

Agenda Report

TO: CITY COUNCIL **DATE:** July 20, 2009
FROM: CITY MANAGER
SUBJECT: ANNUAL REPORT ON CITY PROCUREMENT – CALENDAR
YEAR 2008

RECOMMENDATION

It is recommended that the City Council receive the annual report on City Procurement for calendar year 2008.

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 2008, the City made purchases worth \$129,995,313 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). Two separate tables are provided to account for the fact that approximately 10% of the City's total procurement dollars in calendar year 2008 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	469,807	2	26,110,469
Equipment & Supplies	3,131,613	6	54,710,264
Services	6,335,620	13	49,174,553
Total	9,937,040	8	129,995,313

*Includes purchasing card transactions

Women and/or Minority Owned Business Procurement

Procurement Type	WMBE		Total Procurement \$*
	\$	%	
Labor & Materials	9,945,697	38	26,110,469
Equipment & Supplies	2,149,160	5	41,822,694
Services	5,195,119	11	49,174,553
Total	17,289,976	15	117,107,716

*Excludes purchasing card transactions

As indicated by the tables, the amount of procurement dollars awarded to local Pasadena businesses and WMBEs was \$9,937,040 million and \$17,289,976 million respectively. On a percentage basis these figures translate to 8% and 15% 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 2008	15	8
Calendar 2007	12	10
Calendar 2006	15	11
Calendar 2005	20	12
Calendar 2004	18	11

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. For example, in calendar year 2008, the City contracted with Motorola for the purchase and installation of an interagency communications interoperability communications system (ICIS) for \$6,750,000. While this contract had a relatively significant effect on the WMBE and local numbers for the Department of Finance, the overall impact to the citywide statistics is minimal.

For calendar year 2008, 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	12	11
City Clerk	9	11
City Council	27	42
City Manager	28	48
Finance/ITSD	7	3
Fire	30	7
Health	17	16
Housing	20	18
Human Resources	32	14
Human Services & Recreation	36	26
Information Services/Library	25	8
Planning & Development	20	18
Police	5	6
Public Works	21	7
Transportation	45	38
Water & Power	11	6
Operating Companies		
PCOC	0	15
RBOC	21	8

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.

The City has 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 Contracting Connection.

FISCAL IMPACT

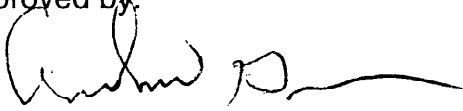
This report is for information only. There is no fiscal impact associated with it.

Respectfully submitted,



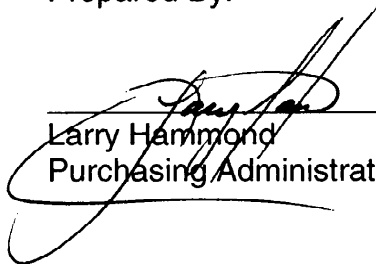
Michael J. Beck
City Manager

Approved by:



Andrew Green
Director of Finance

Prepared By:



Larry Hammond
Purchasing Administrator