



MEMORANDUM

TO: Department Directors

DATE: November 7, 2003

FROM: George M. Burgess
County Manager

SUBJECT: User Access Program

A handwritten signature in black ink, appearing to read "Burgess", written over the printed name of George M. Burgess.

The User Access Program (UAP) was approved for implementation by the Board of County Commissioners on September 17, 2003 under Miami-Dade County Budget Ordinance No. 03-192.

The UAP establishes a two percent deduction from all vendor invoices for contracts established by the Department of Procurement Management (DPM) to help defray the cost of the department's procurement operations. The Program took effect on October 1, 2003 across the board on DPM-established contracts with only limited exceptions to its application. I have directed DPM to schedule meetings with the Directors of many of our County departments to describe the program and its implementation. An overview of the UAP, as presented in my September 17th budget memo, is attached. Please contact Ted Lucas, Director, Department of Procurement Management, directly at (305) 375-5257 for additional information. DPM is available to schedule meetings as needed to introduce the UAP to your management and fiscal staff. Additionally, DPM will be following-up with various departments for a UAP briefing.

Attachment

c: Assistant County Managers

**Manager's Second Budget Memo (September 17, 2003) /Ordinance 03-192
"User Access Program" (UAP)**

3. Procurement Management

The FY 2003-04 Proposed Budget includes a recommended two-percent user access fee on purchases by County departments and other governmental, quasi-governmental and non-profit entities using contracts for goods and services established by the Department of Procurement Management (DPM). Revenue from this fee will be used to help fund DPM operations. The previous surcharge program legislation, which expired in April, 2003, allowed for DPM-issued contracts to include the two percent access fee on purchases by non-County governmental or quasi-governmental agencies accessing the contracts.

Surveys have shown that a small but increasing number of large governmental jurisdictions around the United States utilize a percentage fee program. Jurisdictions that do so include Los Angeles County and San Diego County, the States of Florida, Idaho, Kansas, South Dakota, Washington and Wisconsin, and the federal government.

The recommended User Access Program (UAP) establishes a two percent deduction on all vendor invoices for newly established contracts, as well as negotiated modifications of existing contracts, including renewals. The Program applies to purchases by county departments and by non-county entities accessing county contracts. Included in the UAP are one-time, term, blanket and pool contracts issued by DPM, and the contracts of other jurisdictions accessed by DPM for the County. Small purchase orders issued by County departments, federal funds, employee benefits contracts, some revenue generating contracts, and contracts with Board established rates (towing, etc.) will be excluded from the Program.

DPM's contract solicitation documents will include language that fully informs bidders/proposers of the UAP. The Finance Department will administer and coordinate the Program for County agencies. Non-County entities wishing to access DPM-established contracts for goods and services will deduct the two percent from the vendor invoices and remit 75 percent of that amount to compensate DPM for the work performed in establishing the contracts. The remaining 25 percent will be retained by the outside entities to offset their costs for administering the invoice deductions to the vendor and forwarding the payments to the County.

When the Proposed Budget was submitted, the value of the UAP for FY 2003-04 was estimated at \$1 million. Staff from DPM and the Office of Management and Budget continued to develop the details of the program over the summer, and further examined the inventory of eligible contracts. This review has resulted in a new projection for estimated revenue of \$1.8 million. In addition to the UAP, staff also reviewed the negotiated savings program and determined that it would be easier to implement and administer the UAP. However, DPM will continue to measure the savings generated for the County through greater competition and aggressive contract negotiations. The additional UAP revenues (\$800,000) is recommended to replace the funding originally anticipated from negotiated savings (\$125,000), to provide additional support for procurement services (\$500,000), modify the ADPICS purchasing program to track UAP charges automatically (\$100,000), and reduce the general fund allocation to the department (\$75,000).

The additional \$500,000 UAP revenue for procurement services will allow DPM to lower its attrition rate from 12.25 percent to 7.25 percent to fill five positions that were to be held vacant (\$320,000), restore two positions (\$133,000) that were recommended for elimination, and provide necessary operating support. These changes will allow the department to continue its efforts to increase competition, reduce the cost of goods and services, and avoid purchasing delays.

**Manager's Second Budget Memo (September 23, 2004)/Ordinance No. 04-167
"User Access Program" (UAP)**

8. Procurement Management

In the FY 2004-05 Proposed Budget, the continuation of the User Access Program (UAP) is recommended to support the operations of the Department of Procurement Management (DPM). The UAP is the two percent deduction on purchases by County departments and other governmental, quasi-governmental and non-profit entities utilizing DPM established contracts. The Program allows for a two percent deduction on all vendor invoices for new contracts and negotiated modifications of existing contracts, including renewals. Included in the UAP are one-time, term, blanket and pool contracts issued by DPM, and the contracts of other jurisdictions accessed by DPM for the County.

In the development of the FY 2003-04 budget, UAP projections of \$1.675 million excluded small purchase orders issued by County departments, employee benefits contracts, some revenue generating contracts, and contracts with Board established rates, such as towing. However, UAP projections did include County-funded portions of acquisitions with some federal funds.

During the course of the year, it was determined that the UAP could not be applied to any Aviation Department procurements, regardless of the funding source, due to Federal Aviation Administration regulations. Also, the Federal Transit Administration advised that the UAP language cannot be included in any County contract where federal transit funds are used. Therefore, if even one federal dollar is used on a multi-million dollar transit contract, the County is prohibited from collecting the UAP fee on the non-federal amount. Furthermore, the UAP cannot apply to purchases made with Law Enforcement Trust Fund proceeds. In addition, I recommended the exclusion of all revenue generating contracts from the Program.

As a result of the restrictions mentioned above, revenues for FY 2003-04 were adjusted in the mid-year amendment from \$1.675 million to \$838,000. An analysis, which excludes the above referenced restrictions on federal funds and revenue generating contracts, indicates that the department will generate \$2.4 million in UAP revenues in FY 2004-05.

Manager's Second Budget Memo (September 22, 2005) / Ordinance 05-172 "User Access Program" (UAP)

Procurement Management

In the FY 2005-06 Proposed Resource Allocation Plan, I am recommending modifications to the User Access Program (UAP). The current program provides for a two percent deduction on purchases by County Departments and other governmental, quasi-governmental, and non-profit entities, utilizing the Department of Procurement Management (DPM) established contracts. Funds generated from the UAP fees are used to fund the operations of DPM. The program currently includes new contracts and negotiated modifications of existing contracts including all renewals. Also included in the UAP are one-time, term, blanket, and pool contracts issued by DPM, and the contracts of other jurisdictions accessed by DPM on behalf of the County. Currently, small purchase orders issued by County departments, federal funds, employee benefits contracts, revenue generating contracts and contracts with Board established rates are excluded from the Program.

For FY 2005-06, the Department has budgeted \$5.2 million in UAP revenues. Currently, non-County entities wishing to access DPM-established contracts are required to deduct the two percent fee from the vendor invoices and remit 75 percent of the amount collected to compensate DPM. The remaining 25 percent of the fee is retained by the outside entities as compensation for their collection and remittance efforts.

The focus during FY 2005-06 is to implement an expanded marketing and outreach plan to increase participation of non-County agencies in the program. A large number of entities have expressed interest in accessing County contracts, but are unable to make UAP fee deductions using existing payment systems. Marketing and outreach efforts will include strategies to assist these entities that are limited in their ability to participate in the program. When non-County entities cannot make the UAP deduction or make arrangements for vendors to remit UAP fees directly to the County, I recommend staff invoice and collect the two percent fee directly from vendors. In cases where Miami-Dade County invoices and collects the UAP fee, the County intends to retain 90 per percent of the fee and the non-County entity accessing the contract will retain 10 per cent to help defray administrative costs. This arrangement will increase participation in the UAP joint entity agreements and increase UAP revenue to the County.

Other marketing and outreach efforts are currently underway to broaden participation in the County's UAP. DPM continues to identify additional jurisdictions to partner with Miami-Dade County through the UAP Agreement. A more extensive marketing and outreach proposal is currently being developed to market the program to a wider audience. The intent is to focus on outreach efforts toward 57 agencies in addition to the 60 agencies originally targeted for UAP agreements. Subsequent phases will focus on including other entities. It is estimated that this marketing effort could generate approximately \$150,000 in additional UAP revenue from non-county entities over the next three years.