

Agenda Report

TO: CITY COUNCIL **DATE:** April 2, 2001
FROM: CITY MANAGER
SUBJECT: AFFIRMATIVE ACTION IN CONTRACTING ANNUAL REPORT –
CALENDAR YEAR 2000

RECOMMENDATION

It is recommended that the City Council:

- I) Receive the Affirmative Action in Contracting Annual Report for Calendar Year 2000;
- II) Direct the City Attorney to review the Affirmative Action in Contracting Ordinance and associated rules and regulations and to make recommendations regarding any suggested changes.
- II) Direct the City Attorney to prepare an amendment to the Ordinance that provides for the Affirmative Action in Contracting Annual Report to be submitted in a calendar year fashion.

BACKGROUND

Pursuant to the Affirmative Action in Contracting Ordinance, Chapter 4.09 of the Pasadena Municipal Code, a report highlighting the accomplishments of the City's Affirmative Action in Contracting Program is to be submitted to the City Council annually, on a fiscal year basis. Nevertheless, this report is being presented in a calendar year fashion, as was the report covering 1999.

As explained in last year's report, based on the way the City maintains its contract records, reporting on a calendar year basis is both easier and less prone to error than doing so on a fiscal year basis. If approved by the City Council, the recommendations of this report will establish the annual reporting on a calendar year basis.

Overall Procurement with Women and/or Minority Owned Firms

The following table illustrates the total percentage of procurement dollars awarded to women/minority owned businesses as well as the percentage of procurement dollars awarded to local Pasadena firms over the past several years. As has been the historical practice, these figures do not include purchased power, water or natural gas, contracts with other governmental entities, or attorney services contracts.

Additionally, only the figures for local procurement include purchases made by way of the City's purchasing card program. Presently, information regarding vendor ownership is not available through the purchasing card system. Staff will continue to pursue ways to identify women/minority vendors in the purchasing card system and include that information in subsequent annual reports.

Year	% of procurement dollars awarded to women/minority owned firms	% of procurement dollars awarded to local firms*
Calendar 2000	20	18
Calendar 1999	20	16
Calendar 1998	23	19
Fiscal 96-97	27	15
Fiscal 95-96	31	15
Fiscal 94-95	28	21
Fiscal 93-94	25	19

*includes purchasing card charges

The following is a breakdown of calendar year 2000 activity by City department:

Department	Total Purchases		Total Purchases with Women/Minority Owned Businesses \$ / %	
	#	\$	\$	%
Affirmative Action	3	\$8,300	\$0	0%
City Attorney	5	\$93,577	\$44,927	48%
City Clerk	35	\$221,312	\$34,953	18%
City Council	20	\$491,071	\$200,226	47%
City Manager includes ITSD	222	\$3,604,870	\$509,124	15%
City Prosecutor	5	\$41,821	\$0	0%
Finance	117	\$1,205,101	\$259,477	22%
Fire	97	\$780,087	\$82,143	11%
Health	218	\$2,688,186	\$836,483	32%
Housing & Development	157	\$1,007,311	\$354,821	35%
Human Resources	22	\$168,295	\$37,746	22%
Human Services, Recreation & Neighborhoods	205	\$1,669,858	\$286,267	18%
Information Services	61	\$810,146	\$240,999	30%
Planning & Permitting	105	\$3,165,469	\$999,826	35%
Police	131	\$1,925,187	\$143,503	7%
Public Works & Transportation	823	\$23,622,612	\$4,525,060	20%
Rose Bowl Operating Co.	504	\$2,016,872	\$848,475	42%
Water & Power	456	\$11,845,599	\$1,604,452	14%
Total	3,186	\$55,365,674	\$11,008,482	20%

Assessing Effectiveness of the Affirmative Action in Contracting Program

In order to assess the effectiveness of the City's Affirmative Action in Contracting Program it is important to understand the context in which City procurement activities take place. A large portion of City procurement is subject to competitive bidding, where the award of contracts is based solely on price. Moreover, despite significant outreach efforts, the marketplace for many of the City's

purchases remain limited in their availability of women/minority owned businesses. And, in any given year, a few large dollar contracts can have a significant impact on the overall outcome.

For example, in calendar year 2000 the City awarded contracts for the purchase of a new utility billing system (\$1.5 million), operation of City parking garages (\$2.6 million) and architectural services for City Hall seismic retrofitting (\$1 million). The total value of these contracts represents approximately 10% of the City's total contract dollars awarded in calendar year 2000.

Whether a purchase is subject to formal competitive bidding, as defined in Chapter 4.08 of the Municipal Code, the request for proposal process or the informal quotation process as outlined in the Affirmative Action in Contracting Ordinance, is a function of the type and dollar amount of the transaction. Purchases less than \$3,000 require only a single quote, thus staff has full discretion in selecting a vendor. Transactions in excess of \$3,000 but less than \$25,000 require multiple informal price quotations. Purchases in excess of \$25,000 that are for labor, material or supplies are subject to competitive bidding while those for professional services are accomplished by way of competitive selection, i.e., the request for proposal process.

The following table indicates the percentage of procurement dollars awarded to women/minority owned businesses within these various dollar ranges.

Transaction Amount	Total Dollar Volume*	% awarded to women and/or minority owned firms
Below \$3,000	\$4,076,602	28
\$3,000 to \$25,000	\$16,888,502	27
\$25,000 and more	\$34,400,570	15

*excludes purchasing card charges

As illustrated by the table, women/minority owned businesses have had greatest success in the area of procurement where staff has complete discretion and/or is required to obtain only informal price quotations.

The City's overall percentage of procurement dollars awarded to women/minority owned firms in calendar year 2000 was 20%; as was also the case in 1999. The 20% figure for the past two years is less than the percentage amounts for other recent years. A main factor in this reduction, as was the case in the prior year, is the scaling back of underground conduit projects by the Water and Power Department. These projects involve the conversion of overhead power lines to underground. Many of these high-dollar projects, which are completed by use of contract labor, have historically been awarded to women/minority owned businesses. The lack of these opportunities is reflected in the current figures.

Additional Initiatives Promoting Equal Opportunity Contracting

Established in 1995, the City's bid and contract opportunities webpage www.ci.pasadena.ca.us/purchasing, located on the City's Internet website has proven an excellent means of conducting vendor outreach. Prior to the website,

staff would rely on mailing lists as a means of notifying contractors, community and business associations of contract opportunities. By posting contract opportunities on the Internet, the City can be assured of providing the most extensive notification in the most cost-effective and timely fashion available.

Since its implementation, the bid and contract opportunities webpage has been enhanced to include on-line vendor registration and most recently, an on-line version of the *How To Do Business With the City of Pasadena* publication. In 2000 the site logged over 51,558 user sessions (i.e., "hits") and nearly 900 bid packages were requested through the site.

An important recent initiative was the staging, this past September, of the Pasadena Contracting Connection. Acting on the suggestion of Latinos for Economic Awareness and Development (LEAD), the Mayor assembled a group of representatives from community organizations, local agencies and business for the purpose of conducting a conference aimed at establishing purchasing relationships between local small and emerging businesses and large organizations within Pasadena.

Ultimately, this effort merged with the annual Chamber of Commerce Business Showcase and become known as the Contracting Connection. In addition to city staff the event included participants from Parsons, Jet Propulsion Laboratory, Cal Tech, Pasadena Unified School District, Pasadena City College, Community Bank, Huntington Memorial Hospital, Kaiser Permanente, Latinos for Economic Awareness and Development and the local chapter of the NAACP.

During the course of this well-attended event, those seeking business opportunities with the participating local agencies were afforded an opportunity to meet with the appropriate representative. In addition, a series of informative workshops were conducted. It is hoped that the Contracting Connection will become an annual event held jointly with the Chamber of Commerce.

The Affirmative Action in Contracting Ordinance Need for Review

Passed by voters in November 1996, Proposition 209 the California Civil Rights Initiative, prohibits the state and its political subdivisions from discriminating against, or granting preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.

Following the passage of Proposition 209 staff, in consultation with the City Attorney's Office modified some of the ways in which the rules and regulations of the City's Ordinance were applied. For example, the determination of award for City professional services contracts no longer includes scoring based on the diversity of the proposers' workforce, as this was determined to be inconsistent with Prop. 209.

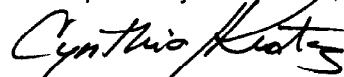
This past November, ruling for the first time on the scope of Proposition 209, the California Supreme Court ruled the City of San Jose's Affirmative Action in

Contracting Program unconstitutional. Pasadena's Affirmative Action in Contracting Ordinance, like most other cities with such programs, is similar to that of San Jose. Given this, it is now possible for the City Attorney to review the Affirmative Action in Contracting Ordinance with the benefit of a ruling by the State Supreme Court.

FISCAL IMPACT

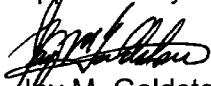
A review of the Affirmative Action in Contracting Ordinance is expected to take a few days of staff time. Based on that review, the development of proposed revisions and recommendations would be expected to take considerable staff time.

Respectfully submitted,



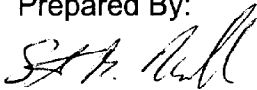
Cynthia J. Kurtz
City Manager

Approved by:



Jay M. Goldstone
Director Of Finance

Prepared By:



Steven B. Mermell
Purchasing Administrator