

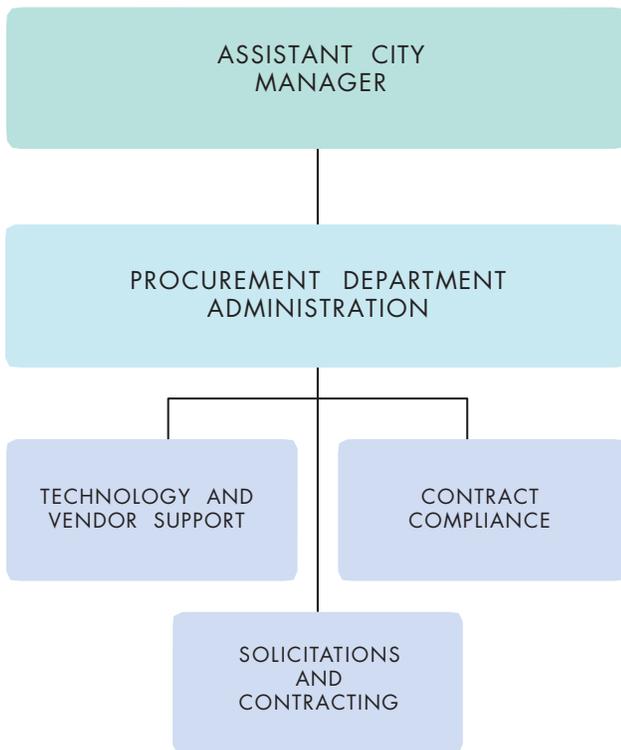
# PROCUREMENT

## DEPARTMENT MISSION STATEMENT

The Procurement Department is dedicated to maximizing taxpayer resources and the public trust in the acquisition of goods and services, through strategic sourcing and best practices, transparency and the highest ethical standards, and a service-focused culture.

## 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 City code and applicable requirements and that purchases are maximizing taxpayer resources. The Department also manages city-wide compliance relating to risk management and commission adopted programs (e.g., living wage, prevailing wages, local workforce, etc.).



## 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.

## 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.



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## SIGNIFICANT ACCOMPLISHMENTS

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

In 2010, the City migrated to an electronic, third-party bid notification system to reach a greater number of potential bidders and facilitate the distribution of documents relating to City bids. However, many vendors reported problems with the bid notification system. A primary concern was that the system did not have a telephone option that vendors could utilize when technical difficulties occurred. The only recourse vendors had when encountering difficulties was to send an email to the service provider and wait for a response. This is very challenging, especially during those times when bid deadlines were approaching.

This year, the Procurement Department began implementing a replacement system through BidSync with the goal of achieving the following:

- Streamlined process for bidders
- Increased number of available bidders
- Expedited bidding process through electronic bidding
- Reduced paper submissions for added transparency and internal controls

BidSync is a third-party software that will be able to assist the Procurement Department with standardizing, automating, and expediting the creation and approval of solicitations and contract template improvements. By the end of this implementation, the Department will have a fully automated, paperless database of standard solicitations which users can select during the solicitation process. A major advantage to bidders is that BidSync is also used by many agencies across South Florida, including Miami-Dade County. As a result, bidders are already accustomed to utilizing the system and the City will have access to many more potential bidders.

**Implemented a new e-Bid system which resulted in a 60% increase in average number of bids received and streamlined the procurement code to expedite the acquisition of goods and services**

## SIGNIFICANT ACCOMPLISHMENTS CONT'D

### **Insurance Tracking Software (Exigis)**

The Procurement Department continues to expand the services it provides to City departments, including improved risk management oversight. In October 2018, the City partnered with Exigis Risk Management Services to collect and verify insurance documentation on all (approximately 600) City contracts, which substantially reduced the City's exposure to liability.

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

Prior to 2012, the City used the Job Order Contracting process extensively for projects up to \$2 million and, when urgent, for projects above that amount. However, certain internal control failures led to the JOC process being discontinued. All of the prior failures of the former JOC process have now been addressed by new internal controls implemented by the Gordian Group, the JOC software providers. In January 2019, the City Commission approved reimplementing JOC. This will significantly improve and expedite the contracting process for capital projects.

### **Negotiated Savings**

The work of procurement staff in negotiating agreements or seeking competition on purchases has resulted in a total savings of nearly \$4.5 million over the last fiscal year.

### **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, repair, and operations (MRO) purchases. During this fiscal year, with the addition of Amazon Business, e-Marketplace purchases exceeded 3,800 transactions with a dollar value exceeding \$1,700,000. This is a huge step in streamlining MRO purchases, while also improving internal controls.

### **Vendor Advocate Help Desk**

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 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 these concerns, some organizations have personnel, known as Vendor Advocates or Ombudsmen, dedicated to assisting vendors in resolving issues. Based on vendor survey results, the Procurement Department has established the Vendor Advocate Help Desk.

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## SIGNIFICANT ACCOMPLISHMENTS CONT'D

The Vendor Advocate Help Desk is staffed by personnel that are familiar in 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 Advocate 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.

## CRITICAL SUCCESS FACTORS

### **Streamline the Procurement Process**

It has been several years since the Procurement Code has been reviewed. Portions of the code are outdated and create operational inefficiencies. For example, the City Code currently stipulates that the protest period cannot begin until the City Clerk has posted the agenda for a specific Commission meeting. There is often very little time between the receipt of protests and the scheduled time for award recommendations to be considered by the City Commission. When protests are received, award recommendations often have to be removed from the Commission meeting agenda in order to resolve the protest. This can potentially lead to the deferral of award recommendations until the next Commission meeting, resulting in a delay of a full month. It is being recommended that the protest ordinance be amended to allow bidders to be notified earlier, allowing for more time to address a potential protest before award recommendations are scheduled. This will reduce the number of award recommendations that have to be deferred to a future meeting. This is only one example of areas where code updates will improve operational efficiencies.

Previously, all expenditures in excess of \$50,000 required a formal competition: Invitation to Bid (ITB), Request for Proposal (RFP), or Request for Quotation (RFQ). Because of the requirements associated with it, this process can take upwards of 3 months (sometimes much longer). In February 2019, the City Commission approved the following Finance & Citywide Projects Committee recommendations that also follow the guidelines of State law for formal completion:

Construction – \$300,000 (State law precludes a higher threshold)  
 Electrical – \$75,000 (State law precludes a higher threshold)  
 Goods and Services – at least \$65,000 (State law does not preclude a higher threshold). For example, some Florida agencies have established \$100,000 as the threshold for goods and services

Expenditures under these thresholds would still require competition, but in a more expedited and less cumbersome manner for bidders

## CRITICAL SUCCESS FACTORS CONT'D

It is also critical for the Procurement Department to modernize and engage in a full review of all applicable policies and their corresponding procedures to ensure that processes are streamlined and internal controls, such as the Code of Federal Regulations (CFR) and City Code, are maximized.

### **Adequately 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 be 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 procurement/contracting professionals, the Department continues to find it challenging to recruit qualified individuals. To better prepare existing staff, training resources continue to be important.

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

It is the goal of the Department to continue vendor outreach through organizations such as local professional associations, local chambers of business, and the Miami Dade LGBT Business chamber. In addition to outreach, the Department will continue to enhance training opportunities available to vendors.

### **Improve Records & Document Management**

Given the large volume of documents received and produced by the Department, an efficient records and document management system is necessary and should include (but not be limited to): the electronic receipt of bids and proposals, online proposal evaluation tools for evaluation committees, improved records management solutions, and an updated records request policy.

## 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's administration believes that many of the goals and initiatives can be accomplished. If achieved, these goals will help raise the trust and credibility of the City and improve the efficiency of acquisition practices by City departments, while always improving internal controls. The critical success factors identified above are necessary to achieve these goals.