

Procurement Division Update, Reorganization and Fall BMP Budget Proposal

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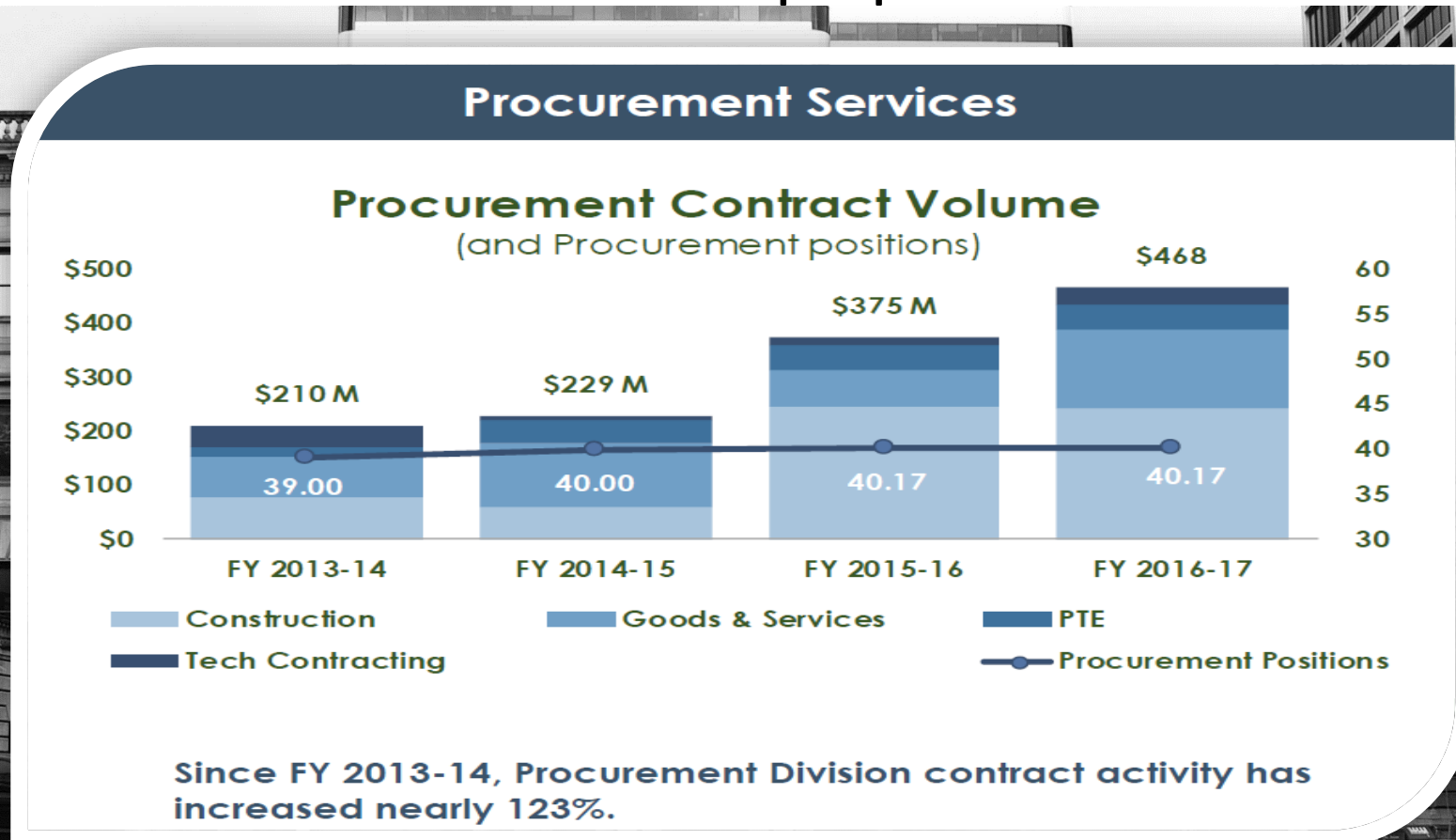
WHY ARE WE HERE?

We are proposing to solve a long-standing City problem, in partnership with city bureaus, while minimizing impacts to the general fund.

- Bureaus have voiced their concerns about the quality of service that Procurement Services provides.
- Procurement Services has always been funded by the General Fund, and therefore, hasn't been able to increase staffing as the volume of work has increased year over year.
- Infrastructure bureaus are significantly increasing their capital output, which will increase procurements and contracts for design and construction services.
- Procurement Division has proposed the creation of a dedicated team and drafted agreements with bureaus to fund service at desired performance levels
- Key customers (PBOT, BES & Water) have voiced the urgency to make this happen via the Fall BMP process to prepare for the summer 2019 construction season versus waiting for the 19-20 budget process.
- The solution proposed adds the necessary staff to Procurement Services to meet the current and projected project demand of bureau customers; and establishes service level descriptions and performance measures.

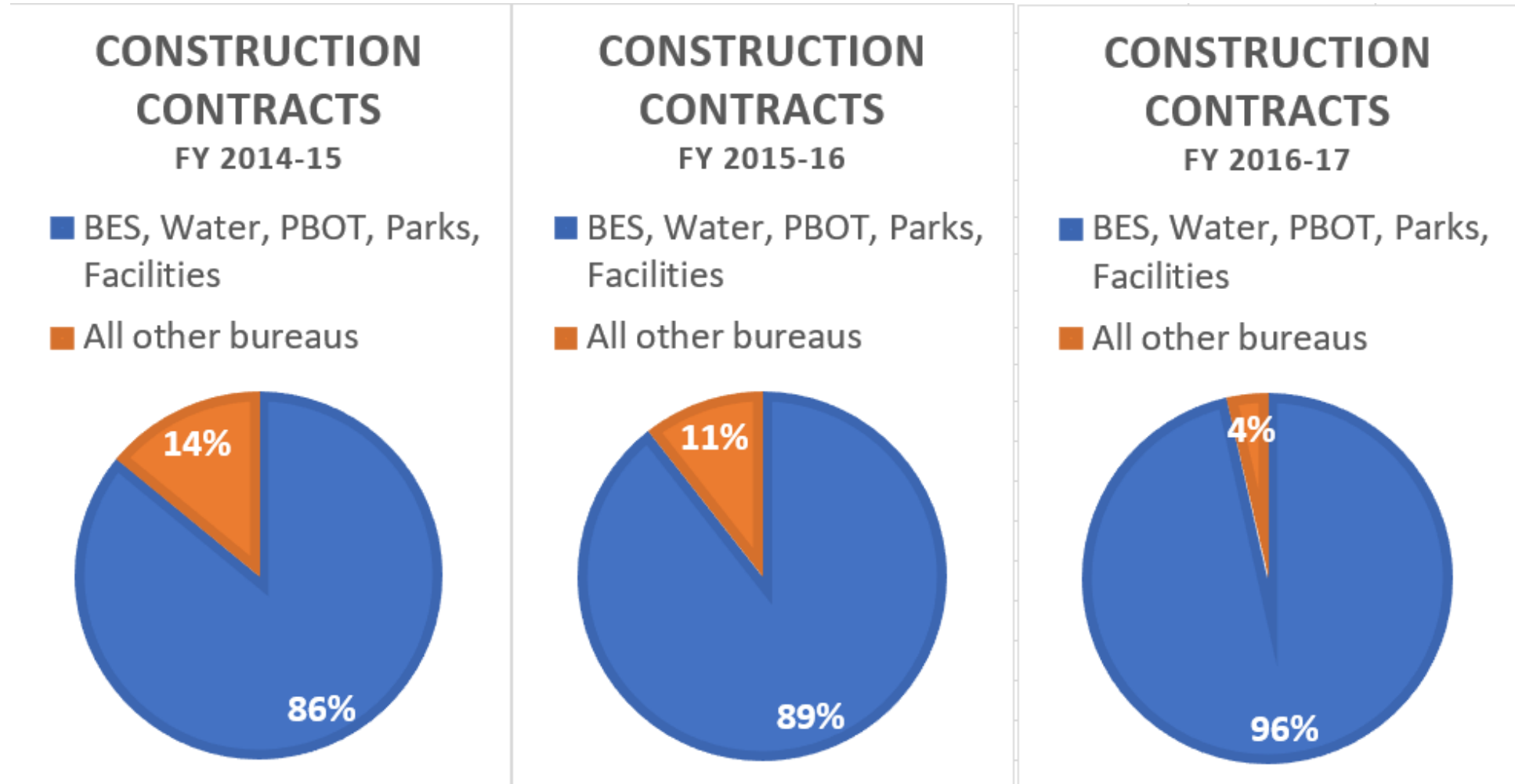
GROWTH IN DEMAND HAS NEGATIVELY IMPACTED SERVICE LEVELS

City's procurement/contracting volume has increased year over year with no additional resources for Procurement to keep up with demand.



ADDITIONAL ANALYSIS FROM FUNDING METHODOLOGY

Small cohort of construction service customers



ASSESSMENT & PROCESS IMPROVEMENT

- Outreach to bureau and external stakeholders
 - Identifying our customer's needs
 - Learning our customer's current pain points
 - Discovering ideas for improvement from the customer perspective
- Engaging Procurement Staff
 - Created current-state process maps for high impact procurement processes and used data to establish baseline performance targets.
 - Created future-state maps using value stream mapping
 - Follow the value
 - Identify waste
 - Describe communication
 - Document process stats
 - Identified opportunities for high value improvements
 - Developing strategic plan to implement the improvements. Several are contingent upon our Fall BMP Request getting approved

PROCUREMENT SLA SUMMARY: PRESENT & FUTURE STATE

Procurement Type	Present State SLA (Days)	Range of Kaizen Impact (Days)	Future State SLA (Days)
Construction ITB	160	26-36	134-124
Construction RFP	300	54	246
G&S RFP	300	18-50	282-250
G&S ITB	106	26-35	80-71
PTE RFP	240	18-26	222-214

IA – DESIGN & CONSTRUCTION

- **“What does this buy me?” for Design & Construction infrastructure bureaus.**
 - **Service Level Agreements for cycle-times for major procurement processes**
 - **5 new staff (Design Services Supervisor, two Procurement Spec., and two Sr. Procurement Spec.)**
 - **Performance monitoring and reporting**
- **Other terms/conditions**
 - **Billing actual expenditure activity on quarterly basis**
 - **Dispute resolution - CPO**

COST ALLOCATION PLAN

Proposal: Corporate rate for Service Level Agreements (SLAs) described level of service. Costs will be fully loaded, with direct service costs and a portion of Procurement Division overhead.

- Number of Contracts, weighted 75%.
- Contract consideration, weighted 25%.
- Three year smoothing.

FALL BMP REQUEST BUREAU IA

Bureau	Fall BMP IA (February effective date)
PBOT	130,310
BDS	18,454
Parks	214,707
BES	302,570
Water	151,263
Spec. Fac	6,050
Facilities	125,707
BTS	20,411
Fire	2,928
Oni	2,893
Total	975,293