



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6d

ACTION ITEM

Date of Meeting July 11, 2017

DATE: June 22, 2017

TO: Dave Soike, Interim Executive Director

FROM: Dave Caplan, Senior Director Strategic Initiatives
Dave McFadden, Managing Director Economic Development

SUBJECT: Supplier Outreach and Procurement System (CIP #C800907)

Amount of this request: \$800,000

Total estimated project cost: \$800,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) proceed with the Supplier Outreach and Procurement System project; (2) procure hardware, software, vendor services, and maintenance; and (3) use Port staff for implementation, for a total project cost not to exceed \$800,000.

EXECUTIVE SUMMARY

This project will provide an integrated supplier outreach and procurement solution that utilizes vendor provided systems for contact management, communication, and event tracking with a Port-developed component for procurement management. This system supports the Port's Small, Minority, Woman and Disadvantaged business outreach, vendor registration and utilization efforts. By establishing and improving communication channels to existing and potential suppliers and contractors, the system will allow us to conduct targeted outreach by sorting and selecting vendors in a variety of ways in addition to increasing the diversity of available suppliers in our database. With searchable features, internal and external buyers will have access to the vendor information to assist in making purchasing decisions, establishing utilization goals, and support PRIME contractor outreach to small and disadvantaged business entities. The system will not only allow us to communicate events and upcoming procurement opportunities, but will also facilitate our procurement and bid submission processes. Integrating these activities will allow us to seamlessly move and track businesses from interested suppliers to successful contractors and vendors.

A key Century Agenda strategy is to use our influence as an institution to promote small and woman and minority owned business (WMBE) growth. One stated objective is to increase the proportion of funds spent by the Port with qualified small business on construction, goods and services to 40 percent of the eligible dollars spent. In addition, the Port is driving to significantly

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increase our Women and Minority Business Enterprise (WMBE) spend from our current level of 5 percent. To support this effort, the proposed system will allow Port staff to build an increased base of suppliers to determine availability, simplify access, and target outreach efforts.

The Procurement and Roster Management System (PRMS) was developed in 2011 to provide a consolidated vendor roster and bid management system. It wasn't designed for small business and WMBE outreach or to provide information to help Port staff set small business participation goals. Given the growth of the Port and business demands, this is not an effort that can be done manually using existing procurement tools. To meet these new objectives, the proposed system will manage procurements, facilitate the identification of matching suppliers, and provide a searchable supplier directory to support prime contractors and other businesses in identifying small business and WMBE partners.

JUSTIFICATION

This project includes several important benefits.

- (1) New reporting requirements for the Century Agenda small business and WMBE goals require Port staff to track supplier outreach, engagement, and work completed at the Port. This system will allow staff to record, track, and easily find suppliers within all needed work categories and provide insights into the effectiveness of programs to increase participation.
- (2) The current process to identify small and WMBE businesses for procurement opportunities is time consuming and confusing. This system will streamline supplier searches for both internal Port procurements and external firms looking for opportunities or small business and minority sub-contractors. Given the Port procurement environment of expedited requests and limited resources to aggregate firm information this supplier directory will improve results against goals.

DETAILS

Scope of Work

- (3) Develop a procurement system providing central supplier registration and management, procurement management, online business directory, and dashboard features.
- (4) Integrate procurement system with online supplier contact and event management systems used by Public Affairs and Economic Development, Peoplesoft Financials, and Contractor Data Systems to centralize and share supplier information.

Schedule

Commission Approval	2017 Quarter 3
Outreach Management Systems Available	2017 Quarter 4

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Project Complete	2019 Quarter 1
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Cost Breakdown	This Request	Total Project
Port Labor and Contracted Services	\$800,000	\$800,000
Total	\$800,000	\$800,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Procure and integrate multiple vendor systems for diversity tracking, outreach, event management, procurement, and supplier registration

Cost Implications: \$820,000 Project Costs; \$2,870,000 5 Year Total Cost of Ownership

Pros:

- (1) Individual products have been developed over time to conform to industry best practices.
- (2) Research conducted has not identified a “one size fits all” solution; multiple vendor systems provide the best fit for each need: outreach, event management and communications; small business and diversity tracking; and electronic procurement management.
- (3) Some vendor solutions provide access to a vendor managed database of suppliers and the ability to share some information between agencies.

Cons:

- (1) Multiple systems are needed to meet all requirements so data will be duplicated and suppliers and Port staff will have multiple system logins.
- (2) Higher 5 year total cost of ownership, both in software licensing fees and integration maintenance to keep data in sync across the multiple systems.
- (3) Reporting on all supplier-related metrics may be possible only with significant manual time from Port staff.

This is not the recommended alternative.

Alternative 2 – Develop a comprehensive procurement management system with a single supplier database, robust tracking, and external search capabilities. Integrate with outreach and event management systems.

Cost Implications: \$800,000 Project Costs; \$1,470,000 5 Year Total Cost of Ownership

Pros:

- (1) Provides best fit to meet business requirements.
- (2) Quick delivery of a solution for outreach and event management by incorporating tools already used by Port staff.
- (3) Lower 5 year total cost of ownership due to lower maintenance, licensing, and services costs.

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- (4) Provides for close integration with the Contractor Data System used by the Port to manage construction contracts and service agreements and utilizes Port’s business intelligence tool, Tableau.
- (5) Minimizes the duplication of data and the number of systems required for suppliers and Port staff.

Cons:

- (1) Does not provide the Port with access to a vendor-provided supplier database that is shared with other agencies, although, integration with a future, local system is possible.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$700,000	\$0	\$700,000
Current change	\$100,000	0	\$100,000
Revised estimate	\$800,000	0	\$800,000
AUTHORIZATION			
Previous authorizations	\$0	\$0	\$0
Current request for authorization	\$800,000	0	\$800,000
Total authorizations, including this request	\$800,000	0	\$800,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project was included in the 2016-2020 capital budget and plan of finance under committed CIP #C800907 in the amount of \$700,000. After additional analysis it was determined that a larger budget will be necessary to meet the objectives for this project. The remaining \$100,000 for the capital funding will be transferred from the IT Renewal/Replacement CIP (C800097) to the project (C800907) resulting in no net change to the overall capital budget.

Financial Analysis and Summary

Project cost for analysis	\$800,000
Business Unit (BU)	Central Procurement Office and Economic Development
Effect on business performance (NOI after depreciation)	NA
IRR/NPV (if relevant)	NA
CPE Impact	Less than \$.01

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Future Revenues and Expenses (Total cost of ownership)

Annual maintenance costs are estimated to increase by \$35,000. This will be budgeted in the Information & Communication Technology (ICT) Operating Budget. In order to actively manage outreach, contacts and supplier information, it is assumed one additional full-time employee will be needed, starting in 2018, to support both Central Procurement Office (CPO) and Economic Development (ED) activities. This will be budgeted in the CPO and ED organization operating budgets.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None