

**PROCUREMENT DEPARTMENT
FISCAL YEAR 2022 BUDGET TESTIMONY
MAY 10, 2021**

INTRODUCTION

Good Afternoon, President Clarke and Members of City Council. I am Monique Nesmith-Joyner, Procurement Commissioner. Joining me today are Janira Barroso, Deputy Procurement Commissioner, Jonathan Janiszewski, Deputy Procurement Commissioner and LaShawnda Tompkins, Deputy Procurement Commissioner. I am pleased to provide testimony on Procurement's Fiscal Year 2022 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 at the lowest price that meets the City's needs while ensuring a fair and open process. Procurement seeks to leverage the use of taxpayer money in a way that upholds trust by using sound procurement practices involved in a competitive bidding system.

Plans for Fiscal Year 2022

Purchasing and Sourcing

Procurement intends to engage city agencies in developing purchasing plans including COVID-19 response, emergency plans for unforeseen natural disasters and/or domestic emergencies. The goal is to identify areas of need and provide guidance on the appropriate procurement method. In addition, the department will continue its effort to attract local, small and diverse businesses to engage in city contracting opportunities. Procurement will work with the Office of Economic Opportunity to enforce the policies and procedures outlined in Executive Order 01-21. To enhance vendor engagement and increase bid responses, Procurement will work to leverage relationships with the Ethnic Chambers and quasi city agencies. Procurement will continue to actively support the City's sustainability goals by engaging with the Office of Sustainability, Fleet Management, Streets, Water Department, and other City departments regarding citywide Green Purchasing Initiatives.

Local Business Purchasing Initiative

The Local Business Purchasing Initiative (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. The informal bid threshold has increased from \$34K to \$100K, if contracting with a certified local business, and from \$34K to \$75K for other businesses. We will continue to engage and educate department purchasing staff to ensure adherence to the regulations while encouraging competition and reducing barriers of entry to City contracting. Procurement will continue to work with city departments and external partners to promote LBPI and market the Local Business Entity (LBE) program by which qualified local business can become certified LBEs. 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/Disposal Unit will resume working with departments to reconcile their inventory list. This process will involve citywide departmental virtual training sessions beginning in early FY22. We will resume our CNL (“cannot locate”) cleanup initiative in preparation for the adoption of a new database. We will continue to work with departments in their efforts to auction and dispose surplus supplies and equipment and tag items. The disposal of trash trucks will resume so that the City is prepared to implement the natural gas-powered trash trucks in its fleet. We will also work with Public Property, Police, and the Medical Examiner’s Office in their relocation to 400 N Broad.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Please refer to attached FY22 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 2022 General Fund budget totals \$5,456,228, a decrease of \$1,598,767 over Fiscal Year 2021 estimated obligation levels. This decrease is primarily due to the 50% decrease of Class 300 funds (materials and supplies) and the elimination of Class 400 (Equipment). In addition to a decrease in Class 200 funds allocated for postal services, transportation, dues, seminar and training sessions, repair and maintenance services, and rents; while holding Class 200 advertising fund harmless.

The proposed budget includes:

- \$2,648,235 in Class 100, a \$211,727 increase from FY21. This funding is primarily used for employee compensation which includes personal services and employee benefits. The increase in this class includes the transfer of two (2) contracts unit employees from the Office of the Chief Administrative Officer and the restoration of exempt salary reductions
- \$2,795,744 in Class 200, a \$1,782,658 decrease from FY21. This funding is primarily utilized to cover City-wide advertising needs, including mandated election-related newspaper advertising and other mandated requirements (health regulations, legal ordinances and bids). The reduction in this class will decrease operational funds used for the citywide vendor analysis system, transportation, dues, seminar and training sessions. Funds were also transferred to the department for the management of the citywide legal research and investigations contract. The department has requested approximately \$2.2M through a mid-year ordinance to pay FY21 outstanding advertising invoices related to the past elections.
- \$12,359 in Class 300/400, a \$27,835 decrease from FY21. This funding is used for office supplies/furniture, marketing and networking materials, and professional subscriptions. This decrease represents a 50% decrease in class 300 funds utilized for office materials and supplies. In addition to the elimination of all class 400 funds.

PROCUREMENT DEPARTMENT

STAFFING LEVELS




The department is requesting 44 budgeted positions for FY22, which represents an increase of two positions from FY21.

NEW HIRES

Please refer to attached FY22 Budget Hearing Summary Charts in section 8: New Hires Information.

PERFORMANCE, CHALLENGES, AND INITIATIVES

Services, Supplies, and Equipment (SS&E)




Measure	 FY20 ACTUAL	 FY21 TARGET	 FY22 TARGET
Average number of days from bid initiation to award	100	140	140
Average number of bidders per awarded contract(s)	2.1	4.0	4.0
Percentage of SSE contracts awarded to Minority, Women, and Disabled-Owned Business Enterprises (M/W/DSBEs)	18.21% ¹	35.0%	35%
Percentage of Small Order Purchases (SOPs) awarded to M/W/DSBEs	21.5%	25.0%	25.0%

¹Commodities awarded in FY20 through Citywide contracts lead to Procurement falling short of meeting the 35% target goal. The City spent \$32,154,703 (43.1% of total citywide spent dollars) on few to no and/or sole source awards. The commodities were asphalt products and water treatment chemicals.

Program FY22 Strategic Goals

- Increase outreach efforts to small, local, and diverse businesses to increase awareness of City procurement processes and contracting opportunities.
- Monitor the Local Business Purchasing Initiative (LBPI) to identify challenges and implement process improvements, provide targeted LBPI training to departments, and continue to promote LBPI.

Public Works




Measure	 FY20 ACTUAL	 FY21 TARGET	 FY22 TARGET
Average number of days from bid initiation to award	147	95	95
Average number of bidders per awarded contract(s)	4.4	5.0	5.0
Percentage of contracts awarded to Local Business Entities (LBE)	62.1%	65.0%	65.0%

Percentage of Public Works contracts awarded to MWDSBEs	25.9%	35.0%	35.0%
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Program FY22 Strategic Goals

- Increase outreach efforts to attract small, local, and diverse businesses.
- Increase construction-related Best Value opportunities.
- Collaborate with City departments to identify upcoming Public Works contract opportunities and develop strategic plans to aid in forecasting, streamlining processes, and improving internal and external communications.




Inventory Disposal/Control

Measure	 FY20 ACTUAL	 FY21 TARGET	 FY22 TARGET
Total revenues earned across the program	\$1,132,231	\$695,000	\$1,300,000

Program FY22 Strategic Goals

- Work in partnership with the Office of Innovation and Technology to replace the C400 inventory system/database as part of Project Optimize Procurement, Accounting, and Logistics (OPAL), the new procurement and accounting system in development, and more efficiently manage the City assets and streamline data entry processes.
- Engage in and organize more non-vehicle City surplus asset auctions to decrease waste across City departments and increase revenues.
- Collaborate with the Philadelphia Water Department on its transition to utilizing the City’s field point system to effectively track and manage the department’s inventory.

Vendor Engagement




Measure	 FY20 ACTUAL	 FY21 TARGET	 FY22 TARGET
Percent of external survey respondents that rate customer service as Satisfactory or better	N/A	N/A	N/A

Program FY22 Strategic Goals

- Develop platform to collect and assess customer experience data from internal and external stakeholders.
- Improve and increase marketing strategies and process efficiencies to attract and retain local

and diverse businesses.

Administration

Measure	 FY20 ACTUAL	 FY21 TARGET	 FY22 TARGET
Average invoice processing times for citywide advertising	21.3	30.0	30.0
Percent of citywide advertising not related to bid advertisements	66.5%	60.0%	60%

Program FY22 Strategic Goals

- Increase Local Business Entity (LBE) Retention rate to support the Local Business Purchasing Initiative.
- Enhance LBE procedures and administrative team to perform outreach and process LBE certification applications.
- Expand vendor performance for Public Works to include open projects.
- Continue to expand Best Value opportunities across SS&E and Public Works opportunities.

PROCUREMENT DEPARTMENT

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable): N/A

PROCUREMENT DEPARTMENT

CONTRACTING EXPERIENCE

Please refer to attached FY22 Budget Hearing Summary Charts in section 4: Contracts Summary.

PROCUREMENT DEPARTMENT

EMPLOYEE DATA

Please refer to attached FY22 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 in a total of 10 languages. Here is the breakdown:

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

The department’s entire leadership team is trained to provide language access services.

- 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.**

The Procurement Department continues to maintain a Language Access Log to collect data about constituents requesting language access services and the department continues to engage and network with the local ethnic chambers of commerce.

CLIMATE CHANGE

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

Climate change has affected the City's procurements with increasing cost of goods, has reduced speed and responsiveness of delivery by vendors and has impacted the City's ability to find vendors that can provide quality of goods and services produced in some instances.

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. For example, when moving to electric vehicles, the Office of Fleet Management may incur cost associated with facility upgrades.

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. 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 2020)				
	Total	Minority	White	Female
Number of Full-Time Staff	39	23	16	26
Number of Exempt Staff	5	4	1	4
Number of Executive Staff (deputy level and above)	4	3	1	3
Average Salary, Full-Time Staff	\$64,260	\$66,681	\$60,779	\$63,954
Average Salary, Exempt Staff	\$105,880	\$104,844	\$110,025	\$104,844
Average Salary, Executive Staff	\$109,810	\$109,739	\$110,025	\$109,739
Median Salary, Full-Time Staff	\$57,182	\$60,985	\$53,368	\$55,275
Median Salary, Exempt Staff	\$104,473	\$102,858	\$110,025	\$102,858
Median Salary, Executive Staff	\$107,249	\$104,473	\$110,025	\$104,473

2. Employment Levels

Employment Levels (as of December 2020)		
	Budgeted	Filled
Number of Full-Time Positions	39	39
Number of Part-Time Positions	0	0
Number of Exempt Positions	5	5
Number of Executive Positions (deputy level and above)	4	4
Average Salary of All Full-Time Positions	\$64,260	\$64,260
Median Salary of All Full-Time Positions	\$57,182	\$57,182

FY22 Budget Hearing Summary Charts - Procurement

3. Financial Summary by Class

Some departments may also want to provide financial summary tables for other funds, such as the Grants Fun
 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						
	FY20 Original Appropriations	FY20 Actual Obligations	FY21 Original Appropriations	FY21 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY22-FY21
Class 100 - Employee Compensation	\$2,709,242	\$2,519,208	\$2,436,508	\$2,436,508	\$2,648,235	\$211,727
Class 200 - Purchase of Services	\$2,916,267	\$2,547,204	\$2,283,634	\$4,578,402	\$2,795,744	(\$1,782,658)
Class 300/400 - Materials, Supplies & Equipment	\$49,054	\$17,843	\$40,194	\$40,194	\$12,359	(\$27,835)
	\$5,674,563	\$5,084,255	\$4,760,336	\$7,055,104	\$5,456,338	(\$1,598,766)

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, FY21

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	Online Auction Services	\$1	6/30/2020	6/29/2021	MBE:	0%	\$0	0%	\$0	No	No
					WBE:	0%	\$0				
					DSBE:	0%	\$0				

*This is a no cost contract to the City of Philadelphia. The auction vendor is paid through the buyer service fee (%). It was set for a \$1 for entry into the ACIS approval process.

Non-Profit Vendor Demographics: N/A

5. Performance Measures Table

Please refer to the FY22 Budget Testimony narrative for Performance Measure data.

6. Participation Rate and Goal

The Contract Participation Goal table is for all contracts (Public Works, SS&E, and Professional Services, combined).

Contracts Summary (Professional Services only)						
	FY18	FY19	FY20	FY21	FY22	FY21 YTD (Q1 & Q2)
Total amount of contracts	\$0	\$0	\$2	\$2	\$1	\$1
Total amount to M/W/DSBE	\$0	\$0	\$0	\$0	\$0	\$0
Participation Rate	N/A	N/A	0%	0%	0%	0%

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)

	FY20	FY21	FY22
M/W/DSBE Contract Participation Goal	35%	35%	BGFE

FY22 Budget Hearing Summary Charts - Procurement

7. Staff Demographics

Biracial employees should be included under "Other."

Staff Demographics (as of December 2020)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	4	16	<i>Total</i>	0	2
<i>% of Total</i>	10%	41%	<i>% of Total</i>	0%	50%
<i>Average Salary</i>	\$61,308	\$66,374	<i>Average Salary</i>	\$0	\$112,371
<i>Median Salary</i>	\$54,534	\$62,772	<i>Median Salary</i>	\$0	\$112,371
	White	White		White	White
<i>Total</i>	9	7	<i>Total</i>	1	0
<i>% of Total</i>	23%	18%	<i>% of Total</i>	25%	0%
<i>Average Salary</i>	\$66,454	\$53,483	<i>Average Salary</i>	\$110,025	\$0
<i>Median Salary</i>	\$64,811	\$53,368	<i>Median Salary</i>	\$110,025	\$0
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	0	1	<i>Total</i>	0	1
<i>% of Total</i>	0%	3%	<i>% of Total</i>	0%	25%
<i>Average Salary</i>	\$0	\$104,473	<i>Average Salary</i>	\$0	\$104,473
<i>Median Salary</i>	\$0	\$104,473	<i>Median Salary</i>	\$0	\$104,473
	Asian	Asian		Asian	Asian
<i>Total</i>	0	2	<i>Total</i>	0	0
<i>% of Total</i>	0%	5%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$0	\$60,985	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$0	\$60,985	<i>Median Salary</i>	\$0	\$0
	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>	0	4	<i>Total</i>	0	1
<i>% of Total</i>	0%	10%	<i>% of Total</i>	0%	25%
<i>Average Salary</i>	\$0	\$69,953	<i>Average Salary</i>	\$0	\$104,473
<i>Median Salary</i>	\$0	\$60,985	<i>Median Salary</i>	\$0	\$104,473
	Male	Female		Male	Female
<i>Total</i>	13	26	<i>Total</i>	1	3
<i>% of Total</i>	33%	67%	<i>% of Total</i>	25%	75%
<i>Average Salary</i>	\$63,297	\$63,954	<i>Average Salary</i>	\$110,025	\$109,739
<i>Median Salary</i>	\$53,368	\$55,275	<i>Median Salary</i>	\$110,025	\$104,473

Detail for non-binary employees, if applicable: N/A

FY22 Budget Hearing Summary Charts - Procurement

8. New Hire Information/Language Access

Date range is 7/1/20 to December 2020 increment run. Detail for any hires since then can be added in the text box below the table.

New Hires (from 7/1/2020 to December 2020): N/A

Detail for new hires since December 2020, if applicable: N/A

All Staff										
	Spanish	Mandarian	Bengali	Hindi	Gujarati	Malayalam	Pashto	Punjabi	Urdu	Russian
Black or African American										
Asian		1	1	1	1	1	1	1	1	
Hispanic or Latino	1									
White										1
Other										
Total	1	1	1	1	1	1	1	1	1	1

Frontline Staff									
	Mandarian	Bengali	Hindi	Gujarati	Malayalam	Pashto	Punjabi	Urdu	Russian
Black or African American									
Asian	1	1	1	1	1	1	1	1	
Hispanic or Latino									
White									1
Other									
Total	1	1	1	1	1	1	1	1	1