
**Proposal to
Increase M/W/ESB Utilization
in PTE Contracting**

Document Prepared by
The City of Portland
Office of Management and Finance
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Executive Summary

The City Council has expressed a desire and a commitment to increase the opportunity for Professional, Technical and Expert Service (PTE) contracts to be awarded to M/W/ESB firms. The City encourages, supports and nurtures diversity, and encourages any firm contracting with the City to do the same. To date, only the Bureau of Environmental Services (BES) has developed a successful program for increasing participation specifically in the area of sub-consulting. There is, however, no centrally monitored program or effort to ensure that this occurs citywide.

Currently, procurement of PTE services is the responsibility of individual City Bureaus and offices. Although a citywide PTE manual exists to assist in managing successful PTE procurements, Bureaus retain control of the process.

Anecdotally, PTE firms continue to complain about the City process. Lack of information about upcoming contracts, no central PTE contract clearinghouse, unfair treatment and high percentages of sole-source contracts, are all complaints heard regularly. In an effort to better understand the City's performance, data for July 1, 2000 – June 30, 2002 was analyzed. The data was obtained from PTE worksheets submitted to the Auditor's Office, and though sometimes incomplete, it is the best source of information at the present time. The data reflected low M/W/ESB utilization in prime contracting and high sole-source contracting.

The attached proposal outlines a strategy to increase the opportunity for M/W/ESB firms to obtain PTE contracts. The matrix below summarizes major problems identified, the solutions to those problems and the desired outcomes of the attached proposal.

Proposal for Increased Utilization of M/W/ESB Firms in PTE Contracting- Executive Summary

Identified Problem	Proposed Solution	Desired Outcomes
Lack of information about PTE contracting opportunities	✓ All formal PTE contracts advertised on the Purchases website	★ Central "one-stop" information site for all vendors and all contracting opportunities
Poor tracking, monitoring and compliance	✓ Uniform collection of award data ✓ Uniform collection of subcontracting data ✓ Monitoring of actual use and payments ✓ Frequent public reporting	★ Better statistical disparity information ★ Informed decisions ★ Discrimination disclosed and addressed ★ Increased accountability
Lack of adherence to bidding standards and policies	✓ Central review/approval of sole source contracts; ✓ Centralized signature authority for small contracts ✓ Required use of standard process	★ Consistent city-wide PTE process ★ Streamlined approval process for small contracts
Lack of contract opportunities for M/W/ESB firms	✓ Increase coordinated outreach to M/W/ESB firms ✓ Informal contracts bid first to certified ESB firms; ✓ Evaluation criteria clarified.	★ Increased utilization of M/W/ESB firms ★ Growth of market-ready ESB firms ★ Standard evaluation criteria

Council authorized one additional FTE in Purchases to respond and assist in improvements to the PTE Manual. The position was filled in September 2002. The position has been specifically directed to:

- Update and make improvements to PTE Manual;
- Design and provide staff training on PTE procedures;
- Work with Bureaus to ensure advertisement of RFPs and contracting opportunities;
- Determine a method to collect Prime contractor data; and
- Design and implement an appeal process for PTE contracting.

In addition to this position, it is expected that the attached proposal will require an additional 2.5 FTE in Purchases specifically to provide outreach, deal with data collection and the contract review process. Annual salary and benefits for a full time Program Coordinator, a fulltime Sr. Administrative Specialist and a half-time Senior Procurement Specialist is estimated at \$172,925. The one-time set-up cost for the 2.5 employees is estimated at \$15,000. Ongoing costs associated with the activities are estimated at \$14,000 annually. First year start-up costs for one quarter in FY 02-03 would be \$72,480, with ongoing annual costs of \$186,925. Individual bureaus will also be expected to assist with additional outreach efforts and required computer system upgrades are currently being discussed as part of a broader data system discussion.

It is recommended that these costs be distributed according to an empirical overhead model that is already established and is used for a wide variety of other administrative and support costs. Consideration for the BES established program for data tracking and outreach will be built into the overhead model.

Staffing will occur as soon as Council provides authorization for implementation of suggested changes. It is expected that all process and procedural changes will occur no later than July 1, 2003.

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Introduction

Objective

Improve the Professional, Technical and Expert Service (PTE) contracting process for all firms wishing to do business with the City of Portland. Increase the opportunities for minority, women-owned and emerging small businesses (M/W/ESB) to be awarded PTE contracts.

Background

Council Directive

The City Council has expressed a desire and a commitment to increase the opportunity for M/W/ESB firms to receive PTE contracts. The City values diversity in its workforce and in the workforce of those who contract with the City. The City also encourages, supports and nurtures diversity, and encourages any firm contracting with the City to do the same, maximizing M/W/ESB business participation with regard to all City contracts. To date, only the Bureau of Environmental Services (BES) has developed a successful program for increasing participation specifically in the area of sub-consulting. There is, however, no centrally monitored program or effort to ensure that this occurs citywide.

As part of the OMF Administrative Services Review process, it was recommended that additional FTE and computer system upgrade funds be allocated for Purchases to improve the PTE contract process. Because of funding constraints, Council authorized one additional FTE in Purchases in FY 01-02 to respond to and assist in improvements to the PTE Manual. That position has been directed to:

- Update and make improvements to PTE Manual;
- Design and provide staff training on PTE procedures;
- Work with Bureaus to ensure advertisement of RFPs and contracting opportunities; and
- Design and implement an appeal process for PTE contracting.

Because of the diversion of resources to deal with the possible strike in the fall of 2001 and the budget crisis beginning during the fall and winter of 2001-02, this position was not filled until September 2002.

Current Requirements

The City of Portland Code (5.68.040) requires that when obtaining bids for PTE contracts under the formal threshold that:

Each bureau or responsibility unit desiring professional, technical or expert services at a cost less than the formal bid threshold set annually by the City Auditor shall seek informal quotes from at least three qualified firms or individuals for each project. At least one of the firms or individuals shall be a woman or minority owned business, or emerging small business. If a bureau or responsibility unit does not contact a woman or

minority owned business, or emerging small business, or does not solicit three quotes, the bureau or responsibility unit must explain in its PTE Contract Worksheet why it did not do so.

For contracts over the formal threshold, the City manual for “Contracting for Professional, Technical and Expert Services” requires that:

All requests for proposals distributed by City bureaus and offices must contain language stressing the City's commitment to maximizing minority-owned and woman-owned business participation as described in Section D, Diversity in Employment and Contracting Requirements, on page 28.

All businesses should be encouraged to subcontract with minority-owned, woman-owned, and emerging small businesses if subconsulting is necessary. Any preproposal meetings with potential proposers should also be used as forums to reinforce the City's position with regard to M/W/ESB participation in City contracting.

The PTE Manual goes on to indicate that evaluation criteria, which assesses the firm’s ability to maximize minority-owned and woman-owned business participation should be used in the bid or proposal documents. The Manual does not specify specific weighting for these criteria.

Legal Constraints

It has been asked repeatedly why the City cannot do more in the area of PTE contracting. Why can’t the City institute a Sheltered Market Program for PTE contractors? Why can’t the City do more to ensure that M/W/ESB firms receive PTE contracts? The answer lies in the constitutional law and surrounding court cases.

For a minority-owned business (and to a lesser extent a women-owned business) preference to be constitutionally valid (let alone actually useful) there must be evidence demonstrating that the current level of participation by MBE and WBE firms is lower than it would be but for the effects of present or past discrimination. Similar to the work done on the Disparity Study for construction contracting, there must be empirical data that shows what the actual utilization of minority or women owned firms has been, as compared to the actual availability of such firms. At the time of the Disparity Study, an effort was made to include architectural and engineering firms in the Study. After exhaustive work by the City Attorneys Office, Purchases and the consultant, the final report concluded that the data was so incomplete that it could not be included in the analysis.

Since July 2000, the Bureau of Purchases has been receiving PTE worksheets submitted to the Auditors Office. That data is summarized in Section 3 and included in Appendix A.

Although this is the most complete data available it recognized that the information is some times incomplete and problematic for the following reasons:

1. The data cannot be verified as being 100% complete. The Auditor’s Report released in December 2001 documents that:

We found that work on a number of large PTE projects was acquired by using a purchase order only, without going through the standard PTE process and without obtaining a contract....¹

.... We also learned from Purchases and City Accounting Division staff that a bureau may also use a payment authorization to obtain PTE services....²

2. There is no existing availability data from which to calculate disparate utilization or treatment. As with the Disparity Study, the utilization only provided ½ of the necessary calculation. The cost of obtaining that data in the current fiscal environment is prohibitive.
3. The data submitted by the Bureaus on the PTE worksheets is some times incomplete and inaccurate. Although the worksheets reflect significant improvements during the last two years, ongoing common problems found when reviewing the PTE worksheets include:
 - Incomplete or non-existent bidding information, making it difficult to tell if the contract was awarded as a sole source contract;
 - Total award amounts are listed as an hourly rate and indicate no “not to exceed” information making it impossible to capture the true dollar amount authorized;
 - The description of the work to be done is left blank making it difficult to capture types of reoccurring contracts;
 - Lack of information as to the date of award or authorization making it difficult to capture a true picture of contract experience for any specific time period; and
 - Subcontracting data is not included on the current PTE worksheets.

Given those issues, however, the empirical data is still significant. As noted in the next section, the data suggests an “uneven playing field” does exist in the PTE arena, much like that found in the Disparity Study for construction contracting.

¹ “*The City’s Consultant Contracting Procedures Need to be Strengthened;*” Report #275, an audit of the City consultant contracting procedures, Office of the City Auditor, Portland Oregon, December 2001; Page 22

² “*The City’s Consultant Contracting Procedures Need to be Strengthened;*” Report #275, an audit of the City consultant contracting procedures, Office of the City Auditor, Portland Oregon, December 2001; Page 23

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Data Results – July 1, 2000 – June 30, 2002

The PTE worksheets submitted to the Auditor’s Office for contract numbers and to Purchases for Purchase Order numbers were collected for the two-year period. The data reflects prime contracting only. The summary findings for the PTE prime contracts are summarized below.

- **During the two-year time period, the City reported 911 PTE contracts for \$85 million dollars;**
- **Most of the contracts (89%) were under \$100,000. This represented 28% of the total dollars awarded.**

Size	Number of Contracts	% of Total Number	Amount of Awards	Percent of Total Awards
	911	100%	\$84,781,197.83	100%
\$0- \$20,703	526	58%	\$5,023,378.83	6%
\$20,703 - 100,000	282	31%	\$18,515,245.00	22%
\$100,000 - \$500,000	74	8%	\$15,546,637.00	18%
Over \$500,000	29	3%	\$45,695,937.00	54%

- **A large percentage of the contracts were sole-sourced. (42% overall and 61% of the informal (under \$20,703) contracts.**

Number of Bids Distributed per PTE Contract - All Contracts

	Number of Contracts	% of Total Number	Amount of Awards	Percent of Total Awards
Only one vendor contacted	387	42%	\$7,789,525.83	9%
2 or 3 Vendors contacted	146	16%	\$16,025,656.00	19%
More than 3 contacted	378	41%	\$60,966,016.00	72%
	911	100%	\$84,781,197.83	100%

Number of Bids Distributed per PTE Contract - Contracts \$0 - \$20,703

	Number of Contracts	% of Total Number	Amount of Awards	Percent of Total Awards
Only one vendor contacted	323	61%	\$2,627,788.83	52%
2 or 3 Vendors contacted	111	21%	\$1,177,587.00	23%
More than 3 contacted	92	17%	\$1,218,003.00	24%
	526	100%	\$5,023,378.83	100%

- **Few contracts go to certified M/W/ESB firms.**
7% of the dollars went to M/W/ESB firms.

**Prime M/W/ESB Usage
- All Contracts**

	Number of Contracts	% of Total Number	Amount of Awards	Percent of Total Awards
MBE Certified Firms	29	3%	\$1,375,433.89	2%
WBE Certified Firms	69	8%	\$3,144,809.00	4%
ESB Certified Firms	16	2%	\$565,146.00	1%
Non-certified Firms	797	87%	\$79,695,808.94	94%
	911	100%	\$84,781,197.83	100%

Although not a direct correlation, this can be compared to the 2000 Census that shows 23% of the City population as non-white and 50% as female. This suggests that MBEs and WBEs are participating at a less than expected rate, either due to the effects of current or past discrimination or other institutional or cultural barriers.

- **Contractors get repeat business.**
Over half of the contracts went to “repeat” customers and those contractors received an average of 2.96 contracts during the two-year period. These contracts did not include large dollar amounts of sole source contracts. No analysis was done on the reasons behind the “repeat” customers.
- **Each Bureau is different.**
Most Bureaus contract for very different types of PTE services. For that reason, it is hard to generalize patterns or issues beyond those listed here.
- **No subcontracting information is available citywide.**
None of the utilization numbers included in this report reflect subcontracting data. An attempt was made to find any subcontracting data from the Bureaus. The only Bureau to provide subcontracting information for PTE contracts was the Bureau of Environmental Services.

In 1995 BES established a M/W/ESB program that made a significant effort to increase utilization in subcontracting, with a goal of helping to “mentor” smaller firms to step into prime contracting roles. BES has been collecting subcontracting data.

As the Bureau with the largest number of contracts (144 or 16% of the total) and the greatest dollar amount of contracts (over \$50 million or 60% of the total dollars), it is important to recognize their good efforts in subcontracting with M/W/ESB firms.

Of the 144 contracts, 32 contracts reported subcontracting information. On those 32 contracts, the following subcontracts were awarded and tracked.

	Number of contracts	Percent of contracts	Dollar Amount of Contracts	Percent of Dollar Amount
MBE Certified Firms	75	36%	\$5,843,766	43.93%
WBE Certified Firms	50	24%	\$2,795,619	21.01%
ESB Certified Firms	6	3%	\$114,380	0.86%
Non-certified Firms	76	37%	\$4,549,566	34.20%
Total Subcontracts	207	100%	\$13,303,330	100%

If this subcontracting information is factored into the overall BES PTE contracting, 26 % of the prime work was subcontracted. Of the amount subcontracted, 66% or over \$8.7 million was awarded to M/W/ESB firms. This is roughly 10% of all City contract dollars.

Appendices A and B include more summary contracting data. Additional detailed information is available upon request.

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Options to Improve Utilization

Given the constraints summarized above, it is still possible to design systems and/or make policy and procedure changes that will increase M/W/ESB utilization for PTE contracts. The key is to look at areas which the City has complete control.

The options listed below are intended to provide a starting place for discussion. Any or all of the options listed are possible with some limited increase in staff or computer resources.

Possible Changes in Policy and Procedure

The following policy and procedure changes are organized into four categories:

- I. Those changes that provide additional information about contracting opportunities to the M/W/ESB firms;
- II. Those changes that would improve contract data collection;
- III. Those changes that would standardize the PTE contracting procedure citywide; and
- IV. Those changes that would require increased diversity in contracting.

It is estimated that to implement all of these changes that an approximate additional 2.5 FTE in the Bureau of Purchases would be required as well as some computer programming changes to existing data systems. If authorization for staffing occurs in FY 02-03, it is expected that all changes could be fully implemented by July 1, 2003.

I. Information Provided to M/W/ESB Firms

I.A. Require all formal PTE contracts to be advertised on the Purchases website.

Currently, Bureaus advertise RFPs primarily in the City's official "paper of record," the Daily Journal of Commerce, and some additional publications and various websites. The Bureau of Purchases has offered a central, easy to use web site for over 18 months, but citywide use is minimal and inconsistent. This change would require that all Bureaus advertise on the central web site. This would provide two central locations, the DJC and the Purchases website for easy access by all vendors. Bureaus would be encouraged to continue use of neighborhood or community newspapers as well as trade journals for unique advertising needs.

Action Required to Implement

- Include in PTE Manual as step in PTE contracting process. (See IIIA which will make PTE Manual a requirement rather than a guideline.)
- Note: No code change is required as 5.68.030 already authorizes the Bureau of Purchases to:
develop and implement a strategy to ensure that the City's PTE projects are advertised in publications serving Portland's diverse communities, including minority and women-oriented publications, so that equitable access to information about the City's PTE contracting opportunities is made available.

Benefits

- Allows all firms to be aware of contracting opportunities.
- Consistent with Council concerns and directives.
- Extra work could be handled within existing Purchases Bureau capacity.

Negatives

- None.

I. B. Increase the amount of coordinated outreach and marketing to M/W/ESB firms to alert them of contracting opportunities and how to do business with the City.

Feedback was received from both PTE firms as well as participating Bureaus, for the need to place emphasis and effort at the front of the contracting process, rather than at the end during the review process. This proposal system change will build on the existing construction oriented Fair Contracting Strategy and expand into the PTE arena.

This action would require 1.0 FTE to be added to the Bureau of Purchases.

Action Required to Implement

- Council authorization of staffing.

Benefits

- Increases the potential of more contracts to be awarded to M/W/ESB firms.
- Consistent with Council concerns and directives.
- Allows for citywide coordinated effort to increase participation of M/W/ESB firms in all contracting, not just construction.

Negatives

- Non-certified firms would realize an increased level of competition for contracts.
- Increased burden on Bureau staff to work with coordinated effort during a time of downsizing and increased workload.

II. PTE Contract Data Collection

II.A. Collect PTE contract award data centrally and provide regular reports to Council. Reports should include a summary of the information included on the PTE worksheet.

This effort would expand the collection of the construction contract award data to include PTE information. The goal will be to collect consistent, citywide data on PTE contracts and report to Council on a regular basis. Every effort would be made to ensure that existing systems in individual Bureaus not be duplicated or forced to change unnecessarily.

This action, in conjunction with II.B, would require an additional 1.0 FTE to enter, compile and analyze data, follow-up with Bureaus and vendors regarding discrepancies, and produce required reports in a timely manner. (Note: If only this item was funded, and not II.B, it is estimated that only .25 FTE would be required.)

Action Required to Implement

- Direct Purchases to collect, summarize and report the PTE contract information, including award amount, successful and unsuccessful proposers, etc. no later than July 1, 2003.
- Require the Auditor's Office to assign contract number only when PTE worksheet is totally completed.

Benefits

- Provides Council better information on M/W/ESB utilization.
- Improves overall monitoring of PTE activity.
- Consistent with December 2001 Audit recommendations.

Negatives

- May require upgrade or change in current computer system as it is already strained due to the amount of data and number of users.

II.B. Collect PTE subcontracting data and actual payment information centrally and provide regular reports to Council.

This effort would also expand the collection of the construction contract award data to include PTE information. The goal will be to collect consistent, citywide data on PTE subcontracts, actual payment information and report to Council on a regular basis. Every effort would be made to ensure that existing systems in individual Bureaus not be duplicated or forced to change unnecessarily.

This action, in conjunction with II.A, would require an additional 1.0 FTE to enter, compile and analyze data, follow-up with Bureaus and vendors regarding discrepancies, and produce required reports in a timely manner. (Note: This item cannot be implemented without II.A.)

Action Required to Implement

- Change in PTE Purchasing Manual to require:

- Submission of subcontractor information with proposal on all PTE contracts over \$100,000;
- Submission of data to Purchases; and
- Actual payment information for both primes and subcontractors over the life of the contract.

Benefits

- Allows central collection of data to better track M/W/ESB utilization.
- Improves overall monitoring of PTE activity.
- Consistent with December 2001 Audit recommendations.

Negatives

- May require upgrade or change in current computer system as it is already strained due to the amount of data and number of users.

III. Standardize PTE contracting procedures

III. A. Require consistent citywide process for PTE contracting.

Currently, the PTE Manual is treated as a “guideline” that Bureaus are not required to follow or comply with. This has resulted in many variances from recommended best practice and confusion and frustration in the vendor community. This change would require all Bureaus to follow standardized city procedures, allowing for variations with the approval of the Purchasing Agent and the City Attorney’s Office.

Action Required to Implement

- Council approval of code change to require all City Bureaus to follow PTE Manual.

Benefits

- Provides standardized standards, procedures and processes.
- Provides vendors with consistent procedures and eliminates confusion.
- Consistent with December 2001 Audit recommendations.

Negatives

- Bureau may have concerns about following standardized practices.

III. B. Move PTE signature authority from Bureau Director and Council to Purchasing Agent for all contracts under \$100,000.

It is estimated that PTE contracts from \$0 - \$100,000 would include approximately 90% of the contracts, but only 28% of the dollars originally awarded.

Following the completion of one year of implementation, this requirement would be waived annually by the Purchasing Agent, granting the signature authority to Bureau Directors, for any Bureau that had demonstrated performance that meets the following criteria, with contracts less than \$100,000:

- Sole sourced less than 15% of their contracts and 10% of the dollars awarded; and

- Awarded 20% of their prime contracts and 20% of the prime dollars awarded to M/W/ESB firms. (It is intended that available quote and proposal data be collected and analyzed annually. Goals will be adjusted as needed to reflect availability of M/W/ESB firms.)

This action, in conjunction with III.C, would require an additional .5 FTE to review documents and ensure compliance with the PTE Manual.

Action Required to Implement

- Resolution redirecting delegation and authority of Purchasing Agent to execute contracts in this dollar range and write administrative rules.
 - 5.68.035 Authority to Obligate City for Professional, Technical or Expert Services (Added by Ordinance No. 174347, effective April 12, 2000.) All professional, technical or expert services contracts or purchase orders shall be in writing in a form approved by the City Attorney. *** The Mayor, a City Commissioner or the City Auditor may execute a resulting contract for the City, or may authorize the Purchasing Agent to execute the contract. ***

Benefits

- Allows central review of sole source justification before contract is signed, thereby assuring that process is justified and documentation is complete.
- Decreases items on Council calendar. (Estimated to include approximately 70% of items Council now approves.)
- Speeds approval process if contract has followed correct process.
- Would not require Charter change to designate responsibility.
- Consistent with December 2001 Audit recommendation.
- Provides incentive for Bureaus to assure adequate competition on small contracts.

Negatives

- Decreases Council involvement in standard, routine contracting process.
- Eliminates Bureau Director authority to execute small contracts unless certain standards are met.

III.C. Require that all RFP and RFQ documents for contracts estimated to be \$100,000 or more be approved by the Purchasing Agent and City Attorney prior to release and advertisement.

Currently, no central review of PTE RFP or RFQ documents is required. Although some Bureaus request review by Purchases and/or the City Attorney's Office, suggested technical changes are often ignored. This has resulted in non-standard documents that do not comply with recommended best practice and confusion and frustration in the vendor community.

During the review of this proposal, the Bureaus provided strong feedback that to solve problems of clarity or exclusion, the process must be improved prior to the advertisement of the RFP or RFQ. This action is being recommended as a result of the Bureau feedback and in lieu of a review of documents prior to execution.

This change would require all Bureaus to follow standardized city procedures, allowing for variations with the approval of the Purchasing Agent and the City Attorney's Office.

Although contracts estimated at \$100,000 and over represent only 11% of the total contracts, these contracts represent over 70% of the dollars. The high dollar amount justifies the additional review prior to advertisement.

This action, in conjunction with III.B, would require an additional .5 FTE to review documents and ensure compliance with the PTE Manual.

Action Required to Implement

- Council approval of code change to require all City Bureaus to follow PTE Manual.

Benefits

- Provides standardized standards, procedures and processed.
- Provides vendors with consistent procedures and eliminates confusion.
- Consistent with December 2001 Audit recommendations.

Negatives

- Bureau resistance to receiving and following technical advice.
- Requires one additional step in process.

IV. Diversity in Contracting

IV.A. Implement an ordinance that sets goals for utilization of certified ESB firms for all PTE contracts.

As noted above, the federal law limits the ability of the City to set goals for women and minority firms without adequate data demonstrating underutilization due to either current or past discrimination. While other portions of this proposal require data to be collected, it will take 18 – 24 months to complete that task.

This proposal suggests a two-stage process.

- First Stage:
 - Set a 20% goal for utilization of certified ESB firms for all PTE contracting.
- Second Stage:
 - Based on availability calculations from 18-24 months of data, expand the program to certified MBE and WBE firms and / or increase the contracting goal.

Action Required to Implement

- Change in code may be necessary (5.68.030 Public Announcement of Requirements) to allow for restricted notification to ESB firms.
- Design and implement administrative rules for application of program.

Benefits

- Allows more contracts to be awarded to ESB firms.
- Consistent with Council concerns and directives.
- No direct FTE impact. Possible savings realized.

Negatives

- Non-certified firms would realize a decrease in contracting opportunities.
- Bureau resistance due to possible loss of flexibility in process.

IV.B. Require that the PTE evaluation criteria for “Diversity in Employment and Contracting” be included in formal contracts and weighted for no less than 15% of the total evaluation criteria. Improve PTE Manual and training to ensure consistent application of criteria among Bureaus.

Both Bureaus and vendors have expressed a need for clarity in the Diversity related evaluation criteria. This change calls for improvement in the PTE manual description, increased training on the use of the criteria and a required emphasis on the diversity aspects of the proposal.

Action Required to Implement

- Changes in PTE Purchasing Manual
- Increased emphasis in training on application of evaluation criteria.

Benefits

- Consistent with Council concerns and directives.
- Consistent application of evaluation criteria.

4

Funding Alternatives

As currently written, this proposal requests the addition of 2.5 FTE and some assistance with computer system upgrade. (The cost or extent of the system upgrade has not yet been determined.) The four financial options shown below were discussed as possible ways to fund the ongoing costs. Total first year cost (one quarter in FY 02-03) would be \$72,480 with ongoing annual costs of \$186,925. It is expected that staffing would occur during FY 02-03 and that all programmatic changes would be in place no later than July 1, 2003.

Recommended Funding Option

General Fund Overhead: The use of overhead as the funding option would distribute the costs according to an empirical model that is already established and is used for a wide variety of other administrative and support costs.

This option uses an already established system of cost allocation. The program is a citywide overhead function and is appropriate for inclusion in the overhead model. Consideration for the BES established program for data tracking and outreach will be built into the overhead model. The General Fund would still, however, be responsible for that portion of the costs that were attributable to the General Fund Bureaus.

Other Funding Options Considered

- General Fund Contingency Request: Since the beginning fund balance for FY 2002-03 has not yet been determined, there may be fewer resources available to the General Fund than what is included in the Adopted Budget. This option also places the sole financial responsibility for the program on the General Fund and would not charge the other funds where there is significant PTE activity.
- Interagency Agreement: This option would have the advantage of distributing the costs to the appropriate funds but would involve creation and billing of interagencies for what is a very small program.
- Develop a PTE Surcharge: This option would involve a small percentage charge per PTE agreement to recover the program costs. This may be difficult to calculate given that we don't have good data on what exactly we are spending on PTEs. This option would also require a great deal of administrative work to recover what is essentially a small amount of money. This option is similar to the interagency adjustment without an up-front service agreement.

Appendix A
Summary of PTE Contracting
July 1, 2000 – June 30, 2002

PTE Contracts - July 1, 2000 - June 30, 2002

Number of Contracts and Dollar Amount

Includes All Contracts

Size	Number of Contracts	% of Total Number	Amount of Awards	Percent of Total Awards
	911	100%	\$84,781,197.83	100%
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Over \$500,000	29	3%	\$45,695,937.00	54%

Prime M/W/ESB Usage

- All Contracts

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WBE Certified Firms	69	8%	\$3,144,809.00	4%
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Number of Bids Distributed per PTE Contract

- All Contracts

Only one vendor contacted	387	42%	\$7,789,525.83	9%
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Number of Bids Distributed per PTE Contract - Contracts \$0 - \$20,703

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	526	100%	\$5,023,378.83	100%

Number of Bids Distributed per PTE Contract - Contracts \$20,703 - \$100,000

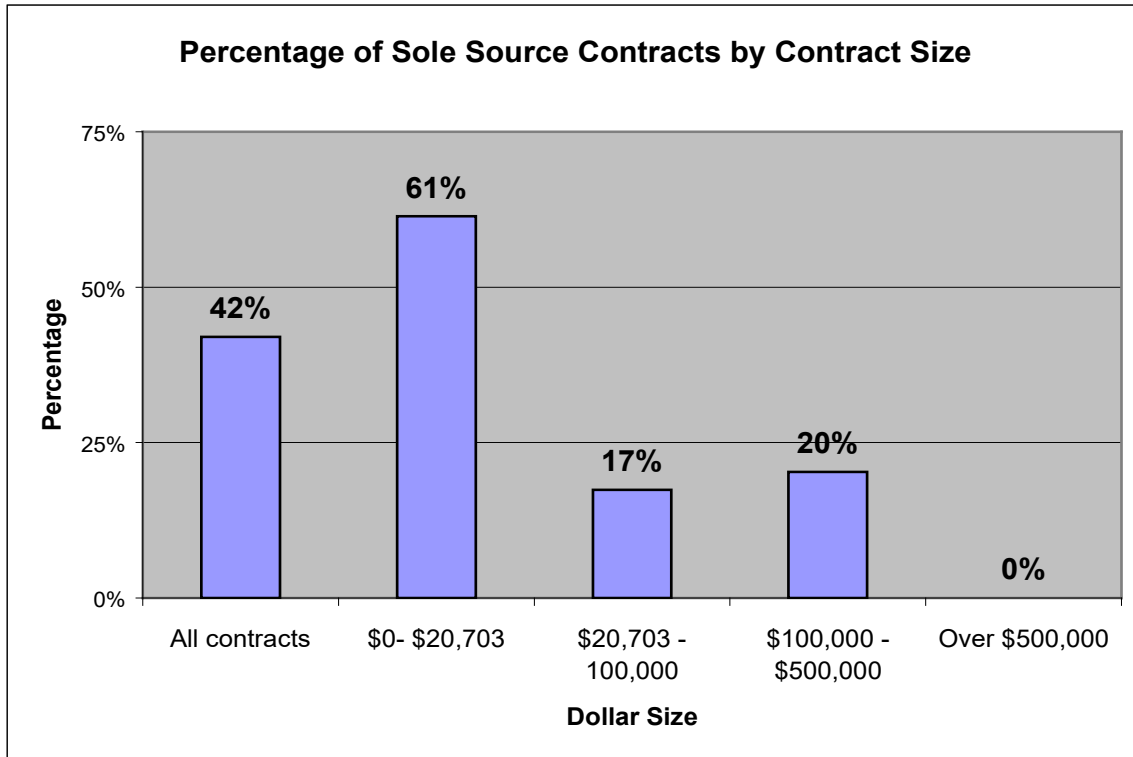
Only one vendor contacted	49	17%	\$2,452,574.00	13%
2 or 3 Vendors contacted	21	7%	\$851,003.00	5%
More than 3 contacted	212	75%	\$15,211,668.00	82%
	282	100%	\$18,515,245.00	100%

Number of Bids Distributed per PTE Contract - Contracts \$100,000 - \$500,000

Only one vendor contacted	15	20%	\$2,709,163.00	17%
2 or 3 Vendors contacted	8	11%	\$1,430,680.00	9%
More than 3 contacted	51	69%	\$11,406,794.00	73%
	74	100%	\$15,546,637.00	100%

Number of Bids Distributed per PTE Contract - Contracts Over \$500,000

Only one vendor contacted	0	0%	\$0.00	0%
2 or 3 Vendors contacted	6	21%	\$12,566,386.00	28%
More than 3 contacted	23	79%	\$33,129,551.00	72%
	29	100%	\$45,695,937.00	100%



Appendix B
Summary of PTE Contracting by Major Contracting Bureaus
July 1, 2000 – June 30, 2002

Major Contracting Bureaus

	Number of Contracts	Percent of Total Number	Amount of Awards	Percent of Total Awards
BES	144	16%	\$50,777,237	60%
Police	126	14%	\$1,272,772	2%
Parks	122	13%	\$5,042,173	6%
BGS	75	8%	\$2,841,658	3%
Water	73	8%	\$5,026,952	6%
PDOT	65	7%	\$2,706,926	3%
BIT	57	6%	\$5,291,526	6%
Fire	36	4%	\$447,868	1%
BHR	27	3%	\$789,428	1%
All Others	186	20%	\$10,584,658	12%
Total	911	100%	\$84,781,198	100%

Direct Contracts with M/W/ESB Firms

	Percentage of MBE Usage		Percentage of WBE Usage	
	% of Contracts	% of Awards	% of Contracts	% of Awards
BES	1%	0%	8%	2%
Police	0%	0%	1%	0%
Parks	9%	9%	11%	10%
BGS	7%	6%	3%	1%
Water	3%	1%	4%	0%
PDOT	3%	1%	14%	16%
BIT	9%	9%	5%	6%
Fire	6%	3%	3%	0%
BHR	0%	0%	11%	4%
Entire City	3%	2%	8%	4%

Shaded cells represent those bureaus with a lower or equal to % than the city average

Vendor Opportunity

Only One Vendor Contacted

	% of Contracts	% of Awards
BES	39%	3%
Police	89%	74%
Parks	17%	4%
BGS	40%	13%
Water	42%	12%
PDOT	35%	17%
BIT	11%	12%
Fire	67%	62%
BHR	33%	21%
Entire City	42%	9%

Shaded cells represent those bureaus with equal to or more sole source

More than 3 Vendors Contacted

	% of Contracts	% of Awards
BES	42%	70%
Police	1%	4%
Parks	69%	92%
BGS	45%	82%
Water	38%	77%
PDOT	49%	80%
BIT	89%	88%
Fire	8%	20%
BHR	30%	26%
Entire City	41%	72%

Shaded cells represent those bureaus with a lower % than the city average

