



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Ted Wheeler, Mayor
Tom Rinehart, Chief Administrative Officer
Jennifer Cooperman, Chief Financial Officer,
Bureau of Revenue and Financial Services

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December 5, 2018

TO THE COUNCIL:

The Procurement Services Division (Procurement) of the Bureau of Revenue and Financial Services in the Office of Management and Finance (OMF) is responsible for providing solicitation and contracting services to the City. Solicitation and contracting services refers to actively doing market research and soliciting vendors to provide goods and services including construction and professional services to all Bureaus and Offices in the City. Once the City's best value for a particular project has been determined, Procurement enters into a contract with that vendor on behalf of the City.

For the period encompassing FY 7-1-2017 thru 6-30-2018 Procurement entered into approximately 963 procurement agreements which include Purchase Orders and Contracts in an amount of approximately \$393,514,626.52. Of these 87 contracts were of sufficient monetary value to require specific authorization by this Council. This averages almost 2 presentations per week this Council was in session. Construction contracts which require Council authorization require approximately 2.9 FTE hours each to prepare and approve for transmission to Council Offices. General Goods and Services and Professional Services contracts which require Council authorization require approximately 3.6 FTE hours each to prepare and approve for submission. Please note that these labor hours DO NOT include the time spent in Council offices after submission by Procurement. Nor do these hours account for time spent within individual bureaus preparing for Council presentations and providing back-up information to Procurement Services. The net result of presentations is that 252.3 Procurement Services staff hours were spent preparing documents for these presentations. Each contract forwarded to Council for authorization consumes 48 pieces of paper resulting in a net paper usage of 4176 pieces of 8-1/2" x 11" standard copy-machine caliber paper.

On July 19th, 2017 Portland City Council passed Ordinance 188527 granting Procurement Services additional signature exceeding that allowed by Portland City Codes 5.33 (Goods and Services), 5.34 (Construction), and 5.68 (Professional, Technical, and Expert Services). This expanded authority granted the Chief Procurement Officer authority to execute contracts procured under Codes 5.33 and 5.34 up to \$1,000,000 dollars and contracts procured under Code 5.68 up to \$500,000. The previous authorized limits were \$500,000 for contracts under Codes 5.33 and 5.34 and \$100,000 under Code 5.68. Under this expanded authority the Chief Procurement Officer executed 11 Construction contracts, 19 Goods and Services contracts, and 46 PTE contracts, which otherwise would have come before Council. The total of the 11 Construction contracts was \$7,501,680.00 with an average value of \$681,971.00; for Goods and Services there were 19 contracts totaling \$14,328,032 averaging \$754,107.00; and PTE 46 contracts totaling \$13,405,260.00 averaging \$291,419.00. Using the figures stated above in determining the savings in time and materials the City saved 265.9 FTE staff hours and 3,648 pieces of standard paper. If

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we assume an average fully-loaded labor rate of \$75.00 per hour and a cost of \$0.10 per piece of paper the savings to the City amounts to \$20,307.30. The savings to the City essentially doubles when we account for the idea that most of the FTE staff hours were then spent doing other productive work. When taken in aggregate the savings has been very nearly the wage cost of a full-time employee.

It was a concern of this Council that such an increase in CPO signature authority would result in a “rush to the top” of contracting authority and thereby deprive this Council of significant review and the public of contract transparency. While the average contract value of those executed under this expanded authority did increase, they all remained significantly below the maximums allowed and demonstrate that City Bureaus continued “business-as-usual” without unnecessarily increasing contract amounts and the public has not been deprived of transparency.

This Report to Council was a requirement of Ordinance 188527 to provide statistical and anecdotal information to determine if the Pilot Program of increased signature authority was a success in terms of increased efficiency and process improvement. It is the belief of Procurement Services and our Bureau customers that the Pilot Project has been a resounding success. Accompanying this Report is an Ordinance directing the expanded authority to be continued through the first quarter of 2019. Procurement Services has begun drafting Portland City Code changes to embody these increased signature authority limits and other process improvement changes into a revised Code for presentation to this Council in February of 2019 after we have received Bureau input and suggestions.

Recommended by:

Lester Spitler

Chief Procurement Officer

Agenda No.
REPORT
Title

Accept Procurement Report concerning ~~the increased~~ signature authority increase Pilot Project, and approve the accompanying Ordinance extending the increased authority through March 31, 2019. (Procurement Report)

INTRODUCED BY Commissioner/Auditor: Mayor Wheeler	CLERK USE: DATE FILED <u>NOV 27 2018</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration – Wheeler Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Eudaly	Mary Hull Caballero Auditor of the City of Portland By: <u>Susan Parsons</u> Deputy ACTION TAKEN: DEC 05 2018 ACCEPTED PREPARE CONTRACT
BUREAU APPROVAL Bureau: OMF/BRFS/Procurement Bureau Head: Jennifer Cooperman Prepared by: Larry Pelatt Date Prepared: 11/15/2018	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan	
Council Meeting Date: December 5, 2018	

AGENDA
TIME CERTAIN Start time: Total amount of time needed: (for presentation, testimony and discussion)
CONSENT
REGULAR X Total amount of time needed: <u>10</u> min (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Eudaly	✓	
Wheeler	✓	