

**PROCUREMENT DEPARTMENT  
FISCAL YEAR 2027 BUDGET TESTIMONY**

**INTRODUCTION**

Good Morning, Council President Johnson and Members of City Council. I am Ronald Hovey, Procurement Commissioner. I am pleased to provide testimony on the Procurement Department’s Fiscal Year 2027 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. Procurement enables the City to purchase goods and services in pursuit of the Mayor’s vision to make Philadelphia the safest, cleanest, and greenest big city in the nation with access to economic opportunity for all.

**Plans for Fiscal Year 2027:**

**Centralization Pilot**

- Procurement will run an initial procurement centralization pilot, starting with the Health Department. For this pilot department, procurement staff and associated responsibilities (managing solicitations, etc.) will be transitioned to Central Procurement’s authority with departments remaining responsible for developing scopes of work. Both Procurement’s Public Works and Services, Supplies, and Equipment teams will bring departmental processes within their purview.
- Supporting this effort, the department will utilize organizational redesign consulting services to help establish best practices and develop a phased roadmap to a more efficient, strategic future-state organizational model.

**Philadelphia Vendor Cooperative**

- Procurement, in partnership with the Office of the Director of Finance and the Office of the Chief Administrative Officer (CAO), jointly established the Philadelphia Vendor Cooperative to centralize vendor support activities Citywide.

**Process Improvement**

- The department will complete a document rationalization project to streamline Procurement’s existing document portfolio, simplifying internal processes and doing business with the City.

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### **Systems Improvement: Optimizing Procurement and Accounting Logistics (OPAL)**

- The department will continue engaging with the OPAL project team, serving as procurement subject-matter experts, translating current-state operations into the future-state enterprise resource planning (ERP) system. Procurement is continually evaluating our workflows to best leverage the technological improvements provided by the new system.



*Left to right: Deatrice Isaac, Vice President of Procurement for Aviation; Ronald Hovey, Procurement Commissioner; Nadir Jones, Director of the Office of Business Impact and Economic Advancement at the PHL 2025 Business Opportunity Form. The Procurement Department endeavors to participate and engage with vendors at events across the City.*

**PROPOSED BUDGET OVERVIEW & OTHER BUDGET DRIVERS**

<b>General Fund Financial Summary by Class</b>						
	FY25 Original Appropriations	FY25 Actual Obligations	FY26 Original Appropriations	FY26 Estimated Obligations	FY27 Proposed Appropriations	Difference: FY27 Proposed-FY26 Estimated
Class 100 - Employee Compensation	\$3,158,682	\$2,735,358	\$3,293,773	\$3,323,858	\$3,452,131	\$128,273
Class 200 - Purchase of Services	\$3,563,948	\$4,123,426	\$3,563,948	\$5,302,164	\$4,413,948	(\$888,216)
Class 300/400 - Materials, Supplies & Equipment	\$46,868	\$14,568	\$46,868	\$46,868	\$46,868	\$0
	<b>\$6,769,498</b>	<b>\$6,873,352</b>	<b>\$6,904,589</b>	<b>\$8,672,890</b>	<b>\$7,912,947</b>	<b>(\$759,943)</b>

*\*The Department had no professional services contracts in FY23-26. S/LBE not yet available as the City works to build the S/LBE registry and begin setting small and local business participation goals.*

**Proposed Funding Request:**

The proposed Fiscal Year 2027 General Fund budget totals \$7,912,947, a decrease of \$759,943 from Fiscal Year 2026 estimated obligation levels. This decrease is primarily due to one-time additional advertising expenses incurred in FY26.

The proposed budget includes:

- \$3,452,131 in Class 100, a \$128,273 increase over FY26 estimated obligations due to contracted increases for members of DC33 and DC47, and raises for non-represented and exempt employees. This funding level will maintain Procurement’s current staffing levels while enabling the department to continue to fill vacant positions and work towards full staffing.
- \$4,413,948 in Class 200, an \$888,216 decrease from FY26 estimated obligations due to one-time advertising costs in FY26, primarily due to the General Election. This funding primarily supports Citywide advertising. In FY27, Procurement will fund organizational design consulting and departmental upskilling services to support the realignment of procurement processes and personnel.
- \$46,868 in Class 300/400, level with FY26. This funding supports the department’s supplies, materials, and equipment needs.

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**STAFFING LEVELS**

The department is requesting 58 budgeted positions for FY27, an increase of four positions over FY26.

The increase is attributed to Procurement establishing the Philadelphia Vendor Cooperative to consolidate Citywide vendor support functions.

<b>Employment Levels (as of November 2025)</b>			
	FY26 Budgeted	Filled as of November 2025	FY27 Proposed
Number of Full-Time Positions	54	38	58
Number of Exempt Positions	9	7	10
Number of Executive Positions (deputy level and above)		5	
Average Salary of All Full-Time Positions		\$87,312	
Median Salary of All Full-Time Positions		\$84,864	

**NEW HIRES**

<b>New Hires (from 7/1/2025 to November 2025)</b>	
	Total Number of New Hires
Black or African American	1
Total	1

*Procurement had 3 new hires from November 2025 to April 2026.*

**VACANCY RATE AND ALLOWANCE**

<b>Vacancy Rate Summary (General Fund)</b>						
	FY25 Actual Vacancy Rate	FY26 Budgeted Vacancy Allowance	FY26 Vacancy Rate -	FY26 Budgeted Vacancy Allowance Rate	FY27 Budgeted Vacancy Allowance	FY27 Budgeted Vacancy Allowance Rate
Departmental Total	34.0%	(\$145,703)	26.9%	3.6%	(\$847,543)	18.3%

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**OTHER BUDGETARY IMPACTS**

**Federal and State (Where Applicable)**

N/A

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**CONTRACTING EXPERIENCE**

*\*The Department has no active large professional services contracts to report.*

*\*Non-Profit Vendor Demographics not applicable.*

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**PROGRAM BASED BUDGETING:**

**Program Name:** Service, Supplies and Equipment

**Program Number:** 06

**FY27 Proposed General Fund:** \$1,725,606

**Program Description:** Service, Supplies, and Equipment (SS&E) is responsible for managing formal and informal contracts for the procurement of City services, supplies, and equipment as per the requirements of the Philadelphia Home Rule Charter (Section 8-200) and the Philadelphia Code.

**FY27 Strategic Goals:**

- The Services, Supplies, and Equipment team will complete a pilot integrating certain departmental procurement activities into central Procurement by the end of FY27 Q2.

**FY27 Performance Measures:**

Measure	FY25 Actual	FY26 Target	FY27 Target
Average number of days from bid initiation to award <sup>1</sup>	142	180	200
Average number of bidders per awarded contract(s)	2	≥ 3	≥ 3
Percentage of service, supply, and equipment (SSE) contracts awarded to local business entities (LBE)	11.3%	≥ 15.0%	≥ 15.0%

<sup>1</sup> In FY27, Procurement will implement various reforms to processes related to this measure, during which a short-term increase in the average number of days from initiation to award is expected. Once these reforms are fully implemented, the expectation is that the average will decrease in future years.

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**PROGRAM BASED BUDGETING:**

**Program Name:** Public Works

**Program Number:** 02

**FY27 Proposed General Fund:** \$579,243

**Program Description:** Through the Public Works program, the City uses formal contracts for the procurement of its public works (construction) contracting for City-owned property, land, or leased facilities. This program also includes concessions contracts, which are public-private partnerships established between the City and a business to generate revenue.

**FY27 Strategic Goals:**

- Procurement will collaborate with the Mayor’s Office of Business Impact and Economic Advancement, Capital Program Office, and the Office of Transportation and Infrastructure Systems (OTIS) teams to orient community engagement programs toward and maximize opportunities for small and local vendors in a manner compliant with federal law.
- The Public Works team will complete piloting the integration of public works-related professional services (architecture and engineering, construction management, surveying, etc.) into its scope of responsibility.

**FY27 Performance Measures:**

Measure	FY25 Actual	FY26 Target	FY27 Target
Average number of days from bid initiation to award	143	140	130
Average number of bidders per awarded contract(s)	4	≥ 3	≥ 4
Percentage of contracts awarded to local business entities (LBE)	65%	≥ 60%	≥ 65%

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**PROGRAM BASED BUDGETING:**

**Program Name:** Inventory Disposal/Control

**Program Number:** 03

**FY27 Proposed General Fund:** \$300,587

**Program Description:** Inventory Disposal/Control tracks the purchase, ownership, and disposal life cycle of all City assets and conducts random inspections to ensure vendors are in compliance with contract guidelines. This program collaborates with City departments to identify surplus inventory, such as vehicles, equipment, and excess office supplies, that is eligible for sale through the City’s online auction vendor. Procurement promotes its auction services and visits City agencies to help identify and manage surplus inventory that can be auctioned.

**FY27 Strategic Goals:**

- Procurement will align and integrate current inventory management systems into the new OPAL system.
- Procurement, in concert with the OPAL project team, will develop and deliver training to support the various new inventory management processes.

**FY27 Performance Measures:**

Measure	FY25 Actual	FY26 Target	FY27 Target
Total revenue earned across the program <sup>1</sup>	\$2,605,451	\$2,000,000	\$2,500,000

<sup>1</sup>This figure includes revenue earned from the General Fund, enterprise funds, and quasi-governmental agencies.

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**PROGRAM BASED BUDGETING:**

**Program Name:** Vendor Engagement

**Program Number:** 04

**FY27 Proposed General Fund:** \$198,711

**Program Description:** The Vendor Engagement program consists of customer service and vendor outreach initiatives, including marketing City procurement contract opportunities and programs, answering questions received from vendors and City employees, and registering vendors in the City’s e-procurement system.

**FY27 Strategic Goals:**

- Procurement will develop new systems, processes, and training to expand and ensure excellent vendor support during the transition to a new external-facing system as part of the OPAL project.

**FY27 Performance Measures:**

Measure	FY25 Actual	FY26 Target	FY27 Target
Total number of outreach events	16	18	18

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**PROGRAM BASED BUDGETING:**

**Program Name:** Administration

**Program Number:** 05

**FY27 Proposed General Fund:** \$5,108,800

**Program Description:** Procurement’s Administration program is responsible for the strategic direction of all procurement program areas, including training and human resources. The program also oversees contracting for professional services and procurement advertising for all City departments, boards, and commissions as needed.

**FY27 Strategic Goals:**

- Procurement will utilize an outside vendor to complete a document rationalization project to standardize and optimize the department’s existing document portfolio.
- The department will begin moving from a hybrid to a centralized organizational model, consolidating departmental purchasing processes within central Procurement.

**FY27 Performance Measures:**

Measure	FY25 Actual	FY26 Target	FY27 Target
Average contract conformance time: Professional services contracts (days)	93	92	86