

Agenda Report

October 25, 2010

TO: Honorable Mayor and City Council
FROM: Department of Finance
SUBJECT: ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR YEAR 2009

RECOMMENDATION:

It is recommended that the City Council receive the Annual Report on City Procurement - Calendar Year 2009.

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 2009, the City made purchases of \$148,183,682 for labor, materials, supplies, equipment and services. The totals provided herein exclude purchased power, water and natural gas commodity purchases, attorney services agreements, contracts with other governmental entities, petty cash purchases and other transactions considered to be not procurement related.

The tables below provide a breakdown of the total procurement dollars by department. Statistical data is provided for contracts successfully secured by local businesses and women/minority owned business enterprises (WMBE). Additionally, an estimation of the overall impact of local contracting and purchasing is provided using the U.S. Department of Commerce, Bureau of Economic Analysis: Regional Input-Output Modeling System (RIMS).

In calendar year 2009, the amount of contract and procurement opportunities secured by local Pasadena businesses was \$55,594,323 (or 38%). The amount

of contract and procurement opportunities secured by WMBEs was \$16,337,589 (11.0%). The following table includes \$9,760,226 of purchases expended through the use of the City's Purchasing Card program, of which 11% was purchased locally. 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 diversity or certification status (e.g., WMBEs) of businesses with which the City conducts business; 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.

For calendar year 2009, the percentage of WMBE and local dollars spent by individual City departments are represented in the following table:

	Total Dollars	WMBE Dollars	WMBE %	Local Dollars	Local %
CITY ATTORNEY/PROSECUTOR	\$ 420,373	\$ 34,970	8%	11,904	3%
CITY CLERK	\$ 896,419	\$ 4,567	1%	61,478	7%
CITY COUNCIL	\$ 48,661	\$ 2,425	5%	29,164	60%
CITY MANAGER	\$ 288,065	\$ 86,090	30%	166,508	58%
FINANCE/ITSD	\$ 6,135,258	\$ 280,485	5%	123,868	2%
FIRE	\$ 2,601,538	\$ 525,400	20%	137,178	5%
HEALTH	\$ 1,952,118	\$ 168,018	9%	1,244,024	64%
HOUSING	\$ 280,991	\$ 75,484	27%	103,907	37%
HUMAN RESOURCES	\$ 308,698	\$ 39,500	13%	28,930	9%
HUMAN SERVICES	\$ 1,313,750	\$ 419,559	32%	477,778	36%
LIBRARY	\$ 1,154,103	\$ 155,697	13%	125,586	11%
PLANNING & DEVELOPMENT	\$ 2,312,795	\$ 311,406	13%	715,442	31%
POLICE	\$ 5,619,697	\$ 140,443	2%	320,640	6%
PUBLIC WORKS	\$ 46,857,609	\$ 3,520,072	8%	20,975,743	45%
TRANSPORTATION	\$ 28,634,953	\$ 2,159,675	8%	26,583,294	93%
W&P	\$ 49,358,654	\$ 8,413,798	17%	4,488,879	9%
Grand Totals	\$ 148,183,682	\$ 16,337,589	11%	\$ 55,594,323	38%

The following table represents the percentage of WMBE and local dollars spent by the operating companies:

Operating Companies	Total Dollars	WMBE Dollars	WMBE %	Local Dollars	Local %
PCOC	\$ 2,824,472.00	\$ -	0%	\$ 532,148.00	19%
RBOC	\$ 11,429,954.00	\$ 2,357,990.00	21%	\$ 2,086,515.00	18%

The following table gives a historical perspective of the percent of procurement dollars successfully secured by WMBE and local businesses for the last five years.

Calendar Year	% secured by W/MBE firms	% secured by local firms
2009	11%	38%
2008	15%	8%
2007	12%	10%
2006	15%	11%
2005	20%	12%

While the percentage of procurement dollars successfully secured by WMBEs and local vendors may fluctuate year by year, the City's commitment to equal opportunity and local vendors remains constant. In calendar year 2009, two local businesses successfully secured contracts with the Department of Public Works for the construction of the Water and Power yards office building/warehouse renovation project and with Department of Transportation for the operation of the Pasadena Area Rapid Transit System (ARTS) and Dial-A-Ride services for a total of \$43 million. These contracts, secured by two local businesses, had a significant effect on the local percentages for the respective departments and citywide.

The objective of the following table is to estimate the local economic impact of the City's local contract and procurement activity. Based on the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Output-Input Modeling System (RIMS), staff is able to use this formula as a barometer for estimating the impact of the City's local purchasing. Based on the local contract and procurement for calendar year 2009, there was an estimated 686 jobs sustained or created by local contracting and purchasing.

FORMULA FOR IMPACT OF LOCAL CONSTRUCTION SPENDING	
Initial Spending	\$18,581,200
Total Economic Output	\$37,924,229
# of Direct Jobs Created	111.5
# of Indirect & Induced Jobs Created	167.2
Total # of Jobs Created	278.7
Total Earnings Generated	\$10,990,780
Total Tax Revenue Generated	\$1,896,211

FORMULA FOR IMPACT OF LOCAL PROFESSIONAL SERVICES SPENDING	
Initial Spending	\$28,401,202
Total Economic Output	\$62,993,866
Total # of Jobs Created	407.6
Total Earnings Generated	\$20,321,060
Total Tax Revenue Generated	\$3,149,693
Estimated Local Jobs Sustained or Created	686.3

In an effort to increase local awareness and participation in the City's procurement process, the City continues to support and participate in seminars and vendor fairs to present the City's contracting and procurement procedures. In 2009 and 2010, the City participated with the Pasadena Chamber of Commerce in the Annual Business Showcase and Contracting Connection. On October 19, 2010, the City sponsored an open house that was attended by over 150 local businesses and facilitated over 380 one-on-one meetings between local businesses and City departments. These combined steps, among others, are designed to increase the local participation in the City's various competitive procurement processes.

Equally important are several outreach components forthcoming that will increase the awareness and participation of local businesses in the City's bidding process. Among those outreach components is an effort to establish procedures for purchases under \$25,000 by maximizing the use of an internet-based bid posting and notification system (Bids Online®) and sponsoring a series of technical assistance seminars designed to help prepare businesses for upcoming procurement opportunities with the City.

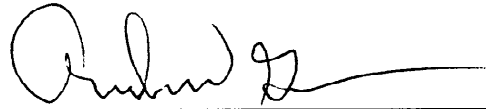
COUNCIL POLICY CONSIDERATION:

As part of the City Council's three-year goals and strategic objective to "support and promote the local economy" staff was tasked with designing a new and expanded "Pasadena First" program to give Pasadena businesses priority for City business opportunities. 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. Additionally, local businesses receive a 5% preference on Request for Proposals, and an additional 5% for being certified with the State of California as a small or micro business.

FISCAL IMPACT:

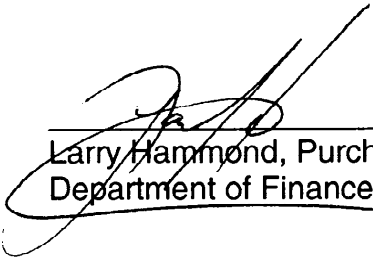
This report is for information only. There is no fiscal impact.

Respectfully submitted,



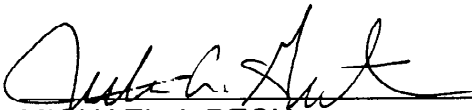
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