

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Contracting and Procurement



Public Hearing on

Fiscal Year 2023 Budget Oversight of the Office of Contracting and Procurement

Testimony of
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Before the
Committee on Government Operations and Facilities
Council of the District of Columbia
The Honorable Robert C. White, Jr., Chairman

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Virtual Meeting Platform
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Good afternoon, Chairman White and members of the Committee on Government Operations and Facilities. I am George Schutter, Chief Procurement Officer of the District of Columbia and the Director of the Office of Contracting and Procurement (OCP). First, I would like to thank you for the opportunity to provide testimony on Mayor Muriel Bowser's proposed FY2023 Fair Shot budget and how it supports the agency's strategic goals.

After gathering considerable public input, Mayor Muriel Bowser's FY2023 proposed budget provides significant investments in various District programs to achieve a budget that is equitable for all Washingtonians. Notably, the budget continues the momentum set in place by the FY2022 budget, which invested heavily in core city services, improving customer experience, and providing greater opportunities for residents to learn, grow, and thrive.

Today, I am excited to outline how the proposed FY2023 Fair Shot budget allows OCP to keep several key projects in motion that will foster continued agency advancement. The two key projects I will highlight is the ongoing Procurement Automated Support System (PASS) Cloud project and the continued maturation of the Strategic Logistics Center (SLC)

The Procurement Automated Support System

PASS is the central procurement system that facilitates the core functions of the District's contracting and procurement process. For OCP, PASS is the backbone of our technical infrastructure. Over the past four years, I have discussed with you at length, Chairman, the importance of upgrading this aging system. As I said in my testimony at the performance oversight hearing in February, the current PASS system is outdated and unsupported by its developer, SAP ARIBA. To this end, OCP plans to upgrade PASS by transitioning the system to a cloud-based system. Transitioning PASS to the cloud provides several improvements to system functionality, system maintenance delivery, and the method and frequency at which the system will receive updates. Moving PASS to the cloud transitions the District away from an on-premises system that we alone are responsible for maintaining. Instead, PASS would be supported externally, allowing the District to outsource responsibility for the maintenance of the system. SAP ARIBA, the developer, will host the system on their cloud infrastructure, perform regular maintenance, and apply real-time updates as they continue to develop and enhance the

product. Besides improvements in system stability, feature loading, and system maintenance, PASS Cloud will offer considerable enhancements to contracting workflow and significantly improve reporting capabilities. These improvements include:

- Automating more of the contracting process;
- Retaining contract documents and related data in the system;
- Improving compliance measures for public access to contracts documents; and
- More robust reporting, including 100 pre-built reports that will improve agency transparency and collaboration with internal client agencies and their leadership and program teams.

The goal is that these increased efficiencies will enable the District to complete contracting and procurement in a shorter time frame while still maintaining the integrity of the process.

In the FY2023 proposed budget, OCP would receive \$550,000 in funds for software licensing to continue implementing this project. Additionally, in support of the PASS Cloud project, OCP has endeavored to reengineer its business processes by integrating the new features and capabilities of PASS Cloud into agency workflows, improving process efficiency, and ensuring processes are based on industry standards. In the FY2023 proposed budget, OCP would receive \$793,000 to continue business process reengineering. In sum, the PASS Cloud Project and associated business process reengineering provide a means for OCP to leap forward in transparency, efficiency, and effectiveness.

Strategic Logistics Center

As you know, Chairman, I am very proud of the Strategic Logistics Center (SLC) and how it has streamlined logistical operations supporting the District's emergency operations. As I noted in February at our performance oversight hearing, we could not accomplish the significant achievements in service delivery without our agency partners at the Homeland Security and Emergency Management Agency (HSEMA), the Department of Health (DC Health), the Department of Public Works (DPW), and our dedicated staff. Since the establishment of the SLC, OCP has made sure that we are ready to support any future hazards the District may face.

OCP works collaboratively with HSEMA and other DC agency partners to develop new ways to meet anticipated emergency needs. Currently, OCP is planning new pre-emergency contract needs for five of the 13 hazards identified in the District government's Emergency Response Plan. The SLC also supports and administers the District's Surplus Property Program which, as I mentioned in our performance oversight hearing, generated \$6.8 million in revenue for the District in FY2021. The Surplus Property Program sells a wide range of surplus District government property, from music instruments to used automobiles.

The SLC's achievements thus far are a reminder of how far we have come since its launch in 2020, and these achievements serve as motivation to continue improving the operations of the SLC. In the FY2023 proposed budget, OCP is allocated \$1.1 million to support continued operations of the SLC.

The SLC currently operates out of five warehouses across the District. Each warehouse has a unique floor plan and storage capabilities. Likewise, the warehouses are not consolidated in a central geographic location, which creates inefficiencies when moving inventory across warehouses, coordinating the receipt of goods, and coordinating the distribution of goods. In FY2023, OCP will partner with HSEMA and the Department of General Services (DGS) to complete an analysis of warehouse requirements given the current and forecasted states of emergency operations. OCP, HSEMA, and DGS will use this analysis to develop an enhanced warehouse design.

The SLC was the result of the consolidation of infrastructure and equipment from multiple agencies into a unified operation. This consolidation allowed the District government to respond more efficiently to the COVID-19 pandemic. It also resulted in the streamlining of warehouse processes and procedures in pursuit of a single standard. One key obstacle in attaining a final standard across warehouse operations is the myriad types, makes, and models of equipment used throughout the warehouses. In FY2023, OCP will standardize all warehouse equipment and warehouse layouts in its portfolio, focusing on space utilization and consistency in acquiring warehouse support equipment such as material handling equipment. This process will coincide

with the aforementioned consolidation of warehouse space. By standardizing procedures and equipment, we can:

- Develop modern SOPs that increase efficiency and improve service delivery;
- Reduce maintenance costs and the administration of multiple equipment brands and types; and
- Create a single standard for warehouse operation performance measures.

This deliberate approach to standardize operations will yield improvements in active inventory management, service quality, decreased spoilage, and will position the District to better budget for commodities regularly managed by the SLC.

OCP plans to take this standardization process a step further. In partnership with other District agencies, OCP will develop a standard for warehouse operations, training, equipment, staffing, and systems based on industry best practices that can be applied across all agencies.

Conclusion

The projects I outlined today are much-needed investments in the agency's infrastructure and programs. The outcome of this investment will be steady improvements in agency performance and transparency. I want to recognize the hard work of my team, who audited the agency's performance, processes, and systems to understand and target areas where there was opportunity for growth and improvement. The result of this hard work is shown in the Mayor's budget proposal.

I want to thank Mayor Bowser, City Administrator Donahue, Assistant City Administrator Parker, and Jenny Reed, the Director of the Office of Budget and Performance Management, for their continued leadership as we planned for the upcoming Fiscal Year. I thank you, Chairman White and the members of the Committee on Government Operations and Facilities, for the opportunity to testify and your ongoing support. This concludes my prepared testimony. I am happy to answer any questions you may have.