



FY2010

**Purchasing Division  
BUSINESS PLAN**

**July, 2009**

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## EXECUTIVE SUMMARY

This plan reflects the operating philosophy of the Purchasing Division to follow a strategic plan that will serve as a guide to achieve our goals of superior customer service and quantifiable performance improvement. This is a working document that will be modified and updated to reflect the City of Fresno's priorities and the changing needs of our internal customers.

Purchasing is a division of the General Services Department (GSD). The Purchasing Division operates as an internal service fund and is funded by billing clients for services rendered. It is comprised of two sections:

- Purchasing
- Disadvantaged Business Enterprise (DBE Program)

Purchasing is responsible for the timely procurement of the very diverse needs of the City in supplies, materials, and equipment services (excluding consulting services which are purchased directly by City departments). In the City of Fresno, Purchasing also bids all Public Works projects. The division is further responsible for the disposal of surplus inventory. Purchasing activities are governed by the City Charter and the Municipal Code.

Purchasing's annual procurement volume is about \$149 million, which is facilitated by a staff team of 16 members, including management. Approximately 190 multi-year requirements contracts are in place to streamline procurement.

The federal DBE Program is an integral part of the procurement process for federally funded projects. It is an outreach program to Disadvantaged Business Enterprises (DBEs) which is a prerequisite for receiving federal funds, particularly from the U.S. Department of Transportation. In FY2010, the City anticipates receiving approximately \$95 million in federal funds from that agency. The program is carried out by a staff of two.

Purchasing ambitiously endeavors to embody the Organizational Culture outlined on Page 4. The City Vision and Values listed have been integrated into the mission of the Purchasing Division and are important components in this Business Plan.

The key objectives of Customer Satisfaction, Employee Satisfaction and Financial Management in balance are the cornerstones upon which Purchasing's business foundation is built.

All GSD staff are committed to "break through the barriers that hold us back" to truly embody Fresno's Culture of Excellence where people get the best every day.

### Mission

The General Services Department is a unified, motivated and proud team of professionals with each member's role clearly understood to competitively deliver timely, courteous, highest quality support services every day to every customer for Central Printing, Facilities Management, Fleet Management and Purchasing utilizing the most efficient and cost effective practices.

# ORGANIZATIONAL CULTURE

## Vision

Fresno: *A culture of excellence where people get the best every day.*

## Values

The Values which support this Vision are brought to mind by the acronym "ACT IT," as follows: **A**ccountability **C**ompassion **T**rust **I**nnovation **T**eamwork. GSD wholeheartedly embraces the City Vision and Values.

We are committed to live out the City Vision and Values each and every day as we strive to deliver the "best service at the best value anywhere" to our customers. Customer service is and always will be our top priority. Our most valuable resource is the department's dedicated staff and our commitment to them is to provide a work environment that motivates, fulfills and instills pride within a framework for success built on the City Vision & Values.

### **A**ccountability

By this we mean we take personal responsibility for our actions. We accept responsibility for the overall outcome of the services we deliver to our customers. We expect to be held accountable for the effectiveness, efficiency, competitiveness and customer satisfaction level of these services.

### **C**ompassion

By this we mean we care about and respect people. We listen with full attention and seek to understand each other and most importantly, our customer. We treat others with respect & courtesy, most especially our customers. We express our appreciation to each other for work well done and to our customers for their support because we well recognize that without them we would not be here.

### **T**rust

By that we mean we believe in each other. We treat setbacks as learning opportunities to provide better service in the future. We keep our word and take customer service commitments seriously. We're open to the ideas of others as we realize there may always be "a better way" and constantly seek these opportunities.

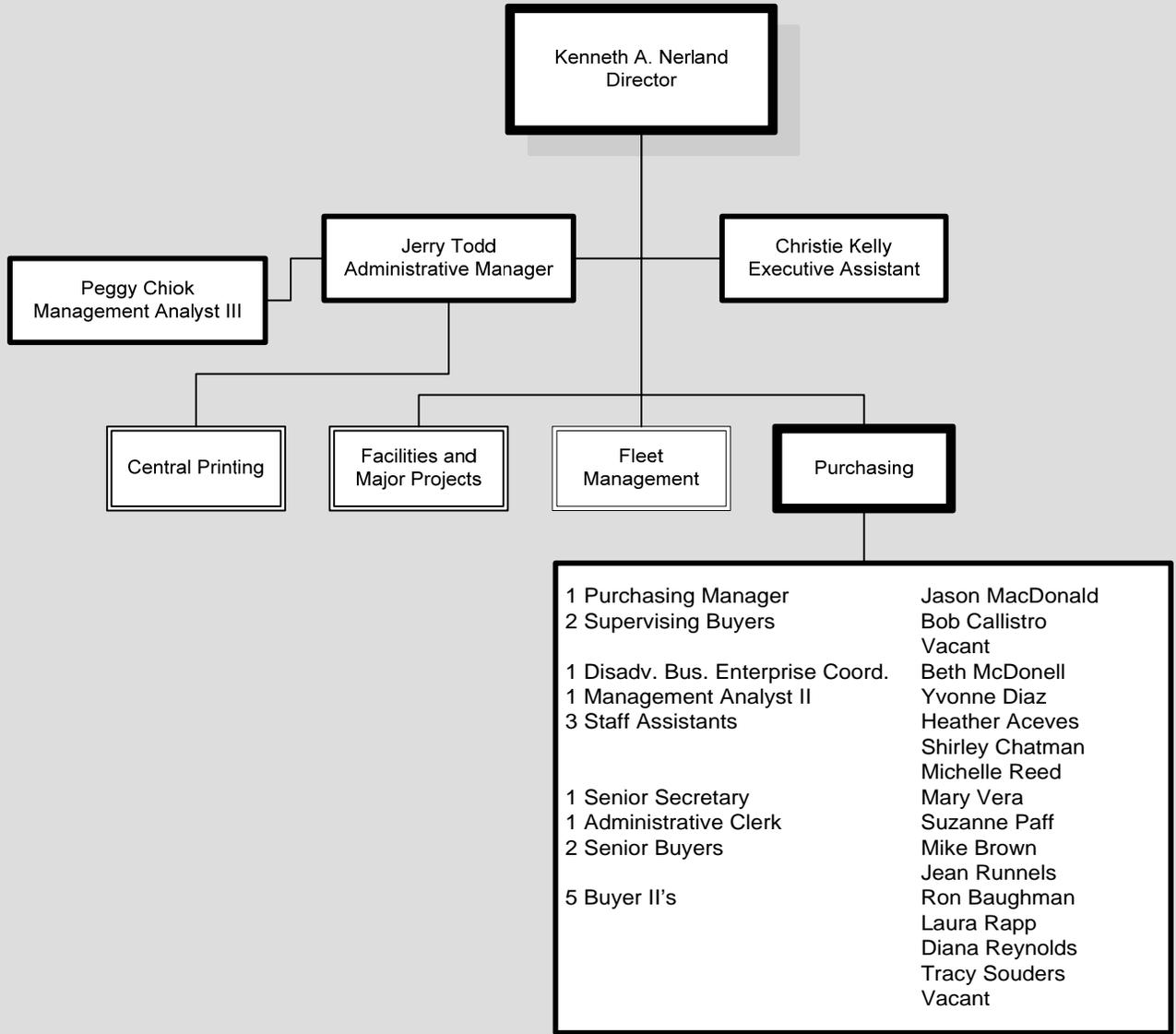
### **I**nnovation

By that we mean we seek new and creative ways to improve our business. We value our employees and foster a work environment that facilitates brainstorming where ideas to provide better customer service thrive.

### **T**eamwork

By that we mean we work together to achieve the City Vision. We utilize our team members' talents regardless of position and hold each other accountable for performance. We recognize and appreciate the efforts and successes of GSD team members.

# ORGANIZATIONAL CHART



# SERVICES

Purchasing provides the following services:

- Conducts all competitive bidding processes to obtain best pricing for the City on purchases, Capital improvement projects and requirements contracts. Processes vary with the estimated dollar amount of the procurement/project from same-day purchases to a three-month process for a large and complex construction project, such as the Baseball Stadium.
- Coordinates the submission of all procurement/projects over \$119,000 (current formal bid threshold) for services over \$50,000 to the City Council for award
- Coordinates the formal bid appeal hearings and represents the City, if needed
- Provide bidder information about bid opportunities on the City's website at [www.fresno.gov](http://www.fresno.gov) "bid opportunities."
- Allow bidders to register online and submit RFQ's electronically via new BidsOnline System gives departments quicker and more complete results.
- Advises customers on best and fastest procurement methods, lay-out and content of formal bid specifications and, if requested, provides on-site services to advise customers on a regular basis on procurement issues
- Coordinates with customers on identifying new requirements contracts in their areas.
- Partners with customers in the development and refinement of complex Requests for Proposals, Request for Information and Request for Quotation.
- Provides a handbook with procedures and maintains standardized bidding documents for use by customers along with quick reference guide and tailored training.
- Facilitates problem solving between clients and vendors/contractors (excluding public works projects) during contract administration to ensure timely completion and best use of City funds.
- Administers citywide contracts, such as stationary, office supplies and uniforms.
- Administers surplus property through auctions or individual sales to dispose of surplus.

## The DBE Program

Maintains eligibility for FHWA, FAA and FTA funds through the following activities:

- Certifies Disadvantaged Business Enterprises (DBEs).
- Establishes "race-neutral and race conscious" participation for projects funded by the U.S. Department of Transportation.
- Assists DBEs and/or prime contractors during the bidding process to increase their participation and ensure compliance.
- Tracks and monitors goals of DBE participation to ensure compliance.
- Conduct seminar for DBEs and/or prime contractors to ensure most recent program changes and City specific practices.
- Outreach to the community through participation in local associations, organizations, including ethnic chambers of commerce, and groups interested in small business development.

# CURRENT OPERATING ENVIRONMENT

## External Environment

The activities of the Purchasing Division are influenced externally by the economy and the participation of bidders in a bidding process.

## Internal Environmental

Internally, Purchasing is influenced by the priorities set by the Mayor and City Council, the expectations of Council members for completion of projects in their district, and the planning of its customers. Purchasing depends on the complete and timely cooperation of its customers to meet time frames for award and deadlines, particularly when funding from outside state and federal agencies is at stake.

## Regulatory Requirements

Purchasing operations are subject to the requirements of the City's Charter Section 1208 and the Municipal Code, Chapter 4, Article 1, and Sections 4-201 and 4-202 concerning surplus. In addition, Purchasing is subject to state and federal regulations for projects funded by the state and federal government. Purchasing is also subject to any new legislation in the area of competitive bidding, prevailing wages and related bidding issues, including court decisions relating to the bidding process and award of contracts.

The DBE Program is regulated by Titles 23 and 26 of the Code of Federal Regulations, CFR 49, relating to the U.S. Department of Transportation, and similar provisions of other federal agencies which provide funding to the City of Fresno.

Effective March 4, 2003, City Council approved an ordinance to increase the formal bid limit from \$32,000 to \$50,000 which is adjusted every July based on the consumer price index (CPI) which is in compliance with Charter Measure A. The bid limit for FY 06 was raised to \$53,000 based on the CPI. On April 4, 2006, City Council approved an ordinance to increase the formal bid limit from \$53,000 to \$100,000 which the Fresno voters approved in March, 2002. The formal bid limit is currently set at \$119,000 based on the CPI.

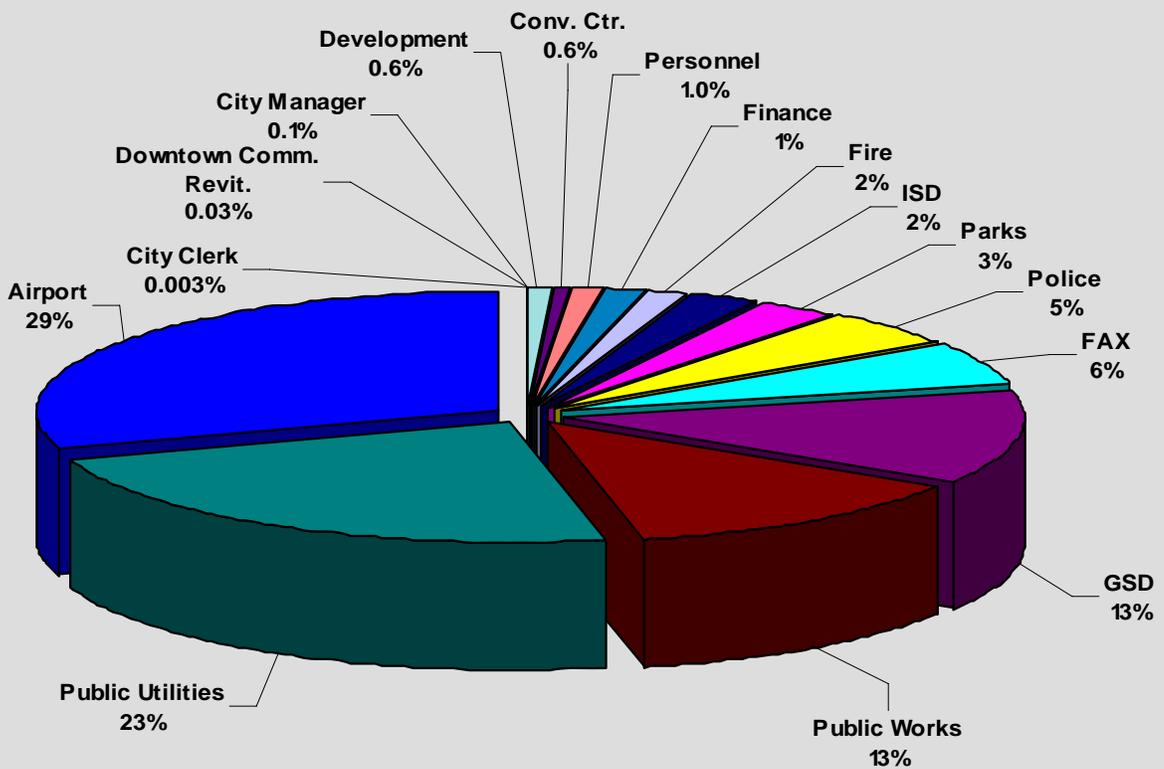
Also in March, 2003 a new design-build process and debarment provisions were approved. Design-build contracts combine procurement from one entity of both the design and the construction of a public work of improvement. The new debarment provisions will provide for a non-responsible bidder to be debarred from bidding or being awarded any contract with the City.

# CUSTOMER

The Purchasing Division provides services for all City departments/divisions which require procurement over \$2,500. The main customers of the DBE Program are the departments receiving funds from the U.S. Department of Transportation, i.e., Airports (Federal Aviation Administration-FAA), Fresno Area Express (Federal Transit Administration-FTA) and Public Works (Federal Highway Administration-FHWA).

The division recognizes that priority customer service is essential. We strive to anticipate needs, provide effective solutions, keep customers informed and provide superior value for the cost of services rendered. We will provide competitive service which can be counted on. We appreciate our customers and strive to exceed their expectations. We partner with our customers to help achieve their goals of improving City public services and the quality of life in Fresno. We strive to earn our customers' trust and expect to be held accountable for our actions.

The pie chart below illustrates the division's customers and the proportions of FY2010 budgeted revenues anticipated from each.



## COMPETITION

It is difficult to assess the competition from outside providers for Purchasing. Therefore, Purchasing will compare itself to other agencies through best business practices. The DBE Program is a federal program which has no equivalent in the private sector.

## KEY ISSUES

### Near Term Issues

- The Division will continue to monitor the CalCard program and Office Depot contract for compliance with audit recommendations.
- The Division will also closely monitor the Local Small Business Preference Ordinance to track the results.
- Staff will also be closely monitoring billable hours and customer demand through the year.
- Place 95% of all RFQ's and Informal Bids on BidsOnline (e-procurement)
- Place 65% of all Formal Bids on BidsOnline (e-procurement)

### Long Term Issues

- Reduce inputting of production time by staff into Excel and Access
- Apply for 2010 Achievement of Excellence in Procurement Award
- Continue to provide Monthly Staff Training
- At least 50% of buyers are working toward Buyer Certification

### Past Service Problems & Opportunities to Improve

Opportunities exist to further improve turnaround times, especially for review of formal bid specifications.

## FINANCIAL/OPERATING INFORMATION

	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
<b>Resources Required</b>				
<b>Personnel Services</b>	\$1,004,992	\$1,036,612	\$1,154,200	\$1,140,300
<b>Operating</b>	\$70,285	\$79,218	\$95,800	\$69,900
<b>Interdepartmental Services</b>	\$317,830	\$338,873	\$332,100	\$239,300
<b>Contingencies</b>	\$0	\$0	\$9,500	\$0
<b>Total</b>	<b>\$1,393,107</b>	<b>\$1,454,703</b>	<b>\$1,591,600</b>	<b>\$1,449,500</b>