

Agenda Report

TO: CITY COUNCIL **DATE:** May 1, 2006
FROM: CITY MANAGER
SUBJECT: ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR
YEAR 2005

RECOMMENDATION

It is recommended that the City Council receive the annual report on City Procurement for calendar year 2005.

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 2005, the City made purchases worth \$173,371,171 for labor, materials, supplies, equipment and services. This total includes the contract for the seismic retrofit of City Hall, which alone totals nearly \$80 million and is very atypical in terms of City procurement. Given the size this contract and its potential for significantly skewing the data, figures in this report have been provided both including and excluding this contract. Additionally, 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 such as payments to workers compensation services providers.

The following tables provide a breakdown of total procurement dollars by procurement type as well as the amount of procurement dollars awarded to women and/or minority-owned business enterprises (WMBE's) and local businesses. Two separate tables are provided to account for the fact that approximately 11% of the City's total procurement dollars in calendar year 2005 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., woman-owned, minority-owned) of businesses that the City does business with, however, business location is provided. For this reason the figures provided in this report for women and/or minority owned businesses 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 – excluding Seismic Retrofit Contract

Procurement Type	LOCAL		Total Procurement \$
	\$	%	
Labor & Materials	1,704,468	9%	18,166,492
Equipment & Supplies	3,271,342	10%	33,251,048
Services	5,995,746	14%	42,064,631
Total	10,971,556	12%	93,482,171

Women and/or Minority Owned Business Procurement – Excluding Seismic Retrofit Contract

Procurement Type	WMBE		Total Procurement \$*
	\$	%	
Labor & Materials	5,035,335	28%	18,166,492
Equipment & Supplies	5,841,218	25%	22,821,974
Services	5,847,790	14%	42,064,631
Total	16,724,343	20%	83,053,097

*Excludes purchasing card purchases

As indicated by the tables, the amount of procurement dollars awarded to local Pasadena businesses and WMBEs was \$10,971,556 million and \$16,724,343 million respectively. Excluding the seismic retrofit contract, on a percentage basis these figures translate to 12% and 20% respectively and continue an upward trend in WMBE and local procurement following a low point in calendar year 2002. Including the seismic retrofit contract the percentage results would be 6% local and 10% WMBE.

Year	% of procurement dollars awarded to women/minority owned firms	% of procurement dollars awarded to local firms
Calendar 2005	20	12
Calendar 2004	18	11
Calendar 2003	16	9
Calendar 2002	11	8
Calendar 2001	12	16
Calendar 2000	20	18

For calendar year 2005 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	4
City Clerk	6	3
City Council	15	56
City Manager	18	67
Finance/ITSD	10	9
Fire	6	5
Health	15	23
Human Resources	24	11
Human Services & Recreation	31	33
Information Services/Library	21	8
Planning & Development	23	21
Police	3	7
Public Works	33	12
Public Works (incl. City Hall Project)	9	3
Transportation	23	19
Water & Power	13	10
Operating Companies		
*PCOC	0.3	3.8
RBOC	30	5

*In regard to the Pasadena Center Operating Company, nearly 74% of the Pasadena Center's procurement dollars was associated with the potential expansion of the conference center. These costs are atypical and if removed from the analysis would result in the following percentages: WMBE=1% and Local=15%.

The City has a strong commitment to contracting with local firms, and such 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.

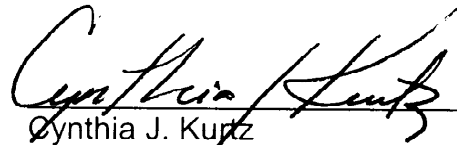
Equally important is ensuring equal opportunity for those seeking business relationships with the City. Use of an internet-based bid solicitation system (Bids Online®) guarantees that vendors wishing to submit price quotes to the City are notified of contracting opportunities in a timely fashion and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

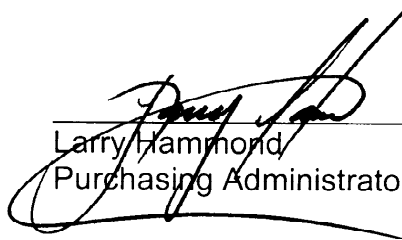
Respectfully submitted,


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