



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Finance & Citywide Projects Committee Members

FROM: Jimmy L. Morales, City Manager

DATE: June 28, 2018

SUBJECT: DISCUSSION ON STREAMLINING THE CITY'S PROCUREMENT PROCESS.

The City's Procurement Department is responsible for managing the acquisition process for the goods and services that support the accomplishment of the goals set by the City Commission and the Administration. In doing so, it is the Procurement Department's mission to maximize taxpayer resources and assuring the public's trust in the acquisition of goods and services, through strict adherence to governing law, the highest ethical standards, strategic sourcing, transparency and stakeholder-focus. In this current fiscal year, to date, the Department has completed over 330 procurement projects, including formal competitive solicitations (>\$50,000), informal competitive solicitations (<\$50,000), and analyses of piggyback contracts, sole sources, and approved bid waivers.

The City's competitive solicitation and contracting process for selecting contractors to deliver the goods and services required by the City is managed under the rules and regulations established in the city code, state law, and federal regulations. In addition to managing the competitive solicitation and contracting process, the Procurement Department also manages: 1) the process by which City departments expend funds on the acquisition of goods and services once a contract is approved (Purchase Orders and Change Orders); 2) the City's risk mitigating activities, including compliance with insurance and bond requirements; and 3) works closely with the Environment and Sustainability Department to continue to implement the City's Sustainable Procurement Program.

Finally, the Department also manages a number of ethical, social and equity programs established by the City Commission, including:

- Living Wage
- Equal Benefits
- Veteran's Preference
- Prevailing Wages
- Local Workforce Participation Program
- Vendor Campaign Contributions
- Contractor Code of Business Ethics
- Contractor Performance Measurement
- Contractor Violations, Default, Suspension, and Debarment
- Moratorium on purchases from North Carolina and Mississippi.

The Procurement Department closely tracks performance through its scorecard process. The table below indicates some of the performance highlights over the last three fiscal years and the trends for each measure.

Performance Measure	FY 15 Actual	FY 16 Actual	FY 17 Actual	Trend
Avg # of calendar days to award formal competitive sealed bids (ITBs)	89	83.7	75.9	↓
Avg # of calendar days to award <u>proposals</u> (RFP/RFQ/ITN)	217	176.8	122.3	↓
Average # of responses to procurement solicitations (Proposals ITB/RFP/RFQ/ITN)	N/A	2	5	↑
# of contract awards for competitive <u>sealed</u> bids (ITB)	12	18	23	↑
# of contract awards for competitive <u>sealed</u> proposals (RFP/RFQ/ITN)	28	28	35	↑
Total # of contract awards for competitive proposals (ITB/RFP/RFQ/ITN)	40	46	58	↑

Notwithstanding positive performance indicated in the table above, the Administration believes that it is prudent to continuously seek to improve all of the City's processes. In an effort to continue to gain efficiencies in the City's procurement process and attract greater competition for City solicitations, the following items are presented for the Committee's discussion and consideration.

1. **Re-consider feedback from Associated Builders and Contractors (ABC) and Florida Transportation Builders Association (FTBA).** In 2015, the City collaborated with ABC and FTBA to better understand some of the impediments that its member contractors were having in doing business with the City. Both organizations sought feedback from its members and provided that feedback to the City Commission and the Administration. Attachment A contains summaries of the discussed items that were perceived to be impediments to contractors trying to do business with the City. The Administration believes it is prudent to re-consider the feedback so that the committee can understand some of the impediments to doing business with the City, even though some of the reported impediments cannot be easily resolved.
2. **Consider a streamlined process for contractor compliance with Equal Benefits and Local Workforce Program compliance.** The Procurement Department, through the implementation of the LCP Tracker System, has significantly streamlined the process for those contractors that must comply with living wage or prevailing wage requirements. However, many contractors are reporting difficulties in complying with the requirements of the Equal Benefits and Local Workforce Programs. Regarding the Equal Benefits Program, since marriage equality became law in early 2015 contractors are beginning to report difficulties in complying with the benefits for domestic partnerships required by the equal benefits program. Regarding the Local Workforce Program, while contractors have no issue with the 30% goal, contractors are reporting difficulty with some of the reporting requirements.

3. **Consider increasing the threshold for formal awards to expedite purchases.**

From time to time, it is prudent to consider bidding and award thresholds to make sure that departments may acquire the goods and services needed in an expeditious manner, while assuring internal controls regarding the use of funds are in place. The Administration is recommending that the City's thresholds for formal awards be increased to continue streamlining the procurement process. Attachment B provides information available to date regarding the threshold at other agencies.

CONCLUSION

The Administration is seeking further guidance from the Committee on these matters.

JLM / MT / AD

Attachment A – ABC & FTBA Feedback

Issue	Detail Summary
Timely Payments	Contractors report that getting paid is very difficult and, at times, can take many months after work is completed. This tends to discourage contractors, especially smaller contractors.
"Preferred" Contractors	There is a perception that the City has a network of "preferred" contractors who get all the work, often skirting competitive bid rules. If a contractor is not one of the "preferred" contractors, they feel they are wasting their time in bidding.
Difficulties With Permits and Inspections	Permit process is very difficult. For inspections, contractors report that inspectors show up (or don't) at their whim, not as scheduled. Also, inspectors vary constantly and requirements among inspectors vary widely.
Parking	Parking for workers is very challenging. For projects within neighborhoods, there is nowhere to park. The residents do not want the workers or cars parking in their neighborhoods.
Staging	There is nowhere to stage, which makes project material and equipment logistics very challenging.
Economy And Volume Of Work	Given the amount of available construction work across the region, it is easier and more profitable for contractors to seek work from private builders or agencies that are more business friendly.
Contract Language And Requirements Are Excessively Burdensome	Contracts are heavily one-sided and disadvantage contractors. The risk contractors have to take on reflects in either pricing or in aversion to participating.
Bureaucratic Requirements And Paperwork	The City requires a lot of paperwork to be submitted with bids.

Attachment B

Formal Competitive Thresholds & Awards by Agency Head	
Miami Beach	Goods & Services - \$50,000 Construction - \$50,000 A&E - \$50,000
Miami	Goods & Services - \$50,000 Construction - \$100,000 A&E - \$500,000
Miami-Dade County	Goods & Services - \$250,000 Construction – TBD A&E - TBD
Florida Agencies and Departments	Goods & Services - \$65,000 Construction - \$300,000
Recommended	<p>Standardize on State of Florida Thresholds, pursuant to 287.017: Goods & Services - \$65,000 Construction - \$300,000</p> <p>Purchases under the formal competitive thresholds would continue to follow the City's existing informal competitive requirements, which include seeking three (3) quotes, and are under the manager's authority pursuant to Section 2-395.</p>