Procurement Improvement Update

Smart Cities Committee
October 7, 2021

Julia H. Cooper, Director of Finance

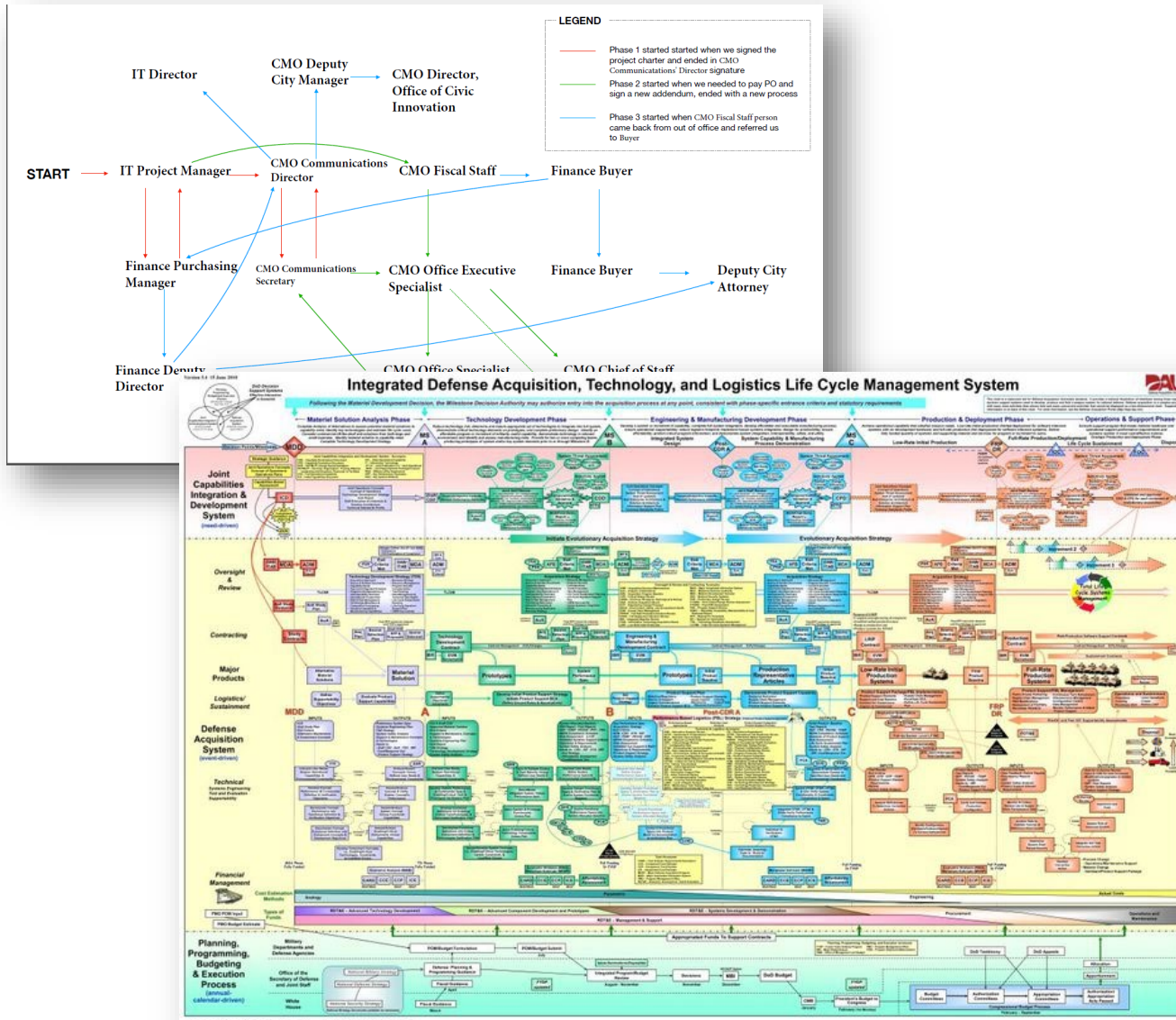Luz Cofresí-Howe, Assistant Director of Finance

Jennifer Cheng, Deputy Director of Finance
Purchasing & Risk Management

Agenda

- Challenges
- What we've been up to
  - Key Activities
  - Procurement Improvement to date
- Procurement Improvement: What's next

"I'm frustrated!"

What we sometimes hear:

☹ "Procurements take too long."

☹ "We need to procure with speed."

☹ "I want to directly contract. This is the only vendor in the market that can do this. How do we do this?"

☹ "It doesn't cost that much; the risk is low so why couldn't I get this?"

☹ "[Procurement] seems to be in the way of everything that we're trying to accomplish, whether its equity or efficiency improvements, whatever it is, procurement is always what is holding us back."

Slide #3

Changing Perceptions

Procurement falsely viewed as a stand-alone bureaucratic process solely managed by Finance:
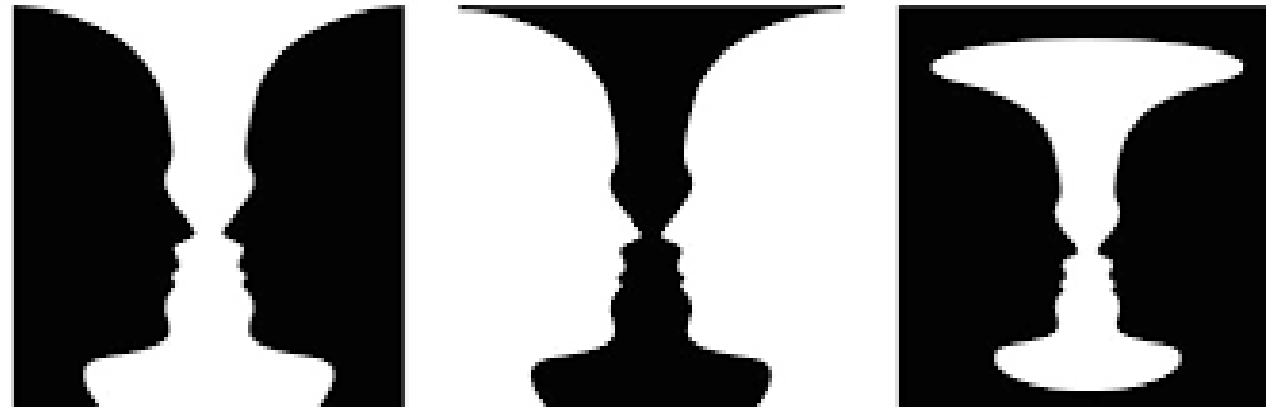
Procurement is a team effort that requires multiple stakeholder engagement and cooperation for success

Issues often attributed to "procurement problems" are due to:	How Finance-Purchasing Responds
Lack of awareness of the City Municipal Code procurement requirements	Educates customers on requirements and why such measures are in place
Incorrect information of purchasing processes	Regularly update Purchasing intranet website with tools, resources, checklists
Challenges with specification development which happens at the department level	Work extensively with department contacts to transform drafts to procurement-ready documents
Desired purchases are outside of City established standards or vendor pool	Steer purchases to City established standards and approved vendors
Contract negotiation challenges with vendors with material legal or business impact	Use procurement process as leverage; educate and align with department customers
Poor planning or Finance-Purchasing not engaged early or timely	Encourage early engagement with Finance; hold regular check-in meetings with key departments

Finance-Purchasing Contributions (Behind-the-scenes)

- ✓ Employ creative and innovative solutions for procurements while staying within Municipal Code requirements
- ✓ Provide business and strategic advice to departments in managing contracts and underperforming vendors
- ✓ Identify cross-departmental needs, consolidate procurements and establish City standards
  - Citywide Janitorial Services
  - Citywide Concrete removal
  - Initiated efforts to spearhead a Citywide approach for an enterprise video solution with Information Technology and Public Works
- ✓ Make Forward-Looking Strategic City Contributions
  - Recommended Bay Area regional approach for DAHLIA Affordable Housing Portal
  - Initiated work to add Web Content Site Accessibility Guidelines to IT Security Exhibits for procurements
  - Anticipate future needs and requests in Council recommendations and referrals

What else has Finance-Purchasing been doing?

In FY 2020-2021, Purchasing accomplished:

Council Memos: **52**

Purchase Orders and Purchase Orders Adjustments Issued: **2,054**

Request for Quotes: **25**
Request for Bids: **48**
Request for Proposals: **10**
Request for Information: **6**

New Agreements: **28**
Contract Amendments: **28**
Change Orders : **11**
Service Orders: **5**
Options to extend: **67**
Brand name/Pilot Project Determinations: **18**

PO & Contract Activity NTE: **$450,027,786**

…plus we supported EOC Procurement Requests…

COVID-19 related POs & adjustments issued: 153

Food Contracts Supported: ~14

PO Dollars Procured: $30,828,128

COVID-19 procurements conducted: 12

Procurements conducted in accordance to Federal Procurement Regulations and included required Federal contract provisions

And we did this with a small and mighty team of 15 authorized Purchasing positions

Procurement Improvements

Procurement Improvements to date

✓ Implemented the Procurement Prioritization Board (PPB) in September 2019

✓ Re-organized Purchasing workgroups to create "work teams" and enhance cross-training

✓ In 2020, added one permanent Senior Analyst position and in 2021, added one Overstrength Analyst position

✓ Engaged Procurement Consultant in February 2020 through RFP process

✓ Conducted kick-off meeting and then COVID-19 shelter-in place happened

- Discussed possible re-engagement with Consultant in March 2021; decided to defer to September 2021 due to ongoing COVID-19 restrictions
- Held re-engagement discussions with Consultant in September

Next Steps

Guidehouse to:

- Develop project plan, status report, stakeholder plan
- Provide documents and stakeholder lists
- Begin initial interviews with stakeholders

Goal: Report to Council Committee in May 2022
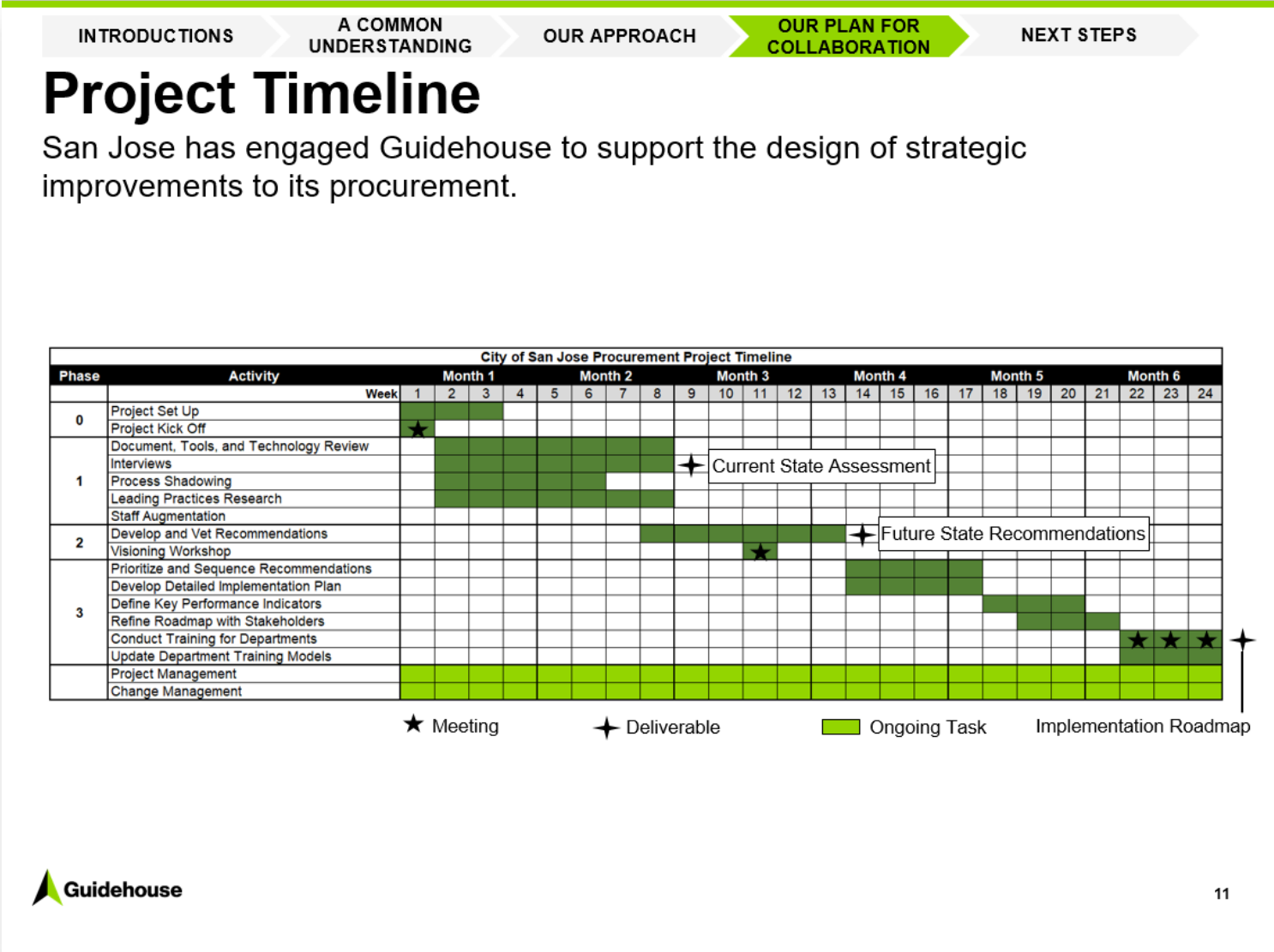
Thank you!

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