

Agenda Report

TO: CITY COUNCIL **DATE:** July 16, 2007
FROM: CITY MANAGER
SUBJECT: ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR
YEAR 2006

RECOMMENDATION

It is recommended that the City Council receive the annual report on City Procurement for calendar year 2006.

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 2006, the City made purchases worth \$90,940,916 for labor, materials, supplies, equipment and services. The totals provided herein exclude purchased power, water and natural gas commodity purchases, contracts with other governmental entities, petty cash purchases and other transactions considered to be not procurement related.

The following tables provide a breakdown of total procurement dollars by procurement type as well as the amount of procurement dollars awarded to local and women and/or minority-owned business enterprises (WMBEs) businesses. Two separate tables are provided to account for the fact that approximately 11% of the City's total procurement dollars in calendar year 2006 were expended through the use of City purchasing cards. While the purchasing card program has been a success for the City in terms of expediting the purchasing process and allowing for more cost-effective procurement, the data provided for these transactions from the merchant banks does not include information concerning the status (e.g., WMBEs) of businesses that the City does business with, however, business location is provided. For this reason the figures provided in this report for WMBE's exclude purchasing card transactions, while those for local procurement include them. Nevertheless, it is not believed this affects the overall percentage results in any statistically significant way.

Local Procurement

Procurement Type	LOCAL		Total Procurement \$*
	\$	%	
Labor & Materials	997,982	3	29,164,144
Equipment & Supplies	4,298,792	12	37,007,012
Services	4,355,682	18	24,769,760
Total	9,652,456	11	90,940,916

*Includes purchasing card purchases

Women and/or Minority Owned Business Procurement

Procurement Type	WMBE		Total Procurement \$*
	\$	%	
Labor & Materials	4,501,435	15	29,164,144
Equipment & Supplies	2,934,717	12	25,205,263
Services	4,323,910	17	24,769,760
Total	11,760,062	15	79,139,167

*Excludes purchasing card purchases

As indicated by the tables, the amount of procurement dollars awarded to local Pasadena businesses and WMBE's was \$9,652,456 million and \$11,760,062 million respectively. On a percentage basis these figures translate to 11% and 15% respectively.

The following table gives and historical perspective of the percent of procurement dollars awarded to WMBE and local firms for the last five years.

Year	% of procurement dollars awarded to women/minority owned firms	% of procurement dollars awarded to local firms
Calendar 2006	15	11
Calendar 2005	20	12
Calendar 2004	18	11
Calendar 2003	16	9
Calendar 2002	11	8

As reflected by the chart above, the percentage of WMBE dollars awarded declined by five percentage points from CY 2005 and local participation declined by one percent. While the percentage of procurement dollars awarded to WMBEs and local vendors may fluctuate year by year, the City's commitment to equal opportunity and local vendors remains constant. Fluctuations occur in any given year as one or two significant contracts tend to influence the overall percentages. In CY 2005, the City Hall Project provided unique opportunities for WMBEs and other small businesses which is reflected in the higher than average levels of participation. Through its aggressive efforts to attract small businesses to execute projects related to the seismic retrofit and restoration of City Hall, the Department of Public Works had a relatively high WMBE percentage, 33%, as opposed to 12% in 2006. Also, in 2005, the Department of Finance entered into

a contract for approximately \$200,000, with a local firm, to manage a fundraising campaign for the City Hall Retrofit and Restoration project. These City Hall related projects are atypical in terms of the City's procurement and as a result impacted the statistics accordingly.

For calendar year 2006, the performance of individual City departments and the City's two operating companies is as follows:

Department	WMBE % of Total Procurement	Local % of Total Procurement
City Attorney/Prosecutor	10	14
City Clerk	5	3
City Council	16	61
City Manager	24	35
Finance/ITSD	20	8
Fire	5	6
Health	17	29
Human Resources	16	9
Human Services & Recreation	29	31
Information Services/Library	26	10
Planning & Development	17	30
Police	11	13
Public Works	12	8
Transportation	16	20
Water & Power	17	9
Operating Companies		
PCOC	0	19
RBOC	15	6

The City has a strong commitment to contracting with local firms. Local firms are provided a 5% preference for all procurement under \$25,000, as well as for any professional services contract regardless of dollar amount, and a 1% preference for competitively bid contracts.

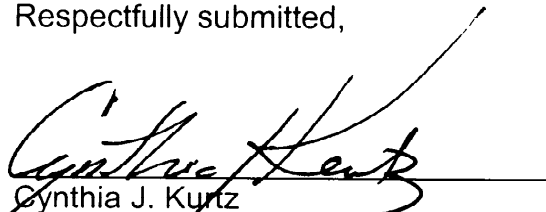
Equally important is ensuring equal opportunity for those seeking business relationships with the City. Use of an internet-based bid solicitation system (Bids Online®) guarantees that vendors wishing to submit price quotes to the City are notified of contracting opportunities in a timely fashion and prompted to submit bids.

Additionally, in July 2004, the City implemented a small and micro-business preference program. The program has helped to increase WMBE participation as a large percentage of those firms are also small or micro-businesses. The City continues to sponsor and participate in seminars and vendor fairs to explain the City's contracting and procurement procedures in an effort to increase awareness and participation in the City's procurement process.


FISCAL IMPACT

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

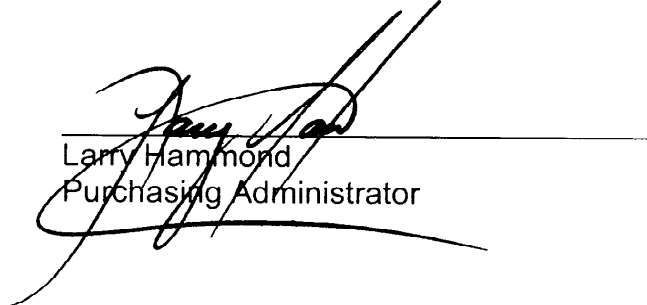
Respectfully submitted,


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