

PROCUREMENT DEPARTMENT

PROCUREMENT DEPARTMENT FISCAL YEAR 2024 BUDGET TESTIMONY APRIL 12, 2023

INTRODUCTION

Good Morning, President Clarke and Members of City Council. I am Monique Nesmith-Joyner, Procurement Commissioner. Joining me today are LaShawnda Tompkins, Deputy Procurement Commissioner and Janira Barroso, Deputy Procurement Commissioner. I am pleased to provide testimony on the Procurement Department's Fiscal Year 2024 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Procurement Department is the central purchasing and materials management agency for the City. 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 2024:

Inventory Disposal/Control

In preparation for the City's new ERP system (OPAL), the Inventory Disposal/Control Unit will continue to collaborate with the Project Management team to develop a process to manage office materials, supplies and equipment. The unit will proactively engage departments concerning the management, evaluation, and proper disposal or auctioning of surplus items at their locations. We will work with the Office of Innovation and Technology's (OIT) Asset Management Team to supply new and transfer existing IT equipment from department inventory to OIT's inventory. Finally, we will aid the Service, Supply, and Equipment Unit in their efforts to procure a new e-waste contract that will result in lower e-waste recycling cost and simplify logistics.

Administration

Procurement promotes contracting best practices via training and development sessions. We will assess and engage City agencies that are ready and willing to establish departmental subject matter experts dedicated to contracting, compliance and data analysis. We are establishing a peer-to-peer support model for knowledge sharing, with the goal of building capacity across city agencies. This initiative will enable departments to better prepare and communicate their purchasing needs.

Vendor Engagement

Procurement will continue to market City contracting opportunities utilizing social media, partnering organizations, the local chambers and networking events to share information related to upcoming contracting opportunities and resources. Through these efforts, Procurement expects to attract and encourage local and diverse businesses to participate and bid on City contracts. Vendor Engagement initiatives will also continue to explore techniques for creating a more user friendly and customer-oriented environment for existing and potential vendors.

PROCUREMENT DEPARTMENT

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2022)				
	Total	Minority	White	Female
Number of Full-Time Staff	35	24	11	22
Number of Exempt Staff	8	6	2	5
Number of Executive Staff (deputy level and above)	5	4	1	3
Average Salary, Full-Time Staff	\$75,415	\$75,802	\$74,571	\$73,215
Average Salary, Exempt Staff	\$112,078	\$133,500	\$103,814	\$112,400
Average Salary, Executive Staff	\$132,200	\$133,500	\$127,000	\$135,667
Median Salary, Full-Time Staff	\$68,590	\$66,566	\$72,620	\$64,542
Median Salary, Exempt Staff	\$123,500	\$123,500	\$103,814	\$120,000
Median Salary, Executive Staff	\$127,000	\$127,000	\$127,000	\$127,000

Employment Levels (as of December 2022)		
	Budgeted	Filled
Number of Full-Time Positions	54	35
Number of Part-Time Positions	0	0
Number of Exempt Positions	8	8

PROCUREMENT DEPARTMENT

Number of Executive Positions (deputy level and above)	5	5
Average Salary of All Full-Time Positions	\$67,042	\$75,415
Median Salary of All Full-Time Positions	\$56,994	\$68,590

General Fund Financial Summary by Class						
	FY22 Original Appropriations	FY22 Actual Obligations	FY23 Original Appropriations	FY23 Estimated Obligations	FY24 Proposed Appropriations	Difference: FY24-FY23
Class 100 - Employee Compensation	\$2,648,235	\$2,665,060	\$3,404,302	\$3,411,587	\$3,612,226	\$200,639
Class 200 - Purchase of Services	\$3,395,744	\$2,312,609	\$3,431,115	\$4,406,115	\$3,576,628	(\$829,487)
Class 300/400 - Materials, Supplies & Equipment	\$12,359	\$5,389	\$39,359	\$39,359	\$46,868	\$7,509
Class 500 - Contributions	\$0	\$20,000	\$0	\$0	\$0	\$0
	\$6,056,338	\$5,003,058	\$6,874,776	\$7,857,061	\$7,235,722	(\$621,339)

Contracts Summary (Professional Services only)¹						
	FY20	FY21	FY22	FY23	FY23 YTD (Q1 & Q2)	FY24 Projected
Total amount of contracts	\$2	\$2	\$1	\$1	\$1	\$1

PROCUREMENT DEPARTMENT

Total amount to M/W/DSBE	\$0	\$0	\$0	\$0	\$0	\$0
Participation Rate	0%	0%	0%	0%	0%	0%

¹ This contract is for online auction services. It is a \$0 contract since the City does not pay a fee to the vendor. The vendor receives pay from the buyer through a buyers fee.

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY22	FY23	FY24 Projected
M/W/DSBE Contract Participation Goal	Best & Good Faith Efforts	Best & Good Faith Efforts	Best & Good Faith Efforts

PROCUREMENT DEPARTMENT

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2024 General Fund budget totals \$7,235,722, a decrease of \$621,339 over Fiscal Year 2023 estimated obligation levels. This decrease is primarily due to the deduction of a one time midyear transfer provided for the previous fiscal year expenses in class 200 and the deduction in funding for equipment in class 300/400. Other factors include employee wage increases, bonuses, additional positions, inflation funds and increase in information technology funding.

The proposed budget includes:

- \$3,612,226 in Class 100, a \$200,639 increase over FY23. This increase in funding will primarily be used for employee wage increases and additional positions in the Public Works program.
- \$3,576,628 in Class 200, a \$829,487 decrease from FY23. This decrease in funding is primarily due to the deduction of one time transfer provided for the previous fiscal year.
- \$46,868 in Class 300/400, \$7,509 increase over FY23. This increase in funding is primarily due to additional inflation funds.

PROCUREMENT DEPARTMENT

STAFFING LEVELS

The department is requesting 54 budgeted positions for FY24, an increase of 2 positions over FY23.

The increase is attributed to additional positions in Public Works (Bipartisan Infrastructure Law).









NEW HIRES

New Hires (from 7/1/2021 to December 2022)		
	Total Number of New Hires	English
Black or African American	2	2
Total	2	2

PROCUREMENT DEPARTMENT

PERFORMANCE, CHALLENGES, AND INITIATIVES

SERVICES, SUPPLIES, AND EQUIPMENT (SS&E)








Measure	 FY22 ACTUAL	 FY23 TARGET	 FY24 TARGET	 MAYORAL PRIORITY
Average number of days from bid initiation to award	192	140	140	
Average number of bidders per awarded contract(s)	2.2	5	5	
Percentage of Service, Supply and Equipment (SSE) contracts awarded to Minority-, Women-, and Disabled- Owned Business Enterprises (M/W/DSBEs)*	Data not yet available	35%	35%	
Percentage of Small Order Purchases (SOPs) awarded to M/W/DSBEs*	Data not yet available	25%	25%	

*This is an annual measure. These percentages represent the overall M/W/DSBE contract awards for all City contracts. These percentages are based upon the availability of M/W/DSBE in the marketplace for a specific commodity area. The Office of Economic Opportunity has not yet released the FY22 Participation Report. This measure is supported by and reflective of this data.

FY24 STRATEGIC GOALS

- Procurement intends to work with the Managing Director’s Office and the Office of Emergency Management to engage in an emergency purchasing plan for unforeseen natural disasters and/or domestic emergencies.
- Procurement will continue to support departments with their strategic purchasing plans, including sustainable purchases, where appropriate.
- The Department will utilize cooperative contracts established by other governmental and/or public institutions to leverage buying power and alleviate increased costs for specific commodities.
- The Department will continue working with client departments to standardize bidding documents and procedures.
- Procurement will re-align the Purchasing Unit to improve processes and contract availability.






PROCUREMENT DEPARTMENT

Measure	 FY22 ACTUAL	 FY23 TARGET	 FY24 TARGET	 MAYORAL PRIORITY
Average number of days from bid initiation to award	110	140	140	
Average number of bidders per awarded contract(s)	5	3	3	
Percentage of contracts awarded to Local Business Entities (LBE)	57.4%	60%	60%	

FY24 STRATEGIC GOALS

- The Public Works program will continue to work with client departments to standardize bidding documents and procedures.
- The program will onboard additional resources to support the competitive bidding and contract conformance process, as well as data management for the City’s Bipartisan Infrastructure projects.
- The program will memorialize and document Public Works processes to standardize and simplify the knowledge transfer and retention process for staff.

INVENTORY DISPOSAL/CONTROL

Measure	 FY22 ACTUAL	 FY23 TARGET	 FY24 TARGET	 MAYORAL PRIORITY
Total revenues earned across the program	\$2,118,076	\$1,500,000	\$1,500,000	

FY24 STRATEGIC GOALS

- The Inventory Disposal/Control Unit will continue assisting City departments with their building cleanouts.
- The unit will engage in proactive conversations with departments about managing, evaluating, and proper disposal or auctioning of surplus items at their locations.
- The unit will assess the citywide need for virtual tagging, disposal, transfer, and inventory reconciliation training sessions.

VENDOR ENGAGEMENT







PROCUREMENT DEPARTMENT

Performance measure not associated with Vendor Engagement.

FY24 STRATEGIC GOALS

- The program will seek to improve and increase marketing strategies to attract and maintain local and diverse businesses.
- The program will collaborate with the OPAL Enterprise Resource Planning software vendor to analyze the City’s requirements related to vendor interaction with the eProcurement system. The program will work with the vendor to develop vendor registration and verification modules, as well as support enrollment and data transition efforts.
- The program will reinstitute eProcurement training sessions for vendors, as well as review contract conformance metrics with departments, develop strategies to reduce late contract conformance, and encourage prompt payment to vendors.

ADMINISTRATION

Measure	 FY22 ACTUAL	 FY23 TARGET	 FY24 TARGET	 MAYORAL PRIORITY
Average invoice processing times for Citywide advertising	14.2	14	14	
Percent of citywide advertising not related to bid advertisements	44.6%	60%	60%	
Average contract conformance time: professional services contracts (days)	83.8	80	80	

FY24 STRATEGIC GOALS

- Procurement Administration will continue to work collaboratively with the OPAL team to properly prioritize the City’s purchasing needs in the new Enterprise Resource Planning (ERP) system. This work includes the review of existing systems and functionalities to support data integration efforts and City contracting requirements.
- The program will collaborate with the Office of Human Resources to reframe recruitment strategies and job specification for Procurement related positions. The program also will continue to engage with Human Resources to evaluate the testing format and interview questions for purchasing positions across City departments.

PROCUREMENT DEPARTMENT

- Procurement Administration will work with the Infrastructure Solutions Team (IST) and external networks to develop policies that reduce racial disparities in contracting. The program also will analyze and report data to support data-driven decision-making with the goal of achieving more equitable contracting opportunities.

PROCUREMENT DEPARTMENT

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A

PROCUREMENT DEPARTMENT

CONTRACTING EXPERIENCE

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]
Liquidity Services Operations, LLC ¹	Online Auction Services	\$1	6/30/2020	6/29/2021	MBE:	BGFE	\$0	0%	\$0	No	No
					WBE:	BGFE	\$0				
					DSBE:	BGFE	\$0				
West Publishing Corporation	Legal research/Investigative services.	\$623,616	11/14/2019	07/01/2021	MBE:	BGFE	\$0	0%	\$0	No	No
					WBE:	BGFE	\$0				
					DSBE:	BGFE	\$0				

¹ This contract is for online auction services. It is a \$0 contract since the City does not pay a fee to the vendor. The vendor receives pay from the buyer through a buyers fee.

PROCUREMENT DEPARTMENT

EMPLOYEE DATA

Staff Demographics (as of December 2022)				
Full-Time Staff			Executive Staff	
	Male	Female		
	African-American	African-American	African-American	African-American
<i>Total</i>	4	16	<i>Total</i>	2
<i>% of Total</i>	11%	46%	<i>% of Total</i>	40%
<i>Average Salary</i>	\$86,236	\$71,851	<i>Average Salary</i>	\$140,000
<i>Median Salary</i>	\$81,518	\$56,994	<i>Median Salary</i>	\$140,000
	White	White		
<i>Total</i>	8	3	<i>Total</i>	0
<i>% of Total</i>	23%	9%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$78,421	\$64,303	<i>Average Salary</i>	\$0
<i>Median Salary</i>	\$75,448	\$64,542	<i>Median Salary</i>	\$0
	Hispanic	Hispanic		
<i>Total</i>	1	1	<i>Total</i>	1
<i>% of Total</i>	3%	3%	<i>% of Total</i>	20%
<i>Average Salary</i>	\$56,480	\$127,000	<i>Average Salary</i>	\$127,000
<i>Median Salary</i>	\$56,480	\$127,000	<i>Median Salary</i>	\$127,000
	Asian	Asian		
<i>Total</i>	0	2	<i>Total</i>	0
<i>% of Total</i>	0%	6%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$0	\$70,605	<i>Average Salary</i>	\$0
<i>Median Salary</i>	\$0	\$70,605	<i>Median Salary</i>	\$0

PROCUREMENT DEPARTMENT

	Other	Other		Other	Other
<i>Total</i>	0	0	<i>Total</i>	0	0
<i>% of Total</i>	0%	0%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$0	\$0	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$0	\$0	<i>Median Salary</i>	\$0	\$0
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	1	3	<i>Total</i>	0	1
<i>% of Total</i>	3%	9%	<i>% of Total</i>	0%	20%
<i>Average Salary</i>	\$56,480	\$89,403	<i>Average Salary</i>	\$0	\$127,000
<i>Median Salary</i>	\$56,480	\$72,620	<i>Median Salary</i>	\$0	\$127,000
	Male	Female		Male	Female
<i>Total</i>	13	22	<i>Total</i>	2	3
<i>% of Total</i>	37%	63%	<i>% of Total</i>	40%	60%
<i>Average Salary</i>	\$79,138	\$73,215	<i>Average Salary</i>	\$127,000	\$135,667
<i>Median Salary</i>	\$72,620	\$64,542	<i>Median Salary</i>	\$127,000	\$143,500

PROCUREMENT DEPARTMENT

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 Office’s (CAO) 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 10 languages. Here is the breakdown:

Employee Ct.	Race	Language
1	Hispanic or Latino	Spanish
2	Hispanic or Latino	Spanish
		French
3	Asian (Not Hispanic or Latino)	Bengali
		Hindi
		Gujarati
		Malayalam
		Pashto
		Punjabi
		Urdu
4	Asian (Not Hispanic or Latino)	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**

PROCUREMENT DEPARTMENT

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.

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.

PROCUREMENT DEPARTMENT

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 by supporting Fleet's progress toward the purchase of 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 as a result 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 departments' awareness of sustainable products versus regular priced products