

MASSACHUSETTS ASSOCIATION OF PUBLIC PURCHASING OFFICIALS (MAPPO)

MEETING MINUTES

Wednesday, March 19, 2014

Hilton Garden Inn, Burlington, MA

Officers Present

Mary Delaney, President
Tom Watkins, Vice President
David Gelineau & Sarah Stanton, Co-Treasurers
Whitney Haskell & Sandra Marquis, Co-Secretaries

New Members Attending

Beth Benco, Director CASE Collaborative Concern, Debra Travers, City of New Bedford, Michael Richards, City of Somerville, Pamela Mabry, City of Springfield, Frank, Town of Belmont

Guests Attending

None

Lunch

A buffet lunch was served at 11:30 a.m. The food was excellent.

Welcome

Mary Delaney began the meeting by thanking Deborah Harvey, City of Lexington, for hosting the meeting.

Angela Allen, Chair Speaker Committee, introduced David Tuerck, Executive Director of the Beacon Hill Institute. David's topic was "The New Millenium and the Great Government Ouroboros" (Project Labor Agreements, Prevailing Wage Policy and Implications).

Speaker

David began his talk by restating the title as "How government swallow its own tail".

State of the Massachusetts Economy:

- Massachusetts unemployment rate is 6.8%
- Massachusetts has the 2nd highest per capita income (2012) \$54,687
- Massachusetts real GDP – 4th Quarter 2013 5.5%
- Jobs growing
 - Education
 - Health Care
 - Leisure and Tourism
 - Professional and Business Services
- Jobs decreasing
 - Manufacturing
 - Construction
 - Financial

- Good News
 - Massachusetts exposure to the housing crisis was low
 - Massachusetts #1 on BHI
 - Google, Twitter, Facebook want to locate in MA
 - Massachusetts growth is projected to be strong – benchmark 5.5%
 - Massachusetts has venture capitalist interest, strong Technology sector and a good labor force
- Bad News
 - Massachusetts has no natural resources
 - Massachusetts is perceived as being anti-business
 - Massachusetts has poor policies in
 - Labor laws
 - Energy costs
 - Minimum Wage

Labor Laws as of February 2008

- Bureau of Labor Statistics – Average Wage \$20.13/hour
- Davis Bacon – Average National Wage \$24.56 (even higher in MA)
- Due to Davis Bacon Wages the cost of construction projects has increased by \$8.6 billion a year or 9.91%

State Prevailing Wage (Union Wage) sets wages on State and/or local projects. The amounts are arrived at by “collective agreement”. Most workers are non-union.

	Davis Bacon Wage	State Prevailing Wage	Bureau of Labor Wage
Brick layer	\$60.57	\$63.05	\$39.89
Laborer	\$39.05	\$39.05	\$25.61
Iron Worker	\$48.16	\$50.60	\$32.28

Findings:

State prevailing wage about 1.4% or \$.77/hour higher than the federal rate (\$54.23/hour vs. \$53.46/hour)
 State prevailing wage about 64.21% or \$21.08 per hour higher than market wage.

Project Labor Agreements:

The definition of a Project Labor Agreement is an agreement is a contract whereby only union labor/contractors are used for a given project. The theory behind the PLA is that mixing non-union and union labor/contracts will cause labor disputes and coordination problems. There is no evidence to support this theory. A second theory is that PLA's avoid strikes. Again, there is no evidence that any non-PLA project ever went over budget or overtime.

In short, using prevailing wages or Davis Bacon wages increases the cost of doing business in Massachusetts and cost the tax payers more.

Energy:

Currently electricity cost is approximately \$.09-\$.10 per kwh. The cost of electricity generated by the Cape Wind Project will be \$.187 per kwh. This project would not survive a cost benefit test. In order for this project to move forward Cape Wind had the utilities guarantee that they would buy power. In short, why should we move a project forward that will increase the cost to the end user (tax payer)?

Minimum Wage:

- Current proposal is to increase the minimum wage from \$8-\$10.50 per hour.
- President Obama has mandated that the federal minimum wage increase from \$7.25 to \$10.10 immediately.
- Unemployment rate for 20-24 year old males is 16.7%
- Unemployment rate for 20-24 year old blacks is 20.4%
- The increase in the minimum wage will increase the unemployment rate for these groups
- Solution – don't increase the minimum wage by give everyone earned income tax credit

State of US Economy:

- February 2014 – unemployment 6.7%
- 4th Quarter 2013 real GDP 2.4%
- All of 2013 real GDP 1.9%
- Although the unemployment rate has decreased since the recession the labor force participation rate has increased.
- The Federal Reserve Bank of Minneapolis has been tracking recession data since WWII – 11 recessions.
 - This recovery in real GDP is weaker than the other 10
 - The recovery is weaker than 9 of the 10 (recession 2011 being the exception)
- In comparing the actual potential real GDP from 1st Quarter 2005 until 4th Quarter 2013 – 2013 is actually lower than the potential

Safety Net:

- The jobs gap from the 2009 recession is 4,468,000
- The “Redistribution Recession” the Obama administration policies are rewarding people for not working will cause people not to seek employment:
 - Mortgage relief
 - Extension of unemployment benefits
 - Food stamps
- 12.5 million workers stayed out of the labor force in 4th quarter 2009 because of the safety net
- The Labor Force Participation Rate would have been 68.1% in the 4th quarter of 2009 substantially greater than the actual LFPR which was 64.8% without the safety net.

2 Views Left Standing:

- Reason #1 stimulus failed and workers decided to save the stimulus money or pay off debt rather than purchase goods
- Reason #2 stimulus failed because workers withdrew from the labor force to take advantage of the safety net benefits.
- Which is true – BOTH

What does this mean for Massachusetts?

Massachusetts has remained strong despite labor laws and green energy programs

State is being held down by:

Lagging Federal Recovery

Labor laws make government expensive

Green energy projects will raise electric costs

Minimum wage increase will promote unemployment for young men and blacks

Final Note:

The notes reflect only the statements and opinions of the speaker. There were numerous members who challenged the speaker. In summary, there was a very lively debate on some of the statements and theories discussed but, it was too difficult to take notes on all the opinions expressed.

Business Meeting

Mary Delaney, MAPPO President, opened the meeting at 1:20 p.m., following lunch and the speakers.

Co-Secretaries Report

Mary asked for approval of the February, 2014 meeting minutes. A motion was made, seconded and motion was approved.

Co-Treasurers Report

Dave Gelineau reported that the month's beginning balance was \$39,206.16 and after additional dues and expenses the ending balance is \$34,498.42. There were no questions or comments on the treasurer's report. A motion was made to accept the report and duly seconded. Motion passed.

Web-site Committee Report

Tom reported that he posted all the past meeting minutes from 2006 forward.

Legislative Affairs Committee Report

Nothing to report.

Speaker Committee Report

Angela reported that the committee has booked speakers for the remainder of this year's meetings.

Tammy Rimes, CPO, from San Diego will be speaking at the April meeting.

Deb Anderson, Attorney General's office, will be discussing "Bid Protest Issues" at the June meeting.

Working Group Committee

No Report

Good & Welfare Committee

No Report.

Seminar Committee

Cheryl Levinson and the members of the Conference Committee (Tania, Raeleen, and Barbara Miller) have completed 99.9% of the agenda. Due to a small glitch the agenda was not available. The agenda will be posted on line. This year the Conference will feature presentations from three of our members: Michael Gauthier, Woburn, will present "The Purchasing Agent's Role and Importance During the Pre/Post Award Contract Activity". Maureen Doherty, Stoughton, will present "Perfecting Your Procurement File". Mary Ellen Dunn and Mary Delaney will present "Building the School-Purchasing Department Relationship".

Announcements

The April meeting will be held on April 16, 2014, at Assabet Valley Regional Technical High School, hosted by Beverly Sleeper of Marlborough.

The June meeting will be held in Boston's North End on June 18th, location TBA.

Recognitions

None

Old Business

None

New Business and Member's Agenda Items

On-Line Bidding – Beverly Sleeper, Marlborough

The Marlborough City Solicitor is questioning the legality of using Bid Doc's (or similar on-line services) for bidding. One of the arguments against BidDocs was that the bids received were not available for all the vendors to view. This argument has been rejected because BidDoc posts all bids after the closing.

The Lexington Housing Authority uses BidDoc's for its construction projects. DHCD also uses them. LHA's opinion is that this system is the cleanest way to bid because it takes pressure off the staff and it is fool proof. Another on-line services is also available, Project Dog.

It was suggested that they might be a requirement to from municipalities to bid out the procurements services (Bid Docs and Project Dog).

Massachusetts lawyers are looking into this situation.

New MGL Ch Thresholds – Tom Watkins

Tom asked if the membership was using the new thresholds. Several members stated that they in fact had starting using the new thresholds.

CommBuys – Update from OSD's Bonnie Haymon, Outreach Coordinator

Bonnie announced that CommBuys was going live in one week. In the past few weeks the CommBuys team has been transferring the data from Comm-Pass to CommBuys. The data from CommPass goes back to 1998 and had to be validated and verified before the system went live. The team has also been performing user acceptance testing and accessibility testing.

The CommBuys Team is in the process of registering its 1200 statewide contract vendors for the 130 statewide contracts. In addition, the vendors are working with CommBuys to set-up their on-line catalogs. The system has been designed to allow the user to place an order using the vendors price sheet and create purchase orders.

As of July 1, 2014, anyone purchasing off a statewide contract must use the CommBuys application. In order to use CommBuys you will have to register first. There is more information available on the website commbuys@state.ma.us with regards to registration and training. There is a link on the website to become a liaison and be added to the mailing list.

CommBuys Update from OSD's Barbara Miller

Barbara Miller passed out a "Save the Date" card for MassBuys. The theme of this year's event is "Become Part of the Community". There were nine photographs on the card and Barbara gave out a small prize to the first member to guess the location of each photograph. It was a fun way to advertise the event. Barbara stated that MassBuys is the largest purchasing event in Massachusetts.

CommBuys Concerns – Mary Delaney/Dave Geanakakis/Tom Watkins

MAPPO members expressed numerous concerns regarding the implementation and expectations of the new CommBuys system. Rather than discuss the various issues Mary asked that members e-mail her, Dave or Tom within a week. Mary, Dave and Tom would be scheduling a meeting with Gary Lambert within the next two weeks and would e-mail the membership with an update after the meeting.

Meeting Adjourned

President Mary Delaney closed the meeting at 2:15 p.m.

Respectfully submitted,
Sandra L. Marquis, MAPPO Co-Secretary