

Agenda Report

December 3, 2018

TO: Honorable Mayor and City Council
FROM: Department of Finance
SUBJECT: ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR YEARS 2015, 2016 and 2017

RECOMMENDATION:

It is recommended that the City Council receive the annual report on City procurement for calendar years 2015, 2016, and 2017.

EXECUTIVE SUMMARY:

Pursuant to the Pasadena Municipal Code (P.M.C) Section 4.08, a statistical report on City procurement is to be submitted annually to the City Council. This report includes high level procurement results for calendar years 2015 and 2016, and a detailed report for calendar year 2017. An update on Pasadena First Buy Local (PFBL) efforts, local outreach activities and statistical information on local participation results is also included.

In calendar year 2017, there was a total of \$7,976,995 or 7.3% of procurement awards secured by women or minority-owned business enterprises (W/MBEs). There were a total of \$17,639,849 or 15.6% (percent) of procurement awarded to Pasadena businesses in calendar year 2017.

BACKGROUND:

The total procurement dollars awarded by City Departments for calendar year 2015 were \$192,533,572, and were \$147,806,902 for calendar year 2016. During calendar year 2017, the City awarded procurements worth \$112,760,424 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. This report also includes local outreach activities and statistical information on local participation results.

The purchasing ordinance also requires a statistical account of procurement dollars awarded to minority and women business enterprises, and local businesses which are included in this report.

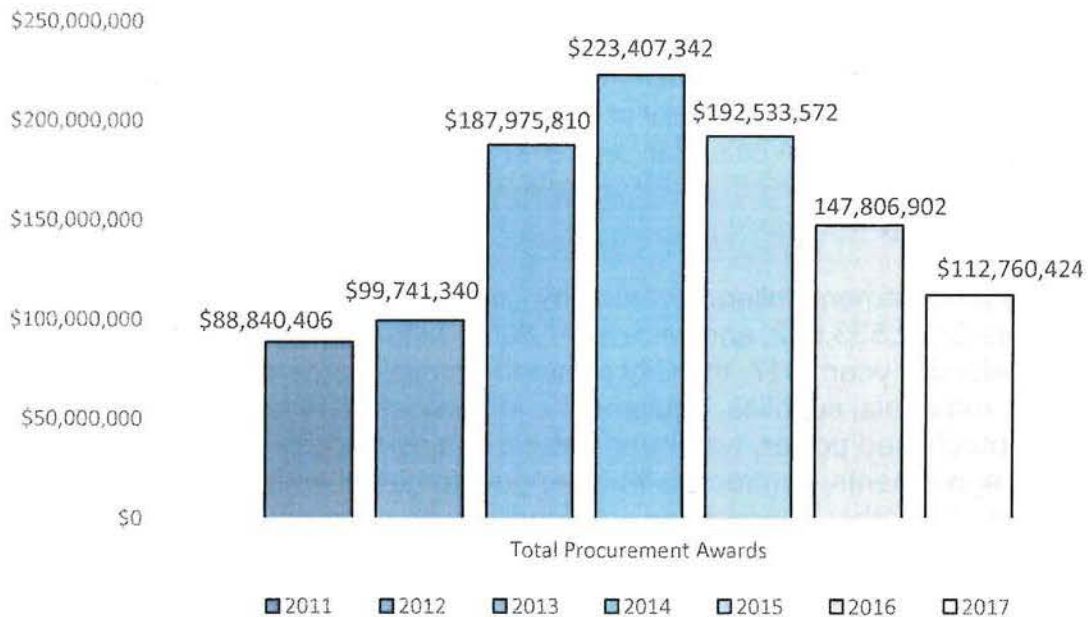
In calendar year 2017, there was a total of \$7,976,995 or 7.3% of procurement awards awarded to women or minority-owned business enterprises (W/MBEs). These W/MBE figures do not include Purchasing Card program purchases. The system that provides the statistical results of our purchasing card usage does not collect demographic data on its vendors.

Enterprise Resource Program (ERP) Transition

The City's Tyler Munis ERP system was launched in July of 2015. At the time of implementation, the system was not set up to capture the demographic vendor data or other data related to tracking the commodities for the purchase orders and contracts. The system was updated in the middle of 2016 and the appropriate training was completed to collect the data going forward. As a result, this report does not include the demographic data necessary for W/MBE reporting for 2015 and 2016 calendar years.

Procurement Trend

The following chart depicts the overall contractual award trend for the past seven years. It is important to note that, to support the Glenarm Repowering Project, the Department of Water & Power made major awards in 2013 and 2014 for approximately \$60 million and \$55 million, respectively.



In calendar year 2015, staff entered various types of agreements, memorandums of understanding, and contracts in the Tyler Munis ERP that were previously tracked outside of the financial system. This approach increased the total dollar value and volume of contracts tracked in calendar year 2015. Examples of these types of contracts would include a Memorandum of Agreement between the City of Pasadena and 18 other public agencies; and a lease agreement with Southern California Edison.

In calendar year 2016, staff instituted more volume procurement strategies with City departments for multiple years. These procurements included purchases such as "on call" project management, construction management services, and consulting services. While this approach may reveal a relative increase in overall awards in 2016, these contracts were awarded for multiple years which will result in fewer single year awards for future years, including calendar year 2017. There was one large City project awarded (Robinson Park Phase II) which totaled \$7.2 million in calendar year 2016.

Staff will continue to coordinate with City departments to utilize long-term purchasing strategies which will include multi-year awards where appropriate.

Breakdown of Procurement Spending by City Department

The following table provide a breakdown of total procurement dollars by each City department. This table includes statistical data relative to procurement activity for W/MBEs for calendar year 2017.

City Departments: W/MBE Totals without Purchasing Cards*

Departments	Totals without Purchasing Cards		
	Total Dollars	W/MBE Dollars	W/MBE %
CITY ATTORNEY	211,537.01	34,887.72	16.5%
CITY CLERK	219,075.50	44,600.00	20.4%
CITY MANAGER'S OFFICE	1,777,393.76	104,997.00	5.9%
FINANCE	3,769,212.56	43,942.54	1.2%
FIRE	2,353,650.51	323,929.25	13.8%
HEALTH	857,164.78	4,665.68	0.5%
HOUSING	6,901,637.96	252,737.54	3.7%
HUMAN RESOURCES	905,317.70	185,455.85	20.5%
HUMAN SERVICES & RECREATION	841,094.75	147,591.88	17.5%
INFORMATION TECHNOLOGY	3,614,938.13	667,487.84	18.5%
LIBRARY	1,378,619.58	64,728.09	4.7%
PLANNING & COMMUNITY DEV.	6,335,368.66	936,401.05	14.8%
POLICE	5,099,857.86	810,320.47	15.9%
PUBLIC WORKS	32,441,090.18	3,073,613.26	9.5%
TRANSPORTATION	8,358,156.85	186,275.16	2.2%
WATER & POWER	34,691,248.75	1,095,361.28	3.2%
	\$ 109,755,365	\$ 7,976,995	7.3%

*Purchasing Card transactions totaled \$2,996,887 for calendar year 2017.

The following table provides a breakdown of total procurement dollars by each City department. This table also includes statistical data relative to procurement activity for Pasadena businesses for calendar year 2017.

City Departments: Local Totals which includes Purchasing Card transactions

Departments	Totals with Purchasing Cards		
	Total Dollars	Local Dollars	Local %
CITY ATTORNEY	235,241.67	36,681.65	15.6%
CITY CLERK	224,495.23	71,698.73	31.9%
CITY MANAGER'S OFFICE	1,800,570.44	389,207.25	21.6%
FINANCE	3,799,849.00	1,921,916.01	50.6%
FIRE	2,779,427.27	608,930.85	21.9%
HEALTH	1,018,501.92	624,517.82	61.3%
HOUSING	7,051,615.81	5,420,551.65	76.9%
HUMAN RESOURCES	1,010,865.48	257,940.31	25.5%
HUMAN SERVICES & RECREATION	1,017,351.61	419,162.53	41.2%
INFORMATION TECHNOLOGY	3,852,572.12	400,455.44	10.4%
LIBRARY	1,508,726.57	211,316.24	14.0%
PLANNING & COMMUNITY DEV.	6,402,500.00	677,722.42	10.6%
POLICE	5,510,580.56	2,395,375.84	43.5%
PUBLIC WORKS	33,078,922.11	3,174,087.21	9.6%
TRANSPORTATION	8,385,425.60	203,821.46	2.4%
WATER & POWER	35,075,606.90	826,463.92	2.4%
	\$ 112,752,252	\$ 17,639,849	15.6%

Pasadena First Buy Local (PFBL)

The PFBL outreach effort is facilitated through several distinct functions. One method provides local businesses with a preference of 5% of the overall evaluation in the City's competitive selection process for procurements of \$25,000 or more. Staff administratively applies a 5% local business preference for procurements under \$25,000. There is a 1% bid preference for Pasadena businesses when procuring materials and supplies through a competitive bid process. Staff administers local participation plans that encompass various outreach strategies. These strategies are designed to increase local subcontracting and procurement on projects that utilize good faith efforts on public and private development projects on an ongoing basis. These outreach strategies include: providing prospective bidders with a list of Pasadena businesses matching subcontractor trades for the project; providing contractors on public and private development projects with a list of Pasadena residents interested in construction job referrals; facilitating meet and greets between Pasadena businesses and residents, and prime contractors and City staff to facilitate informal introductions of a Pasadena business or resident's skills and qualifications. Finally, through the City's Local Hiring ordinance P.M.C. Section

14.80, the City conducts outreach, intake and referrals of Pasadena residents on private development projects that participate in the City's local hiring initiative. Private development projects include:

	Total Certified Payroll	PASADENA Certified Payroll	Percentage of Wages Paid to PASADENA Residents	% of Hours to PASADENA Residents	PASADENA Residents Hired
Mar Vista Union Housing Project (2015; and 2016)	\$1,094,869.55	\$235,278.73	21.49 %	19.82 %	39
Heritage Square (2015; and 2016)	\$3,271,409.03	\$642,217.46	19.63 %	18.94 %	76
Villa Los Robles Rehabilitation Project (2018)	\$28,244.52	\$8,393.50	29.72 %	31.92 %	3
		\$885,889.69			118

An additional method to ensure local participation is through outreach with specific local businesses. Through an analysis of materials, goods, and services procured from Pasadena businesses between calendars years 2012 through 2017, the list below was prepared to provide a general guide for Staff outreach efforts going forward. This list is updated based on potential matches between procurements advertised by the City and Pasadena businesses registered to do business with the City. Staff continually targets Pasadena businesses to better prepare them for participation in the City's procurement processes.

Some of the materials, goods, and services targeted for outreach to increase competition of Pasadena businesses will include but are not limited to:

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|---|---|
| 1. Automotive Shop and Repair | 15. Hardware and related Items |
| 2. Building Construction Services | 16. Janitorial/Custodial Services |
| 3. Carpet Cleaning | 17. Landscaping & Irrigation |
| 4. Computer Hardware/Software | 18. Lawn Maintenance Equipment
And Accessories |
| 5. Construction, and Construction Management Services | 19. Lumber Related Products |
| 6. Construction Materials | 20. Marketing Consulting |
| 7. Electrical Equipment | 21. Moving Services |
| 8. Employment Agency (Temporary Personnel) | 22. Office Equipment |
| 9. Engineering Services | 23. Office Supplies |
| 10. Event Planning Services | 24. Painting |
| 11. Fencing | 25. Pest Control |
| 12. Economics Consulting | 26. Plumbing Equipment |
| 13. Financial Services | 27. Plumbing Maintenance |
| 14. Flooring Maintenance | 28. Printing Related Services |
| | 29. Publications (Audio Visual) |

30. Roofing

32. Window Washing Services

31. Tree Trimming

Many commodities considered unavailable in Pasadena are not exclusively based on the commodity itself, but are also driven by unique standards, sizes, volume and/or qualities.

Staff continues to ensure that purchasing procedures and guidelines are maximizing competition while obtaining the best price and value for purchases made by the City. Reliance on open competition is a fundamental component of the City's procurement process.

Planet Bids

In order to provide for the widest possible distribution of City procurement opportunities, the City utilizes an online web-based bid posting system to disseminate bid information. The City's online bid-notification system (Planet Bids) is used to match bids with the profiles of businesses that are registered in the system. The system enables staff to target Pasadena businesses during the solicitation process to bid as a prime contractor or to help conduct local subcontractor referrals.

The chart below illustrates the number of Pasadena businesses registered over the past nine years. There were a total of 939 Pasadena businesses in the City's notification system at the end of calendar year 2017. From calendar years 2015 to 2017, 162 vendors registered in the City's bid notification system.

Pasadena Businesses Registered on Planet Bids:

Calendar Year End	Total Pasadena Businesses	Difference	Percent Difference from Prior Year
2017	939	48	6.6%
2016	891	62	9.1%
2015	829	52	8.4%
2014	777	47	8.6%
2013	730	50	7.4%
2012	680	59	9.5%
2011	621	75	13.7%
2010	546	58	11.9%
2009	488		

Local Purchasing Outreach Efforts for 2018 to Increase Business Registration

- Identified specific goods or services most likely to be purchased from Pasadena businesses.
- Conducted referrals of Pasadena businesses to potential prime contractors bidding on Public Works projects. Subcontractor trades are identified in advance and provided to prospective bidders as potential subcontractors during the competitive bidding process.
- Increased outreach to Pasadena businesses to encourage registration into the City's bid notification system. Doing business with the City workshops have been added to increase awareness among Pasadena businesses of our purchasing opportunities.
- Conducted meet-and-greet introductions and one-on-one meetings between the City and Pasadena Businesses to enhance the City's ability to become more familiar with Pasadena business services.

Local Hiring

Another PFBL method is through P.M.C Section 14.80, which incentivizes local hiring on private development projects and requires local hiring on private development projects that receive “financial assistance.” The Summit Grove project was initiated in 2017. The contractor for this project indicated that many of the experienced workers that previously worked on projects such as the Rose Bowl and/or the Glenarm Repowering projects, had joined construction unions and/or were permanently hired as part of a “core” workforce by larger contractors working on larger construction projects. Going forward, staff will continue to coordinate with the Career Services to identify pre-apprenticeship training programs.

Moreover, staff administers local participation plans that encompass various outreach strategies to increase local subcontracting and procurement on projects that utilize good faith efforts on public projects on an ongoing basis. This approach includes, but is not limited to, the intake of Pasadena residents into the PFBL database, assisting Pasadena businesses in registering in the City’s bid notification system, and the facilitation of “Opportunity Fairs” and “meet and greets.” These strategies along with others are designed to foster a network of community partners, service providers, unions, contractors, etc., to enhance procurement and employment opportunities for Pasadena businesses and residents.

Local Hiring Outreach Efforts in 2018

- Conducted ongoing outreach, intake, and referrals of Pasadena residents interested in construction trade referrals for projects subject to the City’s local hiring ordinance including but not limited to Summit Grove and Villa Los Robles.
- Offered a web-based, certified payroll tracking system to City departments

The cumulative results for local hiring which are a part of PFBL since its inception (September 2005) are:

- Over 375 construction jobs filled by Pasadena residents
- 30.8% Local Hiring of Pasadena residents on Private Development Projects which totals \$1,209,336 in wages
- \$2,529,451 in wages to Pasadena residents on Public Projects
 - Glenarm Repowering Project
 - Rose Bowl Renovation Project
 - Robinson Park Phase I

- \$18,211,662 in subcontracting and procurement to Pasadena businesses for the Glenarm Repowering Project (2015); and the Rose Bowl Renovation Project (2012).

Accompanying Outreach Activities

Staff continues to facilitate and participate in outreach events, trade shows, and vendor fairs to present the City's contracting and procurement procedures in an effort to increase awareness and participation in the City's procurement process. Below is a brief summary of the activities conducted from 2015-2017.

- March 2015: Meet and Greet between City Departments and Pasadena businesses. Over 40 Pasadena businesses were in attendance.
- March 2016: Staff conducted "Doing Business with the City" workshop in which was attended by more than 80 small or Pasadena businesses.
- October 2016: staff facilitated a meet-and-greet for the Robinson Park Phase II Project with the goal of facilitating local subcontracting, local procurement, and local hiring. More than 20 Pasadena businesses were in attendance.
- March 2017: staff conducted one-on-one meetings with 40 Pasadena businesses; facilitated outreach with over 200 small businesses.
- Annual Staff Participation in the California Construction Expo (August 2015, July 2016, July 2017). Two-day event with over 1,500 industry professionals.
- September 2017: staff hosted a meet-and-greet between City Departments and Pasadena businesses. Included a representative from the Parsons Project.

In summary, the combined local outreach efforts activities and the use of the planet bids system have distinct goals to accomplish specific outcomes. Taken together, they are designed to increase the registration of Pasadena businesses to receive access to bid opportunities, prepare Pasadena businesses to do business with the City, and increase competition for the City's formal solicitations.

COUNCIL POLICY CONSIDERATION:

Pursuant to the Pasadena Municipal Code, a statistical report on City procurement, living wage, and salvage are required to be submitted annually to the City Council and this action supports the City's strategic planning goal to maintain fiscal responsibility and stability.

FISCAL IMPACT:

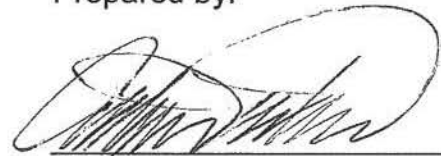
There is no fiscal impact as a result of this action nor will it have any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



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