

# Piloting open contracting reforms in Los Angeles and Philadelphia

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Every year, city governments spend huge sums of money through contracts, on everything from pencils and paper to major infrastructure projects. The challenging nature of navigating government procurement processes can box out small, local, and underrepresented vendors<sup>1</sup> from doing business with the City, and a lack of competition in bids can adversely affect the quality of services provided to city residents.

Open contracting is a method to reform procurement by publishing, analyzing, and acting on open contracting information in an accessible and participatory manner. The Sunlight Foundation and the Open Contracting Partnership (OCP)<sup>2</sup> are two like-minded organizations using open contracting data to solve citizens' real problems. Sunlight and OCP partnered with two cities (Los Angeles and Philadelphia) to pilot a novel approach to using open contracting data to reform the procurement processes and improve transparency and accountability in U.S. cities.

## Contents

[How we did it](#)

[Case 1: Inclusion in Los Angeles](#)

[Case 2: Food procurement in Philadelphia](#)

[What we learned](#)

[What happens next](#)

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<sup>1</sup> For our purposes, “underrepresented vendors/businesses” refers specifically to women-, minority-, disabled-, and veteran-owned businesses.

<sup>2</sup> The Open Contracting Partnership opens up public contracting through disclosure, data and engagement so that the huge sums of money involved are spent honestly, fairly, and effectively.

# How we did it

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The Sunlight Foundation and OCP assembled a core team to work with each pilot city over a 9-month period to conduct research and identify tactical opportunities to apply open contracting reform and open data.

The pilot work in both cities leveraged open contracting to produce more open contracting data and to include more voices in procurement decision-making. Pilot projects directly included community feedback in policy recommendations and recommended opening contracting data based on which currently closed data would have the most value to community members. If the City was lacking data that communities wanted, we identified how the City might begin collecting and publishing more impactful open data.

## The project process included:

1. **Establishing shared strategic goals** between Sunlight, OCP, and the City to create a more transparent, accountable, and accessible procurement practice that moves the needle on local issues.
2. **Conducting data systems evaluations** to understand the data governance landscape and learn the language of procurement at the City.
3. **Scoping out design research needs** and gathering community feedback on what data or information potential data users feel the City should share, or what procurement policy the City should reform in support of its strategic goals.
4. **Drafting a set of “Actionable Opportunities”** for the short-, medium-, and long-term that use available or potentially impactful City data to address the challenges expressed through community feedback.
5. **Carrying out a “short-term pilot”** of one of the Actionable Opportunities to demonstrate the potential impact of adopting long-term open contracting reforms and, if possible, publishing a first tranche of open contracting data.
6. **Establishing OCDS-based procurement performance metrics** to evaluate progress on systems change in the long-term.

# Case 1: Los Angeles

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Empower small, local, and underrepresented businesses to bid for contracts in the City of Los Angeles to improve the local economy and promote inclusive procurement.

With billions of dollars in services being contracted by the City of Los Angeles every year, the city government was determined to find a way to ensure that the vendors competing for these contacts reflected the ethnic and socioeconomic diversity of the city.

Following the data collection and synthesis, Sunlight and OCP collaborated to present the City with a set of unique recommendations to achieve their goal of increasing the diversity of the pool of vendors competing for contracts. Recognizing that clear and usable open data on the contracting process is critical to keep businesses, officials, and other stakeholders apprised of upcoming and ongoing opportunities, the City chose to pursue pilots to improve the governance of existing procurement data, and to ensure departments collect adequate data on business inclusion.

Improving the current data infrastructure will ensure relevant procurement data is available to community members interested in how the City awards contracts. Additionally, it will allow for data to be shared across departments, improving collaboration between different government agencies. A number of interviewees expressed skepticism over the City's commitment to business inclusion. Collecting robust data on business inclusion will grant the City a more thorough understanding of the departments and agencies making efforts to include new and underrepresented vendors, and will help the City to hold those falling short in inclusive practices accountable.

## Further reading

[Announcement Post](#)

[City Action Plan](#)

[Progress Story](#)

# Case 2: Philadelphia

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Improve the quality of food for Philadelphia's most vulnerable populations by implementing “best value” practices and engaging key community members.

At any given time, hundreds of thousands of people<sup>3</sup> living in the City of Philadelphia may rely on the government for meals. The City wanted to ensure residents are offered the best food possible, balancing the desire to provide high quality food while respecting the City’s budget.

It was in the interest of offering better food for residents that led the City of Philadelphia to hire a Good Food Purchasing Coordinator and partner with Sunlight and OCP to explore opportunities to improve the quality of food and the vendors providing it. We heard from community members and food preparers that they were surprised when vendors who provided food in broken packaging, delivered late, or sometimes provided the wrong products altogether continued to win contracts. Therefore, the City chose to implement pilots to include kitchen staff and food receivers in deciding who should win food contracts and what they should be buying, including by evaluating value instead of price.

Bringing kitchen staff and food receivers into the vendor decision-making process (by co-drafting RFPs) offers positive outcomes all around. Food receivers can ensure vendors are meeting their needs (and those of their clients) by helping to dictate terms competing food vendors must abide by. With input from these key staff, the City will publish better quality RFPs to attract vendors better suited to meeting their food needs. Best Value contracts for food will enable the City to evaluate vendors on offerings beyond a price point, opening the door for smaller and local vendors to effectively compete for City contracts. Choosing from a larger pool of diverse food vendors means the City can better evaluate food options for residents.

## Further reading

[Announcement Post](#)

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[Progress Story](#)

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<sup>3</sup> E.g., People experiencing homelessness, children, juvenile offenders, prisoners, etc.

# What we learned

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A number of important lessons emerged from the pilot work in Los Angeles and Philadelphia. While the cities were looking to solve different problems with open contracting, they shared similar challenges in their efforts.

Challenges in open contracting reform:

1. **Gathering and publishing the right data**
2. **Attracting new vendors to bid on City contracts**
3. **Working across department teams**
4. **Accessibility of the bidding process**
5. **Being realistic about data governance barriers**

## 1. Gathering and publishing the right data

A number of cities have passed open data policies and even built open data platforms in the interest of improving transparency and making more information available to citizens. But often, open data portals lack robust contracting data, and may not have data relevant to the specific issues cities and communities are looking to solve. This is why it's important for cities looking to build an open data program to do so thoughtfully, and will full participation from the community. Internally, robust data collection (and its inclusion on open data portals and websites) can also make it significantly easier for cities to understand the environment in which they're working.

## 2. Attracting new vendors to bid on City contracts

Both cities faced broad issues attracting enough bidders to ensure a competition on bids, speaking to a lack of effective outreach to the business community. The platforms by which vendors submit bid were reviewed positively, but for new vendors, could be difficult to break into. It's clear that direct, in-person outreach is more effective in attracting new vendors (especially smaller businesses), but questions remain as to how City staff with limited time and capacity for regular public appearances at events can effectively connect with potential new vendors.

### **3. Working across department teams**

Effecting change in governments can be a challenging process. Often times, the City staff responsible for making key decisions regarding data and procurement are not all in the same department. IT staff and data experts sit in a different teams than procurement, and without a central figure with the political capital to authorize action in multiple departments, coordinating a collective effort can be difficult.

### **4. Accessibility of the bidding process**

Vendors new to the bidding process can be tripped up in a number of ways, from deciphering the legal language of the RFPs to figuring out who to approach for questions on a specific contract open for bid. A number of business owner interviewees expressed their desire to work with the City. What prevented them from doing so was a lack of time or staff capacity to regularly keep abreast of the opportunities. Vendors from both cities reported a desire to connect directly with relevant City staff, in the hopes of building relationships for future business partnerships.

### **5. Being realistic about data governance barriers**

The recommendations we provided to cities were grounded in the context of the City's existing data systems. This means that while both cities had some low-hanging fruit in terms of potentially impactful data to release, many of the recommendations involved undertaking serious data system overhauls just to get quality data on impactful issues. While transparency and accountability are always our priority, we also know that cities need to work harder to get to meaningful open data. We included community feedback into developing these recommendations so that we could help cities to prioritize which open data could be released in a short-term tactical manner, and which data is worth taking the harder path to produce and release later.

## **What happens next**

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At this point in time, both projects are still in their infancy. Staff from the Cities of Los Angeles and Philadelphia have demonstrated a commitment to more open procurement practices, and will continue to test novel approaches using open contracting data to improve their respective environments. As their work continues, Sunlight and OCP will continue to report on the impacts of their work, and use the lessons learned in Los Angeles and Philadelphia in city partnerships moving forward.