

Delivering the Best Value for Taxpayer Dollars

by Frank Percaciante

The main factors to consider when choosing a procurement method are:

- How much time and labor can you afford to dedicate to the procurement process?
- How urgent is the need, that is, how quickly must the job be completed?
- How large and complex is the roofing project?
- Is it new construction, comprehensive restoration, or a relatively simple repair?



This article will help you better understand the advantages and disadvantages of a full range of procurement methods, but keep in mind that laws governing available options vary from state to state. Check with your district's lead purchasing officer or superintendent to learn what arrangements the law will permit you to make. If your state's procurement options are somewhat limited, the information in this article will help you educate your local community regarding alternative project delivery methods that may help your district better meet its roofing procurement objectives.

Teamwork and Quality: The Cornerstones of Success

Making a good roof purchasing decision depends on many factors, including:

- The quality of the materials
- The financial stability and personal integrity of your roofing partners
- The skill level, safety protocols, and bonding capabilities of the installer
- The ability of the material manufacturer to stand behind its warranty

Although procurement methods are changing, roofing will always be a complex purchase, never a simple commodity. Making sound decisions depends on attaining solid advice and input from experts who might include—in various combinations—an architect, roofing consultant, manufacturer's representative, and one or more contractors. It should be noted that neither architects nor consultants directly procure roofing solutions for their clients; however, their professional services can be invaluable in helping you translate your performance requirements into a material specification.

Bob Garrison Jr., principal of Garrison Architects, Bala Cynwyd, Penn, reports: “Today, especially with public purse strings tightening, the trend in roof purchasing is toward an even greater emphasis on openness, competition, and fair pricing.” Garrison’s 25-member, full-service firm does 70 percent of its work for New Jersey K-12 schools and is the architect of record for 50 school districts.

He believes that attaining quality services and materials should always be the foremost objective. “The suppliers who come to the top of my pile are those that provide superior materials put down correctly and warranties that step up to the plate,” he explains. Most school administrators would agree that, although the bid protocols related to government procurement can protect the taxpayer against certain types of financial abuse, low bid does not necessarily equate to high value.

Define Your Role

When choosing between procurement options, start out by asking yourself how involved you want to be in the specifying, purchasing, and installation processes. Do you want—and are you qualified—to manage all aspects of your roofing purchase and installation, or would it be in the best interests of your district to have a professional coordinate all or parts of the project?

Be aware that, regardless of the procurement method, if your district directly orders roofing materials, it will be liable for the kinds and quantities of materials ordered. Under-ordering could significantly delay your project; over-ordering will result in needless costs, as materials ordered directly by the consumer typically cannot be returned for a full refund. You also will be responsible for finding a qualified contractor to install your job. For these reasons, it may be best to involve an architect and roofing manufacturer’s representative in the specifying and ordering process.

In terms of warranty protection, be sure that you fully understand all terms and conditions and how and with whom to file a claim. Most roofing purchases are warranted by the roofing material supplier. What is critical is that the entity guaranteeing the roof has the financial resources and corporate stability to make good on its warranty commitment. Although they are commonly referred to as manufacturer’s warranties, sometimes they are offered not by the original manufacturer responsible for the quality of the material, but rather, by marketing organizations that do not have the assets to cover the liabilities associated with long-term roof warranties.



Define Your Project Parameters

Procurement methods such as state term schedules and cooperative purchasing contracts were designed specifically to expedite project delivery. But to ensure that you achieve your desired

performance outcomes at a truly competitive cost, be sure to verify that the line item pricing evaluations used by your chosen contract were fairly based on equal levels of performance. Similarly, regional differences in market conditions, mobilization considerations, and general economic circumstances will inevitably result in some pricing distortions depending on your locale, when you are using a nationally bid contract. So when using such contracts for complex or turnkey roofing installations, you may want to consider bidding the labor costs against the maximum cost guaranteed in the contract to ensure best value in your local market.

Contract Purchasing

State Term Schedules Promise Best-Value Pricing

In some states, roofing purchases can be made according to state term contract schedules, an option many schools find both convenient and cost effective. State term contract schedules



typically piggyback off the General Service Administration's (GSA) Federal Supply Schedules for federal procurement, allowing school districts to reap the benefits of the GSA's negotiations for vendors' best commercial pricing for materials and, in a few states, labor.

To earn a place on a state's approved supplier list, vendors respond to a blanket request for qualifications. Most vendors submit line-item for materials and labor, based on a typical job. Pricing is often specified in units—per square foot, for example. Selected vendors must satisfy all of the requirements in the GSA's blanket request for qualifications and agree to offer pricing that is better than or equal to the pricing they would offer their most-favored customers. Vendors pledge to stand by their pricing until the next contract review, which is most often performed annually by GSA or the state contract holder.

Victor Sandoval, facilities/construction administrator for the 10,000-student Franklin McKinley School District, San Jose, Calif., has purchased roofing numerous times using the California Multiple Awards Schedule (CMAS). It is a choice that, according to Sandoval, saves his district an average of 15 to 30 percent on every job. "I've been in construction for more than 25 years, and this is definitely my preferred method of buying," he says.

Selecting from the state's list of approved suppliers can reduce or even eliminate the need to secure multiple bids. But remember, determining the actual cost of a roofing job depends on a thorough analysis of the roof in question, your geographic location, and other variables. Issues unique to your project may result in add-ons that far exceed the materials and services listed on a pricing schedule.

State term buying is not offered everywhere, and some states stipulate minimum and maximum buying thresholds. Your state's Department of General or Administrative Services Web site will advise you about purchasing options and offer instructions for state term purchasing, if available.

Co-op Buyers Unite to Save

Where state term purchasing is not available, government cooperative purchasing organizations are an alternative means of expediting delivery of competitively priced roofing materials. Co-ops are organized on a regional or national scale to serve buyers who have similar purchasing needs. Participating in a cooperative purchasing group can give you access to products and pricing, which otherwise might not be available, by leveraging the purchasing power of a larger group of public agencies.

Since many regional cooperatives piggyback on national contracts, this article will focus on evaluation criteria for national cooperative organizations. National government purchasing cooperatives replicate these key aspects of the proven General Services Administration (GSA) federal government purchasing model:

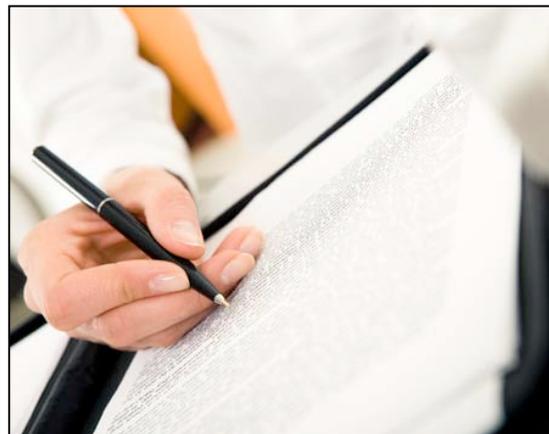
- Most favorable pricing guarantees
- Pricing transparency
- Nationwide distribution capabilities
- Expedited delivery

However, not all cooperatives follow the same processes and procedures. Every government cooperative purchasing organization has its own characteristics in regards to:

- Founding
- Governance
- Eligibility requirements
- Award methodology
- Renewal methodology
- Auditing procedures
- Deviation authorization
- Overall transparency

In researching and comparing various cooperative purchasing organizations, there are several factors to consider:

- Are its participants organizations you know and trust?
- What fees or processes are associated with participant registration?
- Are there volume or frequency restrictions in using the contract?
- Are supplier contracts aggressively competed for and awarded based on cost-driven Invitations To Bid (ITB's) or on Requests For Proposal (RFP's), which weigh multiple factors in addition to cost?
- What factors, other than lowest total cost, were considered in the bid requirements?
- How and where was the bid advertised?
- How many competitors were deemed responsive and responsible, actively participating in the cost-portion of the bid process?
- How often are contracts renewed?
- What are renewals contingent upon?
- How are supplier contracts audited, how often, and by whom?
- How are change orders processed and documented?



- How are contract deviations authorized and documented?
- Are bid documents, including pricing, available for review by participants?
- What benchmarking is available to authenticate actual savings to agencies?

Properly conceived and implemented, government cooperative purchasing contracts are multi-party agreements for which there is a highly competitive bidding process, even though there is not a separate bid for every separate project. Generally, public bodies may participate in, sponsor, conduct or administer a cooperative procurement agreement with one or more other public bodies, or agencies of the United States, for the purpose of combining requirements to increase efficiency and reduce administrative expenses. In some states, this power is not passed on to localities, so permission to piggyback on a nationally awarded contract solicited by another agency must be obtained via the state authority.

Although every state has its own purchasing procedures for applying competitive principles, nearly all of them allow government agencies to piggyback on competitively solicited contracts by lead public agencies, under the “Joint Powers Authority” or “Cooperative Procurement Authority.” However, before joining a cooperative purchasing organization, it is recommended that administrators review the specific processes of a chosen cooperative with their legal advisor to ensure compliance with all state and local mandates.

Professional Relationships Pay

Direct Purchasing

On all of his projects to date, Victor Sandoval has gone directly to a roofing manufacturer, whose staff performs the roof survey, handles all necessary engineering, and prepares specifications. “Working with one person (the manufacturer’s representative) who can provide an answer and a resolution makes my job so much simpler and saves the district significant dollars,” says Sandoval.



Buying direct from a roofing manufacturer, with or without the added benefits of a state term or cooperative purchasing contract, is particularly advantageous when you want to specify rooftop performance (e.g., a roof that lasts 30 years with a minimum of maintenance required), rather than a specific method for achieving it (e.g., a single ply, fire resistant EPDM). Working directly with a manufacturer that seamlessly delivers both products and services, including roof surveys and analysis, specification support, job site inspections, and preventive maintenance programs, provides the added benefit of single-source accountability

However, a manufacturer's rep's ability to provide the best possible roofing solution will be limited to his company's product line, which may or may not include the best solution for your particular project. The success of this delivery option depends to a significant degree on the:

- Breadth of products offered
- Quality inherent in the supplier's research, development, and manufacturing processes
- Knowledge and personal integrity of the manufacturer's representative
- In the case of turnkey projects, the availability of local contractors trained and authorized to install the supplier's materials

Purchasing through Contractors

Roof material purchases also can be made from a roofing contractor or a general contractor. Both options put the contractor in charge of ordering materials and coordinating shipping and storage. The contractor is responsible for any material overages as part of a "not to exceed" price.

Roofing contractor Eric Gelal, owner of Terik Roofing of Akron, Ohio, believes working with an accessible, locally based contractor offers distinct advantages to school administrators. He explains, "On the purchasing side, your local contractor can sub-contract through a state procurement contract holder, which gives you the advantage of using state-approved pricing. You can ask the contract holder/GC to preserve the bid process, while limiting the bidders to pre-qualified local contractors. Then, as far as repairs go down the road, you already have a relationship with someone who knows your roof."



When roofing is part of a larger project that involves numerous trades, purchasing from a general contractor can be a good choice. The general contractor solicits bids for materials and labor based on a pre-determined scope of work, and manages all sub-contractors.

Working with a general contractor offers you the convenience of single-source buying. Take time, however, to carefully review the contractor's choice of materials and labor to be sure that you agree with his perceptions of best value.

Contractors of all kinds can be expected to mark up the costs of materials and labor in order to cover their overhead expenses. You have a right to know how your contractor's markups contribute to the overall cost of your project. As with direct purchasing, the success of procurement through a contractor depends significantly on the knowledge and personal integrity of your partner and the transparency of the transaction.

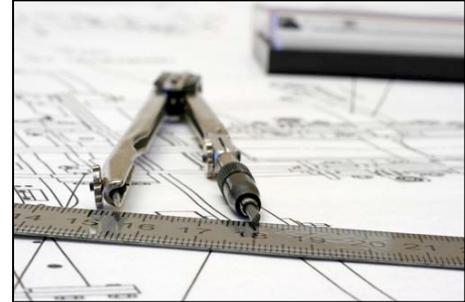
Under One Roof

The Design-Build Model

Design-build can offer the ultimate in single-source convenience and accountability, and is especially appropriate for complex projects requiring a full range of architectural, design, engineering, and contracting services. True to the ancient tradition of a "master builder," a design-build firm handles every aspect of a project, from concept to completion. In the case of roofing, services include

inspection and life-cycle cost analysis; design for new construction, retrofit, and/or renovation; materials specification; bid-process management for the entire scope of work; installation; and in some cases, long-term roof maintenance.

Design-build necessitates only one purchase order: to the design-build firm, which commits to a timeline and a guaranteed maximum price for the entire project. With this model, it is the design builder that employs or hires the architect or design professional, the engineer, and the contractor; it is the design builder that specifies the material solution; and it is the design builder that manages the project from start to finish.



The design-builder bids out all materials and labor, manages all subcontractors, and resolves any cost or timeline discrepancies throughout the course of the job. With one responsible partner coordinating and overseeing every aspect of your project, design-build can greatly reduce administrative burdens, heighten quality control and risk management, and protect against cost overruns.

Educating Your Way to Success

Today's facility managers are fortunate to have so many roof delivery options available. However, identifying the best one for a particular project requires a careful consideration of all relevant factors, including budgetary and timeline requirements, the permanence of the structure being roofed, the complexity of the job, and your own ability and availability to supervise the project. Taking the time to educate yourself on the available options is your best guarantee of long-term success.

Need Help with Funding?

Traditionally, schools fund roof purchases from cash reserves or via a bond levy. But today, for many districts, leasing is an effective funding alternative, especially for urgent projects. Lease financing allows companies, public entities, and non-profit organizations to pay for essential-use assets, such as roofing, over time, with a minimal buyout.

Joanna Haberbusch, treasurer and CFO of Green Local School District, Wayne County, Ohio, explains how leasing came to the rescue when her district needed to replace the high school's roof. "The district has a fairly restricted permanent improvement fund. The cost of this single project would have drained the entire budget, preventing other projects of equal importance from being completed," she says. Applying the lease financing concept to roof replacement gave the district greater flexibility.

By spreading its payments over five years, the district was able to lower its total anticipated expenditures in the short term. "This method of payment made it convenient for us, allowing us to proceed with necessary work while waiting for State of Ohio facilities funding, which would only become available to us two years out," says Haberbusch.

Many independent or bank-affiliated leasing companies are prepared to develop tax-exempt, low-interest lease/purchase programs customized to meet specific needs. In the case of the Green Local School District, the lease included delivery and installation for the total roofing system.

Frank Percaciante is the divisional controller for Design-Build Solutions, Inc., a Garland Industries subsidiary dedicated to providing a full range of services for complex roofing construction, retrofit, and renovation projects. In that role he is responsible for conducting the financial analyses and developing the scopes of work for construction contracts. Percaciante has worked in the roofing industry for ten years. He majored in finance, with a minor in economics, at JCU in Cleveland, Ohio.