



Philadelphia Evolves

Procurement Modernization in the
City of Philadelphia



City of
Philadelphia



Annual Value of City Spend

\$170 million on Supplies and Equipment

\$2.9 billion on Purchase of Services

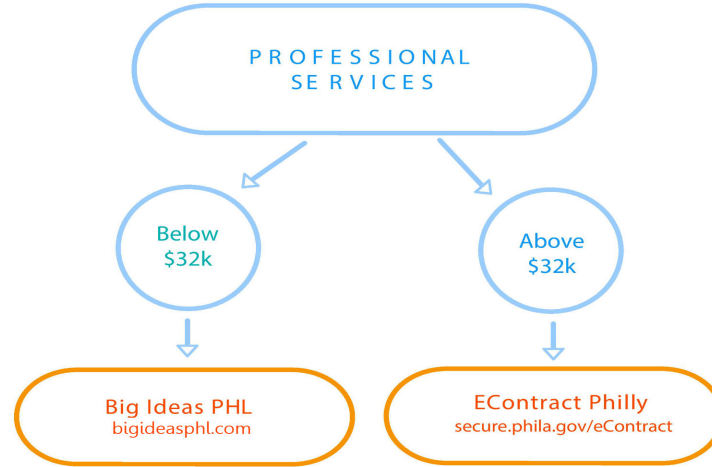
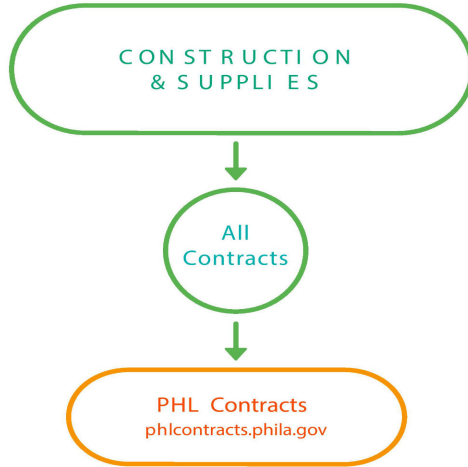
1,900+ Different Vendors

2,250+ Vendor Opportunities a Year

\$3.1 Billion in Total

Where To Find Contract Opportunities With The City of Philadelphia

Landscaping
HVAC Maintenance
Construction
Software
IT Hardware
Vehicles
Laundry
Courier Services
Plumbing
Food
Linens
Office Supplies
Maintenance and Repair Services
Chemicals



Legal Services
Strategic Planning
Accounting
Marketing
Training
Financial Advisory
Consulting
Construction Management
Building Management
Medical Services
Underwriters
Insurance
IT Consulting
Architecture and Engineering Services
Graphic Design

Strategy for Procurement Modernization

OPERATE GOVERNMENT EFFICIENTLY, EFFECTIVELY and ALWAYS WITH INTEGRITY



Process Improvement

- PHLContracts
- Reverse Auctions
- E-Signature
- Contracts Hub
- Best Practices Procurement



Stakeholder Engagement

- Citywide Working Groups
- Collaboration With City Council
- Vendor Focus Groups
- Chambers of Commerce
- Vendor Events



Organizational Change

- Purchasing Functions Centralized Under CAO
- Collaboration Across Purchasing Functions



Ongoing Projects

1. **Best Value:** Will allow the City to choose vendors based on important factors like quality of work
2. **PHLContracts:** A web-based procurement system for online bidding
3. **Vendor Performance:** A module within BuySpeed that will be used to re-energize the City's vendor performance program
4. **DocuSign:** Electronic signature system to streamline approvals on professional service contracts
5. **Reverse Auction:** Reverse e-bay for the purchase of commoditized products
6. **Sharing Upcoming Opportunities:** A contract log of expiring contracts can be found on PHLContracts

Electronic Signatures for Professional Services

FY16 Average
Day Count
without E-
Signature

• 76 days

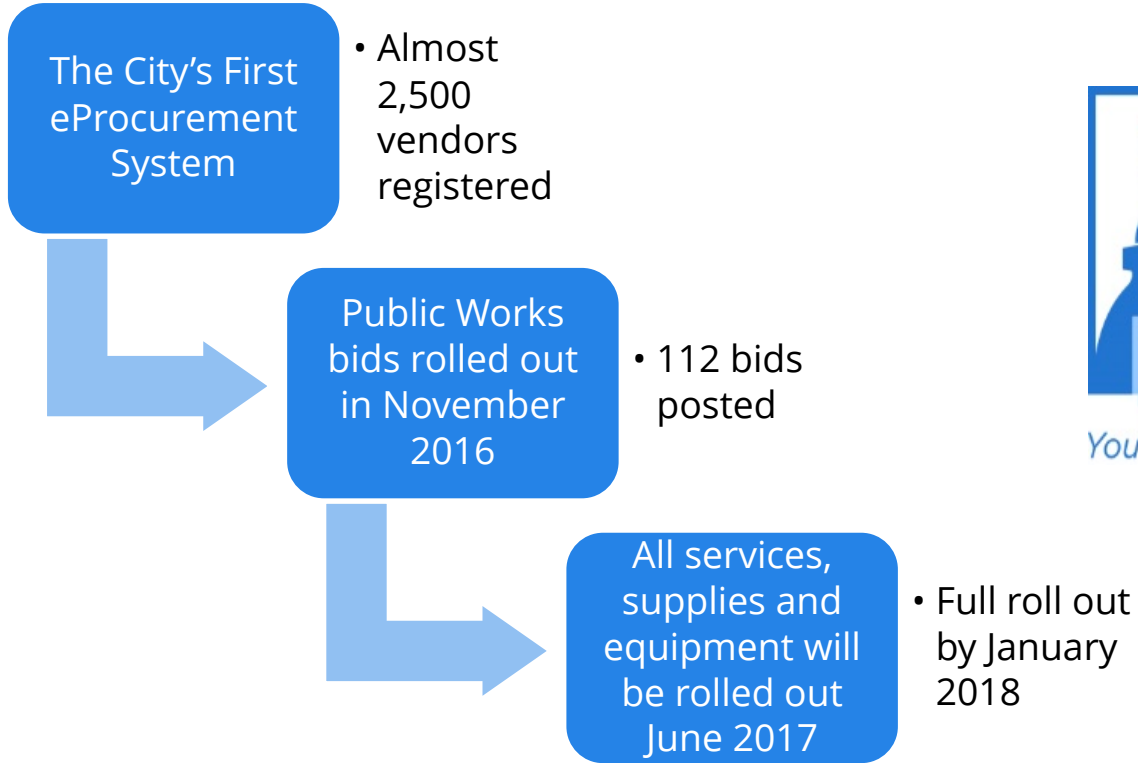
FY17 Average
Day Count
with E-
Signature

• 34 days

On average
savings:
42 days

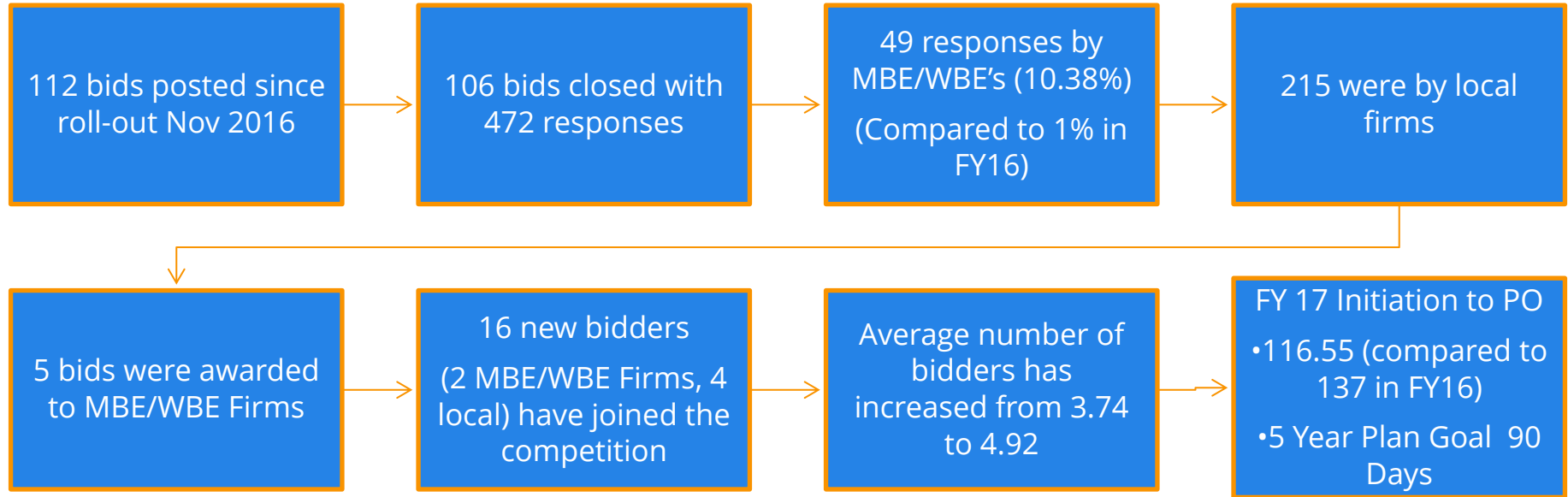
55.2% decrease

PHLContracts



Your gateway to better business

Performance Metrics – Public Works



Performance Metrics – Service, Supply, and Equipment

Bids (Departmental & Citywide)

- 38 bids posted since SS&E roll-out July 2017
- 16 bids awarded
- 1 bid awarded to MBE/WBE firm
- 11 currently posted and opening in the next month
- 52 bids currently being developed

Small Order Purchase

- 104 SOPs have posted since SS&E roll-out
- 55 SOPs awarded
- 23 regional vendors
- 5 local
- In FY17 SOPs showed an increase in MBE/WBE participation with 16.4%
- Increase of 7%
- Surpassing 15% goal

Performance Metrics – Special Services

Inventory Control

	FY2016	FY2017
Revenue generated from vehicle auctions	\$268,010.27	\$1,150,856.03
% revenue growth of surplus disposal from prior year	-49%	329%
Revenue generated from scrap Contracts	\$ 98,463.41	\$ 118,344.82
% revenue growth of scrap contracts from prior year	-45%	20%
# of Disposal	5461	9650

Concessions

Active Concessions	19
Total Sales for FY17	\$220,098,173.31
Total Revenue for FY17	\$37,900,215.08

Advertising

Advertising Spend (CY)	\$1,785,250.49
Average # of days to pay newspaper (CY) 2016	45
Average # of days to pay newspaper (CY) 2017	30
Third Quarter of (CY) 2017	20

Vendor Performance in PHLContracts

Standardized documentation & rating of Vendor Performance for Public Works and Services, Supplies, and Equipment contracts

Enhanced ability to integrate vendor performance with solicitation awards

Improved ability to share information across enterprise & with partner organizations

Procurement Department notification of documentation

Vendor feedback allowed

Standard dashboard and adhoc reports

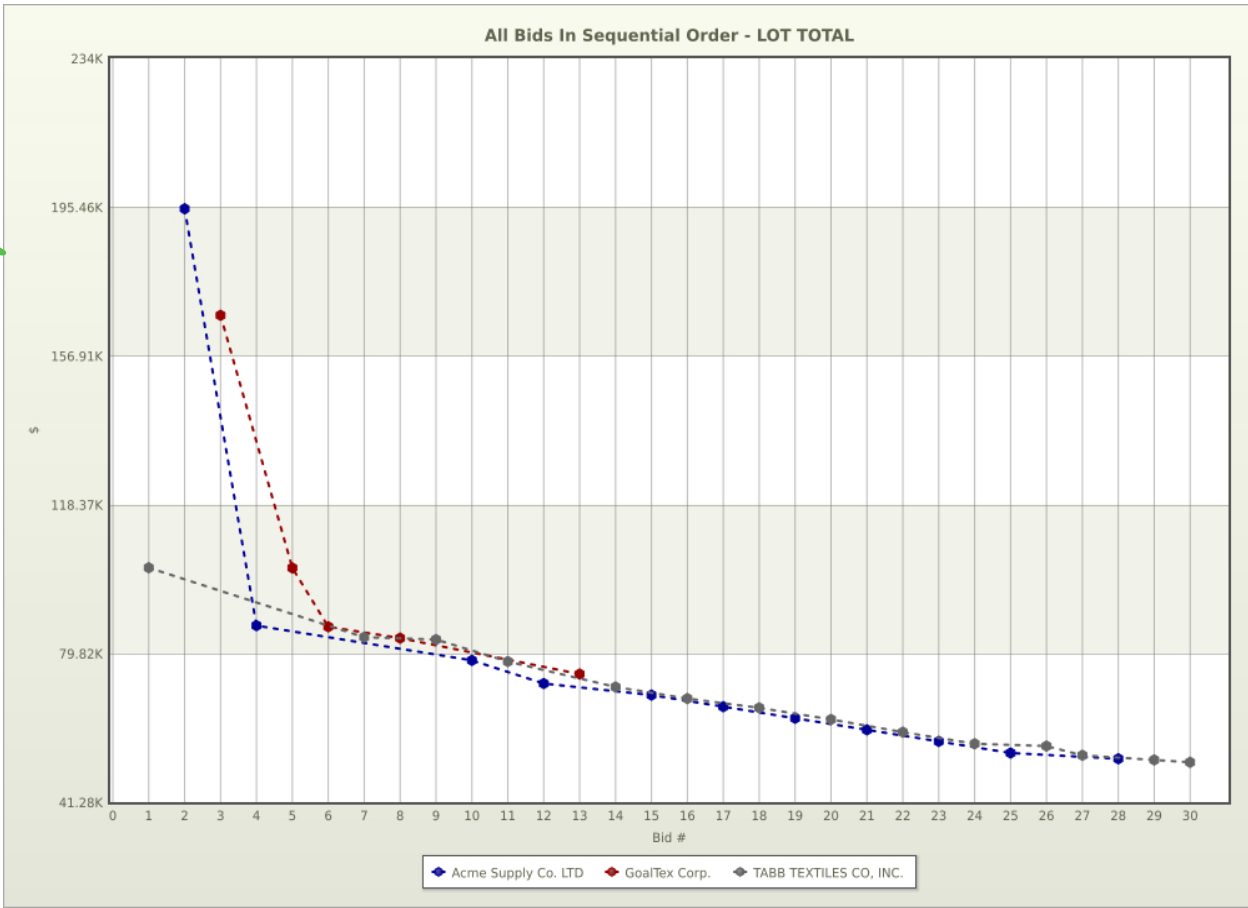


Reverse Auctions Support



Products	Event Date	Estimated Annual Contract Savings		
Toilet Paper	March 22, 2017	24.68%	\$92,818.06	Fixed Price
Recycling Bins	March 22, 2017	30.25%	\$144,200.00	Fixed Price
Towelings & Wash Cloths	December 16, 2016	33.00%	\$25,400.00	Fixed Price
Water Treatment Chemicals	July 6, 2017	<1.00%	\$10,077.00	Fixed Price
Concrete Slabs	August 30, 2017	12.84%	41,084.00	Fixed Price

Example screenshot from auction

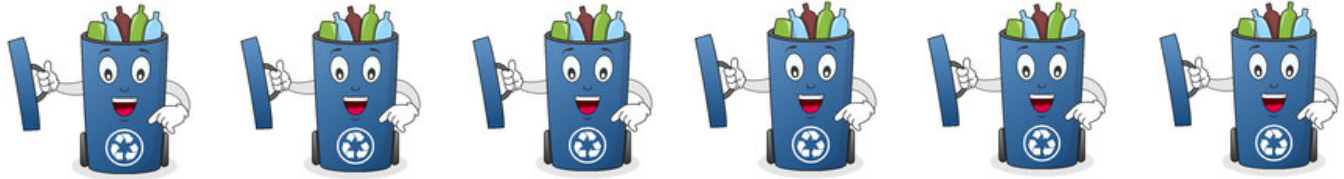


Reverse Auctions – Recycling Bins

Without
Reverse Auction



With
Reverse Auction



Contract Savings of 30.25% leads to more buying power to service constituent needs

Best Value

Approved by the voters this May, Best Value allows the City to choose vendors based on important factors like quality of work, on-time, on-budget and diversity and inclusion goals.



Why is Best Value Important?

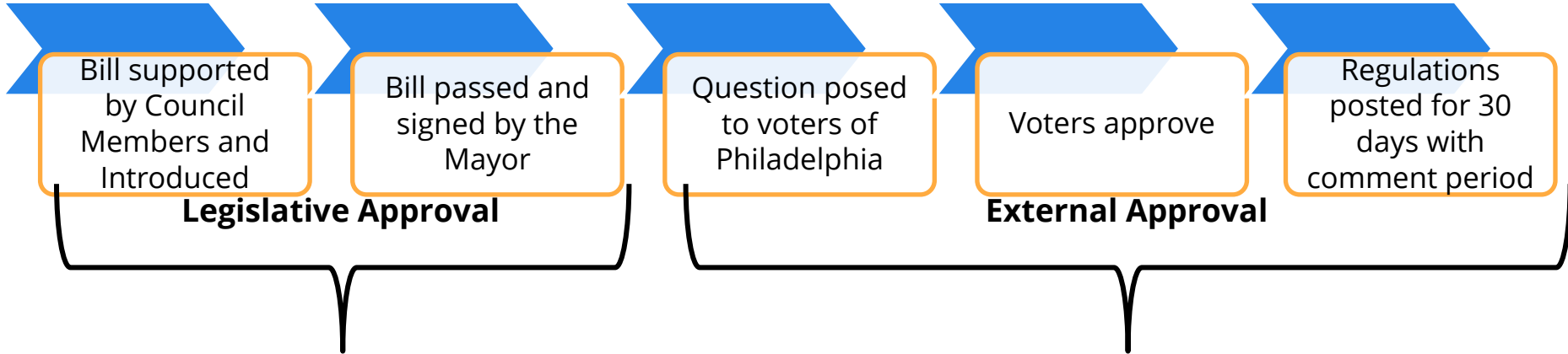
Section 8-200, Philadelphia Home Rule Charter:

*“Except in the purchase of unique articles or articles which for any other reason cannot be obtained in the open market, competitive bids shall be secured before any purchase, by contract or other-wise, is made or before any contract is awarded for construction, alterations, repairs or maintenance or for rendering any services to the City other than professional services and the purchase shall be made from or **the contract shall be awarded to the lowest responsible bidder;**”*

MODERNIZING OUR TOOLS FOR CITY PURCHASING



How did we get here?



Low Bid vs. Best Value

Lowest Responsible	Best Value
Bids are evaluated on price only, without considering capacity and ability to complete	Bids are evaluated on multiple criteria, including capacity, cost and completeness
Lowest price going in, doesn't necessarily mean lowest coming out as vendors often bid the plans not the job which can lead to an increased number of change orders	Allows for negotiation and clarity around what is needed to complete a project on time and on budget
Centralized process focused on selecting the "lowest cost" vendor	Centralized process focused on getting projects implemented and completed
One size fits all	Flexibility with lowest responsible and best value
No feedback given to vendors	Allows feedback and education for vendors
Does not require past performance with M/W/DSBE (can drive up costs)	Promotes the incorporation of past performance with M/W/DSBE



Forthcoming Projects

- **RFP Tool:** Enhancing the writing and assembling of RFPs
- **Best Value Implementation:** The City intends to run 1-2 best value procurements by the end of calendar year 2017
- **Inventory Management System Replacement:** The Procurement Department will be replacing its over 20 year old inventory management system
- **Contracts Hub:** An aggregate site that lists all contracting opportunities in the City





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