MTA Finance Committee
Procurement Consolidation Update

June 19, 2017

Wael Hibri
Senior Director, MTA Business Service Center
Accomplishments

- Reached labor agreement with TCU
- Collaborated with agencies to identify non core categories
- Transferred all vacant positions from agencies to HQ
- Rolled out eSupplier (Vendor Portal) – 7,250 registered vendor representatives out of 15,000
- Delivered $76m in annualized savings (see appendix)
- Rolled out MTA Marketplace - $2.1M in Office Supplies
- Completed PeopleSoft 9.2 Upgrade
  - Enabled Strategic Sourcing Module
  - ePro
  - Redesigned Security Levels
Hiring is in the early stages

- Identified a CPO and made an employment offer
- All open positions have been posted internally
- All represented & director level positions have been posted externally
- Three Deputy CPOs onboard
- Director interviews are ongoing

Summary:
- 113 Positions in the new consolidated organization
  - 38 positions are currently filled
  - At most, 32 positions to be appointed from within the MTA
  - At least 43 vacancies remain to be filled externally
Full staffing is expected by Q1 2018

**ASSUMPTIONS**

1. May - Filled positions includes 13 BSC staff with legacy titles; 5 offers to External candidates
2. June - Offers are for 3 external Directors (current interviews) and 1 CPO; 5 offers from May are hired
3. Transfer/Attrition - 3 heads are transferred to IT/LIRR in June; normal attrition in subsequent months
4. July - Hires include 4 offers from June and 1 LIRR appointment; BSC Staff appointed to MTAHQ titles
5. Aug- Sept - Assumes 32 appointments from TA @ 16 per month; plus offers from prior month
6. Job Fair/Aggressive HR recruitment - increased offers from October
Requisitions are trending upward at 6% monthly

- 2,720 Open Requisitions as of 5/6/2017
- Requisition backlog increasing at rate of 6% per Month
- Reason: Too many vacancies (10 of 28(36%) Buyer positions are open and being recruited)

Strategies for catching up:
- Combine similar requisitions to minimize procurement actions and increase leverage
- Use Strategic Sourcing/Online Bidding
- Expand the MTA Marketplace from office supplies to MRO and IT
Current workload/staff projections will get us to steady State in approx. 8 months

Steady State is equivalent to 2 months of requisition workload

<table>
<thead>
<tr>
<th>Agency Open Positions</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIRR 12 Open</td>
<td>6 Consultants</td>
<td>6 Consultants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NYCT 14 Open *</td>
<td>6 Consultants</td>
<td>4 Consultants</td>
<td>4 Consultants</td>
<td></td>
</tr>
</tbody>
</table>

* NYCT Consultants in anticipation of forthcoming workload. Not factored into above projections for current workload.
## Estimated Contract Extensions Requiring Board Approval Through December 2017

<table>
<thead>
<tr>
<th>Agency</th>
<th># Contracts</th>
<th>% Overall</th>
<th>Annualized Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ</td>
<td>8</td>
<td>2%</td>
<td>$5.2M</td>
</tr>
<tr>
<td>NYCT</td>
<td>1</td>
<td>1%</td>
<td>$1M</td>
</tr>
<tr>
<td>LIRR</td>
<td>12</td>
<td>12%</td>
<td>$13M</td>
</tr>
<tr>
<td>MNR</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B&amp;T</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>21</strong></td>
<td><strong>$19.2M</strong></td>
<td></td>
</tr>
</tbody>
</table>

Extensions will be kept to a minimum in number, duration and quantity ordered.

See appendix for detailed list.
Improved Internal Controls

- The MTA IG made several internal control recommendations all of which have been accepted by the MTA.

- MTA’s Chief Compliance Officer appointed a full-time Compliance Counsel at the MTA Business Service Center whose focus will be shared services, procurement and IT.

- Annual certification of security privileges will be reviewed by MTA Audit.
Internal Control Improvements (continued)

- Security privileges in PeopleSoft were reviewed to ensure separation of duty between requisitioning, ordering and receiving.
- All significant contracts and notices to proceed are now reviewed by MTA Legal prior to execution; enforced memo to file procedure.
- Signature authority for the CPO was lowered. Procurement actions above one million are now escalated to the COO.
- All procedures and being updated with anticipated completion by December 2017.
- Notices to proceed without an executed contract must be reported weekly.
- Federal contracts will be reviewed by MTA Audit to ensure compliance.
2017 Strategic Priorities

- Fill all vacant positions
- Update procedures
- Improve internal controls
- Achieve steady state, minimize contract extensions
- Increase vendor portal registrations and Improve Utilization
  - Add 12,000 more vendors to portal
- Increase Adoption of PeopleSoft 9.2 Functionality
  - 100% Utilization of Strategic Sourcing Module
- Expand number of vendor catalogues in the MTA Marketplace
  - Grainger pilot for October 4.6M est.
  - CDW-G to follow Grainger