

# PROCUREMENT

## **Department Mission/Purpose Statement**

We are dedicated to maximizing taxpayer resources in the acquisition of goods and services, through strict adherence to governing law, the highest ethical standards, strategic sourcing and best practices, transparency and customer-focus.

## **Department Description**

The Procurement Department leads the acquisition of goods and services required by City departmental units to be able to carry out the mission and goals established for each unit. In this role, the Procurement Department is a strategic partner with the City in assuring that taxpayer resources are maximized. The Procurement Department achieves this goal through sound business practices that include strict adherence to governing law, the highest ethical standards, best practices, transparency, and customer-focus to both internal and external stakeholders.

### **Significant events that continue to impact the department's mission or purpose:**

1. A significant increase in the volume of work resulting from a discontinuation of job order contracting (JOC) and an increased need to establish purchasing authority on many City purchases;
2. The need to provide an increased level of direct support to City departments relative due diligence on procurement requirements compliance;
3. The need for increased transparency in contracting activities, including contract negotiations;
4. The need to embrace the value of spend management for leveraging the volume of city expenditures;
5. The need to expand contract compliance and records management activities.
6. Unresolved audit findings from 2003 and 2012 audits.

### **Administration**

Formulates and recommends department and citywide procedures; oversees the City's procurement processes; advises departments and vendors on all procurement-related issues and methods of acquiring needed goods, services, and equipment; facilitates evaluation committee meetings; authors, reviews, prepares all commission memorandums and resolutions relative to procurement-related items; represents the City as its key witness in all procurement-related lawsuits; and enforces and ensures compliance with all procurement-related City code. Provides administrative and clerical support to all vendors and departments; assists in special projects; provides guidance and assistance to all City departments and vendors.

### **Departmental Support Team**

Assist the departments in all day to day procurement related issues. Provide training and guidance to the Procurement liaisons and users to ensure that all purchases are made in accordance to the Code. Issues solicitations for goods, equipment and general services; reviews bids and proposals for responsiveness; facilitates evaluation committee meetings; analyzes bids received; provides guidance and direction to evaluation committee members; issues purchase orders, blanket purchase orders and change orders for goods and services; provides guidance and assistance to all City departments, residents and vendors.

### **Contracting and Negotiation Team**

Issues solicitations for professional services and construction; reviews proposals for responsiveness; facilitates evaluation committee meetings; provides guidance and direction to evaluation committee members; issues purchase orders, blanket purchase orders and change orders for goods and services; provides guidance and assistance to all City departments, residents and vendors. Issues solicitations for the selection of architectural and engineering firms and construction projects; reviews bids and qualifications packages for responsiveness; facilitates evaluation committee meetings; analyzes bids received; provides guidance and direction to evaluation committee members; issue purchase orders for capital improvement projects; provides guidance and assistance to all citywide departments, residents and vendors. Facilitate and provide guidance in contract negotiation sessions.

## **Significant Prior Accomplishments**

- **Productivity.** Significantly increased departmental productivity over FY2012 as noted in Table below:

<b>PROCUREMENT PROJECT WORKLOAD</b>		
<b>FY2012 vs. FY2013</b>		
<b>Procurement Event</b>	<b>FY 2012 TOTAL</b>	<b>FY 2013 YTD*</b>
Intend to Negotiate	0	1
Invitation to Bid	30	43
Invitation to Qualify	13	122
Intend to Sole Source	0	27
Professional Services Agreement	0	13
Request for Proposal	19	17
Request for Quote	11	5
Request for Info.	0	2
Piggy-Back	40	106
Approval of Unauthorized Purchase	0	49
Enterprise Resource Planning	0	41
Industry Reviews	0	7
<b>TOTAL</b>	<b>113</b>	<b>433</b>

\*Notes: Figures do not include initiatives to increase or improve contract compliance, risk management, contractor performance management, statutory compliance, internal controls, and business process efficiencies including those initiatives reported in LTC 230-2013, dated July 2, 2013.

- **Code and Policy Review and Recommendations.** The National Institute for Governmental Purchasing (NIGP) has advised public sector agencies that outdated regulations can impede both the efficiency and effectiveness of procurement-related activities. To assure the City's Procurement Department is operating in the most efficient and effective manner possible, NIGP Consulting has been engaged to complete review of the City's regulations relative to its procurement activities, as well as other applicable requirements. The scope of the review includes:
  - a review of procurement-related ordinances, statutes, policies and procedures to ensure compliance, consistency and a comparison with industry best practices;
  - a high-level comparative analysis that will benchmark the City against other similar national and local municipalities;
  - a review of any constraints that may impede effectiveness and efficiency of the City's procurement-related functions.
 Following the review, a report with recommendations for procurement regulatory improvements, based in part on the American Bar Association (ABA) Model Procurement Code, will be presented to the City. At the July 17, 2013 Commission Meeting, Administration will ask the City Commission to refer an item to the Finance and City-wide Projects Committee for discussion of the proposed review and recommendations.

- **Solicitation Document Review.** The importance of clarity in the City's competitive solicitations cannot be understated. Clear and reader-friendly bid documents encourage competition by allowing prospective vendors to fully understand the City's expectations in any given solicitation and minimizes the need to unnecessarily penalize vendors for not complying with unclear solicitation requirements. With that goal in mind, all competitive solicitation documents through which the City seeks bids, proposals or quotes for the acquisition of goods or services are currently under review by a team of independent reviewers with extensive experience in assisting governmental agencies with public procurement projects. The objective of the review is to: create consistency and uniformity among City solicitation documents; incorporate best practices available from NIGP and others; create a simplified process for vendors to do business with the City; assure that competitive solicitations promote competition; reduce the possibility of bid rejections caused by inconsistent bid language; increase the productivity of the Procurement Department staff; and, improve the likelihood the City will gain maximum benefit from its competitive solicitations.
- **Contract Negotiations.** The transparency of the City's contracting activities is an important part of maintaining a procurement system based on openness, fairness, ethics and integrity. Florida Statutes stipulate that most activities of procurement selection meetings are subject to Sunshine Law requirements for public meetings, except for those meetings at which: 1) a negotiation with a vendor is conducted pursuant to a competitive solicitation, 2) a vendor makes an oral presentation as part of a competitive solicitation, or 3) a vendor answers questions as part of a competitive solicitation. Notwithstanding the exemption provided in statute for these exempt meetings, Sunshine Law requirements stipulate that "a complete recording must be made of the exempt meeting; no portion of the meeting may be held off the record." The recordings must be made available pursuant to any public records request following the conclusion of the solicitation process.

In the past, it has been the City's past practice to allow the vendor negotiations to be managed by the user department without participation by the Procurement Department. However, in these cases it is difficult to assure strict adherence to the requirements of the Florida Sunshine Law. In order to assure statutory requirements, in addition to assuring negotiations do not deviate from the original scope and intent of the solicitation, the administration of the contract negotiation process has been assumed by the Procurement Department, with participation by City staff as necessary.

- **Contract Administration & Risk Management.** It has been the City's practice that much of the administrative contract management duties are delegated to the user department's contract manager. While it is important to include the departmental contract manager in the day-to-day management of the contract requirements, including managing contractor performance, certain aspects of the contract administration process should be centralized to assure that the risks to the City are minimized, including certain risk management considerations (e.g., insurance, performance and payment bonds) and timely contract renewals.

In an effort to assure that the aforementioned contract administration and risk management goals are achieved, these activities have been assumed by the Procurement Department. To facilitate contract administration process, the department is finalizing the implementation and full use of the City's contract management system

that allows the tracking and maintenance of contractor performance evaluations, contract renewal periods, and risk management factors.

- **Financial System Internal Control Improvements.** Procurement and Information Technology staff completed a test of the internal controls of the City's enterprise resource planning (ERP) system relative to the process for the acquisition of goods and services. While the system performs well under most scenarios, the results of the internal control testing resulted in a number of recommendations that would improve the security of these processes. The recommended improvements have been discussed with the City's ERP provider, which has agreed to complete a business process review and assist the City in implementing improvements to both the acquisition processes and the internal controls related to these activities.
- **e-Marketplace.** The City requires routine goods and services to support the operations of many City departments, especially those departments involved in maintaining infrastructure systems and other City assets. Since the City does not currently maintain an adequate stocking facility for routine operational requirements, these departments must acquire the goods and services they require at the time of need, usually through blanket purchase orders, spot market purchases or procurement card purchases. These methods are often inefficient or do not provide the internal controls necessary to assure that sound procurement practices are being adhered to.

In an ongoing effort to increase efficiencies in the acquisition of goods and services by City departments while assuring that internal controls for a sound procurement process are in place, the Procurement Department has identified a process for maximizing the efficiency of MRO purchases through the U.S. Communities Purchasing Alliance (U.S. Communities) Marketplace system (e-Marketplace). U.S. Communities, founded by the National League of Cities, The National Institute for Governmental Purchasing (NIGP), National Association of Counties, and the U.S. Conference of Mayors, is the leading national government purchasing cooperative, providing procurement resources and solutions to public sector agencies looking for the best overall supplier government pricing, while achieving procurement operational efficiencies. U.S. Communities offers contracts established through competitive bids that aggregate the volume of over 55,000 participating public sector agencies across the country, including state agencies, municipalities, counties, special districts (e.g., fire, sewer, water, etc.), public schools (including K-12, colleges and universities) and non-profit organizations. The e-Marketplace tool allows for routine maintenance, repair and operations (MRO) purchases to be made in a simplified web-based manner through which the items available under the competitively bid contracts may be acquired from reputable suppliers at the best government pricing available, while maintaining tight controls on expenditures through the approval workflow functionality. e-Marketplace will increase the efficiency, cost-effectiveness and internal control goals described above by:

- providing online access to all U.S. Communities competitively bid contract prices which have been guaranteed by the awarded contractors to be the lowest offered to public sector agencies;
- decreasing "off-contract" spend that results when departments purchase requirements from other than contract sources;
- maximizing savings through comparison shopping functionality which allows users to compare specifications and cost of similar items;
- establishing pre-established required approval workflow for all purchases;

- providing free shipping and next day delivery on most items so that the receipt of routine items can be expedited;
- allowing the department managers and the Procurement Department to manage spend and consider historical volume for subsequent solicitations and potentially deeper discounts.
- assuring a fully transparent acquisition process with a verifiable audit trail to ensure purchases are properly approved, from authorized suppliers, at contract prices.

The e-Marketplace is a secure and proven solution utilized by public sector agencies across the country. With a single logon, authorized users can logon to the e-Marketplace and have access to a number of providers of MRO equipment and supplies that have been competitively bid to assure that the City is yielding the best possible public sector pricing, while assuring that required goods are received, in most cases, by the next business day.

- **Objective Cost Scoring Criteria.** Assuring a fair process for the evaluation of competitive proposals received is a primary goal of the public procurement process. While some aspects of the competitive proposal evaluation process are subjective in nature, other aspects are well-suited for a more objective evaluation process. The scoring of cost proposals is one of those aspects of the competitive proposal evaluation process that may be evaluated objectively. In the past, the City has allowed for a more subjective evaluation of cost proposals by evaluation committee members. Going forward, the Procurement Department is implementing a process by which the cost portion of competitive proposals are to be evaluated in an objective manner based on a common formula utilized by many public sector agencies.
- **Industry Review Meetings.** It is the goal of the Procurement Department to conduct City processes related to the acquisition of goods and services in the most transparent manner possible. The department believes the City's is best served when all stakeholders, internal and external, are well informed of the City's goals in any given competitive solicitation process and the City has taken into account any potential pitfalls or available best practices that may exist when creating specifications for the solicitation. Accordingly, the department has instituted an industry review process through which vendors in any given field are invited to discuss with City staff how best to accomplish the goals of a forthcoming solicitation. The industry review meetings allow the City to consider ways of achieving a particular goal which maximizes the value of the competitive solicitation process and minimizes the potential for specifications that are difficult to achieve or limit competition. The industry review meetings also help vendor outreach efforts by increasing the transparency of the City's procurement processes. In this effort, meetings send a message to vendors that may have previously resisted participation in the City's solicitations that it is the City's intent to assure a fair and transparent environment in all activities related to the acquisition of goods and services.

## Performance Plan Highlights

Citywide Key Intended Outcome	Departmental Performance Indicator	Actual									Target		FY 13/14 Adopted Initiatives
		FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14		
Maximize efficient delivery of services	% of employees rating overall quality of procurement services as either excellent or good			83.5%									<ul style="list-style-type: none"> <li>• Develop and Implement Procurement Customer Surveys – City Department Users</li> <li>• Develop and Implement Procurement Customer Surveys – Bidders and Proposers</li> <li>• Improve procurement compliance measures</li> <li>• Revise backlog of solicitations for goods and services</li> <li>• Reduce backlog of solicitation of A/E and construction</li> <li>• Reduce requisition to P.O. processing time to meet or exceed national average of 6 days</li> </ul>
	Average # of calendar days to award construction bids						78 days	72 days	77 days	150 days	120 days		
	# of procurement seminars and/or workshops conducted for businesses and City staff		3	8	5	5	6	7	7	4	4		
	Average # of calendar days from requisition to purchase order	30	25	13	14	19	15	16	16	18	18		
	Average # of business days from approval of Request to Issue to Award of RFP/RFQ	120	98.25	86.75	77.25	120.08	110.9	140	118.6	150	150		
	Average # of responses to procurement solicitations	4	7	11	6	9	11	7	6	4	4		
	Average # of calendar days to award Bids for goods and services.					70 days	72 days	77 days	67 days	90 days	90 days		
	# of formal protests filed and sustained	0	0	1	0	0	0	0	0	0	0		
	% of uncontested bids or bids sustained	99%	95%	94%	93%	94%	94%	95%	97%	100%	100%		
Expand e-government	# of visits online to view advertised bids								35,371			<ul style="list-style-type: none"> <li>• Expand e-procurement system</li> <li>• Implement electronic surplus property system</li> </ul>	
Improve process through information technology	Supports measures on Citywide Scorecard											<ul style="list-style-type: none"> <li>• Implement automated vendor performance management system</li> <li>• Implement commodity codes in EDEN</li> </ul>	
Strengthen internal controls	Supports measures on Citywide Scorecard											<ul style="list-style-type: none"> <li>• Review and revise Procurement procedures</li> <li>• Implement Certificate of Insurance (COI) review and tracking system</li> <li>• Complete review and update of City Procurement Code</li> <li>• Centralize contract administration</li> <li>• Complete recommendations for expedited processes for procurement of City construction processes</li> <li>• Complete standardizing procurement documents (ITB/RFP/RFQ), etc. through outside review</li> <li>• Ensure equitable distribution of work on contracts awarded to multiple vendors/contractors</li> </ul>	

If Actual Field is blank then data was unavailable or survey question was not asked in that year

TBD - To Be Determined

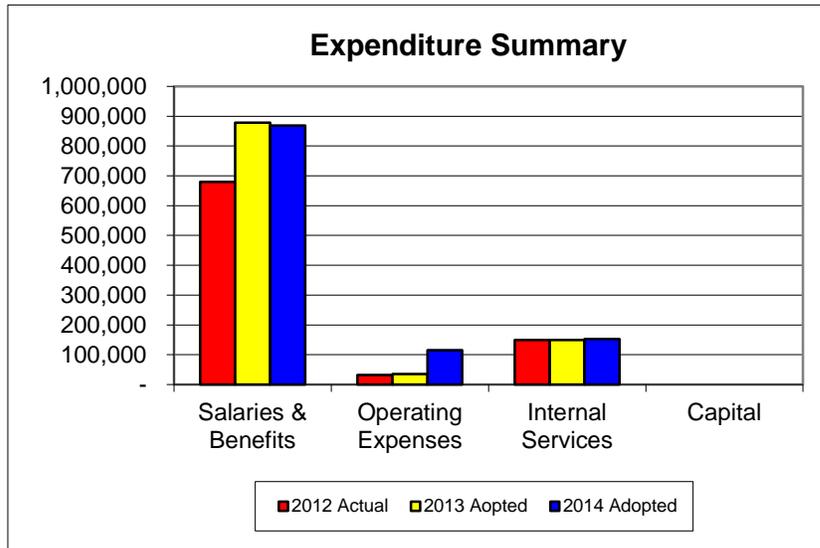
Citywide Key Intended Outcome	Departmental Performance Indicator	Actual								Target		FY 13/14 Adopted Initiatives
		FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
Attract and maintain a workforce of excellence	% of employees certified as professional public buyer or professional public officer	50%	70%	62%	60%	50%	63%	75%	77%	100%	100%	
	% of Living Wage Violations resolve								100%	100%	100%	
Increase community satisfaction with City government	Supports measures on Citywide Scorecard											<ul style="list-style-type: none"> <li>Expand Service Shopper to contracted operations and charge enterprise funds as appropriate</li> </ul>

If Actual Field is blank then data was unavailable or survey question was not asked in that year

TBD - To Be Determined

## Departmental Financial Summary

<u>Expenditure Area</u>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Adopted</b>	<b>2014 Adopted</b>
Salaries & Benefits	\$ 788,534	\$ 679,965	\$ 878,287	\$ <b>869,000</b>
Operating Expenses	26,222	31,877	35,181	<b>115,000</b>
Internal Services	136,583	148,835	149,532	<b>153,000</b>
Capital	0	0	0	-
<b>Total</b>	<b>\$ 951,339</b>	<b>\$ 860,677</b>	<b>\$ 1,063,000</b>	<b>\$ 1,137,000</b>
<b>Budgeted Positions</b>	<b>9</b>	<b>8 + 1 PT</b>	<b>8 + 1 PT</b>	<b>9 + 1 PT</b>



## Budget Highlights

- A significant component of the increase for all departments are increases in employee costs such as a maximum of 3 percent for CWA and 2 percent merit increase for other employees. Merit and step increases apply within existing pay ranges. The personal services budget reflects a ten percent (10%) increase in health insurance costs over the FY 2012/13 experience.
- The budget reflects a net increase of \$36,000 or twenty-three percent (23%) from last year in City contributions to the pension plan, primarily due to a revised allocation. Pension increases are primarily driven by the continued recognition of investment experience losses in FY 2007/08 and FY 2008/09 as well as continued decreases in the assumption for rate of return on investments.

- Operating expenses are budgeted to be above the FY 2012/13 budget by \$84,000 or two hundred percent (200%). This increase is primarily as a result of \$60,000 increase in temporary labor to support in evaluating and implement improvements to the City's contract management process to ensure Sunshine Law requirements during the negotiation process, and contract compliance, before and after award by creating a central repository of contracts to ensure contracts and required documents such as insurance are up to date. Funding for support will be re-evaluated once the improvements have been implemented.

In addition the budget reflects an increase of approximately \$20,000 in Other Operating cost for increase training and certification of staff and a one-time purchase of furniture and a laptop to be used in evaluation committee meetings.

- The FY 2013/14 budget includes an efficiency totaling \$2,000 to eliminate payout for Executive Planning Days, by allowing employees to use the hours annually but eliminating the option to receive a payout for any unused portion at year end.