

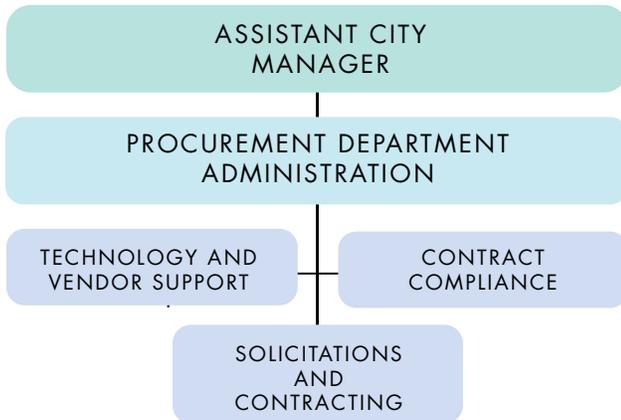
# PROCUREMENT

## DEPARTMENT MISSION STATEMENT

The mission of the Procurement Department is to maximize taxpayer resources and maintain the public trust in the City's activities regarding the acquisition of goods and services. We accomplish our mission through a service-focused culture that emphasizes the highest ethical standards, transparency, and innovation.

## DEPARTMENT DESCRIPTION

The Procurement Department is responsible for managing the acquisition of goods and services required by City departments 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 applicable regulations and that purchases are maximizing taxpayer resources. In the last two fiscal years alone, the department has facilitated approximately \$17.6 million in savings to the City through competition and negotiations. The department also manages a number of city-wide programs, including but not limited to: living wage, prevailing wages for construction projects, local workforce program, and insurance and bond requirements. While the Procurement Department understands the importance of holding contractors accountable for compliance with contractual requirements, the department also understands that it is critical to promote a business-friendly environment that minimizes unnecessary impediments to performance and assures timely payment of contractor invoices.



## FISCAL ENVIRONMENT

The Procurement Department is funded from the General Fund. The General Fund charges an administrative fee to Enterprise Fund Departments, the Redevelopment Agency (RDA), and the Resort Tax Fund to cover the cost of various administrative support functions provided by the General Fund, including Procurement functions. It is important to note that, although the department is funded from the General Fund, over the last two fiscal years alone, the department has facilitated approximately \$17.6 million in savings to the City through competition and negotiations. This significantly exceeds the department's annual operating costs.

## STRATEGIC ALIGNMENT

### Main Vision Area:

### Organizational Innovation

### Management Objectives:



- **Organizational Innovation**

- Support all objectives to improve strategic decision making and financial stewardship, making the city more business friendly and user friendly, with an employee culture of problem solving and engagement

### Strategic Plan Actions:

- N/A

### Budget Enhancement Actions:

- N/A

### Resilient305 Actions:

- **THE POWER** of Purchasing
- **PLANNING** Efficiently & Effectively Together
- **DEMONSTRATE** the Costs and Benefits of Resilience Improvements

## BUSINESS ENVIRONMENT

The Procurement Department continues to expand the services it provides to City departments, from contract and risk management improvements, to technology initiatives that expedite the acquisition of goods and services required to carry out the work of the City, to improving internal controls and minimizing risks.



# PROCUREMENT

## SIGNIFICANT ACCOMPLISHMENTS

### **Negotiated Savings**

Over last two fiscal years alone, the department has facilitated approximately \$17.6 million in savings to the City through competition and negotiations. Savings are yielded from contract negotiations, the solicitation process, and strategic sourcing.

### **e-Bid System (BidSync)**

In late 2019, the Procurement Department transitioned the electronic bidding (e-Bid) process to BidSync, a major provider of e-Bid services to governmental agencies with over 1 million registered bidders. The transition to BidSync has resulted in a 120% increase, on average, in competition for the City's competitive solicitations. The transition to BidSync has also made it easier for bidders to do business with the City as some major agencies, such as Miami-Dade County, were already using BidSync. Further, the e-Bid transition has resulted in the following process improvements:

- Increased number of available bidders;
- Streamlined process for bidders;
- Expedited bidding process.

Once the Procurement Department completes the next phase of the e-Bid implementation, electronic submittals, the system will result in a significant reduction of paper usage, further efficiency benefits to bidders, and added transparency and internal controls from a fully electronic bidding system. The e-Bid system is an example of innovative procurement practices that expedite processes, while maximizing internal controls.

### **Implemented Job Order Contracting (JOC)**

In order to streamline the process for completing the procurement process for the City's construction projects, the Procurement Department worked with stakeholders to implement a Job Order Contracting (JOC) process. JOC is a project delivery method utilized by many public sector organizations to expedite routine construction projects by establishing a pool of pre-qualified contractors that can quickly respond to an agency's needs for construction services.

**Over last two fiscal years alone, the department has facilitated approximately \$17.6 million in savings to the City through competition and negotiations.**

## SIGNIFICANT ACCOMPLISHMENTS CONT'D

The JOC contracts were awarded by the City Commission on October 16, 2019. The JOC program significantly improves and expedites the contracting process for capital projects, especially smaller projects under \$2 million. The JOC program is another example of innovative procurement practices that expedite processes, while maximizing internal controls.

### **e-Marketplace**

The Procurement Department continues expand the availability of contracts available for purchase via the Miami Beach e-Marketplace. The e-Marketplace, similar to other merchant aggregators, such as Amazon.com, allows City buyers to quickly access multiple contracts for a variety of maintenance, repair or operational (MRO) that are usually delivered the next business day at contract prices. All contracts are available with a single logon and purchases are charged to City issued procurement cards. The City benefits primarily in two ways: 1) City buyers can quickly compare pricing and purchase the MRO items needed by their departments, 2) for each procurement card purchase, the City receives a rebate annually. During the last fiscal year, the rebate on the City procurement card was approximately \$24,000 from e-Marketplace. The e-Marketplace is the only online marketplace by a governmental agency in the local area. The e-Marketplace continues to be a huge step in streamlining MRO purchases, while also improving internal controls and is another example of innovative procurement practices.

### **Vendor Help Desk**

Many governmental vendors often do not know whom to contact for assistance with a number of cross-departmental issues such as unpaid invoices, work disputes, and compliance matters. As a result, vendors may get frustrated and refuse to do future business with the governmental organization. This has a long-term negative impact on the organization because its supplier pool becomes more limited and competition becomes more difficult. To address vendor concerns and expedite issue resolution, the Procurement Department has established the Vendor Help Desk.

The Vendor Help Desk is staffed by personnel that are familiar with resolving cross-departmental issues. The primary goal of this initiative is to have a one-stop shop that can assist vendors with a multitude of issues that they may be experiencing while doing business with the City, regardless of the issue's origination. The Vendor Help Desk also enables the Procurement Department to centrally collect data on the types of issues that vendors may be experiencing. The data collected will allow the administration to further streamline our processes to ensure that we are truly a business-friendly city. To the best of our knowledge, no other governmental agency in Miami-Dade County has a centralized help desk for resolving vendor issues. Again, the Procurement Department aims to, not just follow best practices, but innovate to address organizational challenges.

# PROCUREMENT

## CRITICAL SUCCESS FACTORS

### **Continue Streamlining the Procurement Process**

The Procurement Department, with approval of the City Manager and City Commission, as applicable, has significantly improved procurement policies and procedures over the last three fiscal years. Over the next fiscal year, it is critical that the department continue to update procedures to reflect recent City Code changes and continue to streamline processes in all functional areas, as well as incorporate internal control best practices.

### **Continue Vendor Outreach and Training**

A robust vendor base is critical for achieving the strategic sourcing goals of the City. As such, it is the goal of the Department to continue vendor outreach through organizations such as local professional associations, local chambers of business, the South Florida Alliance and the Miami Dade LGBT Business chamber. In addition to outreach, the Department will continue to enhance training opportunities available to vendors so that they are well equipped with the skills and tools needed to do business with the City.

## CRITICAL SUCCESS FACTORS CONT'D

### **Well Trained Staffing**

The Department is operating at very high efficiency ratings when compared to other governmental agencies in the local area. While staffing levels may need to be reconsidered in the future, the availability of adequately trained staff is a greater concern. Given the tight labor market and the shortage of available trained contracting professionals, the Department continues to find it challenging to recruit qualified individuals. To better prepare existing staff, training resources continues to be of critical important.

## FUTURE OUTLOOK

The Procurement Department has planned several initiatives for the current and next fiscal year to continue to streamline and improve the management of the acquisition of goods and services, as well as maintain internal controls, 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 places a high priority on achieving its goals in order to help raise the trust and credibility of the City among constituents and improve the efficiency of acquisition practices by City departments. The critical success factors identified above are necessary to achieve the stated goals.

## PERFORMANCE PLAN HIGHLIGHTS

PERFORMANCE MEASURES	2017 Actuals	2018 Actuals	2019 Actuals	2020 Target	2021 Target
<b>Main Vision Area: Organizational Innovation</b>					
Average # of calendar days to award bids	75.9	91.1	99.9	90.0	90.0
Average # of calendar days to award proposals	131.6	164.1	119.7	120.0	120.0
Average # of calendar days to approve requisitions and change orders in the Procurement Department	2.7	2.9	2.8	3.0	3.0
# of contract awards for competitive sealed bids and proposals (ITB/RFPs/RFQ/ITN)	71	75	58	60	60
Total Negotiated Savings	* \$ 4,453,493	\$ 13,233,159		N/A	N/A
Est. Total for Contract Negotiated Savings	*	* \$ 13,233,159		N/A	N/A
Est. Total for Requisition Savings	*	*	*	N/A	N/A
Total Value of Emarketplace Orders Placed	\$ 1,510,519	\$ 1,743,633	\$ 1,674,361	\$ 1,500,000	\$ 1,500,000

\*Indicates measure was not tracked and/or conducted during reporting period

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## DEPARTMENT FINANCIAL SUMMARY - GENERAL FUND

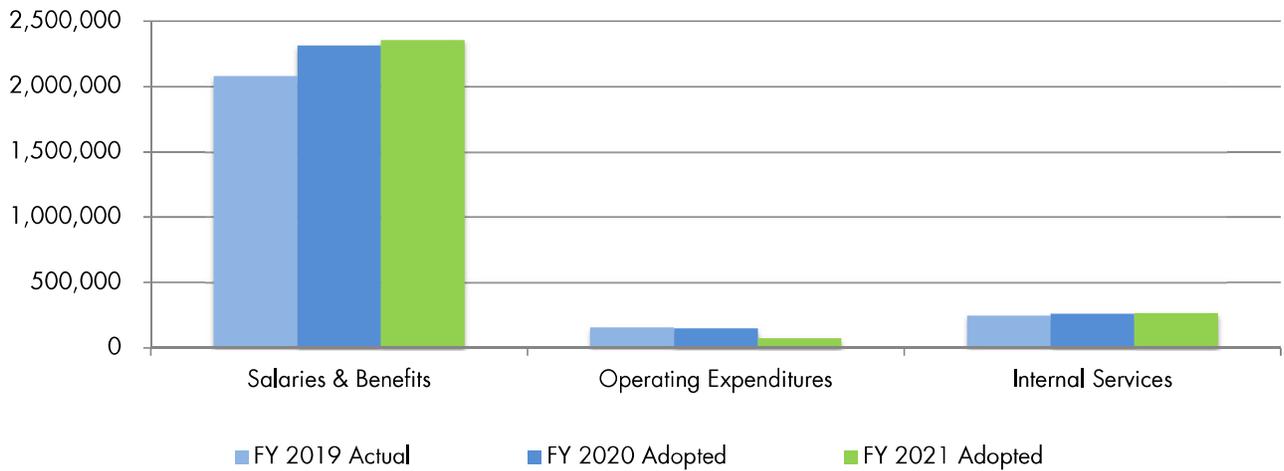
<b>Revenue Area</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Actual</b>	<b>FY 2020 Adopted</b>	<b>FY 2021 Adopted</b>
Compact Disc (CD) Sales	367	70	0	0
<b>Total</b>	<b>\$ 367</b>	<b>\$ 70</b>	<b>\$ 0</b>	<b>\$ 0</b>

### Expenditure Area

Salaries & Benefits	1,932,133	2,079,278	2,314,000	<b>2,357,000</b>
Operating Expenditures	120,632	157,300	151,000	<b>75,000</b>
Internal Services	225,000	245,704	261,000	<b>267,000</b>
<b>Total</b>	<b>\$ 2,277,765</b>	<b>\$ 2,482,282</b>	<b>\$ 2,726,000</b>	<b>\$ 2,699,000</b>

**Total Budgeted Positions**                      **18.00 + 1.00 PT**    **19.00 + 1.00 PT**    **19.00 + 1.00 PT**    **19.00 + 1.00 PT**

### Expenditure Summary



# PROCUREMENT

## BUDGET HIGHLIGHTS

- A significant component of the increase in personnel expenditures for all departments are increases in employee-related costs including a one percent cost of living adjustment effective April 1, 2021 for all groups, except AFSCME (1.0% COLA effective July 1, 2021), GSA (1.0% COLA effective October 1, 2020), and CWA (2.0% COLA effective October 1, 2020), as well as a maximum of three percent merit increase for employees, except members of the Fraternal Order of Police (FOP) and International Association of Fire Fighters (IAFF) which include a five percent step increase. Merit, step, and cost of living increases apply within existing pay ranges. A five percent increase in the City's premiums for health insurance for all employees is also included, except for members of the Fraternal Order of Police (FOP) and International Association of Fire Fighters (IAFF) which includes an eight percent increase in the City's premium. These increases were, however, largely offset by the COVID-19 balancing plan reductions allocated across all departments that include furloughs for all bargaining units based on a tiered approach, a citywide freeze on all non-essential expenditures and training and travel, and a citywide hiring freeze.
- Personnel services expenditures increased by \$43,000, or 1.9%. This is primarily due to an increase in other personnel-related expenditures, including health and life insurance and pension, totaling \$52,000, which is partially offset by a decrease in salaries and wages based on the reclassification of several Procurement positions mid-year of FY 2020 resulting in projected savings.

## BUDGET HIGHLIGHTS CONT'D

- Operating expenditures decreased by \$76,000, or 50.3%, mainly due to the one-time decreases from the COVID-19 balancing plan reductions of \$73,000, as well as an additional \$3,000 in other miscellaneous operating expenditures based on anticipated department needs for FY 2021.
- Internal services expenditures increased by \$6,000, or 2.3%, due to increases in Property Management, Risk Management and OIG Funding services.

## FY 2021 Efficiencies/Reductions

- As part of the COVID-19 balancing plan, the FY 2021 reductions also include a one-time reduction of \$73,000, which is comprised of \$22,000 for furloughs for all bargaining units based on a tiered approach, \$12,000 for non-essential expenditures, \$7,000 for non-essential training and travel, and \$32,000 related to the citywide hiring freeze.

