

Agenda Report

TO: CITY COUNCIL **DATE:** June 9, 2008
FROM: CITY MANAGER
SUBJECT: ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR
YEAR 2007

RECOMMENDATION

It is recommended that the City Council receive the annual report on City Procurement for calendar year 2007.

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 2007, the City made purchases worth \$119,917,252 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 2007 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 WMBEs 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	419,074	1	42,857,708
Equipment & Supplies	6,267,926	13	48,111,534
Services	5,355,990	19	28,948,010
Total	12,042,990	10	119,917,252

*Includes purchasing card purchases

Women and/or Minority Owned Business Procurement

Procurement Type	WMBE		Total Procurement \$*
	\$	%	
Labor & Materials	6,582,081	15	42,857,708
Equipment & Supplies	2,151,149	6	35,018,666
Services	4,102,490	14	28,948,010
Total	12,835,720	12	106,824,384

*Excludes purchasing card purchases

As indicated by the tables, the amount of procurement dollars awarded to local Pasadena businesses and WMBEs was \$12,042,990 million and \$12,835,720 million respectively. On a percentage basis these figures translate to 10% and 12% respectively.

The following table gives an 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 2007	12	10
Calendar 2006	15	11
Calendar 2005	20	12
Calendar 2004	18	11
Calendar 2003	16	9

As reflected by the chart above, the percentage of WMBE dollars awarded declined by three percentage points from CY 2006 and local participation declined by one percent. However, in actual dollars calendar year 2007 represented an increase of \$1,127,210 as compared to calendar year 2006.

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. Between calendar years 2003 and 2006, the City Hall Project provided unique opportunities for WMBEs and other small businesses which is reflected in the higher than average levels of participation. 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 2007, the performance of individual City departments and the City's two operating companies are as follows:

Department	WMBE % of Total Procurement	Local % of Total Procurement
City Attorney/Prosecutor	17	22
City Clerk	7	7
City Council	19	58
City Manager	29	28
Finance/ITSD	10	4
Fire	9	8
Health	5	54
Human Resources	11	16
Human Services & Recreation	29	35
Information Services/Library	18	7
Planning & Development	17	25
Police	7	13
Public Works	11	6
Transportation	18	14
Water & Power	12	9
Operating Companies		
PCOC	0	27
RBOC	25	5

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.

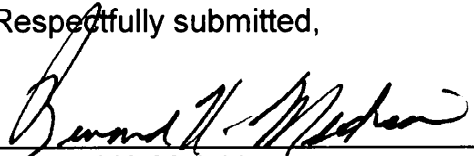
Equally important is ensuring equal opportunity for those seeking business relationships with the City. Use of an internet-based bid solicitation system (Bids Online®) guarantees that vendors wishing to submit price quotes to the City are notified of contracting opportunities in a timely fashion and 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. Last year, the City participated in the Urban Business Expo in Los Angeles and continues to partner with the Pasadena Chamber of Commerce in the Annual Business Showcase and Contraction Connection.

FISCAL IMPACT

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

Respectfully submitted,



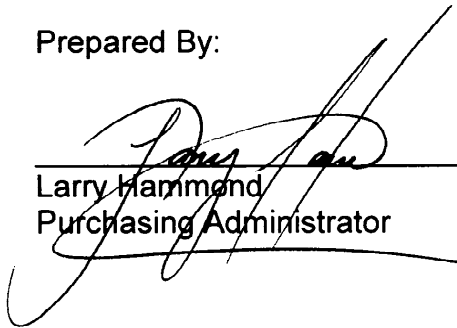
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