CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO:	SMART CITIES AND SERVICE IMPROVEMENTS COMMITTEE	**FROM:**	Mayor Sam Liccardo
SUBJECT:	**Procurement Improvement Status Report**	**DATE:**	October 7, 2021

APPROVED: *[signature]*   **DATE:** October 5, 2021

RECOMMENDATION

Direct the City Manager to:

1. Include in the 2022 Smart Cities Work Plan an update to the Committee in Spring 2022 on the Procurement Improvement Status Report, including the consultant's final report on potential strategies for procurement innovation;
2. Return to City Council for final adoption of procurement innovation and reform strategies in April 2022; and
3. Return to Council during the FY 22-23 budget process with a cost assessment and evaluation of adding staff required to fully implement the strategies adopted by Council in April 2022.

BACKGROUND

As we consider the many technology-related improvements we need to implement in the City, we are learning the hard way that the implementation of every significant project—from emergency services to 311 – depends on enduring a broken procurement process. Despite the criticality of procurement reform to improving our technology-based service outcomes, this priority has lagged. The latest procurement improvement timeline could delay implementation to FY 23-24. We have a moment of opportunity — and peril — of deploying a record amount of federal and state dollars through procurement — and we can't afford to wait years for a better process.

The current procurement process fails in multiple aspects. For example, The Mayor's Office of Tech and Innovation recently conducted an assessment of San José 311's current vendor engagement experience to understand how the product could be improved. The assessment indicated that the San José 311 team (IT Department) regularly encounters significant difficulty working with the current project partners (AST and Oracle) including the withholding of

updates, a failure to solve software bugs, and a rash of vendor mistakes. Often technology change management requires less focus on the technology, and greater attention to the people, process, and resourcing.

Our residents deserve better. How might we improve procurement to better serve our residents and elicit more accountability from technology contractors to our taxpayers and staff? We need a set of reforms that will:

- Incentivize vendor approaches to problem-solving rather than mechanically adopting a pre-specified "solution"
- Avoid or dismiss unresponsive or incapable vendors
- Accelerate approval processes
- More nimbly assess and exploit technological change
- Capitalize on historic levels of state and federal funding
- Boost our cyber resilience through our procurement of software products and technology infrastructure