIGHEST QUALITY VENDORS, SAVE TAXPAYER DOLLARS

*Reforms Improve Bidding Process so Qualifications of Vendors, City Requirements Play Bigger Role
Increased Flexibility Allows City to Adjust Process for Emerging, Evolving Industries*

CHICAGO – The City Council today approved an ordinance introduced by Mayor Rahm Emanuel that will reform the competitive bidding process to encourage the highest quality vendors to offer the best value to taxpayers on new contracts by providing the City with procurement flexibility to attract vendors that can offer creative solutions that are more efficient and at a cost savings to the City.

“I am committed to the protecting every cent of taxpayer money,” said Mayor Emanuel. “These common sense reforms will ensure that our procurement processes allow us to get the best value for everything we purchase as well as highest quality goods and services.”

Currently, the bidding process can prevent the City from negotiating effectively and engaging the most qualified vendor for the job because DPS must select the lowest-priced bid without consideration for other relevant factors and qualifications. This prevents taxpayers from getting the best possible outcome from and management of contracts and can cost even more in the long term as a result of poor performance.

The new ordinance gives the City flexibility to determine whether a competitive low-bid process is appropriate or if qualifications, multi-factor pricing and City logistics management requirements should determine the bid methodology.

For example, when purchasing computers, the City has been obligated to buy a specific model of computer at a fixed price for a certain period of time. Under the new structure, the City could include other factors, such as volume rebates, adjustments for falling prices, or services like



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warehousing of inventory prior to delivery. The inclusion of these other considerations gives the City more flexibility in the marketplace and a greater ability to meet its needs efficiently and cost-effectively. The result is that in many cases, the cost to the taxpayer will be lower, while the quality of goods and services received will improve dramatically.

All bids and proposals are currently solicited through a publicly-advertised competitive process. The proposed ordinance will not change this while allowing for flexibility to determine when bids are able to be evaluated by criteria other than just price alone. The ordinance defines a number of factors to determine when bids are to be solicited by RFP, including an evaluation of differences in vendor quality, technical and performance capabilities and the scope of the content of technical proposals.

The ordinance also includes reforms that would improve the process in areas that involve constantly changing specifications or product offerings, which are not conducive to the low bid process. Requests for Proposals (RFP) negotiated agreements can prevent prices and products from becoming outdated. In certain categories, holding a single price for a long duration leads to inflated prices, as vendors hedge against uncertainty.

In certain instances, procurement of goods and services through the RFP process allows the City to negotiate savings and services beyond those that can be achieved through the sealed bidding process. By allowing vendors to propose innovative approaches for providing product management services, the City can achieve savings and improvements for the long term.

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