

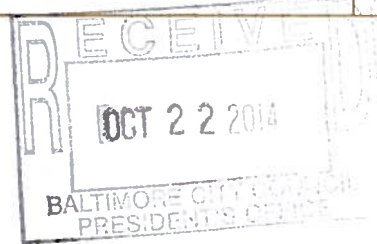
FROM	NAME & TITLE	Timothy Krus, City Purchasing Agent
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	SUBJECT	City Council Bill # 14-0189R Investigative Hearing-CitiBuy Program

CITY OF
BALTIMORE

M E M O



TO The Honorable President and Members of the City Council
Room 400, City Hall



DATE: October 21, 2014

Bill Description:

Council Bill No 14-0189R proposes to request that the Department of Finance and the Bureau of Purchases report to the City Council on the current operations of the CitiBuy Program, the efficiency of the CitiBuy Program, and whether the procurement agreements used in the City of Baltimore are ensuring that supplies and goods are purchased at the best prices available.

Analysis:

CitiBuy is the software system that allows requisitions to be entered by using agencies, bids to be solicited by procurement specialists, and purchase orders to be issued to the awarded vendors. It is a comprehensive procurement system that was implemented to make the procurement process more efficient, fair, inclusive, and transparent; it also allows the City to have modern procurement technology capabilities similar to other government entities. CitiBuy is the City's name for the solution called BuySpeed. This is the same software used by the States of Maryland, Arizona, Michigan, New Jersey and the Commonwealth of Massachusetts, as well as other local jurisdictions and educational institutions.

CitiBuy has improved the City's procurement process by increased efficiency in several areas, including, but not limited to:

- **Public Notice of New Bidding Opportunities** – Previously the City posted its formal solicitation advertisements solely in local newspapers. While meeting the City Charter requirements, the process did not actively notify qualified vendors, and required that the vendors constantly monitor the newspaper advertisements. Additionally, state law requires that the City advertise its bidding opportunities on its version of the BuySpeed software known as “eMaryland Marketplace.” CitiBuy allows the procurement specialists to notify a large pool of interested vendors, in addition to those who became aware of the opportunity through the paper advertisement. This process is also used for smaller, informal solicitation requirements, which is not required by the City Charter.
- **Acceptance of Electronic Bids** – Electronic bidding is more efficient, for the City and the bidding vendors, by reducing paper and postal expenses, and by allowing for fewer mistakes made by a vendor who is required to prepare and submit lengthy paper documents. It also removes errors made by incorrectly calculating the total of several items. The City's costs per purchase order are reduced due to the ease of use and efficiency of CitiBuy.

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- Fair and Inclusive Notice – Vendors can be easily and automatically informed of bidding opportunities by email. Vendors and members of the general public can also easily see a list of all open bids, on CitiBuy’s main page, without having to register or sign in.
- Enhanced Transparency – Previous procurement records were kept on paper, and purchase orders were filed alphabetically by vendor name, or numerically by solicitation number, and were subject to human error in the filing. These files were not readily searchable, and were not cross referenced. CitiBuy may be searched by vendor name, commodity code, requesting agency or person, fiscal year, dollar value, description, delivery location, et al, which can be delivered in business intelligence reports. Documents are attached to the online records as searchable PDF files, and remain indefinitely. Documents that are deleted can be tracked and recalled. Modifications to records are tracked as all users are given a unique user name and password.
- Better Tool for Planning – Due to the increased transparency, search functions, and collection of information, the Bureau of Purchases can much more readily and efficiently assist using agencies in determining their future requirements based on past trends. The Bureau can also use the CitiBuy information to find efficiencies of scale, by consolidating similar requirements from various agencies.

CitiBuy is an extremely useful tool that enhances the capability of the Bureau of Purchases’ procurement specialists. However, it does not ensure that the City receives the best price available. The Bureau of Purchases utilizes CitiBuy to obtain the best prices available under the conditions set by the City. The City utilizes its procurement power to further many appropriate socioeconomic goals, and understands that these additional goals may increase the prices offered to the City. Compliance with the following is required of vendors doing business with the City:

- Minority and Women’s Business Enterprise participations goals
- Employ Baltimore
- Local Hiring
- Prevailing Wage Rates
- Living Wage Rates

CitiBuy allows for the automatic attachment of the City’s legal terms and conditions, which assist procurement specialists in clearly informing vendors of the City’s requirements, in order to increase the value of the City’s procurements, or to decrease the long term cost through risk transfer from the City to the vendor. These requirements are an added value to the City, and increase the vendors’ costs, such as:

- Appropriate insurance coverage that vendors must have or obtain prior to performing
- Vendor’s agreement to indemnify the City for any claims that result from the contract performance
- Delivery, assembly and installation services

- Long term warranty coverage
- Clear ability to reject and return unacceptable items
- Ability to terminate the contract whenever it is in the City's best interest, without penalty
- Reporting requirements that allow the City to more fully understand the agencies' requirements over time
- The City's right to audit the files of the vendor at any time, in order to assist in the determination of whether the City has been fraudulently charged.

CitiBuy also allows for procurement specialists to utilize different methods to determine what will best meet the City's needs. This may be achieved by awarding to the vendor meeting all of the City's conditions and offering the lowest price. However, it also may result in the City awarding to the vendor meeting all of the City's conditions and offering the best value. CitiBuy supports the addition of quality factors in the analysis of the best value for the City. This allows the City's procurement specialist to request information on the quality and long term utility of the offer, rather than just the price. CitiBuy fully supports this function, to the extent desired by the procurement specialist, and in keeping with good procurement practices.

cc: Henry Raymond
Erin Sher Smyth