

# Agenda Report

**TO:** CITY COUNCIL                      **DATE:** MAY 17, 2004

**FROM:** CITY MANAGER

**SUBJECT:** ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR YEAR 2003

## RECOMMENDATION

It is recommended that the City Council receive the annual report on City Procurement for calendar year 2003.

## BACKGROUND

Pursuant to the Pasadena Municipal Code, a statistical report on City procurement is to be submitted to the City Council annually.

During calendar year 2003, the City spent \$90,433,006 on labor, materials, supplies, equipment and services. This total excludes purchased power, water and natural gas, contracts with other governmental entities, attorney services contracts, contracts relating to the City's workers' compensation program and petty cash purchases.

The following table provides a breakdown of total procurement dollars by procurement type as well as the amount of procurement dollars awarded to women and/or minority-owned business enterprises (WMBE) and local businesses.

Procurement Type	WMBE		LOCAL*		Total Procurement \$
	\$	%	\$	%	
Labor & Materials	5,476,061	18	572,145	2	31,184,944
Equipment & Supplies	2,663,952	20	1,644,473	12	13,593,072
Services	6,698,746	15	6,741,226	15	45,654,990
Total	14,838,759	16	8,957,844	9	90,433,006

\*includes purchasing card charges

As indicated by the table, the amount of procurement dollars awarded to WMBEs and local Pasadena businesses was \$14.8 million and \$8.96 million respectively. On a percentage basis these figures translate to 16% and 9% respectively. However, it should be recognized that these relative percentages can be greatly influenced by a few large contract awards. For example, in calendar year 2002 the City issued a \$52 million contract for the purchase of power generating

equipment. While the absolute dollar amounts awarded to WMBEs and local businesses were unaffected by this contract, the relative percentages of participation appeared to be significantly lower with the inclusion of such a large contract, as indicated in the table below.

Similarly, in calendar year 2003 the City issued two exceptionally large contracts also related to the power plant. The first being to Sermatech Inc., for the installation of the power generating equipment in the amount of \$19.85 million and ARB Inc., for installation of a selective catalytic reduction (SCR) system in the amount of \$6.4 million. Were these two contracts removed from the calculation, the percentage of WMBE participation would be 23% and local 13%, which would be more in keeping with the City's historical trends, as indicated below:

Year	% of procurement dollars awarded to women/minority owned firms	% of procurement dollars awarded to local firms*
Calendar 2003	16/23**	9/13**
Calendar 2002	11/22*	8/15*
Calendar 2001	12	16
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

\*Excluding acquisition of power generating equipment

\*\*Excluding installation of power generating equipment and SCR

For calendar year 2003 individual departmental performance is as follows:

Department	WMBE % of Total Procurement	Local % of Total Procurement
City Attorney/Prosecutor	0	16
City Clerk	3	6
City Council	10	25
City Manager	28	38
Finance/ITSD	37	5
Fire	14	11
Health	26	21
Human Resources	20	21
Human Services & Recreation	32	29
Information Services	21	7
Planning & Development	17	17
Police	8	8
Public Works	27	12
Transportation	16	14
Water & Power	8	6

The City has a strong commitment to contracting with local firms as well as ensuring equal opportunity for those seeking business relationships with the City.

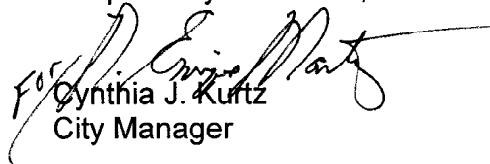
Local firms receive a preference when competing for City contracts, procurement opportunities are listed on the City's bid and contract opportunities webpage [www.ci.pasadena.ca.us/purchasing](http://www.ci.pasadena.ca.us/purchasing) and the Purchasing Division has been expanding use of on-line bid solicitation. Additionally, staff continues to participate in various vendor outreach events.

Nevertheless, it is recognized that there is more the City can do to increase the participation of local businesses, particularly those owned by women and minorities, in City procurement. A collaborative effort with the Black Pasadena Coalition for Housing and Economic Development (a.k.a. The Northwest Coalition) has resulted in the development of a series of recommendations towards this end. These recommendations will be presented to the City Council within the next few weeks as part of a report on the overall activities associated with issues raised by the Coalition.

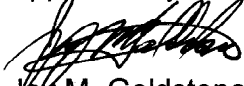
**FISCAL IMPACT**

This report is for information only. There is no fiscal impact associated with it.

Respectfully submitted,

  
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Approved by:

  
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