

**PROCUREMENT DEPARTMENT
FISCAL YEAR 2023 BUDGET TESTIMONY
APRIL 19, 2022**

INTRODUCTION

Good Morning, President Clarke and Members of City Council. I am Monique Nesmith-Joyner, Procurement Commissioner. Joining me today are Janira Barroso, Deputy Commissioner of Purchasing and LaShawnda Tompkins, Deputy Commissioner of Administration. I am pleased to provide testimony on Procurement's Fiscal Year 2023 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Procurement Department is the central purchasing and materials management agency for the City of Philadelphia. Procurement's goal is to acquire services, supplies, equipment, and construction contracts through a fair and open process and at the best value to the City. Procurement seeks to leverage taxpayer dollars in a way that upholds trust by using sound procurement practices.

Plans for Fiscal Year 2023:

Local Business Purchasing Initiative

Procurement maintains an active registry of certified Local Business Entities (LBEs) eligible for streamlined contracting for purchases under \$103K. At present, there are 224 certified LBEs on Procurement's registry. Procurement continues to work with city departments and external partners to promote LBPI and market the LBE program, by which qualified local business can become certified LBEs. LBPI is a change to Philadelphia Home Rule Charter §8-200; the initiative increases the minimum dollar amount when a formal bid or RFP is required. As of July 1, 2021, the informal bid threshold increased from \$100K to \$103K, if contracting with a certified local business, and from \$75K to \$77K for other businesses, pursuant to a corresponding change in the Consumer Price Index. We will continue to engage with and educate department purchasing staff to ensure adherence to the regulations while encouraging competition and reducing barriers of entry to City contracting. The overall goal is to encourage city departments to work directly with local businesses and increase access for local businesses to engage in city contracting.

Inventory Control / Disposal

The Inventory Control Unit will continue working with departments to reconcile inventory. We will begin working with the Airport to capture and manage inventory installed by contractors but not purchased utilizing Purchase Orders. The unit will continue to assist in the tagging of items at 400 N. Broad. We have worked diligently with the Department of Public Property to tag items for the Police Department. We hope to work with Parks and Recreation to identify surplus assets to be auctioned and or disposed from numerous recreational centers throughout the city. Our goal in FY23 is to increase testing of Class 300 items to ensure that items being purchased by departments meet contract specifications and to confirm that deliveries are made in a timely fashion for these items.

Transparency in Business

The Transparency in Business legislation requires all awarded bidders and contractors on City contracts valued at over \$100,000 to disclose their prior experience working on City contracts as well as the

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demographic data for their workforces, board members, and employees performing work. The Act also requires that awarded bidders and contractors must also submit similar information on behalf of their subcontractors and labor sources. With gratitude and acknowledgement to our colleagues in the Office of the Chief Administrative Officer (CAO), Procurement has begun collecting data from City contractors and their subcontractors, resulting in the 2021 Transparency in Business Report published by the CAO on their website on March 29, 2022. Procurement continues to work diligently with the CAO to establish and operationalize a framework for the collection and management of this contract data and to provide guidance for our contractor community via the City's website and direct communications. Procurement is working with the Office of Economic Opportunity to encourage and engage the diverse subcontractor community.

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BUDGET SUMMARY & OTHER BUDGET DRIVERS

Please refer to attached FY23 Budget Hearing Summary Charts in section 1: Staff Demographics Summary, section 2; Employment Levels, section 3: Financial Summary by Class, section 6: Participation Rate and Goal.

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2023 General Fund budget totals \$6,769,113, an increase of \$583,277 over Fiscal Year 2022 estimated obligation levels. This increase is primarily due to salary increases, bonuses, and additional positions in Public Works and Service, Supply and Equipment (class 100); and the transfer of the Westlaw Contract and Xerox Maintenance funding from the Office of Innovation and Technology (Class 200).

The proposed budget includes:

- \$3,298,639 in Class 100, a \$520,906 increase from FY22. This funding will primarily be used for employee compensation, which includes personal services. This increase also includes salary increases, bonuses, and additional positions in Public Works for the Infrastructure Investment and Jobs Act (IIJA) and Service, Supply and Equipment.
- \$3,431,115 in Class 200, a \$35,371 increase from FY22. This funding will primarily be used for the purchase of services. This increase includes the transfer of the Westlaw Contract and Xerox Maintenance funding from the Office of Innovation and Technology
- \$39,359 in Class 300/400, a \$27,000 increase from FY22. This funding will primarily be used for office materials, supplies, and computer equipment & peripherals for new staff.

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STAFFING LEVELS

The department is requesting 51 budgeted positions for FY23, an increase of 11 positions over FY22.

The increase is attributed to additional positions in Public Works (Infrastructure Investment and Jobs Act) and Service, Supply and Equipment Programs

NEW HIRES

Please refer to attached FY23 Budget Hearing Summary Charts in section 8: New Hires Information.

PERFORMANCE, CHALLENGES, AND INITIATIVES

Services, Supplies, and Equipment (SSE)

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Average number of days from bid initiation to award	232	200	200
Average number of bidders per awarded contract(s)	3.1	4.0	3.0
Percentage of Service, Supply and Equipment (SSE) contracts awarded to Minority-, Women-, and Disabled-Owned Business Enterprises (M/W/DSBEs)	data is not yet available	35.0%	35.0%
Percentage of Small Order Purchases (SOPs) awarded to M/W/DSBEs	data is not yet available	25.0%	25.0%

Program FY23 Strategic Goals

- Streamline training and purchasing resources to enhance City agency and external stakeholder capacity regarding bidding and contracting processes.
- Increase awareness and utilization of the Local Business Purchasing Initiative, encouraging City departments to consider contracting with certified local businesses.
- Partner with the Office of Economic Opportunity to implement Departmental Contract Plans detailing a contract schedule, anticipated M/W/DSBE participation per contract and identifying local vendor opportunities.
- Collaborate with the City Commissioner’s Office to secure the supplies, equipment, and services needed to manage an election.

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Public Works

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Average number of days from bid initiation to award	131	140	140
Average number of bidders per awarded contract(s)	4.7	5.0	5.0
Percentage of contracts awarded to Local Business Entities (LBE)	57.7%	65.0%	60.0%
Percentage of Public Works contracts awarded to M/W/DSBEs	data is not yet available	35.0%	35.0%

Program FY23 Strategic Goals

- Collaborate with the Department of Licenses and Inspections to improve the Master Demolition program and increase outreach to vendors.
- Partner with the City’s public works departments, which include Water Department, Streets Department, Aviation, Department of Public Property, Parks & Recreation and Rebuild, to pilot cross-departmental bidding processes.
- Work with the Capital Budget Office to forecast project funding availability and timelines.

Inventory Disposal/Control

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Total revenues earned across the program	\$2,562,135	\$1,000,000	\$1,000,000

Program FY23 Strategic Goals

- Increase the auctioning of City assets in lieu of paying disposal costs.
- Work with Public Property to remove materials and equipment from City buildings for future sale.
- Work with the Department of Parks and Recreations to dispose of surplus assets in over 40 recreational centers.

Vendor Engagement

There are no performance measures associated with this program.

Program FY23 Strategic Goals

- Develop a Purchasing Training Module for City department stakeholders.
- In efforts to increase participation in the Local Business Purchasing Initiative, departments are encouraged to increase engagement with local vendors and utilize the LBPI structure to promote contracting opportunities.

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OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

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CONTRACTING EXPERIENCE

Please refer to attached FY23 Budget Hearing Summary Charts in section 4: Contracts Summary.

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EMPLOYEE DATA

Please refer to attached FY23 Budget Hearing Summary Charts in section 7: Staff Demographics.

LANGUAGE ACCESS

- 1. Provide the name of your language access coordinator, the date of your last department training, and a link to the posting of your language access plan.**

Yes, Procurement’s language access coordinator is LaShawnda Tompkins, Deputy Procurement Commissioner of Administration. The department’s leadership team participated in a Language Access Refresher session in May 2019. The Procurement Department’s language access plan is a component of the Chief Administrator Officer (CAO) Office Master Plan. The plan can be found at <https://www.phila.gov/documents/language-access-plans/>.

- 2. Breakdown new hires and existing staff by race and language. Breakdown how many front-line personnel are trained to provide language access services.**

Currently, Procurement has 4 employees that speak a total of 11 languages. Here is the breakdown:

Employee Ct.	Race	Language
1	White-Caucasian	Russian
2	Hispanic	Spanish
		French
3	Asian	Bengali
		Hindi
		Gujarati
		Malayalam
		Pashto
		Punjabi
		Urdu
4	Asian	Mandarin

- 3. How many requests for language access services did your department receive in the past year? How many language access services were delivered by staff? Breakdown language access services provided, by language, including but not limited to the language line, translation of public notices and documents, website language services, and advertisement/publication services.**

The Procurement Department did not receive any language access services request in the last year. No language access services were delivered by the staff.

- 4. Explain what your department has done to improve language access services over the past year.**

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The Procurement Department continues to maintain a Language Access Log to collect data about constituents requesting language access services (where applicable) and the department continues to engage and network with the local ethnic chambers of commerce and their members through participation in the Office of Economic Opportunity's Doing Business in the City workshops.

CLIMATE CHANGE

1. How has climate change affected your department's provision of services?

In partnership with the Office of Sustainability, Procurement is requesting comparable pricing (regular vs sustainable) for specific commodities. Procurement has implemented citywide purchasing protocols for paper and toner in alignment with the City's sustainability efforts. Procurement is also working with Fleet Management to reduce the City's carbon footprint and explore options for electric and hybrid cars. The City has already implemented and has made purchases that reduced the City carbon footprint by way of hybrid vehicles, reducing paper waste, recycling of out of service equipment, improved provisions in City contracts that requires its vendors to use vehicles that are low emissions.

2. How might worsening climate change increase costs and demands for your department

Worsening climate may increase cost and demand for sustainable products normally used by City Departments. Climate changes may be difficult for some businesses as they may not be able to scale and meet sustainability requirements. Vendor quote and item pricing may increase because of these climate changes which will increase contract cost.

3. How does your department intend to mitigate and adapt to climate change?

The department has established and adopted several new policies and procedures for adapting to the current climate changes. The department has worked with its external and internal stakeholders to embrace electronic transactions while reducing paper transactions. The Procurement Department has completely moved to virtual bid openings, electronic bid results, virtual pre-bids which reduces travel to and from meeting locations and less vehicle use which reduces carbon emissions. For example, vendors are encouraged to pay all purchasing fees electronically and submit electronic contract documents. We will continue to increase department's awareness of sustainable products versus regular priced products. Procurement in collaboration with the Office of the Chief Administrative Officer has begun to research mandated departmental advertising. This process will yield quantitative and qualitative data to support transitioning to online advertisements and reducing print advertisements.

1. Staff Demographics Summary

Staff Demographics Summary (as of December 2021)				
	Total	Minority	White	Female
Number of Full-Time Staff	40	26	14	26
Number of Exempt Staff	5	4	1	3
Number of Executive Staff (deputy level and above)	5	4	1	3
Average Salary, Full-Time Staff	\$70,684	\$71,498	\$69,173	\$68,962
Average Salary, Exempt Staff	\$104,828	\$107,083	\$98,064	\$103,900
Average Salary, Executive Staff	\$122,200	\$123,875	\$115,500	\$124,167
Median Salary, Full-Time Staff	\$62,510	\$62,510	\$66,422	\$62,510
Median Salary, Exempt Staff	\$113,750	\$113,750	\$98,064	\$112,000
Median Salary, Executive Staff	\$115,500	\$119,250	\$115,500	\$115,500

2. Employment Levels

Employment Levels (as of December 2021)		
	Budgeted	Filled
Number of Full-Time Positions	40	40
Number of Part-Time Positions	0	0
Number of Exempt Positions	5	5
Number of Executive Positions (deputy level and above)	5	5
Average Salary of All Full-Time Positions	\$70,684	\$70,684
Median Salary of All Full-Time Positions	\$62,510	\$62,510

3. Financial Summary by Class

Some departments may also want to provide financial summary tables for other funds, such as the Grants Fund. Departments should delete any budget lines that have \$0 in every year (i.e. if a department has no Class 500 appropriations, actuals, or proposed appropriations, the Class 500 row should be deleted).

General Fund Financial Summary by Class						
	FY21 Original Appropriations	FY21 Actual Obligations	FY22 Original Appropriations	FY22 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY23-FY22
Class 100 - Employee Compensation	\$2,436,508	\$2,434,690	\$2,648,235	\$2,777,733	\$3,298,639	\$520,906
Class 200 - Purchase of Services	\$2,283,634	\$3,418,130	\$3,395,744	\$3,395,744	\$3,431,115	\$35,371
Class 300/400 - Materials, Supplies & Equipment	\$40,194	\$3,283	\$12,359	\$12,359	\$39,359	\$27,000
	\$4,760,336	\$5,856,103	\$6,056,338	\$6,185,836	\$6,769,113	\$583,277

4. Contracts Summary

This table focuses on large professional services contracts with for-profit vendors. "Large" is defined as meaning that an RFP was required. Departments should focus on contracts that have been conformed to date. Any departments that have large contracts with non-profit providers are encouraged to provide board makeup information in the optional "Non-Profit Vendor Demographics" table below.

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY22											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits) [yes / no]	Waiver for Living Wage Compliance ? [yes / no]
Example	Example	\$100	12/1/2020	1/1/2020	MBE:	20%	\$20	100%	\$100		
					WBE:	20%	\$20				
					DSBE:	60%	\$60				
Liquidity Services Operations, LLC	Online Auction Services	\$1	6/30/2020	6/29/2021	MBE:	0%	\$0	0%	\$0	No	No
					WBE:	0%	\$0				
					DSBE:	0%	\$0				
					MBE:	0%	\$0	0%	\$0		
					WBE:	0%	\$0				
					DSBE:	0%	\$0				
					MBE:	0%	\$0	0%	\$0		
					WBE:	0%	\$0				
					DSBE:	0%	\$0				
					MBE:	0%	\$0	0%	\$0		
					WBE:	0%	\$0				
					DSBE:	0%	\$0				

Non-Profit Vendor Demographics		
[Non-Profit Vendor's Name]	Minority %	Female %
Workforce		
Executive		
Board		
[Non-Profit Vendor's Name]	Minority %	Female %
Workforce		
Executive		
Board		
[Non-Profit Vendor's Name]	Minority %	Female %
Workforce		
Executive		
Board		
[Non-Profit Vendor's Name]	Minority %	Female %
Workforce		
Executive		
Board		
[Non-Profit Vendor's Name]	Minority %	Female %
Workforce		
Executive		
Board		

6. Participation Rate and Goal

The Contracts Summary table is for **professional services contracts only**.
 The Contract Participation Goal table is for **all contracts** (Public Works, SS&E, and Professional Services, combined).

Contracts Summary (Professional Services only)						
	FY19	FY20	FY21	FY22	FY23	FY22 YTD (Q1 & Q2)
Total amount of contracts	\$0	\$2	\$2	\$1	\$1	\$1
Total amount to M/W/DSBE	\$0	\$0	\$0	\$0	\$0	\$0
Participation Rate	#DIV/0!	0%	0%	0%	0%	0%

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY21	FY22	FY23
M/W/DSBE Contract Participation Goal	35%	BGFE	BGFE

*Note: BGFE stands for Best and Good Faith Effort

7. Staff Demographics

Totals in this table should tie out to numbers in tables 1 and 2 above.
 Biracial employees should be included under "Other."
 The number of employees who identify as non-binary (i.e. employees who do not identify as either female or male) should be included in the text box below the table, along with salary detail.

Staff Demographics (as of December 2021)					
	Full-Time Staff		Executive Staff		
	Male	Female	Male	Female	
	African-American	African-American	African-American	African-American	
Total	4	18	1	2	
% of Total	10%	45%	20%	40%	
Average Salary	\$82,541	\$68,749	\$123,000	\$128,500	
Median Salary	\$76,991	\$56,806	\$123,000	\$128,500	
	White	White	White	White	
Total	9	5	1	0	
% of Total	23%	13%	20%	0%	
Average Salary	\$73,474	\$61,430	\$115,500	\$0	
Median Salary	\$70,334	\$62,510	\$115,500	\$0	
	Hispanic	Hispanic	Hispanic	Hispanic	
Total	1	1	0	1	
% of Total	3%	3%	0%	20%	
Average Salary	\$42,933	\$115,500	\$0	\$115,500	
Median Salary	\$42,933	\$115,500	\$0	\$115,500	
	Asian	Asian	Asian	Asian	
Total	0	2	0	0	
% of Total	0%	5%	0%	0%	
Average Salary	\$0	\$66,431	\$0	\$0	
Median Salary	\$0	\$66,431	\$0	\$0	
	Other	Other	Other	Other	
Total	0	0	0	0	
% of Total	0%	0%	0%	0%	
Average Salary	\$0	\$0	\$0	\$0	
Median Salary	\$0	\$0	\$0	\$0	
	Bilingual	Bilingual	Bilingual	Bilingual	
Total	0	4	0	1	
% of Total	0%	10%	0%	20%	
Average Salary	\$0	\$77,718	\$0	\$115,500	
Median Salary	\$0	\$66,431	\$0	\$115,500	
	Male	Female	Male	Female	
Total	14	26	2	3	
% of Total	35%	65%	40%	60%	
Average Salary	\$73,883	\$68,962	\$119,250	\$124,167	
Median Salary	\$70,334	\$62,510	\$119,250	\$115,500	

Detail for non-binary employees, if applicable:

8. New Hire Information

Date range is 7/1/21 to December 2021 increment run. Detail for any hires since then can be added in the text box below the table.

New Hires (from 7/1/2021 to December 2021)						
	Total Number of New Hires	English	[language 2]	[language 3]	[language 4]	[language 5]
Black or African American	1	1				
Asian						
Hispanic or Latino						
White						
Other						
Total	1	1	0	0	0	0

Detail for new hires since December 2021, if applicable: