

MOTION

The City of Los Angeles spends approximately \$4.5 billion annually on procuring goods, services and construction. After staff salaries, procurement is the largest category of spending by the City and serves as a major economic driver for the region. Treating procurement as a strategic function of government—rather than simply an administrative matter—is crucial when it comes to achieving the City’s social, economic, and environmental goals. How a City spends its money, and which businesses it chooses to support, ought to reflect deeply held values and priorities. Pursuing excellence in procurement is also essential to transparent and accountable governance and fiscal responsibility.

The City has made progress in the past two decades towards procurement reform, by centralizing commodities procurement in the General Services Department (GSD) and construction procurement in the Public Works Department (PWD). Preference programs for small and local businesses have also been updated through the City Council’s Comprehensive Job Creation Plan (C.F. 15-0850). In 2018, the Mayor created the role of the Chief Procurement Officer (CPO) in the Mayor’s Office of Budget and Innovation, with the goal of establishing holistic leadership for City-wide procurement strategy. These efforts have shown the benefit of a more centralized and strategic approach to procurement. For example, after commodities procurement (which represents approximately 15% of all procurement spending) was centralized within GSD, the City has realized significant cost savings.

Despite these positive steps, the City of Los Angeles has lagged behind other major cities when it comes to professionalizing, streamlining and developing a strategic approach to procurement. The CPO currently provides guidance and technological expertise for strategic procurement, but it is too limited in budget and staff to ensure strategic procurement across departments, and has no authority in the process of drafting requests-for-proposals or negotiating and executing contracts. In the case of professional services, which constitute the majority of procurement spending and are still procured by individual departments, creating a more centralized process could result in multiple benefits for the City.

It is imperative for the City to build on the establishment of the CPO by creating a permanent, City-wide procurement office that can play a leadership role in purchasing for the City and bring greater transparency, strategy, and accountability to this critical function of government.

WE THEREFORE MOVE that the City Council instruct the City Administrative Officer (CAO), with the assistance of the CPO and relevant City staff and departments, to provide a detailed report within 60 days on establishing a permanent Office of Procurement within the City Administrative Officer’s office that would be responsible for the oversight, accountability,



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process, and protocols of the City's procurement operations. The report should include, but not be limited to:

1. A complete description of the CPO's responsibilities, drawing on the experience of other major cities with successful centralized procurement offices or units, including but not limited to:
 - Developing a comprehensive Procurement Policy Strategy, for approval by Council, with clear metrics, accountability mechanisms, and recommendations for reform and improvement, to be updated annually;
 - Reporting to Council on a quarterly basis on ongoing contract activities and City-wide and department-level progress made toward achieving outcomes outlined in the Procurement Policy Strategy;
 - Providing departments with oversight, support and expertise in drafting solicitations for bids, managing competitive bidding processes, negotiating and executing contracts;
 - Identifying opportunities for executing City-wide professional service contracts based on an analysis of redundant service contracting across multiple departments, including proprietary departments;
 - Creating a City-wide payment audit function to ensure timely payment to vendors;
 - Developing a City-wide program to monitor subcontractor utilization;
 - Lead the City's Business Certification Program, ensuring that program design is aligned with established policy priorities around equity and inclusion and that metrics are regularly established and reviewed by Council;
 - Setting social and environmental standards for City contractors, for approval by Council, and ensuring these standards are in alignment with the City charter and ordinances in collaboration with the City Attorney;
 - Working in concert with the Bureau of Contract Administration to ensure that contractors remain in compliance with the terms of their agreements with the City for the duration of those agreements;
 - Managing the data and technology associated with procurement and developing a unified citywide system infrastructure; and
 - Managing relations with external stakeholders relevant to the City's procurement process.

2. A full description of the governance mechanisms of the Office of Procurement, including but not limited to:
 - Embedding review of procurement and contracting activities into annual departmental budgeting process;

- Protocols for the Office of Procurement to review and prompt changes to departmental procurement processes to conform with the City's Procurement Policy Strategy, as well as potential options to accelerate contracting processes for departments who are engaged in best practices and meeting or exceeding policy objectives, such as relief from the strict mandates of Executive Directive 3; and
 - Proposed process for establishing Departmental Service Agreements with expectations, duties, and roles of procurement liaisons embedded in departments.
3. The costs, personnel, and facilities needs of a permanent Office of Procurement within the City Administrative Office, including an analysis of where personnel for the permanent Office of Procurement could be sourced from (within and outside current City staff) and benchmark comparisons with staffing and resources at other large municipalities' central procurement offices or units.

WE FURTHER REQUEST that the City Council instruct the City Attorney to report back within 60 days on any legal changes to the City's ordinances and/or charter that would be necessary to establish the Office of Procurement as the unit responsible for executing City-wide contracts with vendors on behalf of the City of Los Angeles.

PRESENTED BY:



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SECONDED BY:

