POLICY AND PROCEDURE PROCUREMENT MANUAL REVIEW

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EXECUTIVE SUMMARY

The City of Hollywood contracted with the National Institute of Governmental Purchasing (NIGP) to provide a review of the City's procurement policies, procedures, and ordinances, as well as any legislation that may impede the City's procurement processes. The goal of the review is to develop recommendations to improve the procurement program based on best practices. This report provides recommendations to enhance the existing *Procurement Guide,* and procurement and related programs and processes, and more clearly define the authority of the Procurement Services Director. The recommendations within this report will enable the City's Procurement Services Director to more effectively manage the procurement operation, provide clear direction to both Procurement and departmental staff on all procurement processes and to enhance the efficiency and effectiveness of all procurement and procurement related processes and programs.

METHODOLOGY

In preparation for the City of Hollywood Manual review, the Review Team requested advanced documentation and conducted a review and analysis of this information. The Team reviewed relevant benchmarks and documents to make recommendations consistent with current best practices in the profession. The documents reviewed included, but were not limited to the *Procurement Guide, Procurement Card Users Guide, Purchasing Ordinance*, relevant state statutes and information from national benchmark surveys as well as other Florida agencies. In addition, the City's policies and processes, and the roles and responsibilities of the Procurement Director were reviewed and compared to the American Bar Association's Model Procurement Code, the 2012 NIGP Benchmark Survey, the 2012 RPMG Purchasing Card Benchmark Survey, and two comparable entities; the cities of Coral Springs and Fort Lauderdale. Upon completion of this review and analysis, the Team developed recommendations to address each aspect of the project scope based on the best practices.

PROJECT SCOPE

The scope of work for the City of Hollywood's project consists of a Policy and Procedure Manual Review to include review of the following:

- Ordinances, statutes, procurement policies and procedures to ensure consistency with current practices and industry best practices in the profession
- State legislation that impacts the City
- Regulatory constraints that may impede efficiency
- Other policy and procedures manuals related to purchasing practices and procedures, such as P-card programs and vendor guides.

The Review Team will address each component of the scope of work with specific recommendations to facilitate improvements to the *Procurement Guide*, other guides, as well as related procurement processes.

REVIEW OF ORDINANCE, STATUTES, PROCUREMENT POLICIES AND PROCEDURES TO ENSURE CONSISTENCY WITH BEST PRACTICES IN THE PROFESSION

This portion of the report will address the components of the *Procurement Guide* and will include specific comments and recommendations to enhance the *Guide*. The Review Team recommends the City consider the following roadmap, based on the American Bar Association (ABA) Model Procurement Code (MPC), when developing or updating public procurement manuals.

Based on the MPC, the following elements should be considered and procurement manuals should:

- be prefaced with a statement or synopsis including reference to enabling Statutes
- discuss the principles, goals and objectives of the procurement organization and its programs
- define the procurement organization structure and reporting relationships
- clearly define the duties, roles, responsibilities and authority of those who participate in the procurement process
- clearly define the organization's procurement policies and procedures
- follow the flow of the procurement cycle, at a minimum:
  - requisitions
  - specifications
  - solicitations processes, methods of procurement
  - purchase orders, contracts and awards
  - contract administration
  - surplus property and surplus sales
  - provide additional details to support contract administration including receiving, inspection, and acceptance

The City of Hollywood developed a comprehensive *Procurement Guide* that generally follows the above referenced Model Procurement Code and includes the primary components of an excellent manual. There are several sections of the *Guide* that are particularly well-written and deserve acknowledgement. They are as follows:

- Code of Ethics
- Procurement Cycle
- Piggybacking and Cooperative Procurement
- Unauthorized Procurements
- Requisitions
- Procurement Card Guide

The Review Team is providing recommended changes to the City of Hollywood *Procurement Guide* to enhance content, provide for greater clarity, and re-sequence sections for consistency with the procurement cycle. These recommendations are based on best practices supported by the above referenced American Bar Association's Model Procurement Code format. The

Team's recommendations are related to changes in the form and flow of the *Guide*, as well as content improvements and new sections to address primary procurement steps. Expanded language will also be recommended to strengthen and/or clarify several existing sections. Recommendations to clarify the roles, responsibilities and authority will also be addressed.

Since a large portion of the manual (*Guide*) is very well written and provides excellent information, this section of the report will focus only on those specific sections of the *Guide* where the Review Team developed comments and/or recommendations.

The Need for Competition

The *Procurement Guide* begins appropriately by identifying the goals of the Procurement Services Division. The next section, "The Need for Competition", documents the value of fair and open competition but does not clearly define "competition."

Recommendation:
- Add the definition of "competition" to this section to clarify. The NIGP Dictionary defines competition as "the effort two of more parties acting independently to secure the business of a third party by offering the most favorable terms (including price)."

Code of Ethics

The information in this section is excellent and conveys the importance of ethics and the need to maintain a high level of integrity throughout the entire procurement process. The *Guide* references Florida Statute 112 Part III "Code of Ethics for Public Officers and Employees". Including the specific information from this statute in the *Guide* within this Code of Ethics section or as an Appendix would provide greater visibility to this important topic. In addition, adding this information to the training would further communicate the importance of maintaining high ethical standards throughout the procurement process.

Recommendations:
- Add the specific requirements of Florida Statue 112, Part III, Code of Ethics for Public Officers and Employees to the *Guide* in this section or as an Appendix.
- Add information regarding the Code of Ethics to the "Introduction to Procurement" training.

Roles and Authority Levels

The MPC (sections 2-204, 2-205, 2-301) recommends that the chief procurement officer have responsibility for all aspects of the procurement function of the organization. The Chief Procurement Officer is most effective in the management of the procurement function, if that position's roles and responsibilities include all aspects of the procurement cycle. In order to more clearly articulate this concept, language should be expanded in this section to clarify the Procurement Services Director's roles and responsibilities. The following list of authority should be added to the current list of authority, roles and responsibilities currently included in the *Guide* for the Procurement Services Director:

- Manage all aspects of the entire procurement function
- Respond to vendor protest of contract awards
- Establish and maintain all procurement policies, procedures, processes and programs to carry out the mission of procurement
- Interpret and implement procurement policies
- Delegate procurement authority to procurement and departmental staff as deemed appropriate.

Construction and Architectural and Engineering Services

Procurement of construction and Architectural and Engineering (A&E) services are currently handled by other departments. The City's Purchasing Ordinance, Section 38.41, Contract Not Under Director's Jurisdiction states "The Director of Procurement Services shall have no jurisdiction over public works and utilities construction or improvement contracts, and professional service contracts with design professionals." Based on the 2012 NIGP Benchmarking survey, 55% of procurement agencies handle Architectural Services, 57% handle Engineering Services and 58% handle construction services. Procurement administers construction at both of the benchmark cities as well as at a majority of those surveyed by The Southeast Florida COOP (see Exhibit C). In most jurisdictions, procurement departments work closely with the Public Works, Utility and Engineering departments to ensure all construction procurement processes are carried out in consistent manner as all other procurements while taking into consideration the unique and complex requirements associated with construction. Under this model, the requesting departments are responsible for developing the specifications or scope of work, are heavily involved in the evaluation and appropriate negotiation processes, award recommendation processes and solely responsible for project management and contract administration. The role of procurement is generally to administer the solicitation processes and jointly recommend contract awards. There is a national trend for procurement to be involved in the construction and A&E services procurements.

As previously stated, the MPC recommends that the chief procurement officer should be responsible for all aspects of the procurement cycle to include procurement of construction. In order to fully implement this authority, the Team believes granting the Procurement Services Director authority over the procurement of construction and A&E services will increase transparency, provide for consistent procurement processes, and increase communication with, and occasions for interested vendors to participate in procurement opportunities. As a result, the Team recommends that the Procurement Services Director be delegated the authority for administering the procurement functions related to solicitations of Architectural and Engineering (A&E) services and Construction. This would ensure consistency throughout the City for all procurements. The complexity and specific requirements for A&E and construction services would need to be considered. Procurement's role should be management of the solicitation process to ensure oversight, separation of duties, transparency and compliance with procurement laws.

Recommendations:
- Enhance the language to clarify the Procurement Services Director's authority and responsibility as follows:
  - Manage all aspects of the entire procurement function
  - Establish and maintain all procurement policies, procedures, processes and programs to carry out the mission of procurement
  - Interpret and implement procurement policies
  - Delegate procurement authority to procurement and departmental staff as deemed appropriate
- Consider granting authority to the Procurement Services Director for management of the procurement for construction and Architectural and Engineering services. A spend analysis and work load review should be undertaken to consider the impact of this recommendation on the organization.

Source Selection Methods

The current *Guide* includes all major source selection methods with the exception of the Invitation to Negotiate (ITN) process. However, these methods are addressed separately and spread out in various sections of the Guide. In order to help the reader find all information regarding source selection methods in one place, it would be helpful if they were consolidated into a single section. The Review Team suggests that all source selection methods be grouped in a Source Selection Methods of Procurement section within the *Procurement Guide*. This change will improve the flow and facilitate the use of the *Guide* as a reference tool and training resource. The recommended sequence of the methods is as follows:
- Small
  - Include all small purchasing methods including informal quotations, single quotes, PCard, procurement vouchers, and anything else below the formal dollar threshold
  - Recommend all quotes above $5,000 be solicited by Procurement. This will be thoroughly discussed in the Dollar Limits section of this report.
- Competitive Sealed Bids
- Competitive Sealed Proposals
- Professional Services (per state code requirements)
- Invitation to Negotiation (ITN) (The recommendation to add the ITN source section method will be discussed under this heading in the following section.)
- Sole Source
- Emergency

Recommendation:
- Consolidate all source selection methods into a new Source Selection Methods of Procurement section.

Contract Administration

Contract administration is one of the most important processes within the procurement cycle and management of this process is generally within the authority and responsibility of

Procurement. This process includes the management actions taken following the award of the contract to ensure full compliance by all parties with the terms and conditions. Generally, contract administration includes, but is not limited to: receiving, inspection, acceptance, verification of pricing prior to approval for payment. It should also address the contract renewal and expiration processes as well as how contract compliance, performance and contract disputes should be handled.

The current Contract Administration section of the *Procurement Guide* deals primarily with expediting orders and does not encompass the entire process. In addition, the City has developed a *Risk Management Policy and Procedures Contract Administration Manual*. However, this information does not address the true contract administration processes previously identified (receiving, inspections, acceptance, verification of pricing and others). This document provides guidance related to risk management for construction, insurance requirements, indemnification and a glossary related to insurance terminology. This is not contract administration as it relates to ensuring compliance with contract terms and conditions.

The City could benefit from a more comprehensive contract administration policy or program. A good Contract Administration program should address each of the components noted above, the necessary processes to support compliance, and the roles and responsibilities for each aspect of the process. Contract administration is a very important component of the procurement cycle and ultimately determines if the City receives the goods and services as stated in contracts. Developing a comprehensive contract administration program and placing additional focus on monitoring and training in this area will minimize the City's risks related to contractor performance.

Recommendations:
- Expand the information in this existing section of the *Guide* to develop a comprehensive contract administration program. The contract administration program should include, but not be limited to, the following requirements:
  - Clear definition and purpose of contract administration
  - Clear description of the components of contract administration to include:
    - Receiving
    - Acceptance
    - Inspection
    - Verification of invoice pricing
    - Approval of invoices for payment
  - Clear roles and responsibilities for each component noted above
  - A process for monitoring contractor performance
  - A method for tracking and reporting contract renewals and expirations
  - Formal training session for all staff assigned contract administrator responsibilities
  - Oversight by the Procurement department
- Develop mandatory training for all staff involved in the contract administration process.

- Conduct annual reviews of assigned contract administrators for large contracts to ensure they are appropriately managing the contracts. These reviews are a method of verifying that the administrators are performing their assigned responsibilities related to contract administration.
- Update the *Introduction to Procurement* training to further address contract administration.
- Combine the Contract Administration section as edited to include the recommendations above with the current "Non-Performance" section currently on page 66.

Protest Procedures

The City has a comprehensive Protest Procedure included in the Purchasing Ordinance (section 38.51). While there have only been two protests within the last two years, and the procedures is not often used; however, it is important to have a clearly defined protest procedure in place. Currently, departmental representatives address any vendor protest. This is a rather unusual arrangement as vendor protests are usually addressed by Procurement. The Model Procurement Code, section 9.103, Authority to Resolve Conflict and Breach of Contract, gives the authority to resolve disputes prior to any court action to the Director of Procurement. The protest of awards is an important part of the procurement process and is generally handled by the Chief Procurement Officer. The Procurement Services Director is in the best position to fully understand the procurement process, laws, policies and procedures, and is the most informed person to explain the process and decision for award that is being protested. Most protests can be addressed by an explanation of the procurement and evaluation processes, without appeal or court action. Once the protestor fully understands, most protests are not appealed and few go to court. The Procurement Services Director is in the best position to provide firsthand information about the procurement process under review and has the most extensive knowledge of the procurement function. If there is an appeal, an appeals board could be established to hear the vendors appeal.

Recommendation:
- Revise the current protest procedure to:
  - Allow the Procurement Services Director to address the first level of a protest.
  - Develop a process to allow for protest appeals to be heard by an Appeals Board made up of department directors.

Invitation to Negotiate (Recommended New Section of Methods of Procurement)

The City currently utilizes a variety of source selection methods including the Competitive Sealed Proposal. Some agencies, including the City of Hollywood and the state of Florida, are of the opinion that Competitive Sealed Proposals do not allow for negotiations as part of the processes. The state of Florida has recognized the need for a process to allow negotiations and has developed the "Invitation to Negotiate" (ITN) process and added this method to the list of allowable procurement methods. In order to provide an additional method of procurement to

further meet the City's procurement needs, ITNs can be added as one of the City's approved methods.

The City's current procurement Ordinance includes the following methods of procurement: Small Purchases, Emergency Purchases, Sole Source Purchases, Competitive Bidding, Competitive Proposals, and Competitive Negotiation for Construction Services.   Chapter 287.051(1) of the Florida statutes identifies the various approved procurement methods, including :

> a. *Invitation to negotiate - "The invitation to negotiate is a solicitation used by an agency which is intended to determine the best method for achieving a specific goal or solving a particular problem and identifies one or more responsive vendors with which the agency may negotiate in order to receive the best value."*

Adding ITN as an approved Method of Procurement would provide the City with greater flexibility by allowing for negotiations to ensure the City is getting the highest overall value based on objective factors and not limited to price for the required supplies and services.

Recommendations:
- Update the Method of Source Selection table (currently on page 26 of the *Guide*) to include the ITN process.
- Develop processes and procedures for utilization of the ITN process.   Add this information to the new Source Selection Methods of Procurement section of the Manual. A sample ITN procedure is included in Exhibit E.
- Add a statement to confirm the Procurement Services Director has the authority and responsibility for selection of the appropriate method as well as administering the procurement process for all procurements and/or solicitations of goods, services, construction, and professional services, as well as surplus sale auctions.

Summary of Procurement Manual (*Procurement Guide*) Review

The City's current *Procurement Guide* serves as an excellent foundation for the development of a truly comprehensive procurement manual which will fully address all aspects of the procurement process. The Review Team made several recommendations to revise language as well as consolidate some sections to clarify the procurement policies, programs and processes as stated herein. The recommendations included will further enhance the content of the *Guide*, provide greater clarity for the City's procurement programs and processes, and provide a comprehensive user friendly procurement guide.   A complete summary of recommendations is included in Exhibit A.

Dollar Thresholds

In order to evaluate the dollar thresholds that are currently established, the Review Team conducted an analysis of purchase order numbers and dollars. This analysis provides the basis for review of the small purchasing thresholds, the delegation of authority to departments, and

the formal dollar thresholds. This information provides an indication of the appropriate level of transactions that should be handled via certain processes, as well as the level of work that is most beneficial to be handled by centralized Procurement staff. The following chart shows the numbers and dollars of purchasing by certain groupings:

FY13 Purchase Order Analysis							
Value	Count	% of Total	Cumul-ative #	Cumul-ative % of Total	$ Total	% of Total	Cumulative % of Total
Cancelled POs	186						
0 - $999	**3880**	56.5%		56.5%	**$1,438,288**	4.7%	
$1,000 - 4,999	**2073**	30.2%	5953	86.7%	**$4,823,223**	15.8%	
$5,000 - $24,999	**753**	10.9%	6706	97.7%	**$8,141,353**	26.6%	42.40%
$25,000 - $49,999	**102**	1.4%	6808	99.2%	**$3,470,695**	11.4%	53.76%
$50,000 and 99,999	**27**	0.4%	6835	99.6%	**$2,137,406**	6.99%	60.75%
$100,000 and Greater	**29**	0.4%	6864	100.00%	**$10,562,301**	34.55%	100.00%
TOTAL	**6864**				**$30,573,268**		

Purchase Order Summary Information:
- Purchase orders from 0 - $1,000 account for 57% of the transactions and only 4.74% of the spend.
- Purchase orders from 0 - $5,000 account for 87% of the transactions and 20.5% of the spend.
- Purchase orders from 0 - $25,000 account for 98% of the transactions and 27% of the spend.
- Purchase orders from $25,000 to $50,000 account for 1.5% of the transactions and 11% of the spend.
- Purchase orders over $50,000 account for .82% of the transactions and 42% of the spend.

Based on the analysis above, increasing the formal threshold to $50,000 will add efficiency to the procurement process. Transactions from $5,000 to $50,000 would be processed by Procurement via informal Request For Quotations (RFQ). Procurement can add value by selecting the most appropriate vendors, handling solicitations to maximize competition, providing increased opportunities to vendors to increase transparency, fairness and best value for the spend. Increasing the formal threshold to the level of $50,000 will enhance efficiency while still allowing for approval of the high dollar transactions.

As part of the policy review, the Review Team analyzed the current authority levels and dollar thresholds for the City's procurement. The Team also reviewed best practices based on the 2012 NIGP Public Procurement Survey. The trend over the last several years indicates

increased dollar thresholds for formal solicitations. St. Petersburg recently increased their $50,000 limit to $100,000. Coral Springs recently increased their limit to $40,000 and Tampa Bay is expected to raise their $25,000 limit to $100,000. This trend toward higher formal solicitation thresholds is expected to continue. The NIGP survey indicated that 47% of the responses had formal thresholds above $25,000, 41% had formal thresholds of $50,000 or greater and more than 12% were at $100,000 or above. Increasing the City's formal solicitation threshold from $25,000 to $50,000 will reduce the number of formal solicitations. Departments will continue to obtain quotes for transactions up to $5,000 but will no longer solicit quotations above that limit. Procurement will utilize the request for quotation (RFQ) process for transactions $5,000 - $50,000 which will provide the maximum feasible degree of competition for solicitations within this range.

Based on the FY13 purchase order data noted above, the City processed 102 purchase orders between $25,000 and $50,000. Increasing the formal solicitation threshold to $50,000 would eliminate the formal solicitation requirements and allow for a more efficient RFQ process while still maximizing competition. RFQ procedures can be utilized for these transactions from $5,000 to $50,000 to continue to ensure the maximum competition while enhancing administrative efficiency for transactions that fall within this range. This change will provide Procurement staff time to focus on the higher dollar, more complex procurements. Term and blanket contracts should also be established to assist departments with the smaller dollar transactions.

In addition to the formal threshold increase recommendation discussed above, there are best practices related to delegation of small dollar purchases. Many organizations have delegated authority to departments up to a certain dollar threshold to provide flexibility to departments and increase administrative efficiency. The benchmark cities noted in the table below reported that their small purchase thresholds are between $2,500 and $5,000. Purchases above this threshold are generally processed by the Procurement department. Procurement also develops a variety of blanket and term contract agreements to assist departments with the processing of standard purchases above the small dollar limit.

Establishing a single quote small dollar threshold at $5,000 with a preference for use of established cooperative or pre-solicited contracts provides departments flexibility to meet their needs, is very efficient and effective, and ensures excellent prices when established term contracts are used. Transactions over $5,000 should be processed by Procurement via a RFQ process to ensure the maximum feasible degree of competition and that solicitations are evaluated properly. This oversight ensures best value and avoids any preferences that can be developed between departments and vendors. It also allows for a single contact source for vendor questions and facilitates the opportunity to improve, transparency, communications, openness, and vendor relations. The chart below includes a review of the small dollar and formal thresholds for local benchmark cities.

PURCHASING THRESHOLDS		
AGENCY	SMALL DOLLAR THRESHOLD	COMPETITIVE SOLICITATION THRESHOLD
HOLLYWOOD	$1,000	$25,000
CORAL SPRINGS	$2,500	$40,000
FORT LAUDERDALE	$5,000	$25,000
ST. PETERSBURG	$5,000	$100,000 (recently raised from $50,000)
TAMPA	$2,000	$100,000 PENDING

The chart below summarizes the recommendations to establish the small purchase limit at $5,000 and the formal solicitation threshold at $50,000. Based on the recommendations below, all purchases greater than $5,000 would be processed by Procurement.

PROCUREMENT THRESHOLD RECOMMENDATION					
CURRENT			RECOMMENDED PROCESS		
Dollar	Authority		Dollar	Authority	Process
0-$2,500	Department				
$2,500-$5,000	Department	3 Quotes	0-$5,000	Department	Single Quote or Contract
$5,000-$15,000	Department	3 Written Quotes	>$5,000 - $25,000	Procurement	3 Quotes or contract
$15,000-$25,000	Department	3 Written Quotes	>$25,000 - $50,000	Procurement	3 Written Quotes or contract
$25,000	Procurement	Formal Bid or RFP	>$50,000	Procurement	Formal Bid, RFP or ITN

These changes will allow city procurement staff to increase administrative efficiency by spending less time and effort on smaller purchases and focus more on large dollar and complex procurements.

Recommendations:
- Establish the single quote limit at $5,000.
- Increase the dollar threshold requiring formal solicitations to $50,000.
- Transactions from $5,000 to the recommended formal solicitation threshold of $50,000 will be processed by Procurement via the RFQ process.
- Upon approval of the revised threshold recommendations, update all Ordinance, Manual and Guides and training references to the new thresholds.

STATE LEGISLATION THAT IMPACTS THE CITY

The Consulting Team reviewed State legislation that impacts the City (See Exhibit B). The *Procurement Guide* appropriately addresses the applicable procurement legislation. The City does a good job ensuring that policies are consistent with state statutes, including procurement process, prompt payment, open records, and the requirements related to the Cone of Silence.

One area that is currently not in the City's procurement tool box that is allowed under State law was the Invitation to Negotiate (ITN) process. The Review Team has recommended that the ITN process be added to the Source Selection Methods of Procurement allowed for use by the City.

REGULATORY CONSTRAINTS

The Review Team reviewed legislation regulatory constraints that might impede efficiency within the procurement function. There are currently no regulatory constraints that have a major negative impact or impede the efficiency of the City's procurement function. One area that is worthy of additional clarification is procurements using Federal grants.

Each Federal agency is required to ensure its grantees follow the 'common rule' for procurement. As the name 'common rule' implies, they are the same for all Federal grants with the exception that Federal agencies may add additional requirements. The *Procurement Guide's* Quote Approval Form and Sole Source Justification Form have a statement requesting if the purchase is grant funded. The forms also require departments and Procurement to do a System for Award Management (SAM) search to ensure that contracts are not given to debarred vendors. Procurement should request a copy of any grant documents and thoroughly review the purchasing requirements to ensure all the Federal requirements under the common rule are met.

Recommendation:
- For any purchases with grant requirements, Procurement Services should ensure that the City complies with any procurement requirements of the grant.

OTHER POLICY AND PROCEDURES MANUALS RELATED TO PURCHASING AND ADDITIONAL PROGRAM IMPROVEMENTS

This section of the report will address other policies, programs and procedures related to purchasing. The focus will be on the Purchasing Card (PCard) program, the *Vendor Guide* and Sustainability. The PCard is a valuable tool used to enhance efficiency of the purchase to payment process for small dollar transactions. As the City works towards continuous process improvements, the PCard serves as an excellent resource to facilitate the processing of small dollar transactions so that Procurement staff resources can by utilized for more complex, value added procurements. Communicating the City's requirements to the vendor community is an important factor in ensuring maximum participation in the City's procurement process. The

Vendor Guide and related information provide to assist vendors will be reviewed. The trend toward sustainable procurement has increased over the last several years. Best practices related to green purchasing are included should the City elect to develop a more robust sustainability program.

Purchasing Card (PCard)

The PCard is an excellent small purchasing tool used to enhance efficiency and internal controls for small dollar transactions. It is an effective process used extensively by many high performance procurement organizations to improve efficiency of small dollar transactions while maintaining review and control. Expanded use of the PCard is supported by the previous recommendation to provide delegated authority to departments for transactions up to $5,000. Transitioning these small dollar transactions from purchase orders to the PCard will result in enhanced administrative efficiency as well as an increase in revenue generation from the PCard. Based on the 2012 RPMG PCard Benchmark report, the cost to process a purchase order is $91 per transaction. The cost to process a PCard transaction is $17. As a result, the City can save approximately $74 for every transaction transferred from a purchase order to the PCard. Conducting analysis of purchase orders to identify transactions which can be processed via PCard in the future will assist the City in realizing these potentially significant administrative cost savings. In addition, the City may want to consider mandatory use of the PCard for certain contracts and/or specific commodities.

Currently, as a general rule the City has established a single transaction limit of $1,000 and monthly limits of $2,500 to $5,000. Three are some exceptions as selected cards have higher limits, such as Public Works has a $10,000 single limit for purchases from approved term contracts for automotive supplies. There are also cards with emergency limits of $50,000 which are activated when a state of emergency is declared before pending storms. The chart below compares the City's current transaction limit with those of benchmark cities.

BENCHMARK PCARD DATA					
AGENCY	TRANSACTION LIMIT	NUMBER OF CARDS	AVERAGE PURCHASE	ANNUAL TRANSACTIONS	ANNUAL SPEND
HOLLYWOOD	$1,000	218	$199.25	9,487	$1,890,252
FORT LAUDERDALE	$5,000	NA	NA	NA	NA
CORAL SPRINGS	$2,500		$250		
TAMPA	$2,000	400	NA	34,342	12,309,542
PALM BAY	$2,500	173	NA	NA	NA
ST. PETERSBURG	$5,000	510	NA	30,500	$6,600,000

Increasing the single transaction limit to $5,000 for all cardholders would allow for greater departmental flexibility, increased administrative cost savings and ultimately increased overall program spend which would result in a greater rebate for the City. Based on FY13 purchase order data provided by Procurement, the City processed a total of 6,864 purchase orders last fiscal year. There were 5,953 purchase orders issued for less than $5,000 (86.7% of total purchase orders). Over half of these (3,880) were issued for transactions less than $1,000. These small dollar transactions are ideal for transitioning to the PCard. Transitioning even half of the transactions less than $1,000 to the PCard could result in approximately $143,560 in administrative savings ($74 savings per transaction transferred from purchase orders to PCards per the *2012 RPMG Purchasing Card Benchmark* report). This is a significant savings for the City and also allows departments the flexibility to quickly obtain the small dollar goods and services they need while freeing up Procurement staff resources to focus on higher value and more complex procurement initiatives. Increasing the transaction limit to $5,000, and tying increased PCard usage to term contracts and/or specified vendors, provides for substantially greater administrative efficiency and resulting rebates for the City. The City can monitor to ensure conformance with procurement policies by developing and utilizing Bank of America reporting.

This section of the report will review the City's *PCard Users Guide* per the Scope of Work. It will also provide recommended strategies to enhance efficiency of small dollar purchasing through increased usage of the PCard. The goal is to develop a robust and transparent PCard program that will increase administrative efficiency, departmental flexibility, reduce small dollar workload in Procurement and generate revenue. The City is in an excellent position to review the current program and identify opportunities to expand use of the PCard to enhance efficiency while at the same time ensuring appropriate controls are in place.

The City's *Procurement Card User Guide* provides the overall procedures related to PCard usage. The *Guide* includes information regarding responsibilities of cardholders, department PCard representatives, Department Directors, Procurement Services and Financial Services. The *Guide* also identifies the prohibited uses of the PCard, documentation and receipt requirements, and instructions for handling disputes. It is worth noting that one of the responsibilities listed for Procurement Services is "target new cardholders and expand use of the card." This is an excellent goal that demonstrates Procurement's understanding of the value of using the PCard and the benefits increased usage provides to both departments and Procurement.

There are two areas that appear to be missing from the *PCard Guide*. While the process for transaction reconciliation is clearly identified and the current due date is currently the 10th of the month, this due date is not included in the *PCard Guide*. Identifying the due date for final sign off and submission of activity logs and receipts to Finance should be added to the *PCard Guide* for clarity. The *Guide* clearly identifies prohibited usage of the card. However, it does not identify consequences of procurement violations such as unauthorized purchases or purchasing restricted items. Many PCard programs include information regarding consequences of these violations such as a written warning for the first offense, thirty day card suspension for the

second offense to identify to cardholders how violations will be handle. Identifying consequences for violations (late reconciliation, inadequate receipts, order splitting, purchasing of prohibited items) and consistently applying these consequences can help to ensure the transactions remain in compliance. There is one component of the PCard process that may provide an opportunity to increase efficiency. Currently, there are three levels of review of PCard transactions prior to submission of activity logs and receipts to Finance. The cardholder, Department PCard representative and the Department Director each review the activity logs and receipts prior to making copies and submitting originals to Finance. Eliminating the requirement for making copies of all receipts and logs would result in enhanced efficiency. Departments would be responsible for maintaining all PCard documentation. These files could be audited by Finance on a periodic basis to ensure on-going compliance.

There is one process that may limit the growth of the PCard program. Currently, items in excess of $1,000 should not be purchased using the PCard due to the Fixed Asset threshold requirements. The City may wish to consider reviewing this threshold and possibly initially increasing to $2,500 or $5,000. The State of Florida fixed asset threshold is $5,000 so this limit could be more conservative than the state. This would allow expanded PCard usage and would decrease the workload associated with tagging and tracking fixed assets up to $5,000.

Recommendations:
- Increase the transaction limit to $5,000.
- Include due dates for completion of reconciliation.
- Tie use of PCards to existing term or approved cooperative contracts to the maximum degree feasible.
- Add consequences for policy violations to the *Guide*.
- Consider eliminating the requirement for departments to submit copies of receipts to the Finance Department. Make departments responsible for maintaining all receipts and activity logs. Audit this documentation on a periodic basis to ensure compliance with documentation requirements.
- Consider increasing the fixed asset limit to $5,000 (consistent with the State). This would allow for greater PCards usage up to the increased fixed asset limit. This is also consistent with the State of Florida dollar limit for fixed assets. Upon approval of this recommended threshold change, update all related ordinances, policies, procedures and programs and the *Procurement Guide*.

Vendor Guide

Providing comprehensive and readily accessible information to vendors is key to enhancing vendor participation in the City's procurement processes. In addition, providing information necessary for suppliers to conduct business with the City can minimize the amount of Procurement staff time that is spent answering routine questions from vendors. The City's website currently provides valuable information to vendors to include:

- Award Recommendations
- Bid Notifications

- Cone of Silence
- Vendor Forms and Documents
- Vendor BidSync Registration
- Purchase Order Terms and Conditions
- Purchasing Contacts
- Vendor Handbook
- Frequently Asked Question FAQ Guides for
  - How do I become a vendor for the City?
  - How do I check for current bid openings?
  - How do I check for bid award information?

While the City's website provides a great deal of valuable information for vendors, there are a few items which were not readily found on the site. They are as follows:

- The payment process
- City of Hollywood's local preference

The local preference program is referenced in the *Procurement Guide.* These are each important areas that would be beneficial for vendors, as well as City staff, to have accessible. Providing greater visibility via separate direct links or access to program summaries and/or registration or certification requirements would be helpful to the vendor community.

The City's Procurement Division is transitioning to a new electronic notification and bid/proposal response system from BidSync. As of September 30, 2014, the City will only accept electronic submissions for bids and proposals. Use of third party systems for distributing solicitation notifications and receiving bids/proposals is a growing trend. Many vendors are accustomed to this trend from their business interaction with other public agencies. The City of Fort Lauderdale uses BidSync and many other localities and agencies use other electronic vendor notification systems. Vendor training sessions and enhanced user guides will assist vendors with obtaining the necessary information so they can increase participation in the City's solicitation processes, including construction and A&E services.

Recommendations:
- Add information to the Vendor Handbook or other section of the web page to address:
  - The payment process.
  - City of Hollywood's local preference
  - Minority and Women Owned Business programs
- Develop training and user guides to provide guidance to vendors for use of BidSync.

Sustainable/Green Purchasing

The *Procurement Guide* addresses the use of recycled products: "The City encourages the purchase of products made from recycled materials or environmentally friendly materials and/or products that may be recycled after use. Sustainable purchasing takes into account the triple bottom line of environment, social and economic aspects. Sustainable purchasing also

recognizes the product life cycle of acquisition, utilization and disposal." (Sustainable Purchasing mission from the City of Fort Collins, CO) NIGP validated the importance of this growing trend in its 2012 *Sustainable Public Procurement* survey. Exhibit D includes a list of best practices from the Green Purchasing Institute which may be useful if the City decides to move toward developing a more robust green/sustainable procurement policy.

Contract Term Limit

A review of procurement items which came before the Commission from January through May 7, 2014 indicated a variety of contract lengths were approved. Examples included below are:

- R-2014-040: 2 years and two 1 year extensions

- R-2014-080: 1 year with four 1 year extensions

- Bid F-4264-RD: 2 year with three 1year renewals

One of the primary responsibilities of most procurement divisions is to evaluate each purchase and determine the appropriate length of the contract term. The length of the contract is based on multiple factors; complexity of the procurement, market conditions, availability of competition, competitive advantage of longer term contracts, and the needs of the City. Public agencies generating contracts with longer terms is a national trend. There is substantial potential cost savings, and a higher level of service that can result from negotiation of longer term contracts. When there are potential benefits from longer term contracts, the Procurement Services Director should have the flexibility to take advantage of such opportunities and to work with the requesting department and senior management to develop the appropriate term in advance of solicitations. As previously recommended in the Authority section, the Procurement Services Director should have the authority to manage the entire procurement function to include the determination of the appropriate contract term in order to best meet the needs of the City.

Recommendation:
- Grant the Procurement Services Director the authority to establish the appropriate contract term length based on the specific requirements and benefits for each solicitation of term or blanket contracts.

Customer Survey

While not specifically addressed in the project scope, customer satisfaction is worthy of mentioning. High performance procurement organizations strive for continuous process improvement in an effort to provide enhanced services and reduce costs for customers as well as improve efficiency and effectiveness. A component of continuous improvement is obtaining customer feedback. Conducting periodic customer satisfaction surveys of both internal and external customers is a best practice. There are multiple methods and options for conducting these surveys. Having an outside source conduct the customer satisfaction survey will likely increase objectivity and participation among key stakeholders. The results of the surveys can be used to identify areas for strengths as well as areas for potential improvement. NIGP provides a Public Agency Satisfaction Survey (PASS) for member and non-member agencies.

These surveys provide an excellent method to measure customer satisfaction and track progress as enhancements and improvements are made to procurement processes.

Recommendation:
- Consider conducting annual customer satisfaction surveys for both internal and external customers on a periodic basis. Use the feedback to review and enhance policies and processes to better serve the City.

CONCLUSION

The City's current *Procurement Guide* serves as an excellent foundation for the development of a truly comprehensive procurement manual which will fully address all aspects of the procurement process. The Review Team made several recommendations to revise language as well as consolidate some sections to clarify the procurement policies, programs and processes as stated herein. The recommendations included will further enhance the content of the *Guide*, provide greater clarity for the City's procurement programs and processes, provide a comprehensive user friendly procurement guide, and provide the basis for training for Procurement staff as well as department staff with procurement related responsibilities.

In addition to recommendations to enhance the content of the *Procurement Guide*, the Review Team also made recommendations based on best practices to enhance the efficiency and effectiveness of several key procurement processes and programs. Revising the dollar threshold for both small purchases as well as formal solicitations will provide for enhanced efficiency for small dollar purchases while ensuring appropriate controls and consistency for all formal procurement opportunities. These recommendations will also allow for more Procurement staff time to focus on the high value, more complex procurements.

The program related recommendations will further improve the procurement function within the City. The recommendations associated with expanded use of the PCard will provide greater flexibility to departments, enhance efficiency, increase administrative costs savings and revenue generated for the City from the increased rebate. The City will also benefit from the development of a comprehensive Contract Administration program. Implementing such a program and the associated training to clearly identify the purpose, importance, roles and responsibilities will provide the City with assurance that contracts are being appropriately reviewed and monitored and the City is receiving the goods and services needed in the agreed to terms. In addition, the Review Team has provided recommendations and a general outline should the City make the determination to move forward with an expanded green procurement program.

While the City's procurement processes are well written, embodied in an excellent *Procurement Guide*, and appear to work very well in the current state, the recommendations included herein will further improve the procurement process, provide for enhanced efficiency and communication with departments as well as vendors, and improve the City's overall procurement function. It should be noted that any recommendations that are accepted by the

City should be updated in the *Guide* and where appropriate in the ordinance and training materials.

Recommendation	Task	Topic
Add the definition of "competition" to the Need for Competition section to clarify. The NIGP Dictionary defines competitions as "the effort two of more parties acting independently to secure the business of a third party by offering the most favorable terms (including price)."	Manual Review	Procurement Manual, Policy, Process or Procedure
Add the specific requirements of Florida Statue 112, Part III, Code of Ethics for Public Officers and Employees to the *Guide* in this section or as an Appendix	Manual Review	Code of Ethics
Add information regarding the Code of Ethics to the "Introduction to Procurement" training.	Manual Review	Code of Ethics
Enhance the language to clarify the Procurement Services Director's authority and responsibility as follows: Manage all aspects of the entire procurement function, establish and maintain all procurement policies, procedures, processes and program to carry out the mission of procurement, interpret and implement procurement policies, delegate procurement authority to procurement and departmental staff as deemed appropriate.	Manual Review	Delegation of Authority
Consider granting authority to the Procurement Services Director for management of the procurement for construction and Architectural and Engineering services. A spend analysis and work load review should be undertaken to consider the impact of this recommendation on the organization.	Manual Review	Delegation of Authority
Consolidate all source selection methods into a new Source Selection Methods of Procurement section.	Manual Review	Methods of Procurement
Develop a comprehensive contract administration program.	Manual Review	Contract Administration
Develop mandatory training for all staff involved in the contract administration process.	Manual Review	Training
Conduct annual reviews of assigned contract administrators for large contracts to ensure they are appropriately managing the contracts. These reviews are a method of verifying that the administrators are performing their assigned responsibilities related to contract administration.	Manual Review	Contract Administration

Recommendation	Task	Topic
Update the *Introduction to Procurement* training to further address contract administration.	Manual Review	Training
Combine the revised Contract Administration section as edited with the current "Non-Performance" section on currently on page 66.	Manual Review	Contract Administration
Consider changing the current bid opening process to delegate bid opening and witnessing to the Procurement Services Director or his designee.	Manual Review	Delegation of Authority
Consider reducing or eliminating the requirement for appraisals and/or replace the appraisal with robust market research to be completed by the Procurement Department prior to any sale.	Manual Review	Surplus
Revise the current protest procedure to allow the Procurement Services Director to address the first phase of a protest and develop a process to allow for protest appeals to be heard by an Appeals Board made up of department directors.	Manual Review	Procurement Manual, Policy, Process or Procedure
Update the Method of Source Selection table (currently on page 26 of the Guide) to include the ITN process.	Manual Review	Procurement Manual, Policy, Process or Procedure
Develop processes and procedures for utilization of the ITN process. Add this information to the new Methods of Procurement section of the Manual.	Manual Review	Procurement Manual, Policy, Process or Procedure
Add a statement to confirm the Director has the authority and responsibility for selection of the appropriate method as well as administering the procurement process for all negotiated procurements and/or solicitations of goods, services, construction, and professional services, as well as surplus sale auctions.	Manual Review	Delegation of Authority
Establish the single quote limit at $5,000. Transactions in excess of $5,000 will be processed by Procurement.	Dollar Thresholds	Delegation of Authority
Increase the dollar threshold requiring formal solicitations to $50,000.	Dollar Thresholds	Delegation of Authority
Upon approval of the revised threshold recommendations, update all Ordinance, Manual and Guides and training references to the new thresholds.	Dollar Thresholds	Delegation of Authority
For any purchases with grant requirements, Procurement Services should ensure that the City complies with any procurement requirements of the grant.	Dollar Thresholds	Procurement Manual, Policy, Process or Procedure

Recommendation	Task	Topic
Increase the transaction limit to $5,000.	PCard	Procurement Manual, Policy, Process or Procedure
Conduct analysis on purchase order data to identify transactions which can be transferred to the PCard.	PCard	Procurement Manual, Policy, Process or Procedure
Consider mandatory use of the PCard for certain contracts and/or specific commodities.	PCard	Procurement Manual, Policy, Process or Procedure
Include due dates for completion of reconciliation.	PCard	Procurement Manual, Policy, Process or Procedure
Tie use of PCards to existing term or approved cooperative contracts to the maximum degree feasible.	PCard	Procurement Manual, Policy, Process or Procedure
Add consequences for policy violations to the Guide.	PCard	Procurement Manual, Policy, Process or Procedure
Consider eliminating the requirement for departments to submit copies of receipts to the Finance Department. Make departments responsible for maintaining all receipts and activity logs. Audit this documentation on a periodic basis to ensure compliance with documentation requirements.	PCard	Procurement Manual, Policy, Process or Procedure
Consider increasing the fixed asset limit to $5,000 (consistent with the State). This would allow for greater PCards usage up to the increased fixed asset limit. Upon approval of this recommended threshold change, update all related ordinances, policies, procedures and programs and the Procurement Guide.	Fixed Assets	Procurement Manual, Policy, Process or Procedure
Add information to the Vendor Handbook or other section of the web page to address the payment process, local preference policies, and minority and woman-owned business programs.	Vendor	Procurement Manual, Policy, Process or Procedure

Recommendation	Task	Topic
Consider developing a more robust green/sustainable purchasing policy.	Sustainability	Procurement Manual, Policy, Process or Procedure
Grant the Procurement Services Director the authority to establish the appropriate contract term length based on the specific requirements and benefits for each solicitation of term or blanket contracts.	Contract Term Length	Delegation of Authority
Consider conducting annual customer satisfaction surveys for both internal and external customers on a periodic basis. Use the feedback the review and enhance policies and processes to better serve the City.	Customer Satisfaction	Customer Satisfaction

EXHIBIT B: DOCUMENTS AND INFORMATION REVIEWED

The following documents and information were reviewed:

- Charter and Purchasing Ordinances of the City of Hollywood

- Procurement Guide of the City of Hollywood

- Procurement Card Users Guide

- Introduction to Procurement – Training Power Point

- Procurement Organization Chart

- NIGP 2012 Public Procurement Benchmark Survey

- NIGP 2012 Sustainable Public Procurement Survey

- RPMG 2012 Purchasing Card Benchmark Survey

- Florida Statutes, chapters
  - 112 Code of Ethics for Public Officers and Employees
  - 119 Public Records
  - 218.70 Local Government Prompt Payment Act
  - 255 Public Property & Publicly Owned Buildings
  - 286.0113 Public Meeting-Exemptions
  - 287 Procurement of Personal Property and Services

- The ABA Model Procurement Code for State and Local Governments

- Analysis of Procurement actions by the City Commission in 2014

- Interviews were conducted with two identified benchmark municipalities of City of Coral Springs and the City of Fort Lauderdale.

Areas responsible for administering construction and/or CCNA solicitations

Procurement/Purchasing Department

- Boca Raton
- Broward County
- Coral Springs
- Deerfield Beach
- Ft. Lauderdale
- Hallandale Beach
- Margate
- Miami Gardens
- Miami Lakes
- Miramar
- North Miami Beach
- Pembroke Pines
- Sunrise
- Tamarac
- Town of Palm Beach
- Wellington

Engineering/Other

- Southwest Ranches
- Green Acres
- Davie

Responsibilities Varies

- Miami
  - Capital Department projects > $300,000
  - Purchasing projects < $300,000

EXHIBIT D: GREEN/SUSTAINABLE PURCHASING

Best Practices of Green/Sustainable Purchasing:

1. Sustainable Purchasing:
    Agency commitment to using the best sustainable purchasing factors as they evolve.

2. Total Cost of Ownership:
    The agency will consider the total cost of a product or service throughout the life cycle and the customer's usage requirements. Using Life Cycle Analysis, rather than relying only on first cost as the basis for making purchasing decisions, is considered a "best practice" for procuring products that offer the most economic value over the lifecycle of the product.

3. Product Certification:
    Purchasers, when specifying items for purchase shall look for product certification from credible organizations such as Green Seal, Energy Star and EcoLogo. (See Appendix List of Certifications)

4. Imaging:
    Encourage employees to use recycling and waste reduction strategies in their daily workplaces, including having print jobs done using duplex copying whenever possible.

    - Set printer preferences to default to double sided printing.

    - Encourage the reduction of personal printers in the organization. This serves to reduce number of printers purchased and installed, but also serves to reduce the amount of paper consumed by the organization.   As printers and copiers are replaced, departments and divisions should replace them with multi-function devices.

    - Configure personal computer or laptop with a printing option that allows users to print directly to PDF format so that documents and other various forms of information can be shared electronically, rather than in printed form.

    - Purchase paper with at least 30% post-consumer recycled content, totally chlorine-free and process chlorine free recycled paper.

    - Adopt sustainable printing specifications.

5. Construction, Remodeling and Deconstruction:
    Consider adopting LEED (Leadership in Energy and Environmental Design) standards in construction and remodel projects. Use the latest available proven technology to provide energy-efficient and cost-effective heating, cooling, lighting and water heating services in the design, construction and renovation of facilities.

    Deconstruct buildings which are scheduled for removal versus demolition.

6. Fleet and Fuel:
Purchase fleet vehicles that provide the best available fuel efficiency and net reduction in vehicle fleet emissions. Reducing automobile travel, consider teleconferencing, teleworking, compressed work schedules and use of other types of electronic communications.

Consider the following factors in the purchase an alternative fueled vehicle if all of the following criteria are met:

- The fueling infrastructure is in place to support the vehicle.

- The job application fits the type of factory equipped vehicle available.

- The economics for both the capital and fuel costs, are beneficial.

7. Water Conservation:
Specifications for future landscaping, street median, parks and building projects should be reviewed to provide for native drought tolerant plants with a view toward reducing water needs and long term maintenance cost.

8. Computers:
- Personal Computers, Laptops and Monitors: Purchase devices are which meet EPEAT ratings as well as the highest Energy Star rating available. (EPEAT – electronic product environmental assessment tool)

- Power Management: Through standard computer configuration, monitor power off after fifteen (15) minutes of inactivity. Turn off computers and monitors when not in use. It will save energy and provide higher levels of security.

9. Evaluation Criteria:
Use evaluation criteria for selecting a product or service incorporates and encourages sustainable factors by providing scored points or incorporates minimum specifications. This should include that the qualification of a company as a responsible bidder includes criteria for incorporating sustainability in their operations.

10. Specifications review to:
- Purchase products which contain the highest percentage of post-consumer recovered material and the highest percentage of total recovered material available in the market place.

- Performance standards for products and services shall not require the use of products made from virgin materials nor specifically exclude the use of environmentally preferable products.

- Any faucet, showerhead, toilet, urinal, fluorescent tube lamp, fluorescent ballast, industrial HID luminaire, downlight luminaire, fluorescent luminaire or compact fluorescent lamp that is purchased or leased by any agency for which the federal

energy management program of the United States Department of Energy has issued product energy efficiency recommendations shall achieve no less energy efficiency or flow rate than the minimum recommended in such recommendations.

- Consider investing in all energy-efficiency measures with paybacks equal to or less than the useful life of the product or project.

- Procure products that meet or exceed Energy Star criteria for energy efficiency.

- In product packaging look for ways to:

    a) Minimize packaging
    b) Use packaging made from recycled materials
    c) Use packaging made from renewable material as opposed to petroleum based (i.e. straw as opposed to Styrofoam peanuts)
    d) Reuse packaging
    e) Optimize vendor route's when delivering products or services.

- In product packaging look for ways to avoid.

    a) Styrofoam
    b) Clamshells for food containers.
    c) Plastics other than "1-7".
    d) Small, individually packaged items

- Toxics In product specifications look for ways to reduce toxins by using:

    a) Third-party certifications (Green Seal, Ecologo, FSC)
    b) BPA free plastics
    c) Lead free products
    d) Low or no VOCs

    See references for more information on reducing toxins.

11. End of product life issues:
    Electronics shall be recycled.
    - Evaluate companies offering free or low-cost product 'take-back' services for their products. Any take back programs will be reviewed to ensure that these items are safely managed at the end of their useful life.

    Disposal
    Things to look for:

- Recyclable in local facilities

- Reusable

- Vendor take back programs (for products as well as packaging)

- Compostable, biodegradable

- End of product life programs that include re-use, recycling, and refurbishing

  Things to avoid:

- Hazardous waste

- Non-recyclable products

List of Sustainable Certifications

It is recommended that agencies use independent, third-party social and/or environmental (eco) product or service label standards when writing specifications for, or procuring, materials, products, or services so long as such labels:

- Were developed and awarded by an impartial third-party;

- Were developed in a public, transparent, and broad stakeholder process; and

- Represent specific and meaningful leadership criteria for that product or service category.

References

- Check out the EPA's Data Finder page for quick topic searches: http://www.epa.gov/datafinder/

- The Centers for Disease Control's Environmental Health section has a number of briefing sheets and case studies as well as an A to Z index. Go to: http://www.cdc.gov/Environmental/

- The National Institute for Environmental Health Sciences has a number of useful brochures and fact sheets: http://www.niehs.nih.gov/about/materials/index.cfm

EXHIBIT E: INVITATION TO NEGOTIATE (ITN) INFORMATION GUIDE

What is an Invitation to Negotiate?

An ITN is a formal competitive solicitation for the purchase of goods and/or services, where factors other than price are to be considered in the award determination. These factors may include such items as vendor experience, project plan, design features of the product(s) offered, scope of services, etc. Extensive negotiations, with a shortlist of vendors, may be part of the ITN process.

When is an ITN used?

An ITN may be used when the total cost of the goods and/or services exceed $75,000.00, the award decision is not being made on lowest price alone, and the scope of work is not clearly defined. Examples of procurement needs that may fall under this format include: software purchases, acquiring consultants and design-build projects.

End-Using Department is responsible for:

- Submitting a requisition for the purchase;

- Developing the specifications/requirements for the goods and/or services;

- Determining what information will need to be provided by vendor in order to evaluate the proposals;

- Developing and defining evaluation criteria to be utilized in the evaluation process;

- Developing initial timeline requirements, including possible Pre-Proposal Conference requirements;

- Developing a list of known vendors that can be reached out to by Purchasing department with notice of the ITN's availability;

- Establishing members for the Evaluation Committee.

Purchasing is responsible for:

- Working with end-using department to finalize evaluation criteria, proposal requirements and timeline;

- Scheduling Pre-Proposal Conference, if applicable;

- Finalizing ITN document for advertisement;

- Assisting end-using department in developing a list of known vendors that be reached out to with notice of the ITN's availability;

- Advertising solicitation, posting on website(s) and sending it to known vendors:

- Scheduling opening of ITN;

- Conducting opening all sealed proposals on scheduled Opening date.

Evaluation Requirements:

- The Evaluation Committee shall be comprised of a minimum of three (3) members and a maximum of seven (7) members;

- A Purchasing representative will facilitate the evaluation process;

- All Evaluation Committee meetings are public and must be posted on the Public Meetings section of the Procurement Services website at least twenty four hours in advance of each meeting;

- The Committee must assign a minute taker to be present at the Evaluation Committee meeting(s) and take minutes using the appropriate meeting minutes template (available in the Forms section of the Procurement Services website).

Evaluation Process:

- The Evaluation Committee reviews and evaluates the solicitation responses according to the evaluation criteria and points outlined in the ITN and develops a ranked order of vendors.

- The Committee determines a short list of vendors. Those vendors selected for the short list will continue in the evaluation process, which may involve vendor presentations, site visits, oral interviews, inspection of the vendor's facilities, additional written information, internal staff analysis and presentations, feedback from outside consultants, discussions with the vendors about their capabilities and plans for servicing Hollywood, and/or any other information deemed helpful to more fully evaluate the vendor.

- A Negotiation Team may negotiate with the short-listed vendors. After negotiations have been completed to the satisfaction of the Negotiation Team, or if no negotiations are held, following the initial evaluation, the short listed companies will be given a deadline for submission of a best and final offer (BAFO). The negotiation process will stop upon submission of the BAFO. Vendors will not be allowed to make further adjustments to their offer or communicate further with the City, except to respond to requests for clarification from the Evaluation Committee.

- The Evaluation Committee reviews and evaluates the BAFO solicitation response, taking into account all information gained from any site visits, vendor presentations, vendor management team interviews, inspection of the vendor's facilities, and discussions with the vendors about their capabilities and plans for servicing Hollywood (as applicable) according to the evaluation criteria and points contained in the ITN, and develops a ranked order of vendors.

- The recommendation of the Evaluation Committee will be submitted to the Director of Procurement for review and approval and to the designated decision maker for a final decision regarding award. The City Official considers the Evaluation Committee's recommendation and determines which vendor(s) to enter into a Contract

Award and Contract Process:

- If an award is made as a result of the ITN, an Intent to Award will be posted to the Procurement Services website for seventy-two (72) hours once the decision maker makes the final decision;

- A Procurement representative will prepare the final contract documents and forward them to the Office of the General Counsel for review and approval;

- A Procurement representative will obtain the necessary signatures on the approved contract and distribute a fully executed copy of the contract to the vendor and end-using department.