



FINAL REPORT

City of Santa Fe
PROCUREMENT OPERATIONAL REVIEW

May 13, 2025

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I. EXECUTIVE SUMMARY

A. INTRODUCTION

As a part of the fiscal year 2025 City of Santa Fe (the City) internal audit program, Moss Adams LLP (Moss Adams), conducted a procurement operational review to assess procurement policies, procedures, and processes and to evaluate opportunities to streamline and enhance efficiency. We conducted this operational review between December 2024 and April 2025 using a four-phased approach consisting of project planning and management, fact-finding, analysis, and reporting.

B. SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Observations and recommendations are grouped into four categories: 1) People, 2) Performance, 3) Processes, and 4) Systems. Detailed observations and recommendations are provided in [Section IV](#) of this report and a high-level proposed implementation plan is included in [Appendix C](#).

OBSERVATIONS AND RECOMMENDATIONS		
People		
1.	Observation	Staffing capacity and high turnover rates in procurement-related roles across the City are limiting the efficiency and effectiveness of the City's procurement processes.
	Recommendation	<ul style="list-style-type: none"> A. Conduct a comprehensive workload analysis to assess work volumes and the adequacy of staffing levels. B. Continue to foster a supportive work environment, which is crucial for staff retention and engagement. C. Create standard operating procedures (SOPs) to support the preservation of institutional knowledge and ensure continuity in procurement processes.
2.	Observation	The City has faced challenges in effectively managing change and implementing the training needed to adequately support departments with procurement processes.
	Recommendation	Adopt a standardized training and change management process to promote communication, adoption, and accountability of changes to procurement processes.
Performance		
3.	Observation	Purchasing has not established formal key performance indicators (KPIs) related to procurement activities, which limits their ability to effectively measure service quality and identify areas for improvement in procurement efficiency.
	Recommendation	Implement KPIs that align with service goals and the Department's strategic plan, enabling continuous operational improvement and enhanced service delivery.

OBSERVATIONS AND RECOMMENDATIONS

4.	Observation	Expectations between Purchasing and departments are not always clear because Purchasing has not established clear service level standards or agreements.
	Recommendation	Establish service level standards and agreements to clarify expectations between Purchasing and other City departments.
Processes		
5.	Observation	The City has not updated its procurement manual recently, leading to growing inconsistencies and elevated confusion around procurement processes.
	Recommendation	Update the procurement manual and establish a regular review cadence to ensure guidance remains current, detailed enough to provide clear guidelines for all procurement processes, and aligned with state procurement codes and best practices.
6.	Observation	Purchasing lacks comprehensive standard operating procedures (SOPs), which are important to promote staff knowledge, consistency, and accountability; and reduce risk.
	Recommendation	Develop comprehensive SOPs to guide staff on procurement processes.
7.	Observation	The City has seen an increase in emergency procurements, driven by unclear policies and a lack of training on what constitutes an emergency.
	Recommendation	To improve emergency procurement processes, the City should establish clear definitions, specify applicable departments, provide examples, clarify competitive criteria, implement training, and set monetary limits.
8.	Observation	Roles and responsibilities related to managing the City's purchasing card (p-card) program are not clear.
	Recommendation	The City should enhance its internal controls for p-card management by: <ul style="list-style-type: none"> A. Clarifying roles and responsibilities. B. Documenting guidelines for weekly p-card monitoring report reviews.
9.	Observation	The City has recently transitioned to a best value approach for some procurement activities, though there are concerns regarding its applicability across all types of purchases due to potential complexities and higher costs associated with this method.
	Recommendation	The City should not apply the best value approach universally but instead: <ul style="list-style-type: none"> A. Identify specific instances where it is appropriate based on factors such as complexity, market conditions, and risk assessment. B. Define clear guidelines and defined evaluation criteria within procurement policies.

OBSERVATIONS AND RECOMMENDATIONS

Systems

10.	Observation	The City's procurement processes are hindered by manual workflows and system limitations.
	Recommendation	Prioritize implementation of the City's newly procured procurement system, with a focus on automating processes, enhancing tracking, automating reminders, and integrating with Legal.

II. INTRODUCTION

A. BACKGROUND

As a part of the fiscal year 2025 City of Santa Fe (the City) internal audit program, Moss Adams, conducted a procurement operational review to assess procurement policies, procedures, and processes and to evaluate opportunities to streamline and enhance efficiency.

The City’s procurement processes are managed by the Central Purchasing Division (Purchasing). Purchasing reports to the City’s Finance Department (Finance). Purchasing coordinates the procurement of goods and services for all departments and divisions within the City, while individual departments initiate their own purchases and obtain approval through Purchasing. Purchasing is overseen by a Chief Procurement Officer and includes a Procurement Manager, a Contracts Supervisor, a Senior Procurement Analyst, a Procurement Analyst, and a Contractor.

To facilitate the procurement process, the City utilizes a variety of systems, including MUNIS, which the City uses to manage formal bids. Additionally, the City leverages various other tools such as Teams, email, Box, and JotForm to manage procurement-related communications and documentation.

B. SCOPE AND METHODOLOGY

We conducted this operational review between December 2024 and April 2025. The operational review examined procurement policies, procedures, and processes and evaluated opportunities to streamline and enhance efficiency. This project consisted of four phases that are detailed below.

PHASE		DESCRIPTION
1	Project Initiation and Management	This phase concentrated on comprehensive planning and project management, including identifying employees to interview and documents to review, communicating results, and providing regular updates on project status.
2	Fact-Finding	<p>This phase included interviews, document review, and peer benchmarking.</p> <ul style="list-style-type: none">● Interviews: We conducted interviews with Purchasing staff and leadership. We also conducted nine focus groups with staff from departments involved in procurement at the City. Overall, we spoke to about 40 City employees. The purpose of the interviews was to gain insights into the current operational environment, strengths, and opportunities for improvement related to procurement at the City.● Document Review: We reviewed a variety of documents, data, and information provided by the City, including procurement policies and manuals, how-to documents, job descriptions, departmental procurement authority matrices, procurement training materials, and forms and templates.● Industry Best Practice: We conducted research into relevant industry standards and best practices.● Peer Benchmarking: We analyzed procurement information including procurement staffing, insights on how to improve training, managing purchasing activity, and facilitating consistent service quality to the City departments. We benchmarked three cities and one county that are

PHASE		DESCRIPTION
		considered peers to the City. The peers analyzed include the City of Albuquerque, City of Las Cruces, City of Rio Rancho, and the County of Los Alamos.
3	Analysis	Based on the information gained during our fact-finding phase, we conducted and consolidated research on relevant industry standards and best practices. Based on this research, we identified potential areas for improvement and developed practical recommendations.
4	Reporting	We communicated the results of our analysis with observations and recommendations presented first in a draft report that was reviewed with management to confirm the practicality and relevance of recommendations before finalizing the report.

C. STATEMENT OF COMPLIANCE WITH STANDARDS

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants (AICPA). Accordingly, we provide no opinion, attestation, or other form of assurance with respect to our work or the information upon which our work is based.

III. COMMENDATIONS

Although the focus of this assessment was to identify opportunities for operational improvements within Purchasing, we noted the following areas of strength and existing good practices that can be leveraged for further improvement:

- **Leadership:** Many interviewees reported that Purchasing leadership is strong, noting that leadership is very knowledgeable and competent. This reflects a solid foundation of leadership that is crucial for fostering an effective control environment.
- **Strong Team/Teamwork:** Many interviewees expressed that the Purchasing team shows strong collaboration and a willingness to support one another by covering tasks as needed. There is a notable sense of camaraderie and a collective commitment to achieving shared goals.
- **Willingness to Change:** Purchasing demonstrates an openness to feedback and a commitment to adapting and enhancing the procurement process. As a result, there have been notable improvements in procurement systems and processes, including updates to forms and templates to streamline processes. Interviewees reported a positive evolution in the procurement process over recent years.

We would like to thank Purchasing for their willingness to assist us in this assessment process. These commendations, coupled with our observations and recommendations, provide an overview of areas of strengths and weaknesses that can help improve operations and reduce risk within Purchasing.

IV. OBSERVATIONS AND RECOMMENDATIONS

Observations and recommendations below are grouped into four categories:

- People
- Performance
- Processes
- Systems

A. PEOPLE

Staffing Capacity and Turnover

1.	Observation	Staffing capacity and high turnover rates in procurement-related roles across the City are limiting the efficiency and effectiveness of the City's procurement processes.
	Recommendation	<ul style="list-style-type: none">A. Conduct a comprehensive workload analysis to assess work volumes and the adequacy of staffing levels.B. Continue to foster a supportive work environment, which is crucial for staff retention and engagement.C. Create standard operating procedures (SOPs) to support the preservation of institutional knowledge and ensure continuity in procurement processes.

While the City's Purchasing team appears to be similarly staffed to peers, Purchasing staff reported high workloads. The procurement-to-total staffing ratio for the City of Santa Fe is 200:1, indicating that there is one procurement staff member for every 200 total employees. This ratio is higher than Las Cruces (167:1), Rio Rancho (136:1), and Los Alamos County (117:1) but lower than Albuquerque (332:1). As such, the average staffing ratio for all peers is 188:1 and the City would need to add 1 Purchasing staff to meet these averages. All peers noted widespread concern about staffing shortages in procurement, suggesting it is possible that Santa Fe and all peers are understaffed. We could not do a comparison of staffing to procurement spend because we did not have that data for all peers. This collective feedback highlights the ongoing challenge of ensuring adequate procurement staffing to meet the demands of expanding municipal operations.

Staff across the City who manage procurement activities for their department also reported concerns regarding their capacity. Departmental staff indicated they frequently have limited capacity to dedicate to procurement activities. Additionally, for many department staff across the City, procurement responsibilities are only a part of their overall role. This forces them to juggle procurement tasks alongside other duties, making it challenging to stay updated on frequently changing procurement processes.

High workloads may be due to frequent turnover. Staff reported that turnover, both within and outside of Purchasing, has impacted procurement processes and resulted in a loss of critical procurement-related knowledge. We requested turnover data from the City; however, it was not available. Turnover

can lead to delays in procurement, as new staff may lack necessary understanding of the processes, contributing to a high volume of rejected procurement packets. Additionally, staff reported turnover in Purchasing has contributed to inconsistent information about processes and requirements being shared with other departments as new Purchasing staff learn their roles.

The organizational structure of the City may also contribute to workload challenges. The composition of the City's Purchasing team differs from that of its peers. Santa Fe's Purchasing team does not have specialized roles, such as dedicated buyers or Purchasing Technicians, which could enhance efficiency and increase capacity for managing a high volume of procurement activities. Peers like Albuquerque and Rio Rancho have more of those specialty roles, which allow for greater specialization and efficiency in handling complex procurement processes. Santa Fe's Purchasing staff may be spending more time on administrative tasks that could be handled by support staff. Peers like Albuquerque and Los Alamos County have roles that focus on administrative functions, which allows the rest of the procurement teams to concentrate on strategic tasks and alleviate them from having to focus on administrative duties. (See [Appendix A](#) for more details.)

The combined effect of these factors can impact the City's procurement operations. High workloads may lead to employee stress and decreased job satisfaction, which could contribute to continued turnover. Additionally, delays in procurement processes resulting from workload challenges may result in missed deadlines and increased costs, making it more challenging for the City to fulfill its operational needs. Addressing these issues is essential for enhancing the efficiency and effectiveness of the procurement process, ensuring that the City can meet its operational needs in a timely and compliant manner.

Recommendation

To address the challenges posed by staffing capacity and turnover, Purchasing should conduct a comprehensive workload analysis and implement strategies to mitigate the impacts of turnover, including continuing to foster a supportive work environment and establishing SOPs.

Workload Analysis

To tackle the issues related to staffing capacity, Purchasing should conduct a workload analysis. A workload analysis will analyze the current workload of Purchasing staff and systematically evaluate current staffing levels and work demands, enabling the City to identify gaps and optimize resource allocation. Given that procurement staff have reported feeling stretched thin, identifying the optimal volume of work for staff is crucial to prevent staff from being less thorough and rushing through their work. Lastly, as gaps are identified, it will be easier to determine whether additional roles or more specialized roles are needed to better support the team.

A thorough workload analysis will provide insights into current work volumes and the adequacy of staffing levels, ensuring that procurement staff are neither overextended nor under-supported.

Workload analyses typically include the following steps:

- **Identify Roles and Work Activities:** After determining relevant roles to be analyzed, leadership collaborates with staff to create a comprehensive list of major activities for each role. In this case, activities might include issuing Requests for Proposals (RFPs), reviewing and approving invoices, processing credit card payments, or assisting departments with understanding procurement policies and procedures.

- **Obtain Time Estimates for Workload Activities:** Using a worksheet that lists each major activity, staff track their time over the course of two to four weeks. It can also be helpful for staff to report the tasks they were unable to accomplish during the timeframe due to bandwidth constraints or the need to wait for others.
- **Analyze Activities:** Once tracked, the data can be aggregated to provide a sense of overall workloads across the team, time associated with specific tasks, and activity gaps.
- **Take Action:** Upon completion, the analysis should provide actionable data about areas of success, workload challenges, and staffing gaps. The next steps involve collaboration among leadership to determine the best approach to provide the adequate level of support which could be re-balancing work and the type of work staff are responsible for as well as identifying if the Purchasing team would benefit from the addition of more specialized roles.

Although performing a workload analysis as outlined above provides information about potential resource needs, it does not take the quality of work into consideration. As such, it should not be used as a stand-alone metric, but rather part of a wider conversation around staff capacity and team performance.

Mitigating the Impacts of Turnover

To address turnover and its impact on the overall procurement processes, the City should continue to foster a supportive work environment, which is crucial for staff retention and engagement. Regular check-ins between supervisors and team members can help identify challenges and provide the necessary support, ensuring that employees feel valued and heard. This proactive approach can mitigate feelings of overwhelm and contribute to a more collaborative atmosphere within the Procurement team.

It is also important for the Purchasing team to implement SOPs. SOPs are instrumental in preserving institutional knowledge and ensuring continuity in procurement processes even during times of staff turnover. By documenting day-to-day procedures, the City can create a valuable resource that supports staff during transitions and minimizes disruptions caused by turnover. This documentation will serve as a training tool for new hires and a reference for existing staff, helping to maintain consistency and efficiency in procurement operations. (See the [Standard Operating Procedures](#) section for more details.)

By focusing on these targeted recommendations, the City can enhance its Purchasing staffing capacity, reduce the impact of turnover, and ultimately improve the efficiency and effectiveness of its procurement processes.

Training and Change Management

2.	Observation	The City has faced challenges in effectively managing change and implementing the training needed to adequately support departments with procurement processes.
	Recommendation	Adopt a standardized training and change management process to promote communication, adoption, and accountability of changes to procurement processes.

The Purchasing team has made significant strides in enhancing procurement processes over the past two years, and many staff members have expressed their appreciation for these efforts aimed at increasing efficiency and ensuring compliance with state requirements. While these changes reflect a commitment to improvement, some adjustments have been introduced quickly, without a proper training schedule, structured communication plan, or adequate department support. Staff reported these challenges are at least partly due to capacity challenges (see also [Staffing Capacity and Turnover](#)). These limitations have made it challenging for departments to adapt to the new procedures. Departments reported confusion about recent changes and inefficiencies caused by the frequent and immediate changes to procurement processes, which disrupt their operations. Currently, many departments feel unprepared for changes, leading to frustration, errors, and decreased trust in the procurement system as they often need to restart processes in response to changes.

Although Purchasing conducts regular meetings with departments, the lack of a structured communication plan for implementing changes has led to some uncertainty. Departments expressed a need for scheduled training (i.e., on a quarterly schedule for example) and updates to support smoother transitions. Providing comprehensive training on procurement processes, along with a more organized approach to managing changes, would assist departments in effectively navigating updates.

Recommendation

To enhance the adoption of procurement changes, the City should implement a standardized change management process that emphasizes awareness, training, and accountability. Given that recent changes have often been implemented quickly, it is crucial to proactively inform employees about upcoming changes to foster awareness and create opportunities for them to voice concerns and suggestions for better implementation. Developing comprehensive training resources that clearly outline what is changing and how these changes will impact procurement activities and providing adequate support during transitions will be essential. This approach will facilitate employee adoption of new processes and minimize the risk of errors, rework, and delays.

To strengthen awareness, training, and accountability during procurement changes, the City should consider the following elements:

- **Align Key Stakeholders:** Recognize that while a change may not benefit every department equally, it provides an opportunity for enterprise-wide thinking. Engage stakeholders from various departments early in the process to gather input and consider the broader impacts of changes on the City.

- **Establish a Structured Communication Plan:** Effective communication is vital for successful change management. Leaders should create a structured communication plan that outlines when and how updates will be shared, ensuring that clear and open channels are maintained throughout the process. Encourage two-way dialogue to address questions and inform stakeholders about the rationale behind changes.
- **Develop a Comprehensive Training Schedule:** Clearly define what is changing, how it will change, who will be affected, and when the change will take place. Implement a routine training schedule—such as quarterly sessions—to ensure that all staff receive timely and relevant training, preventing surprises and confusion.
- **Reinforce Change with Ongoing Support:** After updates or changes are made and training is provided, department leaders must hold staff accountable for integrating these changes into their workflows. Additionally, Purchasing should provide ongoing support and resources to help staff adapt to new processes.

As changes are implemented, the City can also achieve improved outcomes by holding employees accountable for adhering to new processes. This accountability is a critical component of the change management process, ensuring that changes align with targeted outcomes and fostering a culture of ownership and engagement.

To cultivate an organizational culture of accountability, leadership should focus on the following:

- **Set Clear Expectations:** Clearly articulate what is required from individuals regarding new processes.
- **Be Transparent:** Maintain transparency about the processes being followed and the rationale behind changes.
- **Create Trust:** Foster an environment where staff feel supported and comfortable providing feedback without fear of retaliation or judgment.
- **Communicate Responsibilities:** Ensure that those accountable for specific tasks or projects are well-informed and engaged.

By integrating accountability into the change management process, the City will strengthen its culture, enhance compliance monitoring, and improve overall performance. This interconnected approach will ensure that changes are not only implemented effectively but also sustained over time, leading to a more efficient procurement process.

B. PERFORMANCE

Performance Measures

3.	Observation	Purchasing has not established formal key performance indicators (KPIs) related to procurement activities, which limits their ability to effectively measure service quality and identify areas for improvement in procurement efficiency.
	Recommendation	Implement KPIs that align with service goals and the Department's strategic plan, enabling continuous operational improvement and enhanced service delivery.

Purchasing informally monitors procurement timelines to support high-quality services. However, the tracking process is manual and timeliness metrics are not consistently monitored and reported on. Additionally, staff reported they are not formally tracking any additional data points that could provide insights into the efficiency and effectiveness of procurement activities. Without KPIs, Purchasing may be limited in its ability to assess performance and identify areas for improvement.

Peer cities also reported little to no KPI tracking being done within their procurement functions. This suggests that the challenge of establishing clear metrics is not unique to the City but is a common issue across various municipalities. Recognizing the need for better data tracking, Purchasing is taking proactive steps to enhance their capabilities. They plan to implement a new contract tracking system in SharePoint, which will support improved tracking of contracts and will ultimately support improved monitoring of contract-related KPIs once they are established. Establishing a robust framework for tracking and reporting on procurement-related KPIs will not only enhance accountability, but also provide valuable insights that can drive strategic decision-making within the department.

Recommendation

Purchasing should implement and regularly report on KPIs such as procurement cycle time, cost savings achieved, supplier performance ratings, and staff retention. KPIs, along with any established benchmarks, should be aligned with Purchasing's strategic plan and service goals to ensure that procurement activities effectively support overall organizational objectives and enhance their service delivery. KPIs will increase transparency, improve communications, and assist management in identifying areas for improvement. Establishing an effective process for tracking and monitoring KPIs includes the following:

- **Clear Objectives:** Define specific, measurable objectives that align with the overall goals of the procurement function.
- **Key Performance Indicators:** Ideally, KPIs should reflect critical aspects of the procurement process, including turnaround times, compliance with submission timelines, and a completion percentage for timely procurements. The National Institute of Governmental Purchasing (NIGP) has identified several key areas for developing effective KPIs: ¹

¹ National Institute of Governmental Purchasing, Inc. (2012). NIGP Global Best Practices: Performance Measurement. Herndon, VA: NIGP.

- Timeliness of procurement processes (See the [Service Level Agreements](#) section for more details.)
- Vendor performance
- Internal and external customer satisfaction
- Cost savings
- The costs of procurement operations
- The development and retention of procurement staff
- **Data Collection and Tracking:** Implement a reliable system for collecting and tracking data related to procurement activities. Where possible, leveraging systems to automate data capture and reporting can help provide real-time visibility into performance and identify potential challenges early.
- **Regular Review and Analysis:** Purchasing should have a routine for reviewing performance data, analyzing trends, and identifying areas for improvement. The frequency of review should be stated within its policy environment and could include monthly or quarterly performance reviews or Department meetings to assess progress against KPIs and address emergent obstacles.
- **Feedback Mechanisms:** Feedback loops that allow procurement staff and department customers to provide input on the procurement process is important for identifying challenges and informing adjustments to procedures.
- **Benchmarking:** Compare performance metric data against industry standards or peer organizations. Also, identify best practices and areas of improvement.
- **Continuous Improvement Culture:** A culture of continuous improvement typically consist of enthusiastic staff tuned into identifying inefficiencies and suggesting enhancements to procurement processes. The City can foster such culture by providing ample training and development initiatives that empower employees to take ownership of their roles.

Service Level Agreements

4.	Observation	Expectations between Purchasing and departments are not always clear because Purchasing has not established clear service level standards or agreements.
	Recommendation	Establish service level standards and agreements to clarify expectations between Purchasing and other City departments.

Currently, there is a lack of clarity around expectations, particularly regarding timeliness and service levels, because Purchasing has not implemented formal Service Level Agreements (SLAs). Departments reported that expectations around the procurement process are not always understood, nor have they been communicated. Establishing SLAs between Purchasing and departments is crucial for creating clear expectations and accountability regarding procurement processes.

Purchasing has recently documented expected timelines for the procurement process, detailing the expected processing times for each phase, such as initial reviews for Invitations to Bid (ITBs) and Requests for Proposals (RFPs), as well as determinations and contract reviews. These timelines can serve as the foundation for the SLAs by creating the initial expectations between the Procurement team and the departments. In addition to the timelines, the Procurement team should make it clear

who is responsible for what in each of the phases of the timelines to strengthen the SLA and provide the clarity needed to departments.

Without clear SLAs and expectations, services may be inconsistent and may not fully meet the needs of departments. The purpose of SLAs is to promote consistent procurement support and delivery across the City. Typically, SLAs for procurement include goals such as promoting consistent procurement support, improving service delivery, and establishing accountability to help ensure effectiveness and efficiency of purchasing activities. By sharing SLAs with departments, they can clarify roles and responsibilities, and foster accountability.

Recommendation:

The City should establish SLAs to clarify expectations between Purchasing and other departments by following these key steps:

- **Assess Current Processes:** Review the existing procurement processes and documented timelines to identify gaps in clarity around expectations and responsibilities.
- **Engage Stakeholders:** Involve key stakeholders from both the Purchasing team and the departments to gather input on their needs and expectations regarding procurement processes.
- **Define Objectives for SLAs:** Clearly outline the goals of the SLAs, such as promoting consistent procurement support, improving service delivery, and establishing accountability for both the Purchasing team and the departments.
- **Draft SLA Documentation:** Create formal SLA documents that detail the agreed-upon metrics, performance expectations (including KPIs), and roles and responsibilities for each phase of the procurement process.
- **Finalize SLAs:** Share the draft SLAs with relevant departments, incorporate their feedback, and finalize the agreements to ensure clarity and accessibility for all stakeholders involved in the procurement process.

C. PROCESSES

Policies and Procedures

5.	Observation	The City has not updated its procurement manual recently, leading to growing inconsistencies and elevated confusion around procurement processes.
	Recommendation	Update the procurement manual and establish a regular review cadence to ensure guidance remains current, detailed enough to provide clear guidelines for all procurement processes, and aligned with state procurement codes and best practices.

The City’s procurement manual has not been updated since 2020, which may result in misalignment with current practices and a lack of comprehensiveness. City staff also report that the existing manual lacks detail and clarity, particularly due to recent transitions to state procurement codes and revised City processes. With the transition to the state procurement code there are also still discrepancies between the state procurement code and City’s procurement manual. Lastly, many departments expressed concerns that updates to procurement policies and procedures are not always well

communicated, which leaves staff inadequately informed and trained (see also [Training and Change Management](#) section).

Examples of specific areas of confusion include:

- **Written Determination Process:** At the City, a written determination on whether a service is professional or general must be obtained by the Chief Procurement Officer. Staff are uncertain about which situations require a written determination and when it should be submitted. Staff reported that this process remains unclear, even with the introduction of the new blanket determination guide created by Purchasing.
- **Horizons Determination Process:** Staff expressed confusion about the Horizons process, which requires certain procurements to be offered to Horizons of New Mexico, an organization that provides jobs for people with disabilities. There was uncertainty about when this process is required and the appropriate steps to complete the process.
- **Emergency Procurements:** There has been a noticeable increase in emergency procurements in recent years (see also [Emergency Procurement](#)). Staff reported that the policies and procedures governing this area lack clarity, leading to confusion.
- **Approval Process for Internal Purchase Memos:** The newly implemented approval process, particularly for grants, fleet, and Information Technology (IT) purchases, has not been clearly defined. Staff are unsure about who should be involved in the approval process and what additional steps are necessary for review.

Outdated and unclear procurement policies can confuse staff, waste resources, and increase the risk of non-compliance, causing delays and frustration for departments that rely on timely procurement. Outdated and unclear procurement policies can also lead Purchasing members to make more errors when completing procurement activities. While Purchasing has worked to improve processes, the lack of comprehensive guidance for staff has still caused confusion about procurement requirements, which means procurement may be carried out inconsistently across the City. These instances not only increase compliance risks, but disrupt operations and can be costly, particularly when work needs to be fixed or redone. This can be particularly damaging if redoing procurement activity requires the City to delay business with outside vendors and suppliers.

Recommendation

In order to give City employees the needed resources in navigating complex procurement issues, it is essential for the City to develop a comprehensive and user-friendly procurement manual. Staff have already started working on this process. The following actionable steps should be taken to improve documentation:

- **Conduct a Comprehensive Review and Update of the Procurement Manual**
 - *Assessment of Current Policies:* Initiate a thorough review of the existing procurement manual and related policies to identify outdated sections, gaps, and areas lacking clarity. This review should involve key stakeholders from various departments to ensure comprehensive input.
 - *Detailed Guidance:* Provide clear, detailed guidance on specific processes, such as the Written Determination Process, Horizons Determination Process, Emergency Procurements, and the Approval Process for Internal Purchase Memos. Use flowcharts, checklists, and examples to illustrate these processes.

- *Alignment with Current Practices:* Update the manual to align with current state procurement codes, revised City processes, and best practices in procurement. Ensure that all relevant legal and regulatory requirements are incorporated. Ensure the manual is aligned with industry best practices, such as those from the NIGP.
- *Simplified Language:* Ensure that the language used in the manual is straightforward and accessible to all staff, avoiding jargon or overly technical terms that may lead to confusion.
- **Establish Clear Roles and Responsibilities**
 - *Define Roles:* Clearly define the roles and responsibilities of staff involved in procurement processes, including who is responsible for approvals and written determinations. This clarity can help streamline processes and reduce confusion.
 - *Approval Workflow:* Develop a clear approval workflow for internal purchase memos, ensuring that all relevant parties understand their roles in the approval process.
- **Implement a Communication Strategy for Updates**
 - *Communication Plan:* Develop a communication plan to inform staff about updates to procurement policies and procedures. This should include email updates, documentation, and dedicated training sessions.
 - *Communication Timeline:* Develop a communication timeline that ensures staff involved in procurement have enough time to learn and adopt the new policies and procedures.
- **Provide Comprehensive Training and Support**
 - *Trainings:* Develop and implement trainings for all staff involved in procurement activities. Training should cover updated policies, procedures, and specific processes that have caused confusion.
 - *Ongoing Support:* Ensure procurement staff are able to answer questions and provide guidance as they navigate the updated processes.
- **Improvements Moving Forward**
 - *Feedback Mechanism:* Establish a feedback mechanism for staff to report confusion or challenges related to procurement processes. This can help identify areas needing further clarification and allow for continuous improvement.
 - *Iterative Updates:* Establish a process for regularly reviewing and updating the procurement manual to ensure it remains relevant and comprehensive. This can include scheduled reviews every year or as needed based on feedback and changes in regulations.

Standard Operating Procedures

6.	Observation	Purchasing lacks comprehensive standard operating procedures (SOPs), which are important to promote staff knowledge, consistency, and accountability; and reduce risk.
	Recommendation	Develop comprehensive SOPs to guide staff on procurement processes.

Purchasing has developed several internal how-to guides to clarify and provide guidance to both Purchasing and other City staff on procurement processes but lacks SOPs, which contributes to inconsistencies and confusion among staff. While policies and procedures provide overarching procurement guidelines and outline steps to achieve tasks, SOPs offer more detailed, step-by-step

instructions to ensure consistency and clarity in those tasks. Without clear SOPs, staff are more likely to approach procurement activities inconsistently, which can further confusion among departments about what is required for procurement and lead to increased risk of error and improper procurement.

The absence of comprehensive SOPs also poses a risk to during staff turnover (see also [Staffing Capacity and Turnover](#) section), as critical knowledge and practices may not be effectively transferred to new team members, potentially exacerbating inconsistencies and inefficiencies in procurement operations. Establishing clear SOPs would provide a structured framework that enhances understanding, consistency, and accountability within the procurement function.

Recommendation

SOPs are sets of step-by-step instructions on how to complete a task or activity to guide team members to perform tasks in a consistent manner. To develop purchasing SOPs, Purchasing should consider the following steps:

- Develop a comprehensive framework that outlines the structure and content of the desired SOPs to make sure all areas are covered
- Conduct a gap analysis to identify where SOPs are incomplete or missing
- Prioritize SOP needs based on those that will have the most impact and reduce the most risk
- Assign responsibility for developing SOPs
- Develop new SOPs based on the framework, gap analysis, and prioritization efforts

SOPs should be clear and concise. SOPs may include the following elements to enhance the readability and effectiveness of the document:

- Detailed checklists
- Process flowcharts
- Diagrams
- Forms, including information on how to fill them out
- Definitions
- Roles and responsibilities
- Examples
- Links to other relevant procedures

SOPs, in conjunction with the procurement manual, should be reviewed and updated regularly to capture current procurement processes. SOPs may need to be updated more frequently as well, due to the level of detail they tend to contain and the natural evolution of processes over time. Once SOPs are documented, they should be communicated to all Purchasing staff and retained in an easily accessible manner for all staff to reference as needed.

Emergency Procurement

7.	Observation	The City has seen an increase in emergency procurements, driven by unclear policies and a lack of training on what constitutes an emergency.
	Recommendation	To improve emergency procurement processes, the City should establish clear definitions, specify applicable departments, provide examples, clarify competitive criteria, implement training, and set monetary limits.

The City experienced an increase in emergency procurements, with numbers rising from three in 2022 to 22 in 2024. This trend highlights a pressing need for clearer policies and procedures governing emergency procurement activities. Staff feedback indicates that there is a lack of clarity regarding what qualifies as an emergency, leading to confusion and inconsistent application of the procurement process in this area. Additionally, staff reported there appears to be a cultural tendency within the City to address issues only when they escalate to an emergency, which may be contributing to this trend.

A review of the current emergency procurement policy reveals several areas for improvement. First, the policy lacks a clear definition of what constitutes an “emergency procurement,” which could help guide departments in determining when to invoke the policy. Additionally, it does not specify which departments the policy applies to, nor does it provide sufficient examples of emergency situations. The requirement to employ a competitive process “to the extent practicable” is vague and could lead to inconsistent interpretations. Furthermore, there is no post-procurement review process to evaluate the effectiveness of emergency procurements, and training for staff on the policy is not addressed. Lastly, the policy could also benefit from clearer monetary limits and approval authorities for emergency procurements. The current policy is vague on thresholds and who the approval authority is for emergency procurements.

The consequences of unclear emergency procurement processes can be significant, leading to financial mismanagement, compliance risks, and a lack of competitive bidding. Furthermore, this situation increases the risk of fraud, waste, and abuse (FWA). Effective oversight and clear guidelines for emergency procurement are essential to prevent misuse and ensure accountability.

Recommendation

To improve the effectiveness and efficiency of emergency procurement processes within the City, the City should consider adding the following recommendations to the emergency procurement policy:

- **Establish Clear Definitions:** Develop a precise definition of what constitutes an emergency procurement. This will provide clarity for staff and help ensure consistent application across departments. As an example, the Municipal Research and Services Center (MRSC)² defines emergency procurement as: “Unforeseen circumstances beyond the control of the municipality that either: (a) present a real, immediate threat to the proper performance of essential functions, or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.”

² [MRSC – Waiving Competitive Bidding Requirements in the Event of an Emergency](#)

- **Clarify Policy Applicability:** Specify which departments and entities are subject to the emergency procurement policy. This will ensure that all relevant parties understand their roles and responsibilities.
- **Provide Concrete Examples:** Include specific examples of situations that qualify as emergencies. This will guide staff in making informed decisions about when to invoke the emergency procurement policy. Examples of emergency procurements could be expanded under the following areas:
 - Natural Disasters (e.g., debris removal and temporary shelters)
 - Public Health Emergencies (e.g., medical supplies and sanitation services)
 - Infrastructure Failures (e.g., water main repairs and road repairs)
 - Public Safety Needs (e.g., emergency response equipment and security services)
 - Environmental Emergencies (e.g., hazardous material cleanup and pest control)
 - Utility Services (e.g., power restoration and emergency fuel supplies)
 - Community Support Services (e.g., food distribution and mental health services)
- **Clarify Competitive Process Criteria:** Outline clear guidelines for determining when a competitive procurement process is practicable during emergencies. This will promote uniformity in procurement practices and reduce ambiguity.
- **Implement a Post-Procurement Review Mechanism:** Establish a process for evaluating the effectiveness and efficiency of emergency procurements after they occur. This will facilitate continuous improvement and help identify best practices.
- **Develop Training Programs:** Create trainings for staff involved in emergency procurement. Ensuring that personnel are well-informed about policies and procedures will enhance compliance and reduce confusion. (see also [Training and Change Management](#) section).
- **Set Clear Monetary Limits:** Define monetary thresholds for emergency procurements and establish corresponding approval levels. Many governmental and organizational procurement policies establish monetary thresholds to delineate different levels of approval based on the urgency and amount of the procurement. Consider adding level such as minor, moderate, and major emergencies, with specific thresholds and appropriate approval authorities to match the level of emergency. For example:
 - Minor Emergencies: Up to \$10,000 – Can be approved by the Requesting Department and Finance Director.
 - Moderate Emergencies: \$10,001 to \$50,000 – Requires approval from the City Manager.
 - Major Emergencies: Over \$50,000 – Requires Governing Body approval.

By adopting these recommendations, the City can improve its emergency procurement processes, enhance clarity and understanding among staff, and mitigate risks associated with emergency procurements.

Purchase Card Controls

8.	Observation	Roles and responsibilities related to managing the City’s purchasing card (p-card) program are not clear.
	Recommendation	The City should enhance its internal controls for p-card management by: A. Clarifying roles and responsibilities. B. Documenting guidelines for weekly p-card monitoring report reviews.

Clear roles and responsibilities are essential for the effective management and oversight of the City’s p-card program. Best practices from organizations like NIGP and the Government Accountability Office (GAO) emphasize the importance of defining roles and responsibilities to ensure accountability and efficient operations within a p-card program. While the City has established some best practices, including documenting p-card policies and procedures, there is a need to clarify the roles and responsibilities of individuals involved in the p-card program.

Although a weekly monitoring report is distributed to all p-card holders and approvers for reviewing purchases, the City lacks proper documentation that outlines the expectations for reviewing these reports. Existing policies and procedures are somewhat ambiguous regarding who is responsible for approving and signing off on purchases. This lack of clarity can lead to confusion, inefficiencies, and potential gaps in accountability. Without clearly defined roles, the City may face increased risks of fraud and misuse, as well as challenges in financial oversight. Strengthening the clarity of roles and responsibilities within the p-card program will enhance accountability, streamline processes, and improve overall management of procurement activities.

Recommendations

The City can enhance its management of the p-card program by clarifying roles and responsibilities, which will reduce the risk of fraud and misuse while promoting accountability within its procurement framework. To strengthen the clarity of roles and responsibilities surrounding the City’s p-card program and to better align with best practices, the City should:

- **Clarify Roles and Responsibilities:** Clearly outline the roles and responsibilities of all individuals involved in p-card management, including cardholders, approvers, and monitoring staff. This will help eliminate confusion and enhance accountability.
- **Establish Guidelines for Report Review:** Document specific expectations and guidelines for reviewing the weekly p-card monitoring report. This will ensure consistency in oversight and accountability among p-card holders and approvers.

Implementing these recommendations will lead to more efficient processes and better financial oversight, ultimately benefiting the City and its stakeholders.

Best Value Approach

9.	Observation	The City has recently transitioned to a best value approach for some procurement activities, though there are concerns regarding its applicability across all types of purchases due to potential complexities and higher costs associated with this method.
	Recommendation	The City should not apply the best value approach universally but instead: A. Identify specific instances where it is appropriate based on factors such as complexity, market conditions, and risk assessment. B. Define clear guidelines and defined evaluation criteria within procurement policies.

Purchasing recently switched to a best value approach for some purchases. As opposed to the lowest bid approach, which focuses solely on selecting the supplier that offers the cheapest price, the best value approach in procurement is a strategy that looks at more than just the price when choosing suppliers. It considers factors like quality, service, long-term costs of ownership, and the overall value a supplier can provide.

According to best practices described by the NIGP, using the best value approach can help promote consistency in the review of procurement activity by identifying relevant factors for consideration to achieve the most advantageous combination of quality and price.³ This method encourages suppliers to offer creative solutions and helps build long-term relationships. It also enables the involvement of various stakeholders in the decision-making process, to make sure purchasing requirements and specifications align with their goals and needs.⁴

Purchasing staff reported there is a desire to require the best value approach for all purchases, but shared concern about its applicability across all purchases. While the best value approach considers price in addition to quality and can lead to improved outcomes and encourage innovation, it can also introduce complexity into the purchasing process and higher costs. It is particularly advantageous for complex and technical procurements, long-term contracts, professional services, public sector procurement, and emergency response situations, because it allows for flexible and innovative solutions, assesses long-term costs, emphasizes quality, ensures fair competition, and can facilitate quick decision-making during crises. On the other hand, the best value approach may not be as suitable for straightforward commodity purchases, highly competitive markets, low-risk procurements, short-term contracts, or situations with limited resources. In these cases, a lowest-cost approach may be more effective, as the additional effort required for a best value evaluation could be unnecessary and costly and pose as barriers to partnership. Additionally, when the procurement activities involve simple, low-risk transactions characterized by small dollar values and regular purchases supported by standardized processes, the costs of using the best value approach may not be worth it. We included a summary of our analysis for the use cases for the best value approach in [Appendix B](#).

³ <https://www.nigp.org/resource/global-best-practices/request-for-proposals-global-best-practice.pdf?dl=true>

⁴ <https://www.gao.gov/products/gao-21-491>

Recommendation

To align with best practices, the City should not apply the best value approach to all procurements. Instead, it should identify and document specific instances where this approach is appropriate. The following factors should guide the decision-making process:

- **Complexity of the Procurement**
 - *Use Best Value:* For complex projects that require specialized skills, innovative solutions, or where quality is critical (e.g., construction, IT services, and consulting).
 - *Avoid Best Value:* For straightforward, low-risk procurements where price is the primary factor (e.g., commodity purchases).
- **Nature of the Goods/Services**
 - *Use Best Value:* When the goods or services have significant implications for safety, performance, or community impact.
 - *Avoid Best Value:* For standard, off-the-shelf products where quality differences are minimal.
- **Market Conditions**
 - *Use Best Value:* In competitive markets where multiple suppliers can offer innovative solutions and differentiation.
 - *Avoid Best Value:* In markets with limited suppliers or where price competition is the primary driver.
- **Budget Constraints**
 - *Use Best Value:* If there is flexibility in the budget that allows for investment in higher-quality solutions that may provide long-term savings.
 - *Avoid Best Value:* If strict budget limitations necessitate a focus on the lowest initial cost.
- **Stakeholder Input**
 - *Use Best Value:* When stakeholders (e.g., community members, department heads) express the need for quality and performance over cost.
 - *Avoid Best Value:* If stakeholders prioritize cost savings above all else.
- **Risk Assessment**
 - *Use Best Value:* For projects where the risks of poor performance or failure are high, and the cost of failure outweighs the benefits of a lower initial price.
 - *Avoid Best Value:* For low-risk procurements where the consequences of failure are minimal.

When the best value approach is deemed appropriate, the City should establish clearly defined evaluation criteria within comprehensive procurement policies and procedures.

D. SYSTEMS

Systems Limitations

10.	Observation	The City's procurement processes are hindered by manual workflows and system limitations.
	Recommendation	Prioritize implementation of the City's newly procured procurement system, with a focus on automating processes, enhancing tracking, automating reminders, and integrating with Legal.

The City's procurement processes remain largely manual and cumbersome, impacting overall effectiveness. For instance, contracts for signatures and initial procurement requests are often routed through Teams, which staff reported often complicates the workflow because it is difficult to track items. While some improvements have been made—such as managing formal bids in MUNIS—current systems still exhibit limitations in automation that hinder efficient procurement practices. Specific issues include:

- The system does not track the status of procurement steps, requiring staff to manage this tracking manually.
- Staff must manually follow up on processes to ensure contracts are progressing through the review and signature workflow.
- Legal reviews for contracts are conducted through entirely separate systems (Box and Jotform), creating additional barriers in the procurement workflow.

As a result, staff are spending valuable time manually tracking and following up on contracts and procurement processes, which detracts from their ability to focus on more strategic tasks. System limitations can lead to increased staff time and labor costs, as well as a higher risk of errors in procurement activities. An integrated and user-friendly procurement software is essential to support an automated end-to-end procurement process. To address these system challenges, the City recently signed a contract with OpenGov to support its procurement processes more fully. The new system is anticipated to serve as a fully integrated procurement system and support the process from initial request through contract closeout in one platform.

Recommendation

To enhance the efficiency of procurement processes, the City should prioritize implementation of its newly procured procurement system, OpenGov. It is important for the City to thoughtfully implement this new software to ensure that workflows are optimized, and the system is fully integrated. This initiative will help streamline workflows, reduce manual tracking, and improve overall effectiveness. The City should consider the following steps when moving forward with system implementation:

- **Form a Cross-Functional Team:** Assemble a team that includes representatives from Purchasing, departments, Finance, Legal, and IT. This diverse group will provide insights into the various aspects of the procurement process and ensure that all relevant needs are considered during implementation.

- **Conduct Stakeholder Interviews:** Engage with staff who are directly involved in procurement activities to gather their feedback on current challenges and desired features in the new system. While it is ideal to conduct requirements gathering before a new system is selected, understanding pain points will help identify critical functionalities that the new software must address during implementation.
- **Document Current Processes:** Map out existing procurement workflows to identify inefficiencies and bottlenecks. This documentation will serve as a baseline for understanding how the new system can be integrated into current practices and where processes need to be updated and streamlined.
- **Define Key Requirements:** Based on the feedback and process documentation, create a comprehensive list of requirements that the new procurement software should fulfill. This list should include features such as:
 - *Implement Real-Time Tracking:* Especially given this was a common concern noted by staff in interviews, it is important that the system provides real-time tracking of procurement steps, allowing staff to monitor the status of contracts and procurement requests seamlessly. This feature will alleviate the need for manual tracking and follow-ups, significantly improving workflow efficiency.
 - *Automate Notifications and Reminders:* The new procurement system should include automated notifications and reminders to keep staff informed about the progress of contracts and procurement processes. This will help ensure that contracts move smoothly through the review and signature workflow, reducing delays and enhancing accountability.
 - *Integrate Legal Review Processes:* To streamline the procurement workflow, the City should consider integrating legal review processes within the new system, eliminating the need for separate platforms like Box and Jotform. This integration will reduce barriers and enhance collaboration between Procurement and Legal.
- **Engage with the Vendor for Tailoring the Software:** The City should collaborate closely with the chosen vendor through joint workshops to gather detailed requirements and ensure the software is customized to meet specific procurement needs, while establishing clear communication channels for ongoing feedback and documenting all customization requests for accountability.
- **Pilot and Implement:** To have implementation go more smoothly the City should consider conducting a pilot program with a small group of users to test the system and gather feedback. This information should be used to make any necessary adjustments before a full-scale implementation.
- **Implement Comprehensive Training Programs:** The City should develop a structured training plan that includes diverse formats tailored to different user roles, schedule ongoing training sessions for initial and advanced learning, and gather participant feedback to continuously improve the training materials.
- **Monitor Updates and Implementation Progress:** The City should define key performance indicators (KPIs) to measure the success of the software implementation, establish a timeline for regular reviews of progress and user feedback, and create a continuous improvement plan to refine the software and processes based on evolving needs.

By following these steps, the City can help ensure that its new procurement software effectively addresses current limitations and enhances overall procurement efficiency. This proactive approach will not only streamline processes, but also free up staff to focus on more strategic initiatives, ultimately leading to better resource management and improved service delivery.

APPENDIX A: PEER BENCHMARKING

Staffing and Systems

The following table compares the City’s staffing and purchasing systems to the City’s peers, including the City of Albuquerque, City of Las Cruces, City of Rio Rancho, and the County of Los Alamos. Data was pulled from publicly available information, including public-facing websites and available policies and procedures. We were able to interview the City of Las Cruces and the County of Los Alamos, and lessons learned from those conversations are incorporated throughout the report where relevant.

BACKGROUND	SANTA FE, NM	ALBUQUERQUE, NM	LAS CRUCES, NM	RIO RANCHO, NM	LOS ALAMOS COUNTY, NM
Fiscal Year 2025 Budgeted Expenditures	\$440,065,573	\$1,399,163,000	\$569,600,000	\$420,225,856	\$377,473,225
Total Staffing (FTEs)	1400	6300	1500	950	702
Procurement Staffing (FTEs) in Fiscal Year 2025	7	19	9	7	6*
Procurement-to-Total Staffing Ratio (1:X)	200	332	167	136	117
Staffing (Roles)	Chief Procurement Officer, Procurement Manager (2), Contracts Supervisor, Senior Procurement Analyst, Procurement Analyst, Contractor	Purchasing Administrator, Chief Procurement Officer, Procurement Manager, Assistant Procurement Officer, Procurement Assistant City Attorney, Purchasing Systems Coordinator, Purchasing Program Specialist, Senior Buyer (7), Buyer, Senior Administrative Assistant, Finance Technician, and Office Services	Purchasing Manager, Purchasing Supervisor, Buyer II, Buyer I (4), Purchasing Specialist II, and a Purchasing Specialist I	Purchasing and Contracts Division Manager, Purchasing Specialist (3), Contract Administrator, and Purchasing Technician II (2)	Chief Purchasing Officer, Deputy Chief Purchasing Officer, Procurement Operations Manager (2), Supply Specialist (2), Buyer (2), Senior Buyer, Senior Supply Specialist, Management Analyst (2), and Contract Manager
Purchasing System(s)	MUNIS, Jotform, email, and SharePoint Implemented, OpenGov (expected to be implemented soon)	Bonfire eProcurement Solution	BidNet Direct	Bonfire eProcurement Solution	MUNIS for requisitions, purchase orders and inventory management. Requisitions go through approval workflow. Currently implementing Bonfire eProcurement Solution

*Los Alamos County has a full FTE count of 12, but only has 6 FTE equivalent “procurement staff”; others are primarily dedicated to inventory, receiving, distribution, and the management of those operations. For Los Alamos County, procurement covers all supply chain functions.

Thresholds and Authority

The following table compares the City's thresholds and authority to the City's peers, including the City of Albuquerque, City of Las Cruces, City of Rio Rancho, and the County of Los Alamos. Data was pulled from publicly available information, including public-facing websites and available policies and procedures. Based on our analysis of thresholds and authorities, we found no significant discrepancies between the City of Santa Fe and its peers.

DATA	SANTA FE, NM	ALBUQUERQUE, NM	LAS CRUCES, NM	RIO RANCHO, NM	LOS ALAMOS COUNTY, NM
Micro-Purchase or De Minimis Threshold	\$20,000: For purchases up to this amount, one valid written quote is required to issue a direct purchase order or prepare a small contract.	\$100: Petty cash purchases may be made without a purchase order at the best obtainable price by authorized individuals, per regulations established by the City Treasurer. The small purchase limit shall not exceed \$10,000 , as set by the Chief Procurement Officer.	\$20,000: Purchases less than \$25,000 must have at least one written quote.	\$20,000: Small purchases of services, construction, or tangible personal property must be made at the best obtainable price. Professional services valued at up to \$60,000 may be procured without competitive sealed bids or proposals.	\$20,000: The Chief Purchasing Officer shall establish operational procedures for making small purchases up to this amount. Defined as "Small Purchases," the requirement for \$20,000 or less is to obtain adequate and reasonable competition for the goods, services or construction being purchased, properly account for the funds expended, and facilitate an audit of the small purchases made.
Informal Threshold – Quotes and ITBs	\$20,000 to \$60,000: At least three written quotes or justifications from vendors (if quotes are unavailable) are required.	\$100,000: For purchases between the small purchase limit and this amount, goods, services, and construction may be procured by the Central Purchasing Office through a request for quotes.	\$99,999: For contracts less than this amount for supplies, services, and construction: <ul style="list-style-type: none"> • Purchases from \$25,000 to less than \$50,000 require written quotes from no less than two sources, unless deemed impractical by the Purchasing Manager. • Purchases from \$50,000 to less than \$99,999.99 require written quotes from no less than three sources, unless deemed impractical by the Purchasing Manager. Awards shall be based on the lowest price meeting specifications.	\$20,000 to \$60,000: When possible, purchases in this range should have three written informal bids attached to the purchase requisition. All procurement shall be achieved by competitive sealed bids, except for small purchases, sole sourced items, emergency procurements, existing contracts, or those requiring sealed proposals.	\$20,000.01 to \$60,000: The purchaser shall solicit no less than three written quotations.
Formal Threshold – RFPs	Over \$60,000: Requires a formal IFB or RFP process prior to entering into a contract.	Over \$100,000: All purchases of goods, services, and construction, as well as the establishment of concession contracts expected to exceed \$75,000 in revenues to the contractor, must be made by competitive sealed bid.	Over \$100,000: Purchases for supplies, services, and construction, as well as professional/technical services require formal competitive bidding.	Over \$60,000: Do not qualify for bids and must be formally proposed. Competitive Sealed Proposals may be used when: <ul style="list-style-type: none"> • Procuring professional services • For a design and build project • When the Central Purchasing Office determines that competitive sealed bidding is not practicable or advantageous to the city, • Procuring contracts for construction, facility maintenance, services, and repairs. 	\$60,000.01+: Requires a formal advertised solicitation, either an IFB, RFP or Request for Qualifications.

DATA	SANTA FE, NM	ALBUQUERQUE, NM	LAS CRUCES, NM	RIO RANCHO, NM	LOS ALAMOS COUNTY, NM
Contracting Authority	<p>Up to \$200,000: The City Manager is authorized to approve purchases up to \$200,000 without Governing Body involvement. Requires approval from the requesting Department Director, Finance Director, City Attorney's Office, Chief Procurement Officer, City Clerk, and City Manager.</p> <p>More than \$200,000: Requires approval from the Department Director, Finance Director, City Attorney's Office, Chief Procurement Officer, City Clerk, and Governing Body.</p> <p>*The Chief Procurement Officer may approve purchase orders for small purchases and services that do not require a contract.</p>	<p>Purchasing has delegated authority to City Departments for specific requisition and procurement methodologies. Department Buyers may approve:</p> <ul style="list-style-type: none"> ● Internal Catalog (Warehouse Orders and other internal catalog items) ● Punch-Out Catalog (commonly for office supply orders) ● City Contract PO not exceeding \$60,000 ● Request for Quotes ● Small Purchase PO ● Emergency Purchases up to \$75,000 ● Post-Purchase Orders <p>Following City Council approval, the Mayor is authorized to enter into agreements on behalf of the city and may delegate this authority by executive instruction.</p>	<p>Less than \$75,000: For professional/technical services estimated to be under this amount, the Purchasing Manager or authorized department employee may obtain verbal, telephone, or written offers from a reasonable number of firms when practical.</p>	<p>The Procurement Officer may require appropriate contract provisions for any supply, service, professional service, or construction contracts. The Treasurer is authorized to enter into agreements with state and local governments and vendors to facilitate reporting, payment, or collection of the surcharge.</p>	<p>\$300,000: The Chief Purchasing Officer is delegated the authority to execute purchase orders and bind the county. The County Manager or designee can execute contracts for non-utility services up to this amount.</p> <p>For utilities department contracts, the Utilities Manager can enter contracts for less than \$300,000. Approval by the Board of Public Utilities must first be obtained if \$100,000 or more.</p> <p>The authority to delegate contract execution is limited to \$50,000 or less, exclusive of NMGRT.</p> <p>All other contracts must be approved by the County Council prior to execution.</p>

APPENDIX B: USE CASES FOR THE BEST VALUE APPROACH IN PROCUREMENT

The following table summarizes various use cases for the best value approach. We compiled this information from a variety of best practice sources including the Government Accountability Office, the Institute for Public Procurement, and the Institute for Supply Management. Generally, more complex procurement activities that focus on quality deliverables, highly visible needs for solutions, and the longer-term benefit more from the best value approach.

PROCUREMENT ACTIVITY	BEST VALUE APPROACH RECOMMENDED	RATIONALE
Complex and Technical Procurements	Yes	Projects with unclear requirements allow suppliers to propose innovative solutions.
Long-Term Contracts	Yes	The best value approach helps assess long-term costs and benefits, including maintenance and operational efficiencies.
Professional Services	Yes	The best value approach adds weight to qualifications and overall quality of service in addition to price.
Public Sector Procurement	Yes	Using best value can ensure fair competition and reinforce stakeholder trust by developing multiple evaluation criteria to demonstrate due diligence in the procurement process.
Emergency and Disaster Response	Yes	The best value approach facilitates rapid decision-making by focusing on effective solutions during critical situations.
Commodities with Standard Specifications	No	Straightforward purchases where specifications are clear and for standardized transactions are typically better suited to a lowest-cost approach.
Highly Competitive Markets	No	Complicating the procurement process may not provide significant advantages in competitive markets, and it can dissuade business partnerships.
Low-Risk Procurements and Small Purchases	No	Minimal consequences of failure can make a price-focused evaluation sufficient. Additional work may be costly and yield little benefit.
Short-Term Contracts	No	Less complex and evolving relationships may not require a best value approach, as the total cost of procurement over a longer time horizon is generally lower.
Procurements with Limited Resources	No	Additional time and effort for evaluation may not be feasible for organizations with limited resources.

APPENDIX C: PROPOSED IMPLEMENTATION PLAN

The following recommendations are listed in order of priority (critical, high, medium, or low) as defined by which activities are both high impact and high urgency. This implementation plan should be viewed as a living document that City leadership will discuss, reorganize, and adjust to create a feasible timeline.

The party listed under Primary Responsibility is the leader in coordinating activities to accomplish the line item. This party may or may not directly execute the work detailed but will be responsible for moving the work forward. Involved Parties are groups or individuals who should be informed, consulted, or responsible for elements of accomplishing the work.

This implementation plan has been designed with the City’s resource constraints in mind. All items, including those listed as low priority, will be important to execute eventually. Recommendations that are absolutely necessary to begin with are categorized as Critical Priority.

The City should take an approach to this work that feels manageable. It would be better to phase in these recommendations over a period of years than to take on too much and overwhelm leadership and staff. The City can fill out the Time Horizon column with a timeline that feels reasonable, though some suggested starting places have been incorporated.

REC #	CATEGORY	RECOMMENDATION	PRIORITY	PRIMARY RESPONSIBILITY	INVOLVED PARTIES	TIME HORIZON
Phase 1						
1A	People: Staff Capacity and Turnover	Conduct a comprehensive workload analysis to assess work volumes and the adequacy of staffing levels.	Critical	CPO, Finance Director	Purchasing Team	0–6 months
5	Process: Procurement Manual	Update the procurement manual and establish a regular review cadence to ensure guidance remains current, detailed enough to provide clear guidelines for all procurement processes, and aligned with state procurement codes and best practices.	Critical	CPO, Purchasing Manager	Purchasing Team	0–6 months to establish, then updated annually or biannually

REC #	CATEGORY	RECOMMENDATION	PRIORITY	PRIMARY RESPONSIBILITY	INVOLVED PARTIES	TIME HORIZON
10	System Limitations	Prioritize implementation of the City's newly procured procurement system, with a focus on automating processes, enhancing tracking, automating reminders, and integrating with Legal.	Critical	CPO and Procurement Manager	Purchasing, Finance, all City Departments	0-24 months to implement and then ongoing
2	People: Training and Change Management	Adopt a standardized training and change management process to promote communication, adoption, and accountability of changes to procurement processes.	High	CPO	Department Leadership and Staff	0-6 months to establish, then ongoing
4	Performance: Services Level Standards	Establish service level standards and agreements to clarify expectations between Purchasing and other City departments.	High	CPO	Department Leadership and Staff	0-6 months to establish, then ongoing
7	Process: Emergency Procurements	To improve emergency procurement processes, the City should establish clear definitions, specify applicable departments, provide examples, clarify competitive criteria, implement training, and set monetary limits.	High	CPO, Finance Director	Purchasing Team	0-6 months
8	Process: Purchasing Cards	The City should enhance its internal controls for p-card management by: A. Clarifying roles and responsibilities. B. Documenting guidelines for weekly p-card monitoring report reviews.	High	Procurement Manager Overseeing Purchasing Cards	CPO	0-6 months

REC #	CATEGORY	RECOMMENDATION	PRIORITY	PRIMARY RESPONSIBILITY	INVOLVED PARTIES	TIME HORIZON
1C / 6	People: Staff Capacity and Turnover / Process: Standard Operating Procedures	Create standard operating procedures (SOPs) to support the preservation of institutional knowledge and ensure continuity in procurement processes. / Develop comprehensive SOPs to guide staff on procurement processes	Medium	CPO, Purchasing Manager	Purchasing	0–12 months
9	Process: Best Value Approach	The City should not apply the best value approach universally but instead: A. Identify specific instances where it is appropriate based on factors such as complexity, market conditions, and risk assessment. B. Define clear guidelines and defined evaluation criteria within procurement policies.	Medium	CPO, Finance Director	Purchasing	0–6 months
1B	People: Staff Capacity and Turnover	Continue to foster a supportive work environment, which is crucial for staff retention and engagement.	Low	CPO, Purchasing Manager	Purchasing Team	Ongoing
3	Performance: Key Performance Indicators (KPIs)	Implement KPIs that align with service goals and the Department’s strategic plan, enabling continuous operational improvement and enhanced service delivery.	Low	CPO, Finance Director	Purchasing	0–6 months to establish, then ongoing