

City of Greeley  
Purchasing Division Assessment

Final Report

December 11, 2015



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December 11, 2015

Ms. Victoria Runkle  
Assistant City Manager  
City of Greeley  
1000 10<sup>th</sup> Street  
Greeley, CO 80631

Dear Ms. Runkle:

We are pleased to provide you with our final report regarding the City of Greeley's Purchasing Division. This report includes recommendations designed to improve the overall effectiveness and efficiency of the Division's operations.

The recommendations contained in this report are based on the input and information provided by City staff as well as identified industry standards and best practices that are appropriate for Greeley. The City of Greeley is fortunate to have dedicated, experienced employees who want to provide excellent services to the community. We are confident that these recommendations can serve as a framework for improving operational performance and making strategic decisions regarding purchasing functions in the City. Implementation of the recommendations will require careful coordination and time commitments from the City's leadership team and staff involved in procurement.

Thank you for the opportunity to work with the City of Greeley.

Sincerely,

Julia D. Novak  
President

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## **Introduction and Methodology**

In August 2015, the City of Greeley engaged The Novak Consulting Group to conduct a review and assessment of the City's Purchasing Division. The purpose of this study was to examine the role the Purchasing Division plays in procurement activities, evaluate the Division's current practices and procedures, and assess the experience City departments have with the procurement process.

To evaluate the Division and gain a better understanding of its practices, procedures, and culture, The Novak Consulting Group interviewed each employee of the Purchasing Division and conducted interviews with the City Manager, the Assistant City Manager, the City Attorney, and representatives of several City departments served by the Purchasing Division, including Water and Sewer; the Greeley Urban Renewal Authority (GURA); Fire; Culture, Parks and Recreation; Police; and Public Works. The Novak Consulting Group also requested and analyzed relevant background data regarding the Division's workload, developed process maps depicting the Division's workflow activities, and performed best practice research utilizing industry associations and peer communities.

The following analysis and recommendations examine the Division's procedural and cultural climate, and are intended to help the Division more effectively implement procurement best practices and provide quality support to the organization.

## Local Government Procurement

Local government procurement is a specialized profession which consists of matching a public organization's need for goods and services to vendors and suppliers. Procurement efforts involve large and small projects, from maintenance supplies and services to constructing facilities and infrastructure.

Local governments typically assign responsibilities for purchasing functions in one of two ways: using a centralized purchasing division/department, or decentralizing these functions across departments. In a centralized purchasing model, staff in the purchasing division/department are generally responsible for managing procurements which meet a specific dollar threshold, administering the formal bidding process, and facilitating negotiations between department staff and vendors. An advantage of centralized procurement is that it allows purchasing staff to identify common needs and coordinate procurement efforts across all departments. This leads to potential gains in efficiency, service and cost.

A decentralized purchasing model utilizes departmental staff to coordinate procurement efforts for each department. These personnel typically report to a department director and are considered part of the department. However, some organizations require decentralized procurement personnel to coordinate or interact closely with a manager outside the department, such as a Purchasing Manager. An advantage of decentralized purchasing is that procurement staff are often more familiar with the department's workflow and needs, and may have a more complete understanding of the specific products and services desired by the department. Like centralized purchasing staff, decentralized staff are responsible for complying with the organization's procurement codes and procedures.

Regardless of how they are organized, purchasing staff are customer-service oriented in two directions: inwardly, by assisting the organization with purchases and coordinating internal procurement activities, and outwardly, by interacting with vendors and suppliers to obtain bids, negotiate contracts, and secure products and services.

Procurement activities involve a mix of regulatory and supportive approaches. Procurement professionals must provide regulatory oversight to ensure the organization is purchasing goods and services in an ethical and legal manner, while simultaneously supporting projects with multiple deadlines and various priorities. Rather than simply guide departments and vendors through a maze of regulations and paperwork, procurement professionals must understand the needs of departments, the supplies and services of vendors, and the legal regulations regarding purchasing activities. Supportive procurement staff effectively balance these interests to keep projects moving on a timely basis, maintain legal compliance, and ensure optimal outcomes for the organization. This approach requires an appreciation for requirements, deadlines, and procedures, but also professional adaptability, flexibility, and creative solutions.

## Professional Associations

The government procurement profession is supported by two major professional organizations: the National Association of State Procurement Officials (NASPO), and the National Institute for Government Procurement (NIGP). These associations, founded in 1947 and 1944 respectively, provide guidance to state and local governments regarding values, guiding principles, best practices, and professional development related to government procurement activities.



NASPO membership comprises the directors of central purchasing offices in 50 states, while NIGP members include over 3,000 local government agencies and 15,000 government procurement professionals.<sup>1</sup>

While both organizations publish white papers and circulars regarding professional public procurement, NASPO publications tend to focus on the role of Chief Procurement Officers in the context of a state's administrative and political environment. NASPO conducts a yearly survey of state procurement practices and publishes fact sheets regarding the strategic role of procurement in state affairs, environmental preferences in procurement, and ethical practices and principles for state procurement professionals. Although the organization is focused on state procurement efforts, its ethical priorities and focus on efficiency are broadly applicable to local governments as well.

Similarly, NIGP publishes a series of best practice documents for professionals and organizations, with a greater emphasis on local government procurement. These best practices outline specific actions and activities which complement the values and guiding principles of professional procurement. In all, NIGP has published 20 best practice papers discussing various aspects of procurement, from developing a procurement policy manual to performance management to sustainability and transparency in procurement practices.

Both NASPO and NIGP are members of the National Council for Public Procurement and Contracting, or NCPPC. The NCPPC comprises eight charter associations which have equal membership on the council, including:<sup>2</sup>

- The California Association of Public Procurement Officers, Inc. (CAPPO)
- The Florida Association of Public Procurement Officials, Inc. (FAPPO)
- The National Association of Educational Procurement, Inc. (NAEP)
- The National Association of State Procurement Officials (NASPO)
- The National Contract Management Association (NCMA)
- The National Institute of Governmental Purchasing (NIGP)
- The National Procurement Institute, Inc. (NPI)
- The Canadian Public Procurement Council (CPPC)/Conseil Canadien des Marches Publics (CMMP)

Among these partner organizations, the NCPPC represents over 37,000 members<sup>3</sup> across the United States and Canada.

NCPPC endorses universally accepted best practices by publishing position papers on its website. To date, publicly available position papers concern best practices regarding cooperative procurement, negotiation, best value in government procurement, outsourcing, and transparency. Notably, each of these position papers was originally authored by NIGP.<sup>4</sup>

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<sup>1</sup> Available at: [http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP&webcode=abt\\_mv](http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP&webcode=abt_mv). Accessed October 28, 2015.

<sup>2</sup> Available at: <http://www.goncppc.org/membership.html>. Accessed November 2, 2015.

<sup>3</sup> Available at: <http://www.goncppc.org/index.html>. Accessed November 2, 2015.

<sup>4</sup> Available at: <http://www.goncppc.org/EndorsedPositionPapers.html>. Accessed November 2, 2015.

In addition to the contributions of professional associations such as NASPO, NIGP, and NCPPC, other organizations have studied local government procurement in recent years. In 2013, the Sunlight Foundation, Code for America, and the Omidyar Network embarked on a partnership to identify strengths and challenges associated with local government procurement. The groups conducted a survey of local government procurement practices and identified a series of guidelines related to open data dissemination regarding government procurement activities. These guidelines focus on standardizing information and making it available and traceable, and are reproduced in full in Appendix A.

It is important to note that the organizations described above are advocacy groups which seek to improve the availability of public information online, and largely concentrate on advancing the accessibility of open data. Consequently, many of their recommendations focus on increasing access to data and other technological initiatives. Although these groups do not have the same professional standing as NASPO or NIGP, their suggestions frequently dovetail with open records best practices articulated by professional procurement associations.

The Novak Consulting Group's examination of purchasing functions in Greeley is consequently informed by decades of government procurement experience (as embodied by NIGP, NASPO, and NCPPC) and more recent practices spurred by social and technological change (as identified by the Sunlight Foundation). Our examination of the Greeley Purchasing Division thus balances long-standing professional values, goals, and traditions with newer imperatives regarding data management and collaboration.

## Peer Community Research

The Novak Consulting Group conducted a broad analysis of several peer communities in Colorado to evaluate the structure of their purchasing functions. These communities all have populations similar to Greeley and include the Cities of Loveland, Longmont, Boulder, Pueblo, and Westminster.

The communities were mixed in terms of the how purchasing functions are allocated and the number of full-time equivalent employees (FTEs) assigned to each unit. About half of the peer communities utilize a decentralized model for their purchasing and procurement staff, where departments are responsible for the majority (or all) of procurement activities. The other half utilize a centralized model where most transactions are managed by a discrete purchasing unit that serves the entire organization.

The following table illustrates each of the peer communities and compares population, the department that oversees purchasing functions, the FY2015 expenditure allocations for each purchasing function, the number of FTEs assigned to purchasing functions, and whether each city uses a centralized or decentralized procurement model.

**Table 1: Purchasing Organizations in Peer Cities, 2015**

City	Population	Department/Division with Purchasing Oversight	FY2015 Purchasing Budget	FY2015 Purchasing FTEs	Procurement Model
<b>Greeley</b>	92,889	Finance	\$311,880	4.0	Centralized
<b>Boulder</b>	97,385	Finance	\$306,222	3.2	Decentralized
<b>Longmont</b>	86,270	Shared Services	\$563,824	6.5	Centralized
<b>Loveland</b>	66,859	Finance	\$177,440	1.35	Decentralized
<b>Pueblo</b>	106,595	Purchasing	\$345,061	4.5	Centralized
<b>Westminster</b>	106,114	Finance	Not Available	1	Decentralized

Notably, the City of Westminster allocates only one FTE to purchasing functions and does not have a distinct Purchasing Division. Because funds for purchasing activities are not readily distinguishable from other funds in the Finance Department, no budget amount is shown for the City of Westminster in the table above.

The communities also convey different titles to purchasing staff. For example, the Cities of Loveland and Greeley utilize the term “Buyer” to refer to purchasing positions which assist departments with procurement activities. The City of Boulder is staffed similarly to Greeley and refers to departmental liaisons as Purchasing Coordinators, while the Purchasing Division is led by a Purchasing Manager. The Cities of Longmont and Pueblo utilize a variety of titles to refer to specialized positions in their organizations, which handle procurements for all departments.

The purchase thresholds for each community were also compared, as shown below.

**Table 2: Purchase Limits in Peer Cities, 2015**

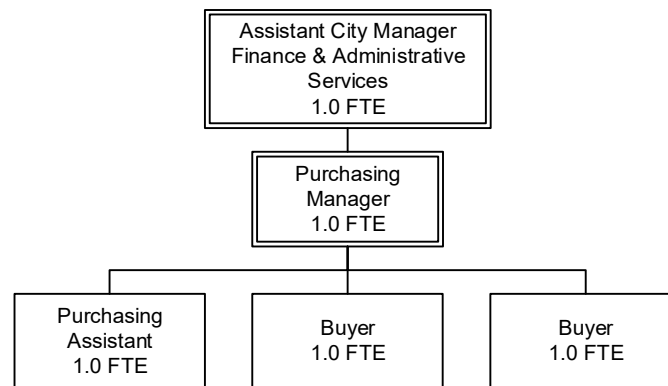
City	Department Limit	Verbal Quotes	Written Quotes	Formal Bids
<b>Greeley</b>	Under \$5,000	Not Required	\$5,000 - \$50,000	Over \$50,000
<b>Boulder</b>	Under \$10,000	Not Required	\$10,000 - \$50,000	Over \$50,000
<b>Loveland</b>	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$29,999	Over \$30,000
<b>Longmont</b>	Under \$5,000	Not Required	\$5,000 - \$50,000	Over \$50,000
<b>Pueblo</b>	Under \$1,000	\$1,000 - \$5,000	\$5,000 - \$10,000	Over \$25,000
<b>Westminster</b>	Under \$7,500	Not Required	\$7,500 - \$50,000	Over \$50,000

The City of Greeley’s purchasing limits are comparable to its peer cities and mirror the City of Longmont’s requirements. While the Cities of Loveland, Longmont, and Greeley all share the same departmental spending limit, the formal bidding process for the City of Loveland begins at a much lower threshold than the City of Greeley. This is also true of the City of Pueblo, which has the lowest purchase limits of all communities surveyed. The City of Pueblo is also unique in that the Purchasing Department will process bids on behalf of all departments which exceed \$10,000, but the formal bidding process is not required until the procurement reaches \$25,000.

The Cities of Boulder and Westminster provide their departments with more autonomy to spend on purchases before quotes/informal bids are required, but these communities also utilize a decentralized purchasing model. These cities also share the same formal bid threshold as the City of Greeley.

## Greeley Purchasing Division

The Greeley Purchasing Division is part of the City's Finance Department, and consists of four full-time staff. The Division is supervised by the Assistant City Manager for Finance & Administrative Services. The figure below shows the Division's current organizational structure and reporting relationships.



**Figure 1: Purchasing Division Organizational Chart, 2015**

The Purchasing Manager is responsible for daily oversight of activities in the Purchasing Division, including assigning work to the Purchasing Assistant and two Buyers, auditing purchasing card (p-card) transactions, and serving as a liaison to the Finance Department, City Attorney's Office, and senior City administration. This position reports to the Assistant City Manager of Finance & Administrative Services.

The Division is supported by two Buyers who assist individual departments with procurement activities. This includes answering general questions about procurement, assisting departments with the informal and formal bid process, preparing and reviewing Request for Proposals (RFP) and Statement of Qualifications (SOQ) documents, and processing paperwork. Each Buyer is assigned specific departments and works with those departments on a regular basis, although Buyers are expected to provide workload coverage for each other in the event of an absence. The following table illustrates the departments currently assigned to each Buyer, along with each department's adopted budgeted expenditures for FY2016.

**Table 3: Departments Assigned to Buyer 1, 2015**

Department	Division	FY2016 Adopted Budget Expenditures
Community Development	All Divisions	\$3,762,606
Finance	All Divisions	\$2,792,027
Information Technology	All Divisions	\$4,232,278
Fire	All Divisions	\$16,033,517
Culture, Parks and Recreation	Culture and Public Art	\$2,227,528
Water	All Divisions	\$99,969,782
Sewer	All Divisions	\$25,544,342

Department	Division	FY2016 Adopted Budget Expenditures
<b>Municipal Court</b>	All Divisions	\$1,079,307
<b>Public Works</b>	Equipment Maintenance	\$3,630,932
<b>Buyer 1 Total</b>		<b>\$159,272,319</b>

**Table 4: Departments Assigned to Buyer 2, 2015**

Department	Division	FY2016 Adopted Budget Expenditures
<b>City Attorney's Office</b>	All Divisions	\$1,664,696
<b>City Manager's Office</b>	All Divisions	\$2,253,312
<b>Greeley Urban Renewal Authority (GURA)</b>	All Divisions	\$896,578
<b>City Clerk's Office</b>	All Divisions	\$678,719
<b>Police</b>	All Divisions	\$26,273,522
<b>Human Resources</b>	All Divisions	\$17,235,040
<b>Culture, Parks &amp; Recreation</b>	All Divisions except Culture and Public Art	\$27,999,100
<b>Public Works</b>	All Divisions except Equipment Maintenance	\$34,399,705
<b>Buyer 2 Total</b>		<b>\$111,400,672</b>

The Purchasing Assistant reports to the Purchasing Manager and assists with administrative tasks and responsibilities, including administering the p-card program, managing the Division's email account, directing paperwork as necessary, training personnel on the City's Finance Plus software system, and providing backup support to the Buyers.

The Division's revenues and expenditures are expected to grow approximately 6% from FY2015 to FY2016. Most growth is budgeted in terms of transfers into the Division and overall growth in fund balance. These increases will offset commensurate increases in salaries and benefits. Budget information from the City's 2015-2016 biennial budget document is below.

**Table 5: Purchasing Division Revenues, FY2013-2016**

	FY2013 Actual	FY2014 Actual	FY2015 Adopted	FY2016 Adopted
<b>Charges for Service</b>	\$8	\$45	\$0	\$0
<b>Miscellaneous Revenue</b>	\$50,972	\$68,653	\$100,000	\$100,000
<b>Transfers In</b>	\$72,716	\$82,747	\$75,695	\$80,305
<b>Fund Balance</b>	\$156,353	\$141,663	\$136,185	\$150,574
<b>Total Revenue</b>	<b>\$280,049</b>	<b>\$293,108</b>	<b>\$311,880</b>	<b>\$330,879</b>

**Table****Table 6: Purchasing Division Expenditures, FY2013-2016**

	FY2013 Actual	FY2014 Actual	FY2015 Adopted	FY2016 Adopted
<b>Salaries and Benefits</b>	\$274,004	\$283,480	\$301,355	\$320,354
<b>Supplies &amp; Services</b>	\$6,044	\$9,628	\$10,525	\$10,525
<b>Total Expenditures</b>	<b>\$280,048</b>	<b>\$293,108</b>	<b>\$311,880</b>	<b>\$330,879</b>

## Operations and Practices

The Purchasing Division operates under Chapter 4.20 of the Greeley City Code, also known as the Purchasing Chapter, which identifies practices and procedures regarding procurement activities. This chapter was most recently updated in 2013 and identifies three main processes for procurement activity based on purchasing amounts: purchases under \$5,000; purchases over \$5,000 but less than \$50,000; and purchases over \$50,000.

While the code specifically identifies the Purchasing Manager as the City's principal public purchasing official, §4.20.070 authorizes the Purchasing Manager to delegate procurement authority to other City officials with the approval of the City Manager. In practice, the Purchasing Manager has leveraged this section to permit GURA to perform its own informal procurements for purchases under \$50,000. This practice was adopted because GURA staff have significant procurement experience, its projects are conducted under tight deadlines and generally do not require bonding, and its activities are audited by Federal agencies (such as Housing and Urban Development).

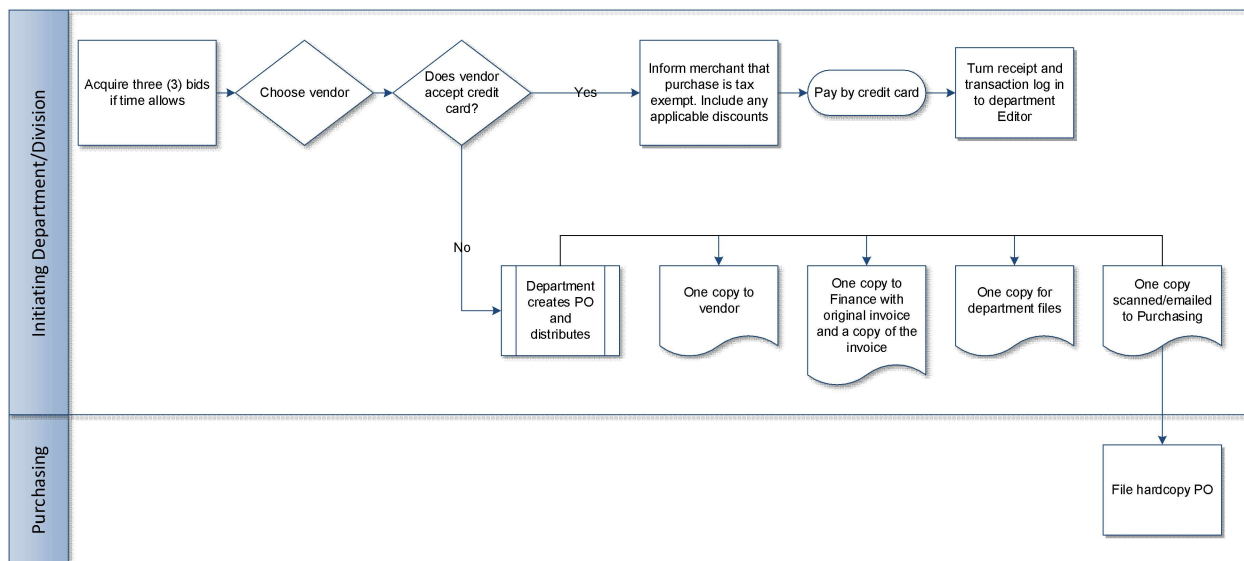
The following sections further explain the procurement process in the City of Greeley as described by the City Code, the Division's Purchasing Manual, and current practices.

### Purchases under \$5,000

Section 4.20.110(c) of the City Code empowers the Purchasing Manager with authority to specify appropriate procedures for small purchases under \$5,000. According to the Purchasing Manual, departments should utilize p-cards to pay for the good or service directly. While Purchasing recommends departments secure three bids or quotes if time allows, these are not strictly required.

If a vendor does not accept credit cards, the procuring department completes a purchase order (PO) and submits it to the Finance Department for payment. The transaction is completed without the Purchasing Division's authorization, but Purchasing receives a copy of the PO and audits the vendor to ensure they cannot accept payment via credit card. While data regarding these audits is limited, Purchasing staff anecdotally report few transactions under \$5,000 and require a PO as most vendors will accept p-cards.

The following chart illustrates a typical process for procurements under \$5,000 as utilized by the City of Greeley presently.



**Figure 2: Procurements under \$5,000**

Notably, this process allows departments to conduct small purchases with significant autonomy. In 2014, the purchasing limit for departments was raised from \$1,000 to \$5,000 to help expedite purchases of equipment and supplies. Department staff indicated that this increase is of great benefit and has increased the efficiency of procurement operations.

### **Purchases between \$5,000 and \$50,000 (Informal Procurements)**

All purchases over \$5,000 but less than \$50,000 are considered small purchases under §4.20.110(b) of the City Code, which states:

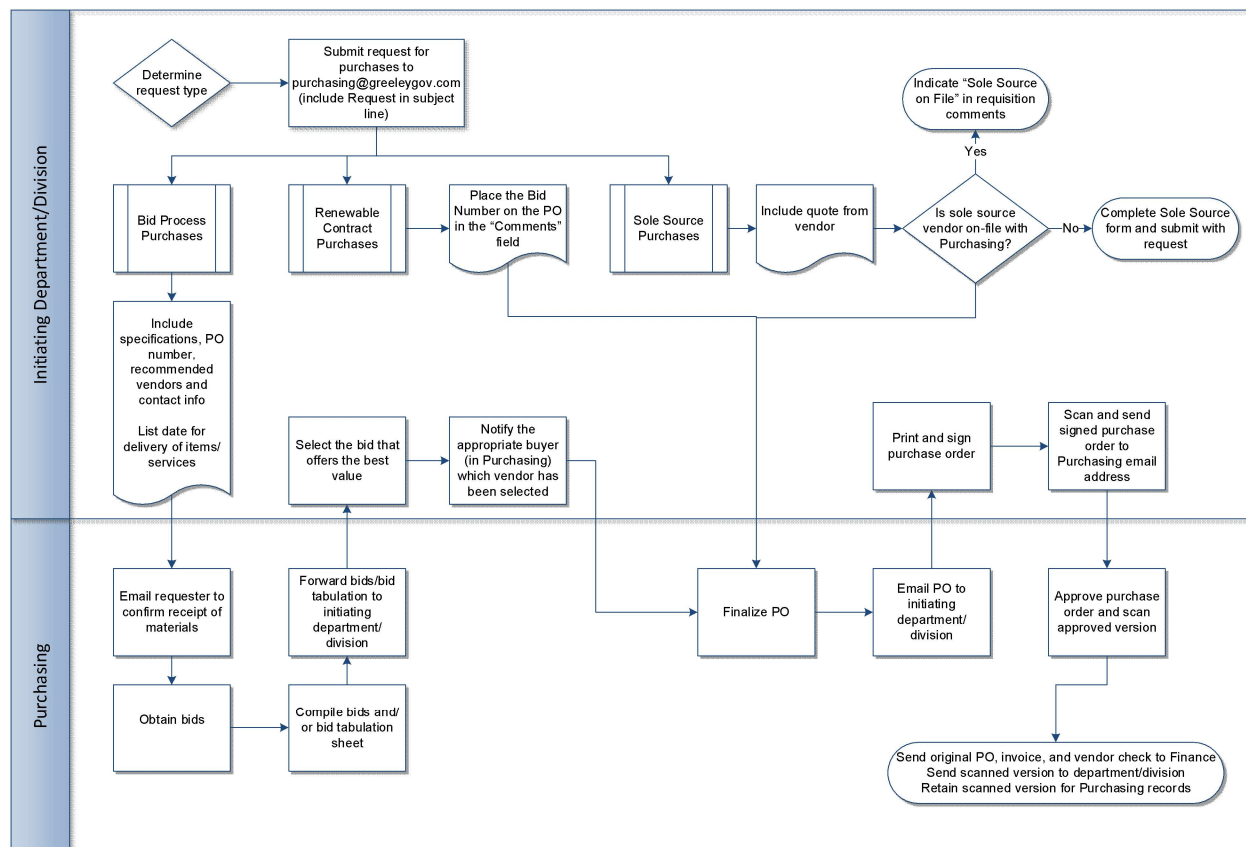
Small purchases over Five thousand dollars. Insofar as it is practical in excess of Five Thousand dollars (\$5,000), no less than three (3) businesses shall be solicited to submit quotations. Award shall be made to the business offering the lowest acceptable quotation. The names of businesses submitting quotations and the date and amount of each quotation shall be recorded and maintained as a public record.

These purchases do not trigger the formal procurement process.

For procurement projects between \$5,000 and \$50,000, department project managers are expected to initiate a request by notifying the Purchasing Division via email and originate a PO for the project. These procurements fall into three distinct types: sole source purchases, renewable contract purchases, and informal bid process purchases.

A flowchart outlining the procurement process for sole source, renewable contract, and informal bid transactions between \$5,000 and \$50,000 follows. Each process is described in greater detail in the following paragraphs.





**Figure 3: Procurements between \$5,000 and \$50,000**

Sole source procurements are purchases made from a single vendor without competition from other vendors. Section 4.20.120 of the City Code provides that the Purchasing Manager may award contracts without competition if “after conducting a good faith review of available sources, there is only one (1) source for the required supply, service, or construction firm.”

Currently, the Purchasing Division authorizes firms as sole source suppliers for a period of two years and relies on a set of physical forms to track authorized sole source vendors. If a requesting department seeks sole source procurement, the project manager must supply a quote from the vendor and indicate that the vendor is a sole source vendor in the email request. If the vendor is not yet registered as a sole source vendor, the project manager must complete a sole source vendor form and attach it to the email request. Purchasing staff review the request and sole source vendor information, and upon acceptance, the PO is approved and returned to the department.

Renewable contract procurements provide goods or services over a fixed term, with the option for the City to renew the contract with the same vendor after the term expires. For procurements which occur under a renewable contract, the Purchasing Division requires departments to provide the bid number in the comments field of the PO. Departments are expected to verify that they are purchasing under currently renewable contracts and may review a list of current renewable contracts maintained on a shared network drive managed by the Purchasing Division. Purchasing staff review the request and renewable contract, and upon acceptance, the PO is approved and returned to the department.



For informal bid purchases, the department's request to Purchasing should include all relevant specifications and, if desired, a list of requested vendors for the Purchasing Division to notify. Upon receipt of these materials, the Purchasing Division will confirm the request with the project manager and proceed with the informal bid process.

The Purchasing Division posts all bid documents on the Rocky Mountain E-Purchasing System (BidNet), an online portal which allows local governments to post available bid projects. The City Code does not specify a minimum waiting period for informal bid solicitations, but during interviews, Purchasing staff indicated that solicitation for informal bids typically takes about a week.

Bid documents are compiled into tab sheets and forwarded to the project manager, who reviews the information and selects the bid which offers the best value to the City of Greeley. The Purchasing Division requires project managers to provide written reasons regarding the selection of a vendor if the low bidder is not selected. Project managers supply these reasons by email when they notify Purchasing regarding the selected vendor. The Purchasing Division then finalizes the PO and emails it to the project manager for departmental approval.

The PO approval process for a sole source, renewable contract, and informal bids is the same. After Purchasing finalizes the PO and returns it to the department, the project manager will print the PO, secure a signature, scan the PO, and email it back to Purchasing. Purchasing staff then approve the PO in the City's financial system and scan an approved version of the PO. The original PO is sent to the Finance Department along with an invoice and a check from the vendor to facilitate payment. A scanned copy of the approved PO is sent to the project manager and Purchasing retains the original approved PO for its own records.

### **Purchases over \$50,000 (Formal Procurements)**

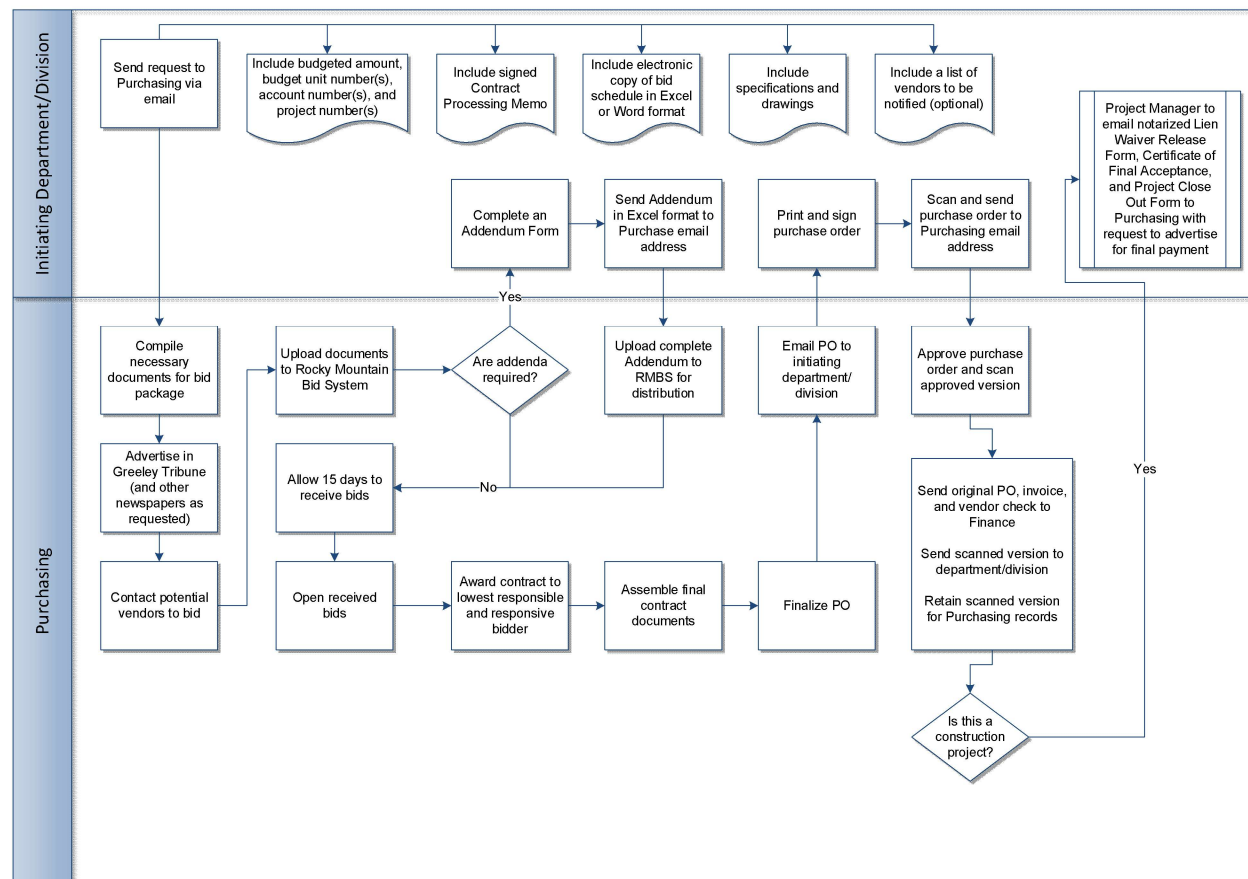
The formal procurement process is utilized for all purchases over \$50,000, and the Purchasing Division coordinates formal procurement for all departments, including GURA. Section 4.2.080 of the City Code requires that "All contracts for amounts above Fifty thousand dollars (\$50,000.00) entered into by the City shall be awarded by competitive sealed bidding except as otherwise provided..." In addition to sealed bidding, the Purchasing Manager may choose to conduct a procurement based on RFPs or SOQs, depending on the project.

As with informal procurement requests, departments must first request assistance for formal procurement through the Purchasing email address. These requests should include the budgeted amount for the purchase, the budget unit number(s), account number(s), and project number(s), along with other supporting documentation. Supporting documents could include a signed contract processing memo, an electronic copy of the bid schedule (in Microsoft® Word or Excel® format), specifications, drawings, and a list of vendors to be notified.

The Purchasing Division publishes invitations to bid in the Greeley Tribune for all formal bid projects. Additionally, bid documentation is also posted on the Rocky Mountain E-Purchasing System. Section 4.20.80(c) of the City Code requires a minimum solicitation period of 15 calendar days to receive bids from interested vendors. This solicitation period also applies to RFP and SOQ projects. During this time, Purchasing staff update bid documentation as necessary to answer vendor questions and supply project addenda.

After the waiting period, the Purchasing Division opens all received bids and awards the contract to the lowest responsible and responsive bidder per §4.20.80(d) of the Greeley City Code. Purchasing supplies this vendor with a contract containing the City's standard contract provisions

and emails a finalized PO to the project manager. From this point the process substantially mirrors the process for informal bids, as the PO is routed between Purchasing, the requesting department, and Finance to secure approvals and payment. A flowchart depicting the formal bidding process is shown below.



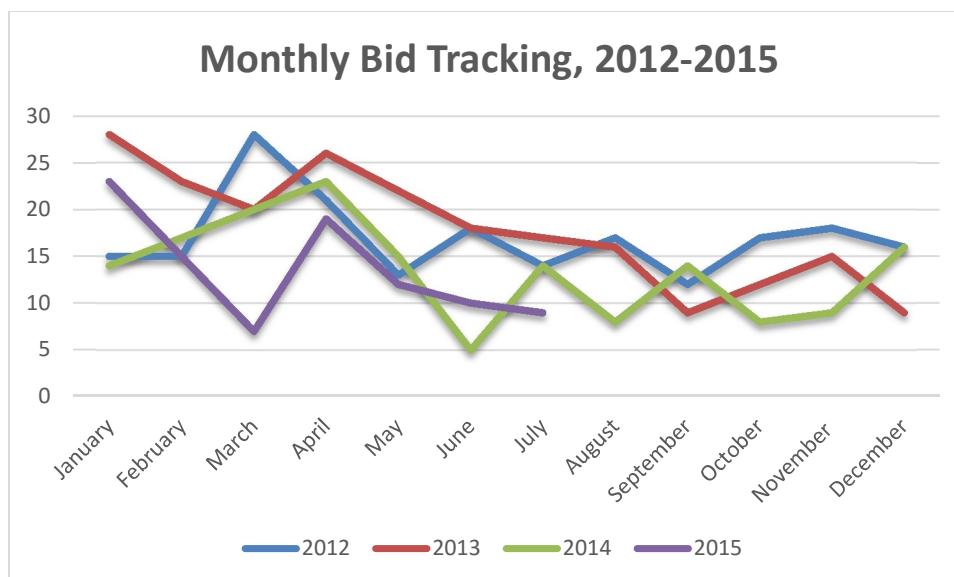
**Figure 4: Procurements over \$50,000 – Formal Bids**

The process for RFPs and SOQs is essentially the same, with the exception that discussions may occur with responsible offerors during the process, and awards may be made according to criteria established in the RFP/SOQ documents.

### Performance and Data Tracking

The Purchasing Division currently engages in some performance measurement and data tracking with respect to procurement efforts and activities. Current measures focus primarily on the number and value of bid projects, along with the time involved from a procurement request to the fulfillment of that request.

Available data over the past three calendar years reveals several insights regarding bid activities in the City of Greeley. The following chart illustrates monthly bid projects in excess of \$5,000 initiated between January 2012 and July 2015. This includes informal and formal bid projects.



**Figure 5: Monthly Bid Tracking, 2012-2015**

Over the past three years, bid activity has tended to be highest in the first quarter of each year, declining slightly as the year progresses. This trend may be due to increased availability of funds at the start of the fiscal year in January. On average, the Division has processed 194 bids per year. 2014 was the least-active year for bid processing, with 163 bid projects, while 2013 was the busiest year with 215 bid projects. An average of 16 bid projects are undertaken each month.

The Division began recording additional data in 2014 based on each type of procurement – small procurements under \$5,000, informal procurements between \$5,000 and \$50,000, and formal bid procurements over \$50,000. Because the current data set is relatively small, it is difficult to draw conclusions regarding performance trends. Rather, the data accumulated so far is presented here in order to illustrate the types of indicators currently tracked by the City.

For procurements under \$5,000, the Division tracks the number of POs issued, the total dollar amount of all POs issued and p-card transactions, the total dollars awarded to Greeley businesses, and the percent of dollars awarded to Greeley business. A table depicting the latest results available from the City is shown below.

**Table 7: Performance Data – Procurements under \$5,000, 2014-2015**

Performance Measure	Mid-Year 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Total Number of POs	538	341	338	254	262
Total Dollars for POs and p-Cards	\$3,677,198	\$1,800,592	\$2,272,961	\$2,032,623	\$2,193,376
Total Dollars Awarded to Greeley Businesses	\$973,197	\$627,362	\$604,652	\$555,336	\$533,917
Percent of dollars awarded in Greeley	26.5%	34.8%	27%	27%	24%

For informal bid projects, the Division tracks the number of requisitions for assistance, the average number of business days between a request and a bid award, the total number of informal bids, the total dollars awarded, the total dollars awarded in the City of Greeley, and the percent of dollars awarded in the City of Greeley. The latest data available from the City appears in the following table.

**Table 8: Performance Data – Procurements between \$5,000 and \$50,000, 2014-2015**

Performance Measure	Target	Mid-Year 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Number of Requisitions for Assistance	New	311	151	144	181	152
Average Number of Business Days Between Department Request to bid award	New	16	10.62	14	20	23
Total Number of Informal bids	New	37	13	18	19	12
Total Dollars Awarded	New	\$5,891,848	\$2,492,596	\$2,449,756	\$3,271,649	\$2,819,150
Total Dollars Awarded in Greeley	New	\$584,365	\$196,504	\$220,543	\$271,190	\$325,047
Percent of Dollars Awarded in Greeley	New	10%	7.90%	9%	8%	12%

Similar data is tracked for procurement projects in excess of \$50,000, except the average number of days is computed both for bids and for RFPs and SOQs. This differentiation began in the second quarter of 2015, as shown in the following table.

**Table 9: Performance Data – Procurements over \$50,000, 2014-2015**

Performance Measure	Mid-Year 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Number of Requisitions for Assistance	106	31	24	74	45
Average Number of Days Between Department Request and Contracts Distributed - Bids	37	41	24	24	39
Average Number of Days Between Department Request and Contracts Distributed - RFPs & SOQs	Not Applicable	Not Applicable	Not Applicable	Not Applicable	42
Total Dollars Awarded	\$36,598,266	\$29,435,678	\$4,778,197	\$19,259,941	\$19,566,670
Total Dollars Awarded in Greeley	\$2,070,785	\$1,653,844	\$278,945	\$3,522,593	\$1,071,987
Percent of Dollars spent in Greeley	6%	5.6%	6%	18%	6%

Over the time span indicated by these measures, approximately 60% of requests for assistance are for procurements of less than \$5,000. Approximately one-third of procurement requests fall between \$5,000 and \$50,000, while less than 10% of procurement requests amount to formal bids (greater than \$50,000).

Because the Purchasing Division's performance measures specifically track the number of informal bids, it is possible to determine the impact of informal bids on the Division's workload. According to the table above, the Division processed 37 informal bids mid-year 2014, 13 in the third quarter, and 18 in the fourth quarter, for a total of 68 informal bids that year. Dividing this number by the total number of bids undertaken that year (163) reveals that in 2014, 42% of the Purchasing Division's bid projects were informal bids. Although data for 2015 is incomplete as of the time of this writing, a similar calculation reveals that 33% of the Division's bid projects from January 2015 to July 2015 were informal bids.

Feedback from other departments indicated that the length of time in the procurement process was a concern for some staff. Based on available performance data, informal procurements average 11-23 business days to complete, while informal bids average 24-41 business days to complete. While the Division tracks process times in terms of *business* days, §4.20.80(c) of the City Code requires 15 *calendar* days for public notice regarding invitations for sealed bids. However, this requirement does not apply to informal bids (those under \$50,000).

In order to accurately compare current process times to City Code requirements, it is necessary to estimate the total calendar time devoted to bid activities. A calculation was applied to the Division's data which assumes that two weekend days are added for each work week. The following table illustrates current process times in business days, and provides an estimated conversion from business days to calendar days.

**Table 10: Bid Processing Time, 2014 – 2015**

Type of Procurement	Average Business Days Between Department Request and Bid Award	Estimated Average Calendar Days Between Department Request and Bid Award	Required Calendar Days for Solicitation per City's Purchasing Code
<b>Informal Bid (\$5,000 to \$50,000)</b>	11 to 23	15 to 31	None
<b>Formal Bid (\$50,000+)</b>	24 to 49	32 to 67	15

In the table above, informal bids average 11 to 23 business days to complete. To compute the number of calendar days, 11 is divided by 5 days in a work week, yielding 2.2 work weeks. The calculation assumes that each full work week will yield an extra two calendar days (Saturday and Sunday). Multiplying two work weeks by two extra weekend days yields four calendar days; this is added to the original amount of workdays (11), yielding 15 total calendar days. This calculation provides a more complete picture of the total amount of time between department requests and bid awards, and not simply the number of workdays involved.

## Analysis and Recommendations

The City of Greeley Purchasing Division is professional, knowledgeable, and experienced. The Division has adapted to procedural and administrative changes in the past several years, and has embraced technological innovation by participating in the Rocky Mountain Bid Network system and digitizing PO records. However, additional improvements are needed to meet the needs and expectations of the organization.

The following recommendations are intended to help the City adapt to continuing changes in the public procurement profession, while streamlining internal processes and service delivery.

### Role of the Purchasing Division

#### **Recommendation 1: Redefine the mission of the Purchasing Division to better serve the needs of the organization.**

As described in the Local Government Procurement section of this report, there are a variety of ways in which to organize and operationalize procurement functions. The models utilized in any organization must be structured to reflect the needs and interests of its unique circumstances. In Greeley, the Purchasing Division has traditionally utilized a predominantly regulatory approach to procurement, rather than a facilitative or partnership approach utilized in other organizations. This approach is manifested in the Division's focus on creating, disseminating, and enforcing City rules and regulations with respect to the procurement process, and then serving as the overseer of those rules.

It is important to note that public procurement is in fact a complex regulatory process, and that rules exist in order to provide due process, safeguard equity, and ensure good stewardship of public funds. However, while it is necessary that departments engage in procurement activities in accordance with applicable laws, the fundamental purpose of the procurement process is to facilitate the ability of City departments to ultimately provide service (through the purchase of goods and services) to the public. The Division's current focus on the transactional and regulatory functions of procurement has impacted the Division's ability and capacity to establish a more collaborative approach to working with the departments.

In order to better serve the needs of the organization, it is recommended that the Purchasing Division transition to the role of facilitator and partner rather than regulator. While this happens in some cases, it is evident that the collaborative partnership model has not been viewed as the overall mission of the Division – by both Division staff as well as staff throughout the departments served by the Division. To do this, the Division must place greater emphasis on the customer service aspects of procurement, relying less on “goalkeeping” and moving toward a team-centered approach to procurement activities focused on the long term goal of its customer departments. In short, the Purchasing Division should be asking how to best meet the needs of other departments and vendors, and work with all parties to ensure beneficial outcomes within the boundaries of the law.

Creating formal mission, vision, and goal statements is a way to re-frame the context of the Division's work. These statements call attention to the Division's proper organizational role, define and describe its interactions with customers, and identify service goals. As a best practice, these statements should be formalized in a written document that is readily accessible to procurement staff and customers.



As previously stated, the Greeley Purchasing Division currently utilizes a Purchasing Manual to document practices and procedures. This is a commendable asset and a useful reference for staff. However, the handbook does not contain specific mission, vision, and goals statements related to the Purchasing Division.

As part of its best practices publications, NIGP publishes a “Values and Guiding Principles” document which outlines beliefs and ideals at the core of local government procurement efforts. Protecting public trust, ensuring equitable treatment, preserving fairness, and supporting the public good are the chief aims of a professional procurement service. To achieve these ends, NIGP identifies six professional values:

- **ACCOUNTABILITY:** Owning one’s actions and demonstrating responsibility to stakeholders.
- **IMPARTIALITY:** Making decisions and actions in an unbiased manner.
- **ETHICS:** Doing the right thing to earn and preserve public trust.
- **PROFESSIONALISM:** Upholding high technical and ethical standards.
- **SERVICE:** Assisting stakeholders to support the public good.
- **TRANSPARENCY:** Providing easy access to policies and processes and demonstrating responsible use of public funds.<sup>5</sup>

In conjunction with these values, the NIGP identifies guiding principles which describe normative behavior for procurement professionals. These principles offer more specific context for the application of professional values.

For example, guiding principles appropriate for **Accountability** stress sound business judgment, working knowledge of laws and regulations, stewardship and due diligence of public funds and procedures, and optimizing value to procurement stakeholders. Principles of **Impartiality** include openness, fairness, equitable treatment of stakeholders and participants, and sound judgment. **Ethical** principles include honesty in conduct and transactions, consistency in processes and actions, and meeting the profession’s ethical standards. **Professional** principles include developing professional standards, seeking continuous improvement, and contributing value to the organization. **Service** principles focus on quality working relationships, collaboration, customer service, and strategic partnerships. **Transparency** principles stress discretion, maintaining current and complete records, open access to competitive opportunities, and timeliness of access to policies, records, and procedures.

The NIGP advocates creating mission, vision, and values statements which encapsulate these values and guiding principles, and inform the goals and objectives of procurement staff. NIGP organizes this best practice into four distinct parts. First, the City should craft a mission statement which specifically defines Purchasing’s purpose and role in the City of Greeley. The mission statement should reflect and incorporate NIGP’s professional values. Second, the City should craft a vision statement which describes the organization’s future and specifically addresses the role the Purchasing Division will play in that future. Third, the City should identify specific goals related to public procurement which dovetail with the organization’s wider goals, and lastly, it should establish clear and concise objectives to help procurement staff achieve their goals.

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<sup>5</sup> Available at: <http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP&webcode=abt-Values>. Accessed November 2, 2015.

The City of Pueblo provides a good case study in the formation and publication of mission, vision, goals, and objectives statements. The City has created a Vendor Guide, accessible via the Purchasing Department's web page, which contains this information on the cover. Relevant statements include:<sup>6</sup>

**Mission**

The Purchasing Department exists to provide City departments and outside agencies with a central location for purchasing goods, equipment, and services while encouraging an atmosphere of fairness, honesty, and integrity in dealing with customers, suppliers, and staff. Our main goal is to provide excellent customer care, general problem solving services for our customers, competitive pricing, reputable sources, and to spend the City's taxpayer money wisely so that maximum value is obtained for its limited financial resources.

**Vision**

The vision of the Purchasing Department is to be an integrated, motivated team within a shared centralized and decentralized system, working together with all departments to facilitate the seamless delivery of value-added goods and services.

We aspire to:

- Be "TRUE" - Trustworthy, Responsive, Unbiased and Ethical in our day-to-day interactions with internal and external customers.
- Have a "Can Do" attitude at all times.
- Provide excellence in public procurement services that provide consistent customer satisfaction and preservation of the public trust.
- To be recognized for our leadership, customer responsiveness, expertise, and professionalism.

**Core Objectives**

- Accountability: Taking ownership and being responsible to all customers for our actions.
- Transparency: Easily accessible and understandable processes and policies.
- Integrity: Doing the right thing at the right time.
- Impartiality: Unbiased decision making and actions.
- Professionalism: Upholding high technical and ethical standards.
- Service: Maintain our obligation to our internal and external customers with a customer service focus while meeting the needs and protecting the interests of the organization and the public.

These statements clearly articulate the role of the Purchasing Department in the City of Pueblo and the values and objectives that inform the operations of Purchasing staff. Creating and formalizing similar statements which define the mission, values, goals, and objectives of Greeley's Purchasing staff will serve as a framework and guidepost for everyday operations in the Division. Specifically, these statements serve as an opportunity to contextualize the role of the Purchasing Division as a supportive, collaborative, customer-service oriented operation.

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<sup>6</sup> Available at: <http://www.pueblo.us/DocumentCenter/Home/View/577>. Accessed October 27, 2015.



In addition to mission, vision, goals, and objectives statements, the City should compile a list of formal ethical statements according to NIGP best practices regarding ethical procurement. The current purchasing manual, while highly informative, largely concerns procedural information regarding procurement activities and software. The manual does not describe an ethical framework for procurement activities, which should be included alongside mission, vision, and goals statements.

NIGP indicates six ethical issues should be specifically addressed in an ethical framework, including: conflicts of interest, conduct with suppliers, corruption, business gifts and hospitality, other relevant policies, and enforcement. The City should identify behaviors that cross professional ethical barriers for procurement personnel, and clearly state ethical expectations for staff.

The City of Longmont is a peer community which provides an excellent example of ethics statements in action. The City's website contains a page dedicated to purchasing ethics which contains an ethics statement as well as a defined code of ethics. These statements are reproduced below<sup>7</sup>:

Per City of Longmont Purchasing Code, no person shall offer, give, or agree to give any City employee, official, or former City employee a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or contract or subcontract, or to any solicitation or proposal. Likewise, no City employee, official, or former employee shall accept any such offer.

### **Code of Ethics**

Any City employee who purchases goods and services, or is involved in the purchasing process for the City, shall be bound by this code and shall:

1. Avoid the intent and appearance of unethical or compromising practice in relationships, actions and communications;
2. Demonstrate loyalty to the City of Longmont by diligently following all lawful instructions while using professional judgment, reasonable care, and exercising only the authority granted;
3. Conduct all purchasing activities in accordance with the laws, while remaining alert to and advising the City of Longmont regarding the legal ramifications of the purchasing decisions;
4. Refrain from any private or professional activity that would create a conflict between personal interests and the interests of the City of Longmont;
5. Identify and strive to eliminate participation of any individual in operational situations where a conflict of interest may be involved;
6. Never solicit or accept money, loans, credits, or prejudicial discounts, and avoid the acceptance of gifts, entertainment, favor, or services from present or potential suppliers which might influence or appear to influence purchasing decisions;

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<sup>7</sup> Available at: <http://www.longmontcolorado.gov/departments/departments-n-z/purchasing-and-contracts/ethics>. Accessed 27 October 2015.

7. Promote positive supplier relationships through impartiality in all phases of the purchasing cycle;
8. Display the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the public being served;
9. Provide an environment where all business concerns, large or small, majority- or minority-owned, are afforded an equal opportunity to compete for the City of Longmont business; and,
10. Enhance the proficiency and stature of the purchasing profession by adhering to the highest standards of ethical behavior.

These ethics statements provide clear boundaries for employee conduct which incorporate NIGP's ethical best practices. Notably, these boundaries describe appropriate conduct that is both inward-facing, toward internal City customers, and outward-facing, toward vendors and the public.

By adopting a formal code of ethics in addition to mission, values, and goals statements, the City of Greeley will more completely describe the role of the Purchasing Division and how employees should interact with their customers. A formal ethics code upholds the professional principles of procurement professionals and serves as a guidepost for employee conduct. Crafting and formalizing these statements will allow the City of Greeley to create a reference point for the Purchasing Division, describe the Division's role, and articulate an ideal approach towards the Division's work.

**Recommendation 2: Allow departments to complete informal procurements for goods and services under \$50,000.**

As previously stated, the Greeley Purchasing Division currently manages all procurement activities in excess of \$5,000 on behalf of all departments, with the exception of GURA. GURA oversees federal grants related to low income housing, residential repairs, and housing assistance, and also oversees Greeley's Community Development Block Grant (CDBG) and Neighborhood Stabilization Program (NSP) funding. These grants necessarily involve federal oversight and regular auditing by HUD.

Because HUD regularly oversees GURA's activities, and because the bulk of GURA's procurement falls underneath the formal bid threshold, the Purchasing Manager has delegated purchasing authority to GURA staff to handle informal procurements (under \$50,000) without requiring the approval of the Purchasing Division. This allows GURA to move more rapidly on smaller projects and streamlines the procurement process. During interviews, both Purchasing staff and GURA staff reported satisfaction with this arrangement.

It is recommended that the City replicate this approach for other departments, and delegate responsibility for all informal procurements to department staff. By shifting this responsibility, the City will gain several advantages and efficiencies in workflow.

First, the Purchasing Division is currently staffed by long-tenured, highly experienced employees, with an average service history of 25 years. By allowing Departments to take responsibility for informal procurements, Purchasing staff will have an opportunity to transfer their knowledge and expertise to other members of the City organization. This also creates avenues for broadening and deepening contact between Purchasing staff and other departmental staff, creating relationships based on sharing information, concerns, and institutional knowledge. As Purchasing staff take a more active role in educating and supporting their customers, the Division becomes

less of a referee and more of a team player, as alluded to in Recommendation 1. In this capacity, Purchasing functions as an internal services division which adds value to its interactions with other departments and supports their efforts to provide services to the community.

Second, staff invest a significant amount of time administering current workload processes. As previously noted, informal procurements typically take 15 to 31 calendar days to complete. While the City Code requires a 15-calendar day solicitation period for formal bid projects, it is not required for informal activities under \$50,000. Allowing departments to conduct their own informal procurements will permit them to more appropriately tailor procurement requests, solicitation periods, approvals, and paperwork to streamline the procurement process.

Third, as previously stated, approximately 40% of Purchasing activities are informal in nature. In 2014, this represented 68 informal bid activities out of 163 total bid activities that year. Shifting these activities to departments will increase workload capacity for Purchasing staff, provide Purchasing staff with capacity to assist departments with informal procurements, and enable staff to devote more time and attention to supporting the formal procurement process.

Formal procurements involve a host of regulations not applicable to informal procurements, such as publication requirements and solicitation periods, and the Purchasing Division has an important role to play in guiding departments through the process. Eliminating informal procurements from the Purchasing Division's workload will allow staff to spend more time shepherding the formal procurement process and facilitating negotiations between departments and vendors. This in turn reinforces the Division's role as a partner and facilitator rather than a gatekeeper.

As a consequence of assigning responsibility for informal bids to department staff, the Purchasing Division should more actively pursue collaborative activities with other departments, including regular informational briefings (see Recommendation 3) and contract compliance and oversight (see Recommendation 4). These practices position the Division to deepen its relationship with department staff, ensure departments are accountable and compliant with procurement practices, and reinforce NIGP values and guiding principles. Several peer communities also explicitly assign these functions to staff; for example, the Cities of Pueblo and Longmont assign contract compliance oversight to the head of the Purchasing Department/Division.

Transferring this workload will provide Purchasing staff with the opportunity to transmit institutional and practical knowledge and position the Purchasing Division as a collaborative partner rather than an oversight agency. This approach is similar in scope to peer communities which have decentralized Purchasing systems, particularly the City of Boulder, which is staffed similarly and administers only formal procurement activities over \$50,000.

**Recommendation 3: Establish regular educational meetings between Purchasing and other departments to provide information about procurement requirements.**

During interviews, participants indicated rapport between Purchasing staff and department project managers was generally very good. Department representatives stated that Purchasing staff serve as proofreaders, spot-checkers, and analysts regarding procurement documents. There is an opportunity for the Purchasing Division to leverage these relationships in order to more comprehensively educate department staff regarding the procurement process, and to ensure departments comply with procurement guidelines.

Transferring informal procurements will provide Purchasing personnel, particularly Buyers, with an opportunity to educate departmental personnel regarding appropriate purchasing policies and procedures. The Purchasing Department should schedule regular meetings with staff in all departments who are involved in procurement. At these meetings, Purchasing staff should review the City's procurement policies and procedures, address best practices in the procurement profession, and discuss the City's ethical standards regarding procurement. For example, Purchasing staff may wish to offer a workshop on how to write clear and concise specifications for bids, RFPs, and SOQs, which departments could then use for any procurement activity.

Additionally, Purchasing staff should evaluate selected informal procurements undertaken by department staff and assess the quality and compliance of the procurement process. Where deficiencies are found, Purchasing staff should educate project managers regarding appropriate procedures and offer to assist with future procurements. In short, Purchasing staff should develop a relationship with project managers based on education, support, and a team approach to meeting the department's goals.

Regular meetings also serve as opportunities for Purchasing and department staff to coordinate activities regarding formal procurements. Currently, project managers in each department pursue procurement activities on an as-needed basis, depending on the good or service required. During interviews, department staff reported difficulties with lengthy procurement timelines which challenged their ability to complete needed projects, especially regarding construction deadlines. Although specific case study data is not available, the Purchasing Division's performance data indicates these challenges are plausible.

As previously stated, formal procurement activities take 24 to 49 business days to complete, from department request to contract award. This represents approximately 32 to 67 calendar days (depending on when the request was initially filed). After discounting the 15 calendar day solicitation period required by §4.20.80(c) of the City Code, it takes approximately 17 to 42 calendar days to complete each formal procurement.

Data on the length of formal procurement activities in peer cities was limited or not readily available. The City of Longmont estimated a period of roughly 45 calendar days from bid development to contract execution, including a required solicitation period of 14 calendar days. However, several variables factor into the amount of time required to award a bid, including the type of project, whether bonds or other documents are required, whether a sufficient number of respondents submitted bids, the duration of the evaluation process for bids, and the contract negotiation process.

In order to more fully plan and prepare for the additional time constraints associated with formal procurement, Purchasing staff should meet with Department Directors at least annually to discuss formal bid projects that are expected to be undertaken in the coming fiscal year. Where possible, these meetings will allow Purchasing staff and Department Directors to draw tentative project calendars and explore ways to accomplish as much work as possible prior to solicitation. These meetings should also reiterate the requirements regarding the City's formal bid process and identify ways to expedite the formal bid process where necessary.

By collaborating as early as possible on large, formal procurements, department staff and Purchasing staff may be able to reduce the amount of overhead time spent composing, revising, and finalizing bid documents. These regular meeting points will facilitate two-way interactions, deepen relationships between Purchasing and departments, and position the Division as an advisor, partner, and assistant.

**Recommendation 4: Assign responsibility for contract compliance to the Purchasing Manager.**

The status of contract compliance and administration responsibilities in the Purchasing Division is currently unclear. The most recent available job descriptions for the Division's staff do not explicitly mention contract compliance as a core duty. During interviews, Purchasing staff indicated that project managers are primarily responsible for ensuring the accuracy and completeness of contracted work, and that Purchasing staff do not audit contracts. However, Purchasing staff will provide assistance if project managers notify the Division that a contractor is not performing.

Section 4.20.210 of the City Code requires that "A contract administration system designed to insure that a contractor is performing in accordance with the solicitation under which the contract was awarded and the terms and conditions of the contract shall be maintained." This section does not specifically state that the Purchasing Manager is responsible for contract administration.

It is recommended that responsibility for contract compliance and administration be clearly assigned to the Purchasing Manager. Particularly for renewable and formal bid contracts, the Purchasing Manager should assist departments in assessing the appropriateness of contract language, help formulate benchmarks for measuring contract performance, and monitor the performance of contractors. This activity should constitute a core responsibility of the Purchasing Manager's work.

In the City of Pueblo, the Purchasing Director exercises authority over all contract administration and enforcement, and evaluates all renewable contracts on a rotating basis. These contracts are tracked using a customized Microsoft Access® database, and the Purchasing Director will verify that the contractor has maintained insurance and licensing requirements and is in compliance with state law. Each contract is evaluated at least once prior to renewal. This ensures that the performance of each contractor on a renewable contract is evaluated regularly, and helps safeguard the quality of work received by the City.

**Management Issues**

**Recommendation 5: Expand collection and utilization of performance measurement data for the Purchasing Division.**

In 2014, the Purchasing Division adopted specific performance measures to track the Division's workload and responsiveness. This is a commendable development and a key step towards greater implementation of NIGP best practices. While NIGP recommends formulating a formal performance management program, the Division's cultural shifts will demand significant staff time and attention. Rather than creating and implementing a formal performance measurement plan immediately, the Division should focus on collecting and using performance measurement data to learn more about its activities and efficiency. This data should then be leveraged to create a formal performance management plan in future years.

As previously stated, the Division currently tracks specific data points for each spending authorization level, including the number of requisitions and purchase orders, the time spent from a department request to contract award, and the amount of dollars spent on procurement. This information is updated on a quarterly basis by the Purchasing Manager using Microsoft Excel spreadsheets for data tracking. These measures are invaluable and an excellent source of information, and the Division's efforts to collect this data are commendable.

In order to extend available information and learn more about the Division's workload, effectiveness, and efficiency, this list of performance measures should be expanded to include the following information:

**Table 11: Proposed Quarterly Performance Metrics, 2015**

Performance Category	Specific Performance Metric
<b>Workload Distribution</b>	• Projects assigned to each Buyer
	• Projects completed by each Buyer
<b>Project Information</b>	• Dates projects initiated
	• Number of RFPs issued
	• Number of SOQs issued
	• Average value of contract award for each bid/RFP/SOQ
	• Requesting department/division for each project
	• Vendors notified for each project
	• Percent of notified vendors responding to each project
	• Dollar amounts of vendor responses
	• Vendor selected for each award
	• Dates contracts awarded
<b>Time Spent</b>	• Average calendar days from department request to solicitation posted
	• Average calendar days solicitation was active
	• Average calendar days from solicitation end to bid opening
	• Average calendar days from bid opening to vendor selection
	• Average calendar days from vendor selection to contract finalization and award
	• Percent of projects completed on time
<b>Auditing</b>	• Percent of p-cards audited
	• Percent of p-cards flagged during audit
	• Dollar amounts of inappropriate transactions
	• Percent of transactions missing receipts/incomplete documentation

The Division should apply this information to learn more about the effectiveness of its activities and practices. For example, by analyzing the distribution of bid activities, RFPs and SOQs, and accounting for the time involved in each activity, the Division can better balance workload between Buyers. Additionally, tracking requests and contract awards by department will enable the Division to identify high-volume customers and develop approaches tailored to those customers and their needs. In terms of internal controls and auditing, the Division will be able to determine whether p-card compliance is acceptable or whether additional staff education is warranted based on missing or incomplete information.

While gathering this data will require additional tracking for each project, it will give the Division valuable insight regarding the types of projects that consume the most time and how workload is distributed among staff, particularly Buyers, within the Division. This information can then be used to more appropriately tailor work among staff members and refine existing processes.



## Operational Issues

### **Recommendation 6: Modernize manual processes.**

The Purchasing Division currently utilizes a variety of manual approval processes which rely on the transmission of paper documents between departments and the Purchasing Division. In particular, p-cards and PO processing stand out as heavily reliant on printing, signing, scanning, and transmitting paper copies.

P-card tracking and auditing is a prime example of a manual process. The City of Greeley utilizes the Intellilink VISA purchasing card program through UMB Financial Corporation. This platform provides online statement reconciliation and general card services to members of the Purchasing Division. P-cards are issued to approximately 735 City staff members, and the standard limit is \$5,000 per card.

Every cardholder is responsible for maintaining copies of receipts and logging their own transactions. Each month, cardholders compile this documentation along with their monthly statement and travel forms (if applicable) and place them in a blue envelope provided by Purchasing. The cardholder signs the outside of the envelope indicating he/she has completed logging transactions correctly. The envelope is then forwarded to the cardholder's supervisor or Department Director, who signs the envelope indicating the transactions have been approved. After this authorization, the envelope is forwarded to the department editor.

The department editor is responsible for reviewing the transactions of each cardholder in his/her department, in addition to his/her usual department workload. Department editors compile cardholder envelopes, edit individual transactions using UMB's online system, and check receipts and statements. After validating each cardholder's documentation, the editor signs the envelope and forwards it to the Purchasing Division.

The Purchasing Assistant receives all incoming blue envelopes and reviews them for accuracy. Missing receipts, personal charges, and tax levied on charges trigger an automatic audit by the Purchasing Manager. In addition, the Purchasing Assistant selects about 25 folders for random auditing each month. These audits are carried out by the Purchasing Manager.

This approvals process is heavily reliant on paperwork and creates a significant workload for departmental employees. This creates an overly burdensome system that acts counterproductive to a quality approvals system. Because most employees are issued p-cards, large departments particularly struggle with the quantity of blue envelopes and the amount of transactions requiring approval. Under the current system, each cardholder's transactions are theoretically checked twice prior to arriving at the Purchasing Division – once by the cardholder's supervisor, and again by the department editor. During focus group interviews, some participants commented that the volume of documents prompts some supervisors and editors to sign the envelopes without checking transactions.

One solution to this problem could be to reduce the number of authorized cardholders in the City. This in turn would reduce the number of monthly statements requiring reconciliation. However, this may involve operational changes that may not be feasible in all departments. For example, departments which operate using shift schedules (such as Fire and Police) may require procurements after hours or within a short time span, and requiring a supervisor for small transactions would prove overly burdensome.

Another approach is to reduce the amount of paperwork involved in the p-card approvals process, particularly with respect to routing and signing the blue envelopes. The experience of peer communities in this respect is informative: the City of Pueblo utilizes department managers to perform initial compliance checks and approve all online transactions. The City of Pueblo's Finance Department will occasionally perform spot checks of p-card transactions, and an outside auditor will also periodically review p-card records. The City of Westminster is currently in the process of transferring from UMB's Intellilink system to a system provided by Citibank, which allows electronic approvals.

In order to reduce the number of approvals required, avoid creating burdensome workload, and streamline the approvals process, it is recommended that the City of Greeley allow department supervisors to function as editors for p-card transactions. While this approach will necessarily increase the number of editors in the UMB Intellilink system, it will divide the workload of reviewing and editing transactions more equitably.

Additionally, in lieu of the blue folder system, the City should forgo a physical signature process and digitize as much information as possible related to credit card transactions, including receipts, forms, and logs. These should be transmitted to the Purchasing Division electronically and retained in an electronic format. Where possible within the UMB system, department editors should indicate electronically that transactions have been approved. This approach will streamline the reporting and approvals process for department staff, while still permitting the Purchasing Division to gather required information and perform spot-checks and audits where necessary.

A similar approach should be utilized for approving purchase orders. The Purchasing Division has discussed implementing an electronic signature approval process using the City's Finance Plus software system. This approach should be implemented as expediently as possible.

Currently, POs are routed between the requesting department and Purchasing several times. Departments create a draft PO as part of the initial procurement request, and Purchasing will hold the draft PO until a vendor has been selected. Purchasing will finalize the PO, print it, scan it, and send it to the project manager. The project manager will print the PO, sign it, scan it, and return it to the Purchasing Division. From there, Purchasing will approve the PO in Finance Plus and forward the original copy to the Finance Department.

For formal procurements, the PO process is the same as above. However, after the project manager returns the signed, approved PO to Purchasing, it is forwarded to the City Clerk for approval by the City's administrative departments. The Clerk forwards the physical PO to the City Attorney's Office, Finance, and the City Manager's Office for signature approvals. This is done serially, one department at a time, via interoffice mail.

The quantity of required approvals delays finalizing projects, and the City's reliance on paper exacerbates this problem. By implementing and accepting electronic approvals through Finance Plus, the Purchasing Division will be able to expedite the approvals process without requiring departments to print, sign, scan, and email paper copies at multiple stages of a procurement project.



Lastly, feedback from department representatives indicated that staff have difficulty obtaining sole source vendor information. These records are currently kept in hardcopy in the Purchasing Division office. Where possible in Finance Plus, sole source vendor forms should be digitized and attached to vendor records. This will enable department staff to readily determine whether a vendor has been authorized as a sole source vendor, or whether a new sole source form will need to be completed.

By taking these approaches to digitize information and approvals, the Purchasing Division will enable departments to accomplish proper authorizations with a minimum of paperwork. These changes will maximize departmental freedom while preserving Purchasing's ability to collect information and perform audits and checks as necessary.

**Recommendation 7: Expand use of City's website for the dissemination of procurement information.**

The Purchasing Division currently relies exclusively on BidNet to disseminate information about formal and informal bidding opportunities. Registration on this system is free and includes access to bid information for over 100 local government agencies. The City also advertises formal procurement opportunities in the Greeley Tribune. Outside of these venues, no other bid information is posted on the City's website.

While the City's use of BidNet is commendable and should be continued, the use of a third party site complicates the distribution of information related to the City's procurement activities. Requiring vendors to register for a third-party system, even if that system is free to use, adds extra steps to the procurement process and may dissuade vendors from applying for Greeley projects. Additionally, not all persons seeking information regarding procurement activities will be interested in bidding, and the information retained by BidNet may not give interested parties adequate data.

In the interest of making procurement data easily accessible, readily available, and comprehensive for vendors and the public alike, the City should create a space on its website for the purpose of conveying procurement information. Several peer communities list RFPs and bid information on their websites separately from the Rocky Mountain Bid System, including the Cities of Boulder, Pueblo, and Longmont. These cities display a bid or solicitation number, title, starting and/or closing date, and status directly on their municipal websites, rather than relying entirely on a third party such as BidNet.

This space should not require authentication to access and should be prominently displayed with other procurement information. All current bid openings should be listed on the page, along with future known procurement opportunities. Any addenda to these bid opportunities should also be accessible from the website, such as vendor questions and answers, amendments to bid documents, RFPs, and SOQs, and a list of vendors who attended pre-bid meetings.

The website should also provide information about recently closed opportunities, and contain a list of closed bidding projects, the status of the project (e.g., closed, under review, contract awarded), the vendor who was awarded the contract, and the amount of the contract awarded. These changes will allow vendors large and small, as well as the general public, to readily access information regarding procurement activities in the City of Greeley.

In accordance with NIGP best practices, applicable laws, and principles of ethical integrity, no confidential information submitted to the City should be displayed on the website. Rather, the website should serve as an additional tool for publicizing procurement opportunities and conveying public information in an easily accessible manner.

**Recommendation 8: Develop contract language tailored for specific project types.**

Currently, the City of Greeley relies on a master contract for procurement activities. This contract contains all of the City's legal requirements in one document, and the City expects vendors to sign the master contract. Some projects, such as construction projects and professional services projects, involve separate contracts and documents pertaining to those services.

While adopting a master contract for all projects streamlines legal review, it complicates the procurement process for vendors. Master contracts often contain provisions that apply to several project types and services, and thus may contain language that is irrelevant to a particular vendor. Additionally, the size of master contracts also presents a challenge to vendors. During interviews, participants commented that vendors express frustration with the City's contracting procedures and frequently try to insist on their own contract provisions.

In order to streamline the contracting process, it is recommended that the City develop a series of standard contracts tailored to specific project types. At a minimum, the City should have standard contract language for technology services, technology infrastructure, capital construction, design-build projects, and professional services. Each contract should include all legal clauses and requirements specific to that aspect of procurement.

Supplying vendors with standard contracts tailored for specific project types is a common practice in local government procurement. For example, the City of Longmont supplies vendors with general conditions for construction contracts which are distinct from general conditions for services contracts. These general provisions are incorporated into the City's invitations for bid and are thus accessible to vendors prior to contract negotiation.

Depending on the project solicited, department staff and the Purchasing Division will be able to select the appropriate standard contract and forward it to a vendor for their approval. Ideally, this will reduce the size of each standard contract, alleviate the need for vendors to review clauses that do not apply to them, and reduce staff time devoted to contract negotiation.

The City Attorney's Office and Purchasing Division should also engage in a robust educational effort along with regular educational meetings (as mentioned in Recommendation 3) to review each standard contract with department staff.

## Conclusion

The analysis of the Greeley Purchasing Division was undertaken to identify opportunities to improve efficiency and services to internal and external Division customers. The recommendations included in this report utilize and build upon a history of solid, professional practices in the Purchasing Division. While the Division's cultural focus has centered on regulatory approaches and administrative approvals to date, these recommendations are intended to catalyze a change in cultural expectations. In order to implement and maintain effective procurement practices in an ever-changing technological and political landscape, public procurement professionals must inhabit and embody facilitative roles. A cultural emphasis on rules and regulations will ultimately stifle an organization's ability to rapidly and efficiently adapt to present and future needs. While legal compliance is important and necessary, it must be approached in the context of helping departments achieve their goals and provide effective service.

Implementation of these recommendations will take time and hard work to be successful. However, by implementing these recommendations, the Purchasing Division will seize an opportunity to transform its role into a more collaborative, engaging, and assistive partner to other City staff and outside vendors. Division staff will have more capacity to focus on formal procurements while educating and supporting their peers. These recommendations also allow department staff greater autonomy over their own informal procurements while creating additional opportunities for interaction and accountability between project managers and Purchasing staff.

The City of Greeley is fortunate to have dedicated personnel who care about the integrity of the public procurement profession and who strive to provide excellent customer service. Leveraging these assets will allow the City to better define the role of Purchasing in the City organization and safeguard its role to provide effective procurement services for the needs of a modern local government.

## Appendix A

### Best Practices for Local Government Procurement – The Sunlight Foundation<sup>8</sup>

#### The Procurement Process

1. **Procurement Law:** All laws and policies relating to procurement should be publicly available. Additionally, governments should produce a primer on their procurement laws and regulations written in straightforward language that is accessible to the public.
2. **Procurement Documents:** Solicitations or tenders for contracts, as well as any accompanying documents that justify or explain exemptions from regular procedures and requirements, should be made available to the public and should remain publicly available even after the solicitation period has ended.
3. **Procurements Without Solicitations:** Data on direct purchasing, purchases using procurement cards, or other acquisitions that do not require a solicitation, should also be published.
4. **Bid Documents:** Bid documents for each contract, as well as contact information (name, address, telephone number, id number) for all bidders, should be publicly disclosed.
5. **Bid Communications:** Communications between potential bidders and procurement officers during the bidding process of specific solicitations should be conducted in a public forum.
6. **Procurement Awards:** Awards for solicitations should be publicly disclosed as soon as they are awarded, including any accompanying justifications or criteria for the selection method.
7. **Text Of Contracts:** The full text of any awarded contract as well as any modifications should be proactively posted online for public consumption. Summary information about each contract, such as awardee, amount, date, etc., should also be available as structured data.
8. **Procurement Disputes:** Information regarding procurement disputes should be available for all steps in the dispute resolution process, including the parties to the dispute, the complaint, and the resolution.

#### Participants In The Procurement Process

9. **Contractor Performance:** Databases containing current and historical performance information for contractors, including suspensions or debarments, should be publicly available. Additionally, information on companies that have been pre-approved for certain designations, exemptions, or purchasing should also be public.
10. **Contract Status:** Status information on contracts should be publicly available throughout and beyond the lifetime of a contract. This might include projected completion date, actual completion date, information on funding extensions outside the scope of the original agreement, or contractor performance information.
11. **Subcontracts:** If a significant portion of a contract is subcontracted, all data available for the primary contractor must also be available for the subcontractor, including the amount and description of the subcontract.
12. **Contract Identifiers:** There should be a unique identifier for contracts that is consistently used end-to-end in the contracting process, including solicitation, award and expenditure reporting. The end result should allow for tracing an expenditure to its original solicitation.

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<sup>8</sup> Available at: <http://sunlightfoundation.com/procurement/opendataguidelines>. Accessed October 28, 2015.

This identifier should be used in all related data, to promote interoperability between datasets.

- 13. Entity Identifiers:** Entities receiving contract awards or bidding on a contract should be identified by a unique, non-proprietary, publicly available, legal entity identifier. This identifier should allow for parent-child relationships between entities to be identified. If possible, entity identifiers should be consistent with existing or standardized schemas.

## How To Release This Information

- 14. Standardization:** Where practicable, governments should seek to adopt existing standards for the release of procurement data to encourage interoperability of data across jurisdictions.
- 15. Machine Readability:** All data outlined above should be available as structured data in a machine-readable format, in addition to any existing prose structure. It should also be available online and in bulk.
- 16. Accessibility:** All data outlined above should be accessible free of charge and not require registration, either online or in-person.
- 17. Timeliness:** All data should be published in a timely manner, and ongoing throughout the fiscal year. End-of-year information dumps are not useful for actionable, public accountability purposes. Delayed disclosure for purposes of confidentiality should be kept to a minimum