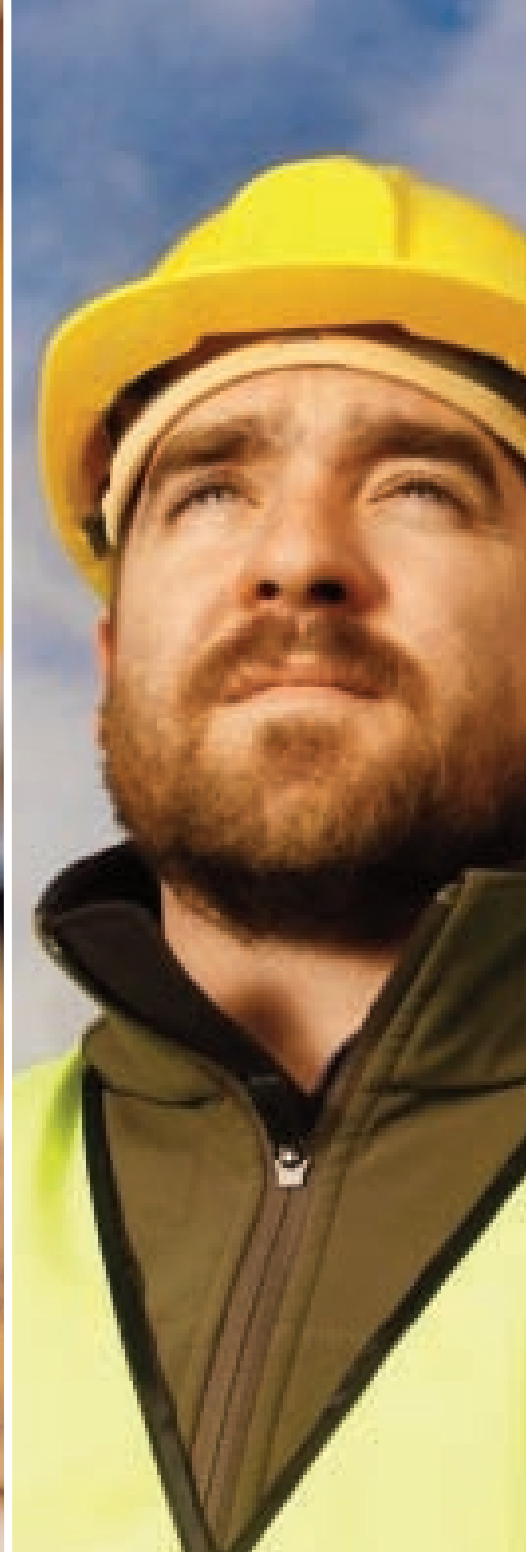




Pasadena First Buy Local

DEPARTMENT OF FINANCE

City of
PASADENA



OPERATIONS DOCUMENT JUNE 2010



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EXECUTIVE SUMMARY

Through a series of policies and newly applied outreach instruments Local procurement, contracting and hiring can be sustained and in some cases advanced by a strong network of outreach from within inner departmental agencies, the Local Business Community and Local Residents.

Current purchasing procedures and practices are designed to maximize competition and to obtain the best price and value for high costs purchases and to allow for efficient procurement of low-cost items with a minimal of administrative expenses. Reliance on open competition is a fundamental component of the City's procurement process and this principle will continue under the Pasadena First Buy Local initiative.

Economic Impact

- Jobs are created/sustained
- Consumer/household spending from employed workers is created/sustained
- Businesses are sustained
- Spending on local fees is sustained (business license renewals, utilities, etc.)
- Additional local spending is generated/sustained (business/retail spending, etc.)
- Local tax revenues are generated/sustained
- More businesses/residents are drawn to the community
- Local economy diversifies and becomes more competitive (competition lowers costs)
- Contributions to local non-profit & charitable organizations are greater
- Involvement in community issues and community-based initiatives is greater

Environmental Impact

- Shorter commute
- Less congestion
- Less pollution
- Less habitat loss

Profile of Local Businesses, Based on Annual Revenue, Local Businesses

Re-circulate 3 to 6 times more local dollars than regional/national businesses:

- Bank locally
- Lease local office space
- Purchase from local retailers
- Purchase from local service providers
- Advertise in local media
- Make a greater investment in the community
- Make higher contributions to local charitable organizations
- Employ a higher percentage of local workers, who also re-circulate local dollars



The City's Purchasing division has both formal and informal procurement procedures for doing business with the City. Informal procedures are used when the City makes purchases less than \$25,000 and formal procedures are used when purchases exceed \$25,000. The general Requirements, notwithstanding any rules or circumstances that restrict a company from doing business with the City, the general requirements for initiating business with the City include having an active Business License with the City of Pasadena; and having the required amounts and types of insurance necessary for the work being performed.

There are five principled objectives designed to facilitate this local initiative. These objectives are derived from existing City ordinance and policy.

1. Conduct local outreach to identify and register Local Businesses and Local Residents for construction job referrals.
2. Identify and Promote Local Procurement & Contracting opportunities for Local Businesses.
3. Identify and Promote Local Hiring opportunities for the hiring of Pasadena residents.
4. Support and promote the application of local preferences on competitively bid contracts and Request for Proposals (RFP) where applicable by city ordinance.
5. Create Strategic Partnerships to advance the City's Local Procurement Initiative: Pasadena First Buy Local.

Along with these objectives are specifically designed outreach methods to work within the City's purchasing processes to promote local vendors and contractors for procurement and contracting opportunities; and Pasadena residents for local hiring. Additionally, the local procurement, contracting and hiring operations are also intended to serve as an outreach mechanism externally for the City to advance these practices through public private partnerships.





BACKGROUND & MISSION

BACKGROUND

In January 2009, the City Council held a strategic planning retreat to revisit the City’s mission statement and adopt City Council goals. The result of that meeting was the creation of a new mission statement that clearly defines the type of organization that Pasadena wants to be. On June 18, 2009, the City Council once again met to reaffirm the “Three-Year Goals” and receive updates on the six-month strategic objectives.

Part of the Strategic Objective to “Support and Promote the Local Economy” was assigned to the Department of Finance:

“Design a ‘Pasadena First’ Program (new program) that will give Pasadena businesses and residents first priority for City business opportunities, evaluate similar existing City programs to strengthen them...”

MISSION

Promote the local economy by identifying Local Purchasing, Contracting and Hiring opportunities; encourage local business enterprises to make bids and proposals for city contracts, and promote the local hiring of Pasadena residents.

MISSION OBJECTIVES

1. Conduct local outreach to identify and register local businesses and Local Residents for job referrals.
2. Identify and Promote Local Procurement & Contracting opportunities for Local Businesses.
3. Identify and Promote Local Hiring opportunities for the hiring of Pasadena residents.
4. Support and promote the application of local preferences on competitively bid contracts and RFPs where applicable by city ordinance.
5. Create Strategic Partnerships to advance the City’s Local Procurement Initiative: Pasadena First Buy Local.



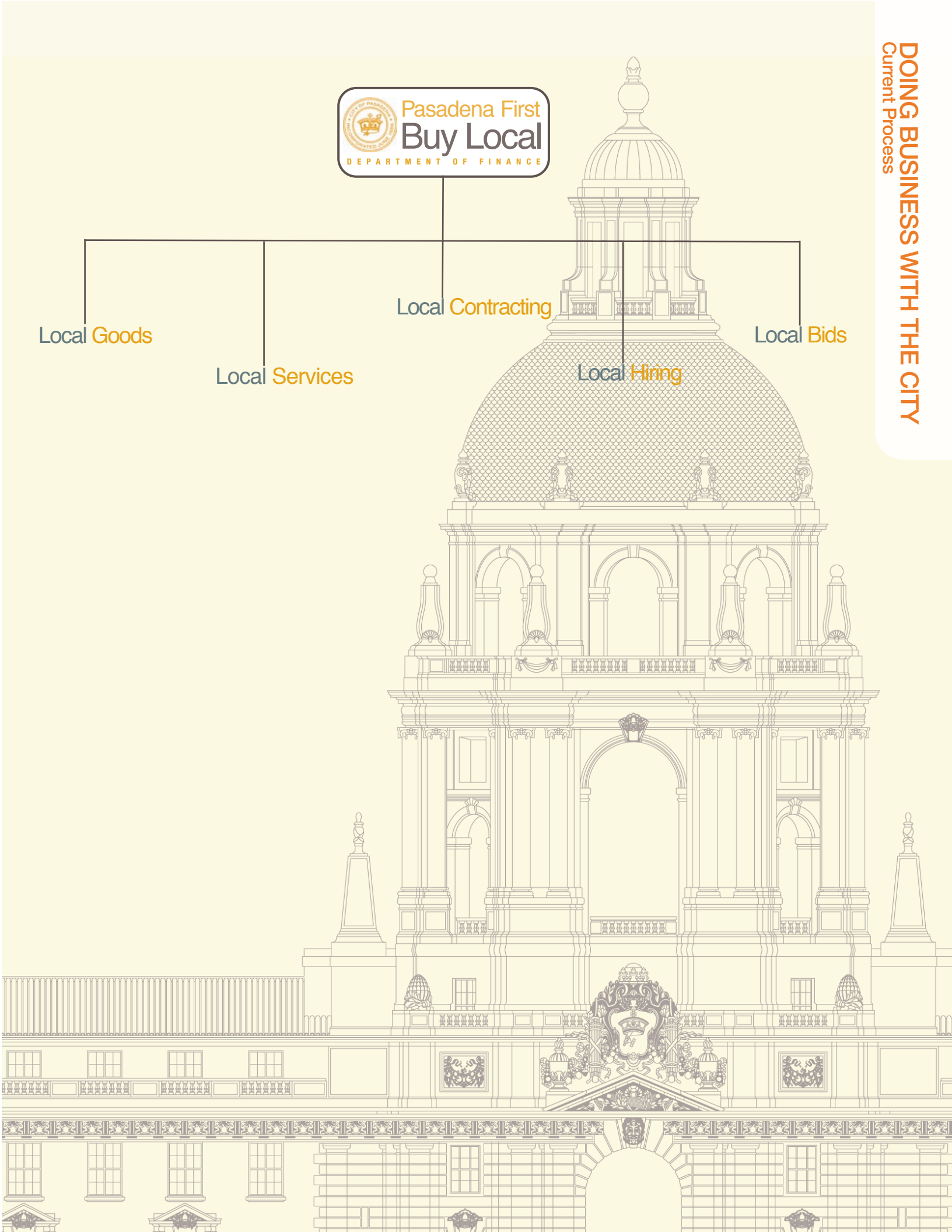
Local Goods

Local Services

Local Contracting

Local Hiring

Local Bids





DOING BUSINESS WITH THE CITY

The City's Purchasing division has both formal and informal procurement procedures. Informal procedures are used when the City makes purchases less than \$25,000 and formal procedures are used when purchases exceed \$25,000.

GENERAL REQUIREMENTS

Notwithstanding any rules or circumstances that restrict a company from doing business with the City, the general requirements for initiating business with the City include the following:

1. The company must have an active Business License with the City of Pasadena (rules for licensing are administered by the Business Licensing Division).
2. The company may be required to provide to the City evidence of the required amounts and types of insurance necessary for the work being performed.

FORMAL PROCEDURES

There are two types of formal procedures: Competitive Bidding and Competitive Selection.

Competitive Bidding is used to procure labor, materials and supplies in excess of \$25,000. The major features of Competitive Bidding include:

1. Use of Specifications which include standard "boilerplate" & technical requirements
2. Contract award is based on lowest RESPONSIVE & RESPONSIBLE Bidder
3. Bid Security usually in the amount of 5% of the bid price is required
4. 1% Local Pasadena preference for Material & Supply purchases
5. No negotiation of contract terms is permitted
6. City Council approval is required if the contract is greater than \$75,000
7. Contractor may be required to provide Performance and/or Payment Bonds
8. General liability and workers' compensation insurance may be required

Competitive Selection is used for professional or unique service in excess of \$25,000. The major features of Competitive Selection include:

1. Use of Request for Proposals/Request for Qualifications
2. Contract award is based on a variety of factors e.g. experience of firm, experience of project team, references, price
3. 5% Local Pasadena preference



3. 5% Local Pasadena preference
4. 5% Small/Micro business preference
5. Negotiation of contract terms is permitted
6. City Council approval is required if the contract is greater than \$75,000
7. Professional Errors & Omissions Insurance as well as general liability and workers' compensation insurance may be required.

Proposers that have been certified by the State of California as a small or micro-business shall receive a 5% preference. Vendors can apply for certification as a small/micro business by obtaining an application on the State of California, Department of General Service's website, www.dgs.ca.gov/pd. The City of Pasadena only accepts small business certifications from the State of California. Proposers must provide evidence of certification from the State if claiming such preference.

INFORMAL PROCEDURES

Informal procedures are used whenever the City contracts for labor, materials, supplies or services less than \$25,000.

Informal quotations obtained via phone, fax, e-mail or through our electronic bidding system. For purchases less than \$3,000 only one quote is required. Three quotes are required for purchases between \$3,000 and \$25,000.

1. Selection may be based on criteria other than price
2. 5% Local Pasadena preference
3. 5% Small/Micro business preference
4. General liability and workers' compensation insurance may be required

The city has two ways of handling informal purchases, either through the issuance of a purchase order or with a city purchasing card.

Purchase orders are approved and issued by the Purchasing Division. Each purchase order indicates what is being purchased, the price and terms and conditions.

Purchasing cards work just like a MasterCard® credit card. However, certain dollar limits and merchant category restrictions apply.



HOW TO INTRODUCE YOUR PRODUCT OR SERVICE

Once your company is licensed with the City of Pasadena:

1. Contact the Purchasing Division staff.
2. Staff is available to explain the City's purchasing procedures as well as to assist in getting you registered to receive notifications of bid opportunities.
3. Based on your product or service, and whether those products or services are being sought by the City, you will be provided instructions depending on the potential contractor or procurement opportunity.

HOW TO FIND OUT ABOUT BID OPPORTUNITIES

The Purchasing website lists upcoming and current bids for contracts in excess of \$25,000. The city makes so many purchases less than \$25,000 that the best way to find out about these purchases is to remain in contact with the Purchasing office and the various user departments.





OBJECTIVES

OBJECTIVE 1 OUTREACH & MARKETING

Purpose & Scope:

The effectiveness of the outreach efforts will be in the City's ability to make local businesses and residents aware of procurement, contracting and hiring opportunities. Those opportunities are identified from two sources: 1) through the City's procurement and contracting opportunities; and 2) public and private construction job opportunities.

In addition, competitive (defined in objective two) local businesses will be identified for city departments to consider, and through the ordinances adopted by the City encouraged to apply local preferences.

Methodology & Guidelines:

Staff will utilize various methods of information sharing to conduct outreach and marketing of the City's Local Procurement function in the following manner:

1. As business relationships can be an invaluable variable that would lead to subcontracting opportunities, staff shall promote, support and conduct "one-on-one" meetings (interviews) between potential prime contractors and subcontractors where practical to do so and host networking and "prime-subcontractor matching" events.
2. Work with local businesses, city departments and city partners to develop media advertising and promotion opportunities.
3. Staff will identify and attend cost-effective local outreach and networking venues to promote the City's local business/local hire initiatives (i.e., vendor fairs, job fairs, etc.)
4. Staff will maximize the use of existing city information-sharing tools to include real and online newsletters, other standing information forums, and continue to advertise opportunities as required in competitive bid opportunities and RFP processes.
5. Staff will continue to promote and advance the functionality of existing internet strategies such as "bids online" and the City's "Pasadena Virtual Mall."
6. Staff will promote the positive results of departments and partners that support and contribute to the efforts of matching local businesses and local residents to economic opportunities.

COMMUNICATIONS PLAN

Purpose & Scope:

The general purpose of this Communications Plan is to maintain ongoing communication and/or reporting to the necessary groups that affect the attitudes and perceptions of key constituencies. Additionally, create formal information-sharing-forums from which organizations and other interested parties may receive official presentations concerning the City's efforts regarding Pasadena First.

Communication Objectives:

1. Encourage a buy local culture within the City's purchasing process.
2. Ensure that local purchasing procedures are incorporated into purchasing manuals.
3. Encourage city department heads and supervisors to recommend, and approve local purchasing decisions made within their respective departments.
4. Encourage departments to develop optimum sized and scoped bid opportunities conducive to the local-market-capacity to encourage more local competition.
5. Provide consistent and complete presentations of the City's purchasing policies and procedures to the local business community.
6. Develop networking opportunities between City Departments and Local Businesses.
7. Promote the net benefits to the City of Pasadena including the benefits of maintaining an ongoing, innovative and competitive local business environment; and job creation potential.
8. Promote a culture to suppliers to commit to supporting other local businesses by improving their subcontracting, supplier and hiring arrangements.

Targeted Groups

There are two general groups (internal and external) broken down into several audiences.

1. Internal Communications
 - a. City Council
 - b. Department Heads
 - c. Division Heads
 - d. Purchasing Group
 - e. Purchase Card Holders
2. External Communications
 - a. Community Organizations
 - b. Business Associations
 - c. Technical Assistance Providers or Non-profit Service Providers
 - d. Public Agencies
 - e. Private Sector Firms that provide Mentor Protégé programs
 - f. Clients
 - i. Local Businesses
 - ii. Local Residents

Working Group

An internal Working Group has been established to communicate outreach strategies for specific projects to the community. In an effort to identify existing barriers to local procurement, contracting, and local hiring, staff has established an external Working Group to ascertain the primary concerns of local businesses trying to do business with the City; and local residents interested in construction job referrals.

Following the initial directive from the City Council to develop a "Pasadena First" function to support and promote the local economy, the following working groups were formed as a collaborative to offer perspective from various professions or responsibilities.



External Working Group

The initial approach to the External Working Group began as an open-ended process, to conduct broad outreach and capture as much input as possible. Over time the outreach has become more focused and even included one-on-one input from community organizations and the business community to also capture individual perspective. The External Working Group included individuals from the following organizations and businesses:

- Pasadena Journal
- Beacon Management Group
- Crown City Community Development Corp
- Deveal Social Services Agency
- LA County Human Relations Commission
- NAACP
- New Revelations Church
- North West Commission
- Pasadena Chamber of Commerce
- Pasadena Collection/Business Life
- Pasadena Latino Business Association
- Pasadena Latino Forum
- Pranna Office

Internal Working Group

In an effort to respond to the City Council's direction to support and promote the local economy, a review of procedures within the City's purchasing processes is essential. Designing new and enhancing existing procedures that would promote the application of local preferences will require an extensive review of existing contracting and procurement procedures. To that end, an Internal Working Group was formed. The Internal Working Group included individuals from the following departments:

- Department of Public Works
- Department of Water & Power
- Planning & Development Department
- Human Services
- City Attorney's Office
- Department of Information Technology
- Transportation Department
- Finance

Communication Strategies

1. Strategic public announcements shall be facilitated through our Public Affairs Office: In-Focus Newsletter (which is disseminated on a bi-monthly basis) and Press Releases as necessary.
2. Notifications shall include emails to the Pasadena First Working Group. Targeted notifications to clients shall be disseminated as necessary.
3. Staff shall work to identify online forums where information can be delivered from the City to the Business Community and Pasadena First Partners.



“PASADENA VIRTUAL MALL”

Purpose & Scope

In an effort to feature and support the talents of Pasadena businesses, the City’s existing internal Online Mall shall be further developed with a focus to utilize online functions to feature Pasadena businesses to City Departments. City staff will be able to search for local businesses. Additionally, a fluent process will be developed for using the data associated with local businesses for notifications and extensive outreach.

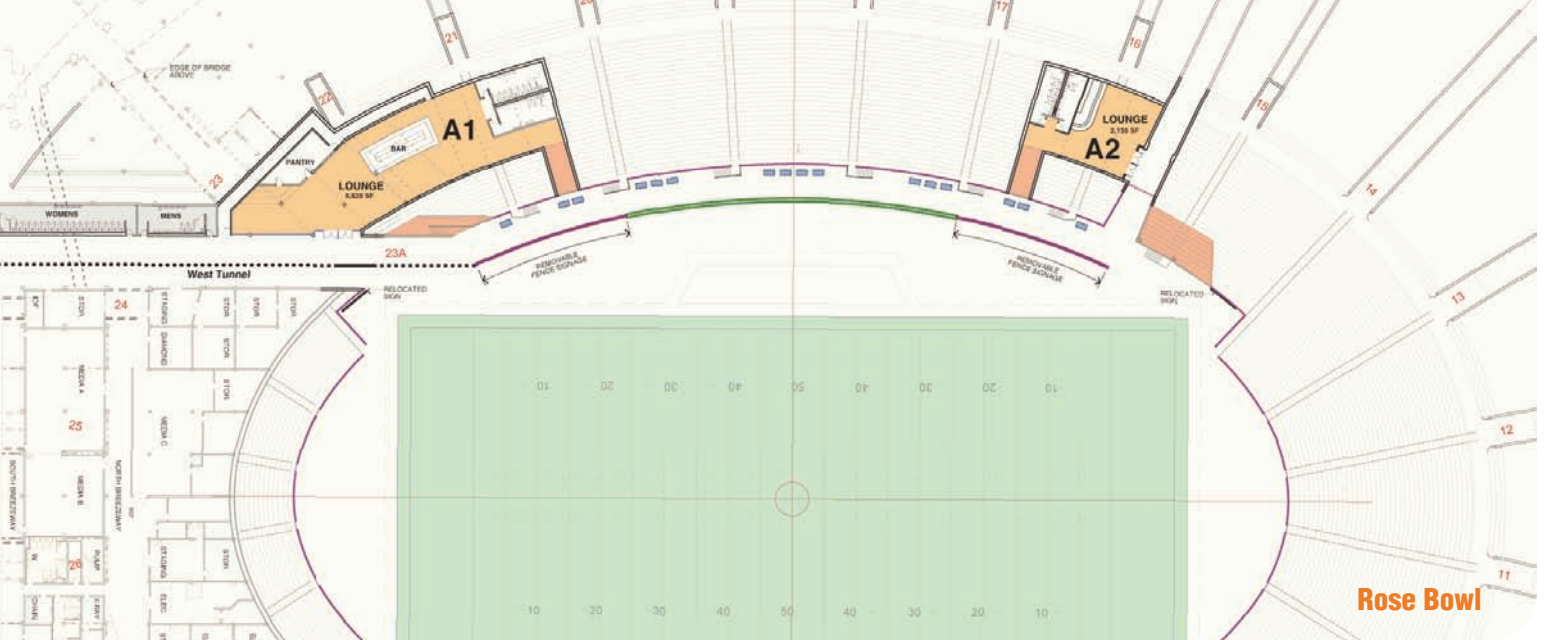
A general result or function of the search option will have to be the ability to generate a list of local [Pasadena] businesses currently licensed with the City of Pasadena. Below is a list of specific actions staff will establish to further enhance this tool.

- Ability to search and generate a list by trade
- Ability to generate an email and/or fax notification to the list
- Ability to maintain custom [relational fields and] data for each company record
- Ability to export a list to MS Access; Excel; or text file

The value of the outreach generated by this internal tool is in the fluidity of its functions. Based on the needs of a particular contracting opportunity, one staff person will have the ability to manage and execute outreach to hundreds of businesses per day. Additionally, it will increase the City’s effectiveness in connecting local businesses to much needed technical assistance and other economic support tools provided by the City’s strategic partners.

Methodology & Guidelines

1. Criteria for businesses to be part of “Pasadena’s Virtual Mall” shall include:
 - a. They must have a current license with the City of Pasadena; and
 - b. Must be located in the City of Pasadena
 - c. Additional criteria may be applied by the Purchasing Administrator
2. Basic/standard information shall include:
 - a. Business Name
 - b. Industry Type
 - c. Contact Information
 - i. Phone
 - ii. Address
 - iii. Email (optional)
 - iv. Other specialty information
3. If technically feasible to include, businesses shall have the option to offer a company logo and active website link to their company webpage.
4. Initial general information shall be gathered directly from approved City’s business licensing applications.
5. Staff shall work with the Department of Information Technology (DoIT) to develop search options for local businesses and make these options available to City staff.



OBJECTIVE 2 IDENTIFY AND PROMOTE LOCAL PROCUREMENT & CONTRACTING OPPORTUNITIES FOR LOCAL BUSINESSES

Purpose & Scope

The methods of outreach in this section are specific to identifying viable local Procurement or Contracting Opportunities, facilitating outreach in a manner to connect local businesses with opportunities, and preparing businesses for working with the City of Pasadena.

Definition

A viable local procurement or contracting opportunity is where all three of the following conditions are true:

1. A local business (means a business with a fixed place of business located in the city that provides the required goods or services is in the City of Pasadena.
2. The Local Business is generally “competitive” for the opportunity by:
 - a. Providing a competitive price
 - b. The ability to meet the specifications of the required goods and/or service
 - c. Willing to do business with the City of Pasadena
3. The City is able to contract with the Local Business.

The City’s formal bidding and RFP processes will neither disparage nor extol any particular business during bidding, evaluation, or selection. The focus of the local preferences related to this operation are designed and applied to work as an economic stimulus where local tax dollars are being spent; and to gather rules and best practices on an ongoing basis to utilize the latest outreach-tools that encourage and increase competition at a local level.

Methodology & Guidelines

Both a company’s ability to secure a competitive opportunity and deliver the required goods and services of that opportunity is the result of the company efforts itself. However, it is the focus of this operation to foster an environment that will create the optimum level of outreach and awareness through the methods described below. Additionally, where all requirements to the purchase or contracting opportunity are equal between a local vendor or contractor and a non-local vendor or contractor: the department will be asked to justify not selecting a local vendor or contractor.

1. Maximize the City's ability to contract and procure local goods and services by:
 - a. Developing a vendor database of local vendors and contractors
 - i. As being licensed with the City is a requirement for doing business in and with the City (per ordinance 5.10.010), the intake process shall begin with business licensing. Outreach shall begin once a company is licensed with the City of Pasadena
 - ii. Outreach shall include an option for local businesses to be registered onto the City's online bidding services called "Bids Online."
 - iii. Outreach shall also include an option for a Local Business to be listed in the City's "Pasadena Virtual Mall."
 - b. Develop networking opportunities between city departments and local businesses (covered in the Communications Plan).
 - c. Given the definition of a "Viable Local Procurement & Contracting Opportunity," staff shall provide targeted outreach for goods and services that do not require a competitive bid selection. This will require:
 - i. A review of each purchase orders (under the bid threshold)
 - ii. A review of the vendor database that provide matching goods and services
 - iii. Making contact with matching vendors in the vendor database (targeted outreach)
 - iv. If companies are identified, provide a report of the outreach to the department prior to making the purchase.
 - v. Where all requirements to the purchase opportunity are equal between a local vendor or contractor and a non-local vendor or contractor: the department will be asked to justify not selecting a local vendor or contractor.
 - d. For contract opportunities that require a competitive bid selection, utilize a good faith effort process with monitoring of the effort when subcontracting opportunities are identified. This shall include:
 - i. A review of bid opportunities prior to initiating the public bid process
 - ii. Working with departments to develop optimum sized and scoped bid opportunities conducive to the local-market-capacity to encourage more local competition.
 - iii. When requested by the prime contractor, providing a report of potential local subcontractors (by trade) to prime contractors bidding on contracting opportunities with the City when requested.
 - iv. Once a contractor has been selected, assist the contractor in local hiring efforts as needed and/or required.
 - e. Conduct ongoing outreach with departments in an effort to develop local purchasing, contracting, and local hiring practices based on their method of operations.
 - i. Through strategic partnerships, encourage good-faith local hiring efforts from companies that are awarded contracting and procurement opportunities.
 - ii. Assist companies that are awarded contracting and procurement opportunities in identifying local residents that may be considered for hiring opportunities.
2. Assist departments in identifying local businesses
3. Market opportunities to the Local Business community
 - a. Staff shall work to promote real and virtual "plan holder rooms" where contractors can view plans for potential contracting opportunities. Plan holder rooms are used to give contractors access to plan so to provide quotes to prime contractors when bidding on large construction jobs.
 - i. Staff shall identify plan holders and work to provide plan holders lists via the internet using "Bids Online."
 - ii. Additionally work to setup real plan holder rooms with strategic partners.
 - b. Staff shall utilize the City's existing online information dissemination tools



OBJECTIVE 3 FIRST SOURCE LOCAL HIRING

Purpose & Scope

Administer the City's First Source Local Hiring ordinance. This function shall serve as a nexus between construction jobs and Pasadena residents interested in construction jobs. On October 25, 2004, the City Council adopted a resolution establishing a construction tax rebate for contractors voluntarily participating in the City's first source hiring program. In addition, City Council adopted the City Manager's report mandating local hiring for private construction projects that include city financial assistance. By the adoption of this policy the application is targeted toward the placement of local residents onto private construction jobs.

The primary difference between projects with a mandatory requirement for local hiring and a voluntary participation for local hiring is the condition for receiving the City's financial assistance: meaning the project that receives financial assistance cannot be built without the City's financial intervention, whereas the project that would voluntarily participate does not require financial assistance for its development.

Validation of a contractor's claims shall be conducted through the review of certified payroll records and on-site inspections and interviews.

Methodology & Guidelines

1. Administer the City's First Source Local Hiring ordinance for Projects receiving financial assistance (defined by ordinance 14.80.030) which are subject to the City's First Source Local Hiring Ordinance.
 - a. "City financial assistance" means the provision of loans, grants, financing, revenue sharing, and the provision of property at less than market rate, fee waivers or any other form of financial assistance.
 - b. Requirements. All requirements for compliance with the first source hiring program for city-assisted construction projects shall be set forth in a first source hiring agreement between a developer and the city. These requirements most notably include the following:
 - i. 15% of construction-related payroll or equivalent that must be accomplished with resident employee hours either during the construction project or as part of on-going, non-temporary employment following completion of the construction project;
 - ii. The schedule within which above referenced procedures must be completed;
 - iii. Required record-keeping and documentation for demonstrating a developer's compliance with the first source hiring agreement;



2. Administer the City's First Source Local Hiring ordinance for projects Voluntarily participating in local hiring.
 - a. For projects that participate voluntarily in the City's local hiring The tax rebate for contractors voluntarily participating in this program shall be one-half the actual salary and benefits paid to each local resident, not to exceed 75% of the construction tax paid.
3. Form strategic partnerships for those projects that are not covered by the City's Local Hiring ordinance.
4. Reporting of all local hiring is conducted through certified payrolls.

OBJECTIVE 4

PROMOTE LOCAL PREFERENCES IN ACCORDANCE WITH CITY POLICIES

Current purchasing procedures and practices are designed to maximize competition and to obtain the best price and value for high costs purchases and to allow for efficient procurement of low-cost items with a minimal of administrative expenses. Reliance on open competition is a fundamental component of the City's procurement process and this principle will continue under the Pasadena First Buy Local initiative. The following preferences are applied to RFPs and Bids respectively to increase the participation of local businesses on City of Pasadena contract and procurement opportunities.

1. For Request for Proposals, an additional 5% (of the overall evaluation) is added to the overall evaluation score, for a local company.
2. For Request for Proposals, an additional 5% (of the overall evaluation) is added to the overall evaluation score, for a small or micro-business. This classification defined and certified by the State of California standards (see below).
3. For competitively bid contracts 1% of that portion of the bid subject to sales or use tax shall be deducted from any bid where it is determined that if such bidder were awarded the contract, the City would receive a refund of the 1% sales and use tax pursuant to the Uniform Sales and Use Tax Ordinance of the City of Pasadena.

Part of the process for a local business to be licensed with the City of Pasadena is an onsite inspection which is arranged by the Business Licensing division of the Department of Finance. Should the City discover at any time that a company is fraudulently-claiming to be local or small, it will be the recommendation of this division to deny the preferences that were applied to the bid or proposal submitted. Additionally, as a penalty, it will be the recommendation of this division that their bid or proposal be rejected.



OBJECTIVE 5 STRATEGIC PARTNERSHIPS

Purpose & Scope

The primary focus for strategic partnerships is to establish and develop internal and external relationships that support the services necessary to advance local procurement, contracting, and hiring efforts. To welcome and participate in collaborations with business associations, ethnic organizations, technical assistance providers, community based organizations, subsidiary departments of the city, and other public agencies with similar or related goal sets, staff will seek strategic partnerships with local labor unions that have State-approved apprenticeship programs, large construction companies, and professional services firms to create opportunities for local residents, including apprenticeship and internship programs.

Methodology & Guidelines

1. Staff shall seek formal relationships with established organizations to increase its outreach and effectiveness in areas related to and supporting of the Mission Objectives to include:
 - a. Small and local business assistance centers (SBCs)
 - b. Technical Assistance Providers
 - c. Non-Profit Business Service Providers
 - d. Ethnic Organizations
 - e. Business Associations
 - f. Community Based Organizations
2. Staff shall seek specific capacity building workshops services through partnerships. Staff shall also target small subcontractors, and through strategic partnerships, develop workshops that will increase their ability to bid on government contracts. Workshops shall include focuses such as:
 - a. Business Development Workshops
 - i. Bonding & Insurance
 - ii. Business Certifications
 - iii. Pursuing Contracting & Procurement Opportunities
 - iv. Contract Compliance
 - v. Joint Venturing
 - b. Job Development Skills
 - i. Apprenticeship Preparation
 - ii. Resume Writing
 - iii. Interviewing



ONGOING REVIEW & EVALUATION

Items for Ongoing Review & Evaluation

As a form of evaluation and continued review of the City's support of the local economy, staff shall use the following review items to measure the impact and relevance of this effort. As barriers relative to local business participating in procurement and contracting opportunities evolve along with issues related to the hiring of local residents must continue to review and upgrade the outreach methods as necessary to ensure a response to the economic issues (barriers) of the day.

Additionally, staff shall continue to review areas where this effort can benefit by utilizing the unique knowledge and experiences of business associations, technical assistance providers, community based organizations, and business professionals.

Research and review of commonly used outreach strategies are essential to remaining current:

Local Procurement & Contracting Policies of Other Municipalities

As outreach has no standard except to conform to policy and law, "outreach programs" will seldom be stronger than the policies and laws that institute them. Therefore, it is reasonable to remain abreast of new and creative policies or procedures adopted by other municipalities that affect a similar end result. Staff shall continue to review such policies on periodic basis.

Review of "Point Systems"

Staff shall continue to review best practices associated with the use of a point systems that encourage the use of local subcontractors. Additionally, staff shall continue to review best practices associated with the use scoring businesses in general. Such as awarding points for a particular goal achieved relative to local subcontracting or local hiring.

Compliance Review of Good Faith Efforts

The quality of a good faith effort made by a contractor is measured in the oversight of the effort. Staff shall continue to review good faith effort practices to ascertain latest and most effective methods for administering good faith efforts.

The Use of Technology in Bid, RFP, and Small Purchasing Processes

While staff will maintain the most practical methods for conducting outreach to Local Businesses, staff will also seek the most efficient and cost-effect technological tools for sharing contracting and procurement opportunities with Local Businesses.

Local Hiring Requirements of Other Municipalities

Staff shall continue to review local hiring practices, policies and results here (on previous projects) and abroad to keep the required percentage (of construction payroll) for local hiring fare.

The Economic Effect of Local Procurement & Contracting

Staff shall continue to review the impact of local procurement and contracting beyond the initial purchase. The intuitive idea is to develop an economic-barometer to measure the strength of the City's local efforts.

"On Call" Local Purchasing

Review a process where agencies (our city departments) can prepare an "on call" list of local vendors to provide goods and services that we most frequently purchase. This concept may later include an e-commerce (shopping cart) option.

PRELIMINARY STUDY/REVIEW MARCH-2010

To assist staff in developing a strategy for responding to immediate questions and concerns related to implementing an aggressive Local Initiative (Pasadena First Buy Local), the Department of Finance commissioned a review of several best practices and outreach components commonly used by other municipalities from Sabal Expert Consulting. Attached are the recommendations relative to some of the necessary questions and steps for establishing Pasadena First Buy Local. It may be important to note that while all of the recommendations are being considered, some of the recommendations may not be feasible for practical application at this time.

CITY ORDINANCES AND
OTHER GOVERNING POLICIES



CITY ORDINANCES AND OTHER GOVERNING POLICIES

Municipal Code: 4.08.046 - Local preference for competitively bid contracts.

For contracts for the purchase of goods and materials of \$25,000 or more where it has been determined that the city will receive a return of sales tax, a preference to local businesses equal to the amount the city will receive in sales tax revenue shall be provided. The city manager may modify or eliminate this preference where it is in conflict with federal or state laws or regulations.

Municipal Code: 4.08.047 - Competitive selection.

For contracts of \$25,000 or more that are not required to be competitively bid, a competitive selection process shall be provided which will be open to all persons qualified to perform such service. Competitive selection is a process where factors in addition to cost are weighed, where a contract can be awarded to other than the proposer with the lowest price and shall be based upon a written request for proposals or qualifications approved by the city attorney and the director of finance. Competitive selection of professional service firms shall be evaluated and determined on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

Municipal Code: 4.08.048 - Local and small/micro business preference for competitively selected contracts.

For contracts of \$25,000.00 or more that are subject to competitive selection, local businesses shall receive a preference equal to 5% of the overall evaluation. In addition, small businesses and micro-businesses shall receive a preference equal to 5% of the overall evaluation. The city manager may modify or eliminate the local, small or micro business preference where it is in conflict with federal or state laws or regulations.

Municipal Code: 4.08.151 - Monitoring and reporting.

The city manager shall report annually on the past calendar year's procurement activity. Such annual report shall include a statistical report on all procurements awarded to minority business enterprises, women business enterprises, and local businesses.

Municipal Code: 4.08.181 - Federal Disadvantaged Business Enterprise Program.

For contracts requiring the contractor to establish participation goals for disadvantaged business enterprises, the city manager shall develop rules and regulations to administer a disadvantaged business enterprise program. Participation rates for utilization of disadvantaged business enterprises will be based on relevant data of available disadvantaged business enterprises in the City's general contracting area as required by federal regulations. The rules and regulations shall include implementation guidelines, including definitions and criteria for what constitutes a disadvantaged business enterprise, consistent with both state and federal disadvantaged business program criteria and other applicable law.

Municipal Code: 4.08.182 - Powers and responsibilities.

General responsibilities of city departments and agencies are as follows:

1. When appropriate, city departments and agencies shall advertise contracting opportunities in media directed toward minority, women, local and other businesses enterprises. Appropriateness to be determined jointly by the contracting department or agency and the city manager.
2. City departments and agencies shall provide minority, women, local and other businesses with assistance in complying with city contracting requirements including but not limited to assistance with the preparation of plans and the obtaining of necessary bonds and insurance. Such assistance to be provided by the city manager with the cooperation of the contracting department or agency.
3. City departments and agencies may waive, when prudent to do so, city insurance and bonding requirements that impede the ability of such businesses to compete for city contracting opportunities. All such waivers must be made prior to the release of the request for proposals or invitation for bids and the waiver shall be noted therein. Such waivers may be granted by the risk manager for insurance requirements and by the director of finance for bonding requirements considering the advice of the contracting department or agency and the city manager.

Municipal Code: 14.80.020 - Purpose.

The purpose of this chapter is to establish a first source hiring program for the city of Pasadena to increase employment opportunities for qualified residents. In accordance with this chapter, construction projects which receive city financial assistance will be required to employ residents in the construction of the project, and projects that do not receive city financial assistance will be encouraged with construction tax rebates to employ residents in the construction of the project.

Municipal Code: 14.80.030 - Definitions

- A. "City" means the city of Pasadena.
- B. "City agreement" means any written contract between a developer and either the city or the Pasadena community development commission.
- C. "City-assisted construction project" means any construction project for which a developer and the city or the Pasadena community development commission enter into a city agreement that includes a provision for city financial assistance.
- D. "City financial assistance" means the provision of loans, grants, financing, revenue sharing, the provision of property at less than market rate, fee waivers or any other form of financial assistance.
- E. "Construction project" means the building, enlargement, or rehabilitation of any structure, or any portion thereof, and includes, without limitation, alterations or improvements to an existing structure, where such work both: (i) requires a building permit; and (ii) includes work performed by contractors that are subject to the Contractors' State License Law (California Business and Professions Code Section 7000, et seq.).
- F. "Developer" means a person that proposes to undertake a construction project.
- G. "First source hiring agreement" means an agreement entered into between a developer and the city that implements the first source hiring program provisions set forth in this chapter.

- H. "First source hiring program" means the provisions of this chapter and any guidelines or policies adopted by the city to implement this chapter.
- I. "Private construction project" means any construction project in excess of \$50,000.00 that does not receive city financial assistance.
- J. "Resident" means any person whose primary residence is in the city of Pasadena and who has maintained such residency for at least one year prior to commencement of work on the construction project.
- K. "Resident employee" means any resident that is eligible for employment through the first source hiring program.

Municipal Code: 14.80.040 - Applicability to projects receiving city financial assistance.

- A. Mandatory Participation. All developers receiving city financial assistance are required to participate in the first source hiring program and enter into a first source hiring agreement. The Local Resident hiring requirement shall be determined on a case-by-case basis, and shall take into consideration the nature of the project, the duration of construction and the level of city financial assistance. Failure of a developer to comply with any one of the requirements in this chapter shall constitute a default and breach of the corresponding city agreement and shall result in the penalties described in subsection C of this section.
- B. Requirements. All requirements for compliance with the first source hiring program for city-assisted construction projects shall be set forth in a first source hiring agreement between a developer and the city. These requirements include the following:
 - 1. The minimum percentage of construction-related payroll or equivalent that must be accomplished with resident employee hours either during the construction project or as part of on-going, non-temporary employment following completion of the construction project;
 - 2. Procedures the developer must follow in order to comply with the first source hiring program;
 - 3. The schedule within which above referenced procedures must be completed;
 - 4. Required record-keeping and documentation for demonstrating a developer's compliance with the first source hiring agreement;
 - 5. Any other matters that the city manager deems appropriate to include in the first source hiring agreement.
- C. Penalties. Upon a default and breach of the city agreement by a developer, the city financial assistance shall be cancelled. Any funds or other valuable consideration provided to developer shall become due and payable.

Municipal Code: 14.80.050 - Applicability to private construction projects.

- A. Voluntary Participation. The first source hiring program shall apply to private construction projects on a voluntary basis. The city encourages all developers of private construction projects to participate in the first source hiring program. A developer of a private construction project who voluntarily participates in the first source hiring program must enter into a first source hiring agreement with the city at the time such developer obtains a building permit for a private construction project. A developer of a private construction project who complies with all requirements of the first source hiring agreement shall receive the construction tax rebate described in subsection C of this section.

- B. Requirements. At the time of hire and throughout the construction of the project, a developer seeking a construction tax rebate shall provide documentation acceptable to the city manager that evidences the developer's compliance with the first source hiring program. Additionally, the developer shall allow the city to undertake on-site inspections and interviews in order to validate the developer's claims of resident hiring.
- C. Construction Tax Rebate. For each resident employed on a private construction project prior to the issuance of a certificate of occupancy the developer shall receive a partial rebate of construction tax required by Section 4.32 of the Pasadena Municipal Code. The amount of the construction tax rebate shall be based on a formula established by resolution of the city council.

Municipal Code: 14.80.060 - City assistance in the first source hiring program.

The city shall assist developers in complying with the first source hiring program by:

- A. Providing referral information for developers and resident employees;
- B. Monitoring the progress of resident employees in the first source hiring program;
- C. Developing effective outreach and education for and recognition of developers who participate in the first source hiring program;
- D. Promoting the first source hiring program throughout the city. Failure of the city to implement any of the activities described in this section shall not excuse the performance by a developer of obligations set forth in the applicable first source hiring agreement.

Municipal Code: 14.80.070 - Administration—First source hiring program implementation guidelines.

- A. Generally. The city manager is hereby authorized to implement all aspects of the first source hiring program.
- B. First Source Hiring Program Implementation Guidelines. The city manager shall cause to be prepared a form first source hiring agreement and first source hiring program implementation guidelines that set forth the procedures and standards for implementing the first source hiring program. The first source hiring program implementation guidelines shall address the following items:
 - 1. The criteria for determining the minimum percentage of construction-related payroll that shall be performed by resident employees;
 - 2. Procedures that developers of city-assisted construction projects must follow in order to comply with the first source hiring program;
 - 3. Instructions regarding what constitutes proper documentation for demonstrating a developer's compliance with the first source hiring agreement for a given project;
 - 4. The schedule within which above referenced procedures must be completed;
 - 5. A system that measures compliance with the first source hiring program;
 - 6. Any other matters deemed appropriate by the city manager or city council.



STATE OF CALIFORNIA SMALL BUSINESS CERTIFICATION

Small Business Certification Eligibility Requirements

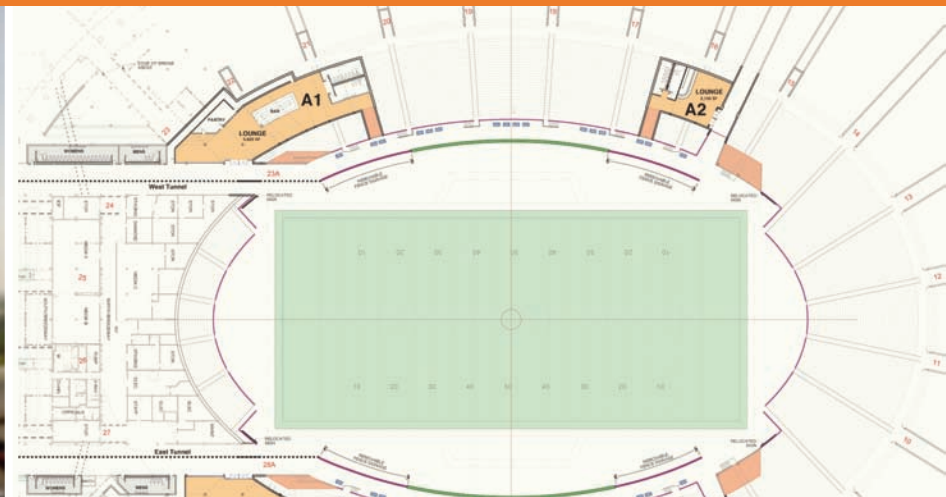
- Must be independently owned and operated.
- Cannot be dominant in its field of operation.
- Must have its principal office located in California.
- Must have its owners (or officers in the case of a corporation) domiciled in California.
- Together with its affiliates, be either:
 - A business with 100 or fewer employees, and an average annual gross receipts of \$12 million or less over the previous three tax years, or
 - A manufacturer with 100 or fewer employees.
- Microbusiness: A small business will automatically be designated as a microbusiness if gross annual receipts, together with all affiliates, are less than \$2,750,000 or, the small business is a manufacturer with fewer than 25 employees.

U.S. Department of Commerce, Bureau of Economic Analysis: Regional Input-Output Modeling System (RIMS II)

Regional input-output multipliers such as the RIMS II multipliers attempt to estimate how much a one-time or sustained increase in economic activity in a particular region will be supplied by industries located in the region. RIMS II multipliers differ from macro-economic multipliers used to assess the effects of fiscal stimulus on gross national product. Differences in industry-specific regional multipliers are not meaningful or appropriate for use in a national context.

RIMS II multipliers have been used by both the public and private sectors. There are numerous examples of their use.

- Federal Government agencies have used the multipliers to study the local impact of government regulation on specific industries and to assess the local economic impacts of Federal actions such as military base closings.
- State and local governments have used the multipliers to estimate the regional economic impacts of government policies and projects and of events, such as firms locating within their state, or to assess the impacts of tourism.
- Businesses and private consultants have used the multipliers to estimate the economic impacts of a wide range of projects, such as building a new sports facility or expanding an airport; of natural disasters, such as Hurricane Katrina; or of special events, such as national political conventions.





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