

# Agenda Report

**TO:** CITY COUNCIL                      **DATE:** APRIL 21, 2003

**FROM:** CITY MANAGER

**SUBJECT:** ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR YEAR 2002

## **RECOMMENDATION**

It is recommended that the City Council receive the annual report on City Procurement for calendar year 2002.

## **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 2002, the City spent \$113,135,742 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 (Labor, Materials & Supplies, Equipment, and Services) as well as the amount of procurement dollars awarded to women and/or minority-owned business enterprises (WMBE) and local businesses. The table provides two sets of totals, one including and one excluding the purchase of the new power generating units GT 3 and 4. The magnitude of this purchase, \$52 million, or 46% of total procurement, has a significant impact on the relative percentages.

Procurement Type	WMBE		LOCAL		Total Procurement \$
	\$	%	\$	%	
Labor, Materials & Supplies	2,556,000	14	633,150	3	18,157,814
Equipment	2,223,920	4	1,749,334	3	59,621,865
Equipment w/GT3&4 excluded		30		24	7,379,227
Services	6,972,204	25	5,381,206	19	28,286,996
Total	11,752,124	11	7,763,690	8	113,135,742
Total w/GT3&4 excluded		22		15	60,893,104

### *Labor, Materials & Supplies*

In calendar year 2002, labor and materials purchases accounted for approximately 30% of all procurement, after adjusting for the purchase of power generating units GT 3 & 4. Historically, this category accounts for a greater portion of city procurement, however, the suspension of the Water and Power Department's utility undergrounding program in advance of electric utility deregulation, greatly reduced the number of high-dollar labor contracts. The reintroduction of undergrounding will increase the number of labor contracts and is expected to increase the participation rate of WMBEs, many of which are engaged in this type of work. The largest labor and materials contract in calendar 2002 was issued to Environmental Concerns for demolition of existing structures at the Glenarm Plant in order to make way for new plant and equipment, in the amount of \$1.3 million. The second largest labor and materials contract was awarded to All American Asphalt for street maintenance in the amount of \$860,000.

### *Equipment*

With the notable exception of power generating units GT 3 & 4, equipment tends to account for the smallest portion of City procurement. Within this class the most significant items are rolling stock i.e., vehicles.

### *Services*

Services, both professional and non-professional usually make up a largest portion of procurement expenditures. Some of the more significant service contracts include: Inter-Con Security, a local firm, for parking citation services (\$582,000); Superior Technical Resources for computer support (\$600,000) and CH2Mhill for construction management services related to the new power plant project (\$640,000).

### *Local Procurement*

The City has a strong commitment to contracting with local firms. Local firms receive a 5% preference when competing for purchases less than \$25,000 as well as for all professional services contracts. In addition, for competitively bid contracts, local firms receive a 1% preference based on the amount of sales tax that would be returned to the City when purchasing locally. In calendar year 2002, more than \$7.7 million dollars went to firms located in Pasadena.

### *Equal Opportunity Contracting*

In addition to a concentrating on local procurement, the City continues its strong commitment to equal opportunity contracting. In this regard, the City has focused on vendor outreach as a means of ensuring equal access to City procurement opportunities. The City's bid and contract opportunities webpage [www.ci.pasadena.ca.us/purchasing](http://www.ci.pasadena.ca.us/purchasing), located on the City's Internet website has proven an excellent means of conducting vendor outreach. The webpage continues to be one of the most frequently visited on the City's website.

Applying technology to further enhance outreach, the Department of Finance Purchasing Division has implemented an internet-based quote solicitation system

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that notifies potential bidders of procurement opportunities. The system also allows vendors to post their bids online. Since January, the system has provided over 3,200 vendor notifications.

Additionally, the City continues to participate in various vendor outreach events. The Pasadena Business Showcase and Contracting Connection has become an annual event that provides an opportunity for area businesses to meet with representatives responsible for procurement in many large local agencies. In addition to the City, participating agencies have included Parsons, Jet Propulsion Laboratory, Cal Tech, Pasadena Unified School District, Pasadena City College, Community Bank, Huntington Memorial Hospital, and Kaiser Permanente. The event has also received the support of Latinos for Economic Awareness and Development and the local chapter of the NAACP. Both agencies were instrumental in the establishment of the Contracting Connection.

The following table provides a breakdown of WMBE participation by City department.

<b>Department</b>	<b>WMBE % of Total Procurement</b>	<b>Local % of Total Procurement</b>
City Attorney/Prosecutor	14	12
City Clerk	5	3
City Council	55	6
City Manager	61	36
Finance/ITSD	23	5
Fire	27	9
Health	27	26
Human Resources	11	10
Human Services & Recreation	39	22
Information Services	28	7
Planning & Development	17	27
Police	10	13
Public Works & Transportation*	28	16
Water & Power	4	4
Water & Power excl. GT3&4	15	12

\*For this report the Transportation department is still included with Public Works

**FISCAL IMPACT**

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

Respectfully submitted,



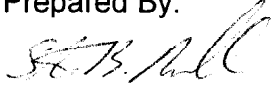
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