

Smart Cities and Service Improvements Committee

October 3, 2019, 1:30pm

Introductions and Agenda

Dolan Beckel, Civic Innovation Director
Kip Harkness, Deputy City Manager

Agenda Items

- (d) 1. Procurement Improvement and Readiness Program Update
- (d) 2. Smart City Roadmap Update
 - Small Wonders update and demonstration from the Housing and Office of Emergency Management Departments on the “STIR Disaster (Fire) Response Platform using Gruntify”
- (d) 3. Digital Inclusion Partnership Update

(d) 1. Procurement Improvement and Readiness Program Update

Dolan Beckel, Director, Civic Innovation

Lisa Taitano, Assistant Director, Finance

Jennifer Cheng, Deputy Director, Finance – Purchasing & Risk Management

Kip Harkness, Deputy City Manager

SMART CITY ROADMAP

User-Friendly Government	Integrated Permitting/ Development Transformation	Privacy Strategy	City Website	My San Jose	Digital Services Strategy	Data Strategy	Start Up in Residence (STIR) program	Spatial Data Integration (SDI)	
Smart Mobility	Autonomous Vehicle – First and Last Mile	Transportation Events Tracking (E-tracker)	Verizon Traffic Data Services Pilot	Access and Mobility Plan	Micro-mobility sidewalk and data pilots				
Smart Infrastructure	Small Cell Permitting Deployment and Process Improvements	LED Smart Controllers	IoT Reference Architecture	Irrigation Sensor Connectivity - CalSense	Facebook Terragraph Wi-Fi	AT&T Community Wi-Fi at Community Centers/Parks			
Safe City	Safe City Strategy	FirstNet Evaluation and Migration	Silicon Valley Regional Communication System	Text to 911 (sub project to Next Gen 911)	Fire Station Alerting System	Fire Department Business Intelligence	EOC Damage Assessment GIS tools and capabilities	Verizon Intersection Safety Analytics	Smart Digital Infrastructure Nodes – AT&T pilot
IT Roadmap	Cybersecurity Work Plan	IT Infrastructure Modernization	City Open Data Environment	Business Tax System	Products Management-Projects Execution	Business Tax Amnesty Solution	Advanced Cybersecurity Products and Service RFP	IT Staff Skill-Up and Engagement	
Equity	Digital Inclusion Program Fund	Community Wi-Fi Strategy	Rent Registry (Apartment Rent Ordinance)	Access Eastside	Joint/School Issued Library Cards	DAHLIA Affordable Housing Portal	AT&T Tech for Good Pilot	Verizon STEM	
Climate Smart	EV Strategy	Greenhouse Climate Smart Engagement	Gas Emissions Report and Dashboard	Climate Smart Dashboard	Residential Housing Natural Gas Elimination Roadmap				

SMART CITY ROADMAP PROJECT IMPACT ON THE CITY

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Climate Smart	EV Strategy	Greenhouse Climate Smart Engagement	Gas Emissions Report and Dashboard	Climate Smart Dashboard	Residential Housing Natural Gas Elimination Roadmap	<div>67%</div> <div>Impact Procurement Team and Departments</div>			

The volume and complexity of strategic technology centric procurements will increase over time

Agenda

1. Why does San Jose need a Procurement Improvement and Readiness Program?
2. What is the Procurement Improvement and Readiness Program?
3. Procurement Background
4. The RFP Lifecycle
5. Prioritization Process
6. Current Status of the Procurement Improvement and Readiness Program

Why does San Jose need a Procurement Improvement and Readiness Program?

- San Jose is seeing the volume and complexity of strategic procurements increase especially with Smart Cities and IoT related projects.
- For the last two years, the procurement team has experienced high turnover and vacancies.
- Staff recognizes that there are always improvements to be made, and we expect that we will need to continue to prepare for an increasing volume and complexity of future strategic technology procurements.

What is the Procurement Improvement and Readiness Program Scope?

- Short term focus: Throughput and Prioritization
 - Consultant engagement
 - Engage consultants to work strategic procurements (augmentation)
 - Procurement Prioritization Board (PPB)
 - Govern how new strategic procurements, managed by Finance-Purchasing in coordination with the sponsoring department, will be prioritized going forward to ensure that the Purchasing Division is working on the right projects at any given time.
 - Acquiring and retaining the right team
- Long term focus: Strategic recommendations
 - Consultant engagement
 - Engage consultants to make strategic recommendations to become more efficient and effective. Includes training development.
- Partnership between Finance and Civic Innovation

Procurement Background

City procurements completed in 3 different ways

- **Finance-Purchasing:** Non-Consultant Services, IT (software, hardware, and services), Supplies, Materials, and Equipment.
- **Departments:** Consultant Services, including evaluative, advisory, or highly skilled licensed or certified individuals for architectural, design, engineering services, environmental land surveying, employee training, studies, assessments, audit and fiscal services, etc.
- **Public Works:** Construction, architects, and engineers.

Finance – Purchasing Operations is divided into three sections

- **Strategic Procurement-** Department IT Manager, 3 Senior Analysts, 2 Analysts responsible for best value procurements (Request for Proposals, evaluative Request for Quotes), contract drafting and negotiation, and Council memo. Team includes 1 buyer responsible for IT commodity.
- **Procurement Card Program** – ½ FTE to administer Procurement Card program
- **Tactical Procurement** – One Program Manager and 5 buyers overseeing low bid procurements (Request for Quotes & Request for Bids) resulting into Purchase Orders.

Procurement responsibilities are shared between Department and Finance Team

- The procurement and contracting process is a team effort between departments and Finance-Purchasing.
- Finance-Purchasing is responsible for ensuring the process is conducted in a fair and equitable manner and that solutions are selected that meet the organizational priorities.
- Departments are responsible for actively engaging in the process to appropriately identify those needs.

RFP Lifecycle

- Identify Need for RFP
 - Purchasing is either contacted by department or the need to re-bid existing services is already on Purchasing's work plan
 - Purchasing identifies consolidation opportunities across departments
 - Audit of Council directive
- Scope Development
 - Departments are responsible for scope
 - Overcome challenges in obtaining initial draft scope
- Once department sends a draft scope to Purchasing, their role "complete" and start the clock: *"When can the RFP go out?"*
- Competitive process requires continued partnership, with resources required of Purchasing and department

Scope Development Reality

- Reality is that draft scopes usually requires a lot of work by Purchasing and the Department to complete and finalize into full RFP.
- To streamline process, Purchasing issued Strategic Procurement and Contract Requests Checklist (“Pre-RFP Checklist”) in January 2019

Work Prioritization Process

- Previous prioritization approach was a combination of:
 - First-in, first-out
 - Existing critical services versus new service
 - Purchasing staff makes the call
 - Individual departments/divisions providing prioritization (ITD, Airport Operations)
- Prioritization under Procurement Improvement and Readiness Program
 - Department uses RFP Checklist to determine readiness
 - Department completes Procurement Prioritization Sheet
 - Procurement Prioritization Board reviews submissions and determines prioritization

Current Status of the Procurement Improvement and Readiness Program

Key Activities

1. Created an RFP Checklist to educate departments and improve input quality
2. Issued an RFP for consulting engagement and currently evaluating finalists
3. Kicked off the Procurement Prioritization Board (PPB)
4. Briefed senior and executive staff
5. Conducted meeting for all departments, sponsors and procurement liaisons to inform about the Checklist, PPB, new processes and program

Next Steps:

1. Identify consultant and initiate engagement
2. Onboard consultants to evaluate how to increase throughput while supporting Procurement Prioritization Board prioritization process
3. Evaluate and plan for structural changes (muni code, policy changes, organization, process improvements, etc.)

(d) 1. Update on the City's Procurement Improvement and Readiness Program

Dolan Beckel, Director, Civic Innovation

Lisa Taitano, Assistant Director, Finance

Jennifer Cheng, Deputy Director, Finance – Purchasing & Risk Management

Kip Harkness, Deputy City Manager

Procurement Prioritization Board (PPB) FAQ

1. Why do we need the PPB?

To ensure procurement staff are working on the right priorities of the organization, and because the current first-in-first-out, individual escalation method is not the best way to provide service to the organization. And, to ensure Citywide quality of requests for procurement.

2. What’s the purpose of the PPB?

To provide Purchasing with a prioritization of new work. Projects will be prioritized based on questions and answers provided by departments in the Procurement Prioritization Sheet, the PPB will review these responses provide Purchasing with a stacked ranking of prioritized procurements. The PPB reserves the right to selectively override the scores based on their judgement. The PPB will continue to iterate to improve this process.

3. Who makes up the PPB?

The PPB is made up of the Assistant City Manager, the Finance Director, the Budget Director, with Purchasing staff supporting the PPB. The PPB will meet no less than monthly and will be nimble as necessary.

4. How will this impact my department?

Departments will be asked to provide answers to criteria questions and backup information such as relative department priority and readiness to begin procurement. In general, the higher the importance to the City, the higher a procurement will be in the queue. Departments will still be able to “pre-meet” with Purchasing to consult and agree on the approach.

5. What types of procurements are considered?

New procurement for goods, equipment and non-consulting services greater than \$130K and only applies to RFPs.

6. How does this impact procurements that have already started?

This process will not impact procurements that are currently in process or have already been assigned to a Purchasing lead. This process only applies to new procurements.

7. How does this impact contract support services?

Contract support, such as change orders and amendments and exercising options, will continue to be handled on a first-in-first-out basis. Urgent items can be escalated.

8. What else is the City doing to enhance procurement service delivery?

In addition to the PPB, Finance is hiring an additional purchasing staff member and looking at retention strategies. As of June 17, 2019, the Procurement Team will be fully staffed for the first time since November 2017. They are also engaging the help of outside consultants to 1) provide throughput assistance and add capacity and 2) design and implement department organization, process, and policy improvements (including training).

Workflow Process

