



OFFICE OF THE INSPECTOR GENERAL

PRELIMINARY INQUIRY MEMORANDUM

November 20, 2015

TO: Dr. DeRionne P. Pollard
President, Montgomery College

FROM: Edward L. Blansitt III
Inspector General 

SUBJECT: Montgomery College Alumni Magazine
OIG PIM #16-001

This Preliminary Inquiry Memorandum (PIM) describes specific issues or complaints and the outcomes of limited procedures undertaken during a Preliminary Inquiry conducted by the Office of the Inspector General (OIG). Copies of this PIM along with your response, if any, will be provided to the members of the County Council and the County Executive within 30 business days of the date of this PIM.

Background and Summary:

Montgomery College (the College) issues *Insights*, the College's alumni magazine, biannually in spring and fall. The College periodically contracts for printing services through a competitive bid process. In both April 2011 and July 2015, the College issued a Request for Bids (RFB) for the printing, binding, insertion, mailing and delivery of *Insights* magazine and envelope.

A complainant alleged the July 2015 RFB for *Insights* magazine imposed an unnecessary geographic restriction and required a specific brand of paper (Opus), both of which resulted in a lost opportunity for the College to save a significant amount of money on the printing of *Insights* magazine. The complainant also alleged that the previous contractor failed to use the required Opus brand of paper in the spring 2015 printing of *Insights* magazine.

The OIG confirmed that the July 2015 RFB for *Insights* magazine included a requirement that the bidder's prepress, printing presses, and production facility be located within 45 miles of the College's Rockville campus in order to facilitate the College's ability to conduct press checks during College business hours. The scope of work also specified 70# Opus Dull Text paper stock.

We found that while a reasonable number of local vendors submitted bids, the geographic requirement resulted in the disqualification of the lowest bidder, whose printing press is located approximately 200 miles from Rockville. The recent competition did result in a contract priced

\$32,974 lower than the amount the College paid for *Insights* publication over the past year. However, if not for the geographic restriction, the College may have saved an additional \$10,000 per year on future publication of the magazine.

Although conducting a press check may provide an additional reasonable opportunity to ensure a quality product, we did not find a press check to be a necessary or standard practice. We recommend that the College consider the costs compared to the benefits of the geographic restriction.

Based on our research, we also concluded that specifications that include brand names are not standard practice and may limit competition and increase costs over a comparable or generic product. We recommend that the College consider removing references to a particular brand of product from RFB specifications whenever practical.

We determined that the College obtained documentation indicating the previous contractor purchased Opus paper in spring 2015. Additionally, the College confirmed that the paper used in the printing of the spring 2015 issue of *Insights* magazine appeared to be of the same quality.

We discuss our complaint and the preliminary inquiry more fully in the attachment.

cc: Heather Milke, Strategic Communications Director, Montgomery College
Patrick Johnson, Director, Montgomery College Office of Procurement

A Preliminary Inquiry Memorandum (PIM) is appropriate in situations where we have, in reaction to a complaint, gathered and assessed sufficient information for us to draw limited conclusions related to the specific complaint. Since PIMs do not result from full inspections, investigations, or audits, it would not be appropriate for us to provide full findings and recommendations in PIMs. Instead, we may identify specific conditions, transactions, and events that management may want to continue to research from an investigative or policy standpoint.

PRELIMINARY INQUIRY DETAILS

Complaint Summary:

In August 2015, the OIG received a complaint alleging the following:

- a. The specifications in the July 2015 RFB for *Insights* magazine
 - Include language, technology and terms that are 20 years old and no longer applicable to modern day printing practices. Specifically cited were references to film and storing plates.
 - Require a physical press check during the magazine's printing which refers to an outdated practice that was historically utilized when proofing systems were not as accurate as they are today.
 - Require that bidders' prepress, printing presses, and production facilities be located within 45 miles of the College campus which adds unnecessary cost to magazine production.
- b. The College requires Opus brand paper which unnecessarily drives up the cost of printing.
- c. The spring 2015 issue of *Insights* was not printed on Opus paper even though Opus paper was required in the contract specifications.

The OIG confirmed that the July 2015 RFB for *Insights* magazine included a requirement that the bidder's prepress, printing presses, and production facility be located within 45 miles of the College's Rockville campus in order to facilitate the College's ability to conduct press checks during College business hours. The scope of work also specified 70# Opus Dull Text paper stock.

Required Geographic Location of Bidders' Facilities

Inquiry and Outcome:

The complainant asserted that printers require facilities with a large amount of square footage. The complainant asserts that the geographic requirement results in unnecessarily higher printing prices for Montgomery College because real estate is more expensive in the Washington DC area than in many other parts of the country.

The College's Strategic Communications Director stated that the geographic requirement is determined by how far the Office of Communications believes a graphic designer can come and go frequently within a workday. This minimizes the cost of press checks by reducing travel costs and lost work time while the graphic designer travels to the printer.

Employees from the College's Office of Communications (end user) and Office of Procurement (Procurement) acknowledged that some of the language in the specifications is outdated. Both offices indicated that they intend to revise the specifications for future contracts. Procurement stated that they do not intend to revise the most recent contract as the impact of the outdated specifications was not harmful and this would create a hardship for the College.

However, it is the College's determination that the requirement for a press check is not outdated and this requirement will continue to be included in future contracts. An employee in Procurement stated that the department does not reject a requirement set by the end user unless the department deems it too restrictive. In this case, the graphic designer wants to do press checks and his specification is supported by the Strategic Communication Director. The Strategic Communication Director explained that while the complainant believes that press checks are an outdated practice and should not be included in the specifications, this is a subjective determination.

The College provided documentation indicating that they scheduled press checks for the fall 2014 and spring 2015 magazine printings. OIG staff spoke with four individuals from other public organizations that we believed would have relevant expertise. Three of the four believed that press checks were a reasonable requirement, while one did not think that there was any need for a press check for a job the size of the one described in the July 2015 RFB for *Insights* magazine. No one expressed the opinion that a press check was necessary.

The Strategic Communications Director stated that there are enough competitors located within the specified radius to ensure that contracts remain competitive. To date, in FY2016, the College provided summaries of responses to RFB's for 3 printing contracts. Each RFB had at least 6 bidders, suggesting a fair amount of competition. (See table below.)

| MONTGOMERY COLLEGE FY2016 Printing RFB's | # Bidders |
|--|----------------------|
| Printing, mailing, and delivery services for the Business Information and Technology (BITS) brochure | 8 |
| <i>Insights</i> magazine | 6 |
| Printing and delivery services for the President's monograph book | 6 |

For at least one of the contracts (*Insights* magazine), the lowest bidder was rejected for proposing to conduct printing in a location outside the required geographic radius. Bidders within the required radius submitted the lowest bids on at least one of the contracts.¹ For the most recent

¹ Printing, mailing, and delivery services for the Business Information and Technology (BITS) brochure

RFB,² the University has not yet released information regarding the bidders' status or who will be awarded the contract.

For the past two issues of *Insights* magazine, the previous contractor charged the College a total of \$123,065 for publication (fall 2014 and spring 2015 issues). For the July 2015 RFB for *Insights* magazine, the winning bidder's purchase order includes an annual cost of \$90,091, which is substantially lower.

However, the lowest bidder's bid of \$80,132 per year was rejected for proposing to conduct printing outside the required geographic radius. Therefore, the new purchase order is about 11% higher than it could have been had the College considered the lowest bidder.

Summary and Conclusion:

Despite the geographic limitation, a fair number of competitors remain in the area and the College has apparently captured \$32,974 in savings as a result of this new round of competition. However, in the case of *Insights* magazine, the geographic restriction and corresponding press check might have resulted in an additional \$10,000 in savings over the next two printings.

While conducting a press check may provide an additional reasonable opportunity to ensure a quality product, conducting a press check is neither a necessary nor standard practice. The College should consider the costs compared to the benefits of the geographic restriction.

Brand Name Paper Requirement

Inquiry and Outcome:

The specifications in the FY16 RFB call for 70# Opus Dull Text Paper Stock. Opus is a brand name of paper produced by Sappi North America. Opus is available in a variety of weights and finishes from merchants across the country.

We note that an attachment to the RFB states,

Brand name materials used in these specifications are known and acceptable. Bids including proposals to use alternate brands are invited as long as they are of equal type and equal or better quality. The burden of proof that alternate brands are in fact equal or better falls on the Bidder, and proof must be to the College's satisfaction.

Although the RFB identifies a preferred brand, it appears that submission of a bid with an alternate paper source may be accepted at the discretion of the College staff. However, bidders may be hesitant to submit bids containing other brands of paper which may result in disqualification. Additionally, bidders may not be aware of this possibility which is included in the small print within the "conditions and instructions" attachment to the RFB.

² Printing and delivery services for the President's monograph book. Bids due on October 22, 2015.

OIG staff spoke with three individuals from other public organizations that we believed would have relevant expertise. All expressed the opinion that specifying a specific brand name limits competition and could potentially drive up costs.

Summary and Conclusion:

Based on our research, the OIG concluded that specifications which include brand names are not standard practice and may limit competition and increase costs over a comparable or generic product. The College should consider removing references to a particular brand of product from RFB specifications whenever practical.

Alleged product substitution for Insights Magazine

Inquiry and Outcome:

Peake Delancey Printers, LLC (Peake) produced the spring 2015 issue of *Insights*. The initial award to Peake called for 70# Opus Dull Text paper. The complainant alleged that Peake failed to use Opus brand paper in the printing of the spring 2015 issue.

The College provided a copy of a purchase order and corresponding invoice indicating that Peake purchased 40,000 lbs of 70# 18" Opus Dull Text paper from a local paper and packing distributor in May 2015. An employee of the College stated that Peake represented that this paper was purchased for the *Insights* spring 2015 magazine.

Summary and Conclusion:

It appears the College required a reasonable amount of documentation to ensure that the printer acquired the paper specified in the contract. The College could not confirm that the paper used was the brand specified but indicated that it appeared to be of the same quality.

RESPONSE TO THIS MEMORANDUM

On December 4, 2015, the Montgomery College Senior Vice President for Administrative and Fiscal Services responded:



December 4, 2015

Mr. Edward L. Blansitt III - Inspector General
Office of the Inspector General
Montgomery County Government
51 Monroe Street, Suite 802
Rockville, Maryland 20850

Dear Mr. Blansitt:

Montgomery College received a memorandum on November 20, 2015 regarding procurement practices as they relate to the purchase of printing services. The Office of Procurement adheres to all procurement policies, procedures and best practices when procuring goods and services on behalf of the College. Our practices are designed to actively engage the vendor community and to encourage participation while ensuring the needs of the College are addressed. One procedural aspect deals with bid specification/requirement development. Prior to the issuance of any solicitation, all specifications/requirements are reviewed by experienced procurement staff to ensure they convey the needs of the College in a clear and concise manner, while at the same time, making sure they are not restrictive to the extent possible.

In response to your recommendation regarding in-person press checks, the College's Office of Procurement will engage in further discussions with our Office of Communications and will consult with other area colleges regarding standard practices to determine whether conducting press checks or specifying a brand named paper continue to be necessary.

Thank you for your feedback regarding this matter. If you have any questions, please feel free to contact me at 240-567-5283 or janet.wormack@montgomerycollege.edu.

Sincerely,

A handwritten signature in cursive script that reads 'Janet Wormack'.

Janet Wormack, Ed.D.
Senior Vice President for Administrative and
Fiscal Services

cc: Dr. Pollard
Ms. Sherman
Mr. Johnson

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