Improving Procurement in Los Angeles

MAYOR'S OPERATIONS INNOVATION TEAM

Mark Anthony Thomas, Director
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i. Our Team

Improving Procurement in Los Angeles
About The O-Team

The Mayor’s Operations Innovation Team (“O-Team“) is a partnership between the Office of the Mayor, the Mayor’s Fund, and the L.A. Coalition for the Economy and Jobs to match private and public sector talent to improve the City’s business systems and operational efficiency.

- Enterprise-Wide Challenges: Procurement, Real Estate Asset Management, and Workforce Injuries.
- Deliver savings through operational efficiencies and maximize the City’s assets to drive economic opportunity.
- Two-Year Project. $1.2 million initiative
Mayor’s Operations Innovation Team

Our core team provides a collective expertise that encompasses business, government, law, procurement, communications, technology, and real estate.

Mark Anthony Thomas
Director

Shannon Hoppes
Manager & Procurement Lead

Juan Vasquez
Analyst, Data & Communications

Adam Bierman
Manager & Wellness & Safety Lead

Shmel Graham
Manager & Real Estate Lead

Cyrus Dorbayan
Design Fellow & Project Coordinator
Mayor’s Operations Innovation Team

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Mark Anthony Thomas
Director

15-years professional experience across publishing, corporate, and public sectors.

Relevant:
Georgia-Pacific: Helped drive corporate strategy for local, impact investing.
City Limits: Investigative reporting on New York’s contracting practices and strategy.

Personal Story:
CD Moody Construction (Help build the Atlanta Olympic Stadium and the City’s new international terminal) awarded me my first academic scholarship.
ii. Initiative Goals

Improving Procurement in Los Angeles
Previous Procurement Reform

1994

• Resulted in $36 million, with an additional $3 to $4 million per year, in savings.
• The City consolidated commodity spending, inventory, warehousing and financial records.

• Yet, contracting for services, the largest component of Los Angeles’ procurement, remains decentralized among its departments.
A Core Focus: Operational Challenges

PROCUREMENT OPPORTUNITY: The lack of structural leadership driving integrated, City-wide metrics, performance, and leveraging scale.

- Departmental contracting operations are not aligned to execute best practices.
- Prospective vendors have no central point of entry into the City’s processes.
- Performance metrics and timeline goals are non-existent across the City’s departments.

Thus, this creates the environment for a 432-day services contracting process and built-in higher pricing to be the City’s operational norm.
A Core Focus: Operational Opportunity

The City’s procurement processes’ success impacts the City’s ability to acquire:

- Commodities & Goods
- Services & Service Providers
- Technology & Solutions
- Construction & Infrastructure
- Talent & Innovation
- Public-Private Partnerships
Operational Opportunity

Streamline and improve procurement and contracting practices across City departments and proprieties.

- $8.2 billion in total expenditures.
- 11 to 20 non-interactive compliance forms.
- Up to 7 City entities needed to authorize service contracts.

A local-based emerging company’s bid packet required to do business with the City.
A Greater Impact: Economic Opportunity

- Increase the openness of the City’s procurement process and improve vendor and supplier accessibility.

- Support the City’s emerging cluster of businesses and innovation.

- Leverage the City’s capacity to serve as a platform for innovation and emerging concepts.

CITIE is the product of a partnership between Nesta, Accenture and the Future Cities Catapult under CITIE.index.
ii. Our Approach

Improving Procurement in Los Angeles
Our Approach to Reform

I. Quantified the City’s Procurement Metrics and Operational Framework.

II. Understand Existing Operations & Best Practices to support the infrastructure for streamlined, user-friendly, and diverse procuring practices.

III. Provide Collaborative Leadership designing more effective management structure and achievement of procurement goals.
I. Quantified the City’s Metrics and Operational Framework

Process mapped the contracting process.

Collaborated with Departments Contract Coordinators and Mayor’s Performance Management Unit.

To Award A Service Contracts
- 7 City Departments involved
- Driven by Awarding Department
I. Quantified the City’s Metrics and Operational Framework

Studied individual department-roles in the procurement process.

To Award A Service Contracts

- 7 City Departments involved
- Driven by Awarding Department
I. Quantified the City’s Metrics and Operational Framework

Segmented open data by spend type, department, and item type

**Identified** most frequent contract types, contract lengths, vendors with multiple contracts

Segmented purchase orders (POs) and commodity spend with SmartProcure and Spikes Cavell

Identified specific processes to optimize, and tools and practices to adopt

Collaborated with Controller Office, General Services Division, and Data Firms.
II. Understand existing operations and best practices.

Collaborated With Peer Municipalities
- Los Angeles County
- Chicago
- Houston
- Boston
- Pittsburgh
- Philadelphia

Engaged Industry Experts
- Accenture
- CityGrows
- Code for America
- Signature Creative
- SmartProcure
- CityMart
- Spikes Cavell
- Columbia University
III. Provide collaborative leadership

Multi-Disciplinary Partnerships

Spikes Cavell
Columbia University
21st Century FOX
AEG
signature creative
SmartProcure
III. Provide collaborative leadership

Engaged City Leadership

- City Council
- Office of the City Administrative Officer
- Office of the City Attorney
- The Los Angeles City Controller
- Department of General Services
- Economic and Workforce Development
- Department of Water and Power
- Housing and Community Investment
- Information Technology Agency
- Public Works – Contract Administration

Reports, Motions and Recommendations

- Council Motions
- Los Angeles City Controller
- Office of the City Administrative Officer
- Commission on Revenue Efficiency
- Inspector General's Reports
- Past Mayoral Efforts
III. Provide collaborative leadership

Partnered with Departments to Study User-Experience

Improving the user-experience for prospective vendors.
III. Provide collaborative leadership

Piloting Success

**MAYOR’S CUP**

**THE OPPORTUNITY**

**MAYOR’S CUP** is a competition providing local university entrepreneurs the opportunity to explore innovative solutions to foster civic engagement and grow the local economy.

**GRAND PRIZE:**

$25,000 & 8 Week Co-Development With City Hall

**SCHEDULE**

(ALL EVENTS ON USC CAMPUS)

**HOW CAN THE CITY BETTER CONNECT EVERYDAY SMALL BUSINESS OWNERS TO THE PROFESSIONAL SERVICES AND GROWTH OPPORTUNITIES THEY NEED TO THRIVE?**

#LAMayorsCup | Answer The Challenge:
https://lamic2016.startupcompete.co
iii. Key Findings

Improving Procurement in Los Angeles
KEY FINDINGS

Less than 11% of the City’s centralized commodities purchasing are local businesses.
—Spikes Cavell Analytic, 2015

City-wide commodity spending from 28% should be increased to a benchmark of 34.5% or higher. San Francisco’s local commodity spend is 52%.
—SmartProcure, 2015

15% of the City’s department spending on goods and services went to local businesses.
—LA Times, 2010
KEY FINDINGS

The Los Angeles Region has the 2nd highest concentration of emerging companies.
— Fortune 2015

The Los Angeles Region has the highest number of immigrant entrepreneurs in the Country.
— Kellogg Foundation

Los Angeles has the 3rd most vibrant entrepreneurial ecosystem in the world.
— Startup Genome 2015
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iv. Priority Initiatives

Improving Procurement in Los Angeles
A Roadmap to Reform

Priority Areas & Initiatives

Collaboration
Engagement
Analysis
Best-Practices
Implementation
Data
Strategy
Thought-Leadership

Reform Implementation

Priority Initiatives
Priority Areas & Initiatives

I. Develop Vendor Intelligence and Procurement Performance

II. Improve Procurement Programs and Vendor Experience

III. Establish Procurement Leadership for the City
I. Develop Vendor Intelligence and Procurement Performance

Data Analytics
Implement analytics tools that facilitate procurement pricing analysis and standardization of the City’s procurement data.

Re-Examine Payments
Re-examine payment options to modernize procurement practices.

Re-Examine Thresholds
Re-examine spending thresholds for alignment with County, State, and Federal benchmarks.
## Priority Areas & Initiatives

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<thead>
<tr>
<th>I. Develop Vendor Intelligence and Procurement Performance</th>
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<tbody>
<tr>
<td><strong>Contract Management System</strong></td>
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<tr>
<td>Implement a contract management system of the City’s suppliers.</td>
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<tr>
<td><strong>Timeline Metrics</strong></td>
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<tr>
<td>Establish and define metrics for the City’s procurement timelines.</td>
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## II. Improve Procurement Programs and Vendor Experience

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<td><strong>Leverage Scale</strong></td>
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<td>Leverage enterprise wide contracting and help the City operate cost effectively and efficiently.</td>
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<td><strong>Define Supplier Diversity Success</strong></td>
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<td>Define and operationalize success for supplier diversity and local preference programs.</td>
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II. Improve Procurement Programs and Vendor Experience

**User-Experience**

Improve user-experience and interface for prospective and current vendors.

**Remove Barriers**

Remove barriers for new, small, and emerging vendors, where applicable.
III. Establish Procurement Leadership in the City

Risk Mitigation
Ensure compliance and minimize risk across contracting practices.

Procurement Leadership
Designate or assign a Chief Procurement Officer to lead contracting excellence across the City’s enterprise operations.
Streamline and improve procurement and contracting practices across City departments and proprieties.

**NEXT STEPS:**

- Collaborate with City Council, Electeds, and Departments to build out reform plans and develop immediate and long-term recommendation actions.

- Engage expertise to map out success and determine best path for implementation of initiatives.

- Assign long-term placement of roles and responsibilities.
Priority Areas & Initiatives

I. Develop Vendor Intelligence and Procurement Performance

II. Improve Procurement Programs and Vendor Experience

III. Establish Procurement Leadership for the City