

# PROCUREMENT

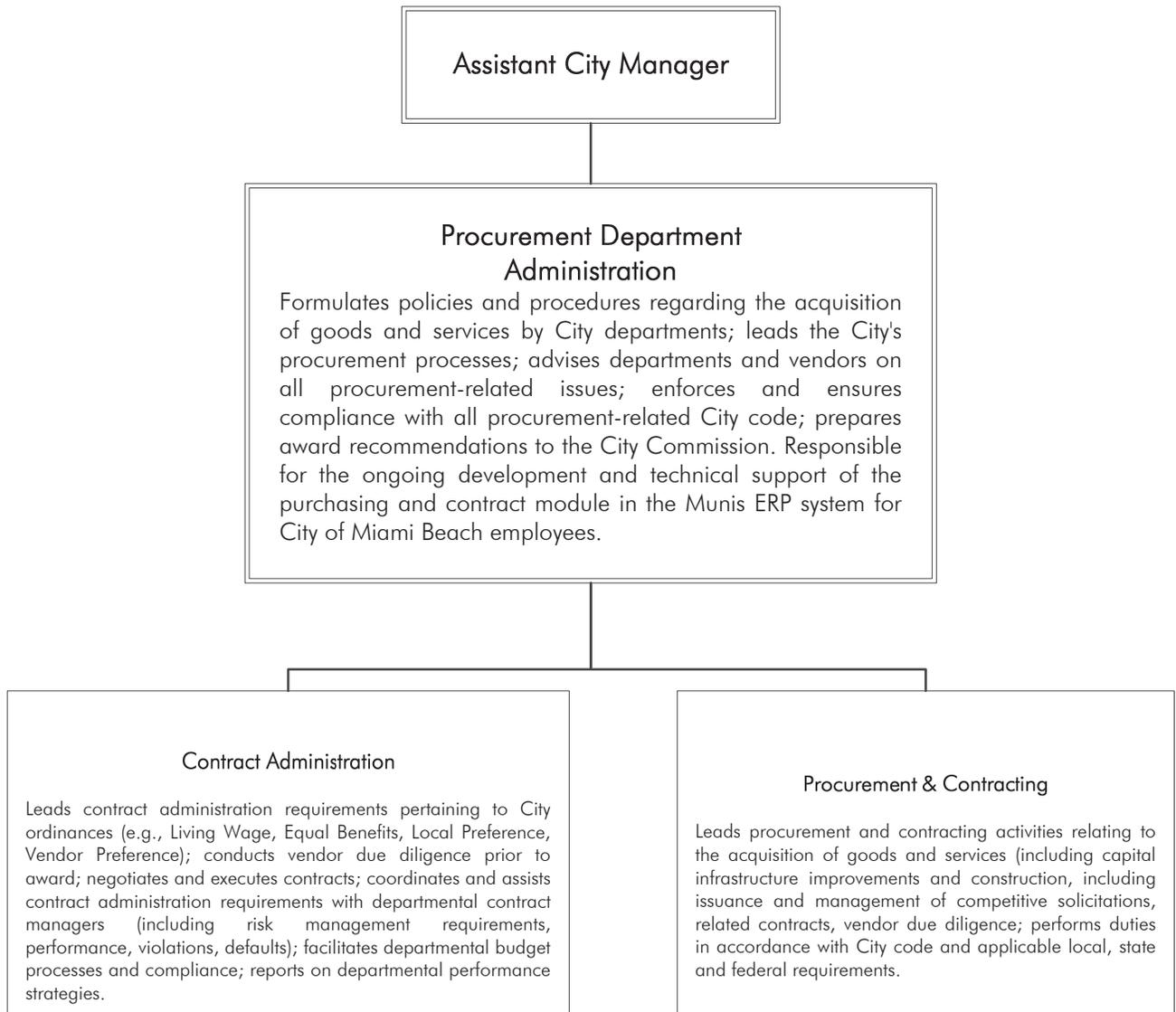
## **Department Mission/Purpose Statement:**

We are dedicated to maximizing taxpayer resources and the public trust 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 is responsible for managing the acquisition of goods and services required by City departmental units to successfully carry out their mission and goals. The Procurement Department provides direct support and oversight for expenditures by City departments to assure that expenditures are compliant with City code and applicable requirements and are maximizing taxpayer resources. Within the last three years, significant increases in productivity and due diligence activities have continued due to circumstances that occurred highlighting the need for the increased measures, including but not limited to establishing contract authority and compliance with contract and risk management requirements. In its role as a compliance department, the Procurement Department serves every department.

See attached Table of Organization



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## **Fiscal Environment:**

The Procurement Department is funded from the General Fund.

The General Fund charges an administrative fee to Enterprise Fund departments, RDA, and Resort Tax to cover the cost of various administrative support functions provided by the General Fund, including Procurement functions.

## **Business Environment:**

The Procurement Department continues to expand the services it provides to City departments, from contract and risk management improvements, to technology initiatives which expedite the goods and services required to carry out the work of the City, as well as improve on internal controls and minimizing risks. Major accomplishments are addressed in the following sections. Major challenges are addressed Critical Success Factors section.

## **Significant Prior Accomplishments:**

1. Munis Implementation. The Procurement Department has been a key player in the implementation of the Munis Enterprise Resource Planning (ERP) system, a system which further improves the efficiencies and internal controls of the City's process for the acquisition of goods and services with a broad range of functionalities which were previously unavailable. The Munis ERP has greatly expedited the procurement process for purchases pursuant to City approved contracts. In addition, Munis ERP has brought new functionality to contract management, electronic bidding and vendor self-service.

2. e-Marketplace. The Procurement Department continues to lead innovation with the Miami Beach e-Marketplace, the only online marketplace by a governmental agency in the local area. The e-Marketplace is a system for maximizing the efficiency of Maintenance, Repairs, and Operations purchases through the U.S. Communities Purchasing Alliance (U.S. Communities) Marketplace system (e-Marketplace). During this fiscal year, e-Marketplace purchases are expected to exceed \$1,500,000. The e-Marketplace increases the efficiency, cost-effectiveness and internal control goals described above by:

- Decreasing "off-contract" spend that results when departments purchase requirements from other than contract sources;
- Reducing the number of Purchase Orders required to be issued by the City, thereby allowing staff to work on more strategic matters;
- Maximizing savings through comparison shopping functionality which allows users to compare specifications and cost of similar items;
- Providing free shipping and next day delivery on most items so that the receipt of routine items can be expedited;
- Assuring a fully transparent acquisition process with a verifiable audit trail to ensure purchases are properly approved, from authorized suppliers, at contract prices;
- Maximizing p-card purchases which provides the City with additional revenue through the rebates offered by the City's p-card provider, SunTrust Bank.

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3. Insurance Tracking System (ITS). The department has fully implemented Insurance Tracking System (ITS) approaches risk management and insurance certificate tracking from an innovative perspective that allows third-party experts to manage this process, while allowing staff to address more customer focused activities. The ITS system allows the City to reduce risk and avoid exposure to losses from claims and allows for insurance experts to perform all of the necessary functions to monitor compliance, audit incoming certificates, follow up for endorsements and renewals.

4. Contract Administration & Risk Management. All contracts resulting from the procurement process have now been centralized in the Procurement Department. While this adds to the already heavy workload of the department, this move assures that the risks to the City are minimized, including certain risk management considerations (e.g., insurance, performance and payment bonds) and timely contract renewals.

5. Internship Program. The Procurement Department, in collaboration with the NIGP Miami Chapter, has created an innovative partnership with Miami Dade College to provide internship opportunities for students enrolled in the Bachelor's in Supply Chain Management Program. This partnership will provide students an opportunity to gain experience in public procurement, the public sector side of supply chain, and provides the department with a steady stream of qualified potential candidates when positions become available.

5. Vendor Management. The Procurement department, as part of the Munis project, has taken on the management of vendors from the Finance Department. During this transition, the department has implemented efficiencies and internal controls in the process for establishing City vendors to streamline services and increase safeguards to assure sound business processes.

6. High Volume of Services. During the past period, the department has completed a high volume of solicitation and purchase orders, far exceeding the national averages on a per employee basis. At the same time, the amount of time for processing purchase orders has decreased dramatically.

7. Well Trained Departmental Procurement Liaisons. A well trained base of procurement users fosters compliance and accountability, and protects the City from unmitigated risks in the acquisition of goods and services. Accordingly, the department continues to facilitate training workshops throughout the year to assure that departmental requestors are well trained. The target number of training workshops for FY2016 was 4. In actuality, the department held 28 group workshops and 38 departmental workshops, totaling nearly 400 employees trained in the following subjects: processing requisitions and change order requests, contract management, and maximizing e-Marketplace purchases.

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## **Critical Success Factors:**

1. Improve Records & Document Management. Given the large volume of documents received and produced by the department, an efficient records and document management system which includes (but is not limited to): electronic receipt of bids and proposals; online proposals evaluation tool for evaluation committees, improved records management solutions and updated records request policy is necessary.

2. Improved Staff Skills to Support Contracting Requirements. Given the shortage of available trained procurement/contracting professionals in the labor market, the department has needed to retain otherwise qualified individuals who, in varying degrees, require training in public procurement and contracting processes. Additionally training resources are necessary to achieve well-trained staffing resources.

3. Tools to Streamline Processes. The department manages a number of business processes which can be assisted by a certain streamlining tools to significantly improve efficiency, accuracy, compliance, productivity, and customer satisfaction. These tools include: online compliance tools for tracking living wage and local workforce goals; and project management.

4. Modernization of Procurement Policies and Procedures. It has been several years since the city's procurement rules have been modified. It is important to complete a full review of all applicable policies, and their corresponding procedures, to make sure that processes are streamlined and internal controls are maximized.

## **Future Outlook:**

The Procurement Department has planned several initiatives for the current and next fiscal year to improve the management of the acquisition of goods and services by City departments so that taxpayer resources are maximized, through strict adherence to governing law, the highest ethical standards, best practices, transparency and customer-focus. The department's administration believes that many of the goals and initiatives can be accomplished and that, doing so, will help raise the trust and credibility of the department and the City in light of past circumstances and improve the efficiency of acquisition practices by City departments, while also improving internal controls.

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## Performance Plan Highlights

Key Intended Outcome	Performance Indicator	Actual				Target
		FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
<b>Streamline the Delivery of Services Through All Departments</b>	Average # of calendar days to award bids	*	79.0	83.7	75.9	90.0
	Average # of calendar days to award proposals	*	131.0	176.8	131.6	120.0
	Average # of calendar days to approve requisitions in the Procurement Department	*	4	6	2.85	5
	# of contract awards per contracting officer for competitive sealed proposals	*	28	28	34	29
	# of contract awards per contracting officer for competitive sealed bids	*	12	18	37	23
<b>Strengthen Internal Controls to Achieve More Accountability</b>	% of contracts renewed or replaced prior to expiration	*	73.6%	100.0%	100.0%	100.0%

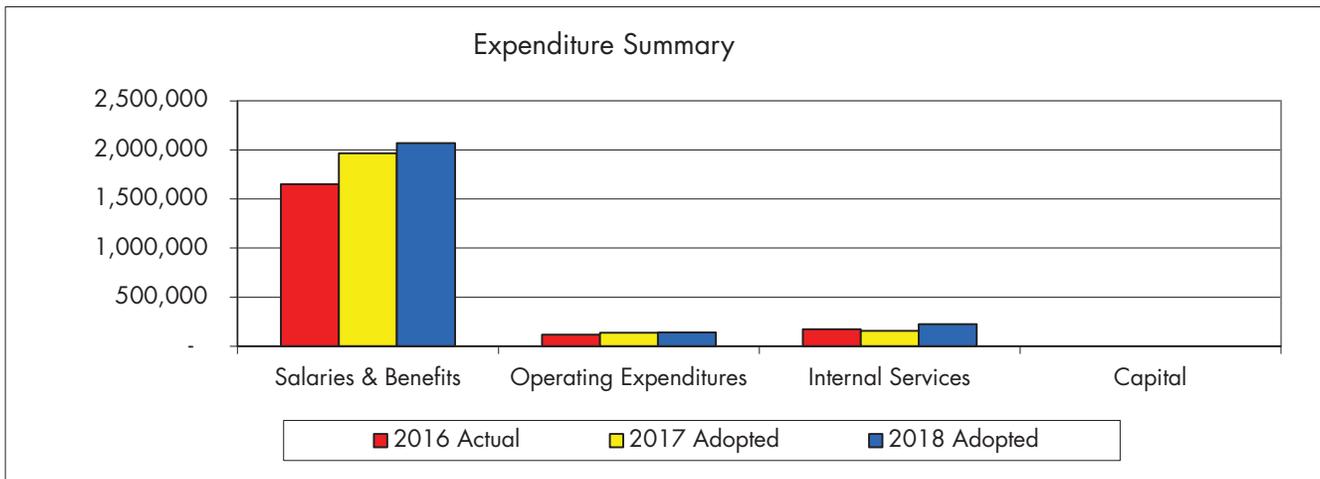
A Key Performance Indicator (KPI) is a type of performance measure that expresses the results that the City intends to achieve toward accomplishing its vision in measurable terms. KPIs are included on the Citywide Work Plan, as well as on individual Department Performance Plan Highlights.

\*Indicates measure was not tracked and/or conducted during reporting period  
 \*\*Data not available until end of year

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**General Fund  
Departmental Financial Summary**

<b>Expenditure Area</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Adopted</b>	<b>2018 Adopted</b>
Salaries & Benefits	1,311,029	1,651,223	1,964,000	<b>2,069,000</b>
Operating Expenditures	92,770	116,554	138,500	<b>139,000</b>
Internal Services	146,768	171,473	155,500	<b>225,000</b>
Capital	0	0	0	<b>0</b>
<b>Total</b>	<b>\$ 1,550,568</b>	<b>\$ 1,939,250</b>	<b>\$ 2,258,000</b>	<b>\$ 2,433,000</b>
<b>Total Budgeted Positions</b>	<b>14 FT + 3 PT</b>	<b>16 FT + 3 PT</b>	<b>17 FT + 5 PT</b>	<b>17 FT + 4 PT</b>



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## **Budget Highlights**

- A significant component of the increase for all departments are increases in employee costs including a 3 percent cost of living adjustment, as well as a maximum of 2 percent merit increase for employees, with the exception of the members of FOP and IAFF bargaining units, which include a 5 percent step increase. Merit, step, and cost of living increases apply within existing pay ranges.
- The department's operating budget increased by \$175,000, or 8%, primarily due to a \$105,000 increase in personnel costs as described above, and a \$54,500 increase in property management internal service expenditure, which is based on historical use of service.

## **FY2017/18 Efficiencies/Reductions**

- The FY2017/18 budget includes the elimination of one vacant Part-Time Procurement Contracting Analyst position resulting in a savings of \$27,000, as well as a \$16,000 reduction in funding for training and awards and \$2,000 for uniforms.