

Procurement Reforms

April 6, 2010
Item # 3.4

Presented by Department of Finance

Scott P. Johnson, Director of Finance

Mark Giovannetti, Purchasing Division Manager

Background

- Current procurement policies last updated in February 2007
- Procurement report to PSF&SS in May 2008
- Beyond Budget Cuts “Procurement Workout” in January 2009
- Disposition of Surplus Property

Key Changes to 2007 Procurement Ordinance

Reform

- Increase contract approval authority from \$100K to \$1M for supplies and equipment
- Increase contract approval authority from \$100K to \$250K for services
- Implementation of a protest process for all solicitations; appeal rights to Council for procurements greater than \$100K

Impact

- More efficient use of purchasing staff time
- No loss of transparency
- No compromise in internal controls
- <2% of solicitations protested
- ~ 50% reduction in bid to order cycle time
- Programs well received by Staff and Suppliers

Impact of Changes

- Programs well received by staff and suppliers
- Consistent quality
- Streamlined processes
- Shorter cycle times
- Enhanced internal controls
- Stronger competition
- Transparent & open

Procurement Achievements

- Administrative Policies Developed, Published, and Implemented
- New e-procurement system implemented (BidSync)
- Citywide Training
- Expansion of P-card Program

Proposed Reforms

- Streamline protest period for awards <\$100K
- Index to CPI Council Appointees' contract approval authority and adjust every three years
- Expand definition of “incidental services”
- Issue multiple awards off one solicitation

Proposed Reforms, cont.

- Expand use of e-procurement automation tool:
 - Reverse auctions
 - On-line formal bidding
- Expand definition of “cooperative purchase” to include non-profits
- Allow greater flexibility in establishing award factors for RFP’s
- Increase threshold for sale of surplus property from \$400 to \$1,000

Summary

- Recommend that the City Council direct the City Attorney to amend the Municipal Code:
 - Council Appointees’ contract authority
 - Procurement of Goods and Services
 - Unclaimed and Surplus personal Property