



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: July 7, 2011 REPORT NO: 11-104
ATTENTION: Rules, Open Government and Intergovernmental Relations Committee
SUBJECT: Bidder Registration System Update
REFERENCE: Rules Committee Actions Request – April 27, 2011

REQUESTED ACTION: Accept the Report

STAFF RECOMMENDATION: Accept the Report

SUMMARY: This report responds to a Rules Committee request on April 27, 2011 and subsequent memo dated June 16, 2011 from Council President Young for information on the status of implementing an electronic bidder registration system. It also provides a history of commitments and efforts related to the development of this system.

History:

August 2007- Mayoral Equal Opportunity Task Force requested that the Purchasing and Contracting Department develop a mandatory, automated, on-line centralized bidder registration system for all bidders, contractors, sub-contractors and vendors which would:

- Measure availability, utilization and disparity of DBE's, Small, Local, etc
- Outreach to all segments of the business community

November 2007- Purchasing and Contracting entered into an agreement with San Diego Data Processing Center (SDDPC) to develop the Contractor/Vendor Registration System.

June 2008 - The Contractor/Vendor Registration system developed by SDDPC went live. The system allowed online vendor registration but did not interface with the then existing OPIS (Purchasing) and AMRIS (Financial) systems, nor provide electronic bidder notification. The system required manual intervention to send electronic notices to potential vendors and contractors. This manual intervention was labor intensive and time consuming. The City continued to post Request for Bids and Requests for Proposals on the City's website.

July 2009 - The City implemented One San Diego (SAP), the City's integrated financial computer system. It includes end to end finance, payroll and procurement business processes. Electronic bidder registration was not included in the One San Diego project, as project funds were devoted to addressing financial accounting and internal control issues identified in the Kroll Report.

August 2010 - Prism system implemented by EOC, electronically notifies only certified small/emerging local businesses.

September 2010 – San Diego Unified School District awarded a contract to DemandStar Onvia for an on-line vendor registration system based upon a competitive RFP process. The City of San Diego's Purchasing Agent served on the Selection Committee. The City used the San Diego Unified School District's procurement process through a piggy-back to select DemandStar Onvia. The process used by the School District mirrors the City's RFP process.

December 2010 – Purchasing and Contracting Department initiated the internal approval process to implement the DemandStar Onvia system with the Information Technology department.

April 2011 – Purchasing and Contracting began implementation of the DemandStar Onvia system based upon the approval of Information Technology department.

June 2011 –City authorized funding of \$900,000 to implement the electronic vendor registration segment of the SAP SRM module.

July 2011- Demandstar Onvia System, which is currently operational and at no cost to the City is providing:

- On-Line Vendor Registration
- Electronic bidder notification
- One Agency Free Subscription-No cost vendor registration if vendor uses the City of San Diego as its one free subscription
- Targeted Outreach
- Supplemental Supplier-If a vendor is not a member of the DemandStar Onvia system, the City can add the vendor who will then receive the electronic notification

The DemandStar Onvia system operates as separate system for bidder registration and electronic bidder notification. This system is used by approximately 400 public entities nationwide including the San Diego Unified School District, the San Diego Housing Commission and the Sweetwater Union High School District. There are approximately 3,600 vendors registered nationwide that have expressed an interest in doing business in San Diego with over 600 of those located in the City of San Diego. This system offers enhanced access to a diverse vendor base and improves the efficiency of the procurement process. The system will streamline the procurement process. Prior to receiving an award the vendor must registered in SAP. For financial tracking purposes, all contracts and purchase orders must be added to SAP.

Supplier Relations Module (SRM) - The City has funded the Purchasing & Contracting Department in FY12 for the electronic bidder registration capability within SAP's Supplier Relationship Management (SRM) module at a cost of \$900,000. This funding allocation was approved after DemandStar was implemented. Purchasing and Contracting intends to continue using DemandStar as a permanent solution to meet the City's bidder registration and electronic notification needs, since the project is near completion and is available to the City at no cost. The monies allocated in the budget will be recommended for other SRM uses that facilitate vendor interaction with the City and further streamline the contracting process. Full implementation of the SRM system is estimated to cost approximately \$3 million.

The following SAP SRM alternative functions to be considered include:

- Catalog/Requisition Interface
- Automated creation of RFP and contract documents
- Identification of contract and PO consolidation opportunities
- Evaluation of vendor performance on contract service level agreements, delivery dates and other measures
- Monitoring of contract lifecycles
- Management of approved vendor lists
- Integration of suppliers' e-selling solutions including shopping carts

P&C MAJOR OUTREACH ACTIVITIES

Purchasing and Contracting is committed to increasing business activity with small, local businesses in San Diego. The Purchasing and Contracting Department staff performed over 200 outreach activities in FY10. Some of the major outreach activities or events include:

- Meet The Buyers Networking Event 06/2011
(City-sponsored event where a vendor/contractor and the assigned City Procurement Specialist met for a one on one interface in conjunction with the Office of Small Business and EOCP)
- Meet The Buyers Networking Event 09/2010
(City-sponsored event where a vendor/contractor and the assigned City Procurement Specialist met for a one on one interface in conjunction with the Office of Small Business and EOCP)
- 2011 Operation Opportunity/East County Economic Development Council 05/2011
(Vendor/Contractor event where City Procurement Specialist disseminated information regarding doing business with the City sponsored by the East County Economic Development Council)
- Sub for Subs 06/2011
(Vendor/Contractor event where City Procurement Specialist disseminated information regarding Prime City contracts to potential subcontractors)

- Where's The Money Access To Capital Business Expo/Valley Economic Development Center 04/2011
(Vendor/Contractor event where City Procurement Specialist disseminated information regarding doing business with the City sponsored by the Valley Economic Development Center)
- Primes & Government/San Diego Supplier Development Council 05/2011
(Vendor/Contractor event where City Procurement Specialist disseminated information regarding doing business with the City)
- Business Boot Camp 03/2011
(Specific Saturday Vendor/Contractor event where City Purchasing Agent disseminated information regarding doing business with the City)
- Paths To Partnership Forum 10/2010
(Vendor/Contractor event where City Procurement Specialist disseminated information regarding doing business with the City sponsored by the East County Economic Development Council)

FISCAL CONSIDERATIONS: Implementation of SRM segments will expend \$900,000 in General Funds for FY 2012. Full implementation of SRM would require an additional \$2,100,000. However, no funding has been identified for the remaining components at this time.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Approximately 27,000 letters were sent to the City of San Diego vendors/contractors/consultants notifying them of the electronic bidding opportunities. The Purchasing and Contracting Department will meet with numerous business groups over the next 90 days to inform them of these changes.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: This system will provide City of San Diego vendors/contractors, including small, emerging, minority, veteran, women and local businesses, with electronic bidder registration and electronic notification of solicitation opportunities.



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