City of Long Beach
Working Together to Serve

Memorandum

Date: October 24, 2019

To: Thomas B. Modica, Acting City Manager

From: John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Inclusive Procurement and Purchasing Update**

At its April 23, 2019 meeting, the City Council requested the City Manager's Office work with the Financial Management Department to recognize businesses that are majority owned by people who identify as LGBTQ+, veterans, and people with disabilities in the City's purchasing process. This request included:

- Outreach in collaboration with local diverse business chambers, stakeholder organizations, and national partners to widely distribute procurement opportunities; and,
- Recognition of nationally approved third-party certification for these communities on the City's vendor database and competitive procurement platform (PlanetBids), and include them in reports prepared for the City Council regarding outreach and contracts awarded.

City staff has developed approaches to increase inclusion of local, small, and diverse businesses in City purchasing opportunities. Several reports to the City Council on these approaches have been disseminated in the past, most recently on March 26, 2019 (Attachment). Ongoing work by staff includes improvements to the City's procurement operation through implementation and optimization of the City's new financial system, including strengthening internal controls, development of improved policies and procedures, and optimized assignment of resources. To this end, staff has incorporated the substance of the City Council's request into the purchasing process and work plan to address overall business inclusion goals in order to recognize businesses that are majority owned by people who identify as LGBTQ+, veterans, and people with disabilities.

The Financial Management Department's Purchasing Division conducts outreach in collaboration with local diverse business chambers, stakeholder organizations, and national partners to widely distribute procurement opportunities and is continuing to expand upon them. In the last few months, the Purchasing Division restructured its workload to increase capacity for enhanced outreach. As a result, staff participated in several local events directed specifically towards the diverse business enterprises identified in the City Council's request. Staff is also in the process of expanding the contact list that receives weekly email outreach of upcoming City solicitations to include additional organizations serving, or comprised of, diverse business enterprises.

Additionally, staff has reached out to nationally-approved certification bodies focused on businesses majority owned by people who identify as LGBTQ+, veterans, and people with disabilities. Staff has gathered certification details, requirements, and sample certificates from each body. Support for related recognition and reporting in the City's procurement process will require enhancements to PlanetBids. Staff has been working with the vendor to discuss implementation options and costs. It is anticipated broader improvements to the City's PlanetBids configuration will need to be focused on ensuring that as functions are added, the vendor registration experience is as clear and efficient as possible. The analysis of needed changes and associated costs is underway.

Staff will continue to identify the desired changes to the PlanetBids configuration to support increased recognition of diverse business enterprises, and implement those changes in the system. Once the enhancements are made, additional steps will need to be taken to ensure current and newly-registered vendors are aware of the changes and are providing their certifications in PlanetBids in order that staff can report on their participation. Concurrently, staff will continue to increase existing strategic participation in local events targeting diverse business enterprises, and promote procurement opportunities through organizations serving or representing the LGBTQ+, veterans, and people with disabilities business communities.

If you have questions regarding this matter, please contact Deputy Finance Director Sandy Tsang-Palmer at (562) 570-6663.

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ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY
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ANDREW VIALPANDO, ACTING ADMINISTRATIVE DEPUTY TO THE CITY MANAGER

ATTACHMENT

City of Long Beach
Working Together to Serve

Memorandum

Date: March 26, 2019

To: Patrick H. West, City Manager

From: John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Update on Progress to Support Local Businesses for City Purchasing Opportunities**

At the City Council meeting on June 20, 2017, staff described the extensive efforts being taken to recruit Long Beach businesses to participate in City purchasing opportunities, as well as steps staff planned to take to further improve the process. Updates on the progress of improvements have been provided to the City Council on October 24, 2017 and May 16, 2018 (Attachment A). This memo provides a third update regarding further progress to date.

Staff continues to make improvements and has made significant progress while also adjusting to employee turnover and other high priorities including: LB COAST implementation, the new Civic Center, and cannabis business licensing and regulation/ enforcement.

Increased Opportunities for Local Businesses

The previous update described the recent upgrade of the City's bid management system to incorporate a more accurate and specific categorization of goods and services that registered businesses can supply and that the City is soliciting. This improvement has a significant positive impact on the City's ability to reach registered local businesses through notification and outreach activities, matching them to relevant City procurements.

Since the last update, staff has conducted multiple rounds of email outreach to registered vendors to support their transition to the improved categorization. The Purchasing Division (Purchasing) has also partnered with the Economic Development Department (ED) to improve and expand outreach efforts to increase local business registration. A new promotional brochure has been developed that promotes multiple resources available to local businesses and registration for City procurement opportunities. An initial version of the brochure has been distributed at outreach events and through the Business Improvement Districts (BIDs). The brochure is undergoing final design edits and a wider distribution is anticipated within the next month. The brochure will be available at public counters in City Hall and offsite locations. It will also be distributed to business associations, business support groups, and at various meetings and events. In addition, a recently implemented Procurement Basics training for City staff emphasizes the importance of local outreach for procurements conducted by departments.

To continue to improve the City's database of registered local businesses and inform them of the improvements to the City's bid management system, staff will conduct phone outreach to businesses that have not yet responded to the email outreach. Purchasing will also continue its partnership with ED to explore digital and social media outreach, as well as hosted events and presentations. Staff will also continue development of policies and procedures pertaining to department use of the improved business database to increase outreach to local businesses on individual procurements.

Document and Requirements Simplification

Purchasing and Risk Management Bureau staff conducted an in-depth review of the City's insurance requirements and insurance approval process. The goal of this project is to be more local and small business-friendly by increasing the speed of procurement awards and/or reducing insurance requirements where appropriate. Significant improvements have been identified since the last update. Lower insurance requirements on lower risk procurements have been evaluated and approved by the Risk Management Bureau. Purchasing, in partnership with the Risk Management Bureau, is in the process of training City staff on the updated requirements. Additionally, review of insurance documents has been incorporated into the automated workflow in the upcoming LB COAST system to streamline and improve efficiency of internal processes.

Purchasing has also made additional progress on the internal review of all solicitation templates to make them more attractive and easily accessible. Staff has conducted benchmarking against other cities and identified a number of improvements. Additionally, Purchasing engaged a consulting firm to perform an industry best practice review of the templates based on standards set by a national procurement organization, and the results will be incorporated into the updated templates.

Branding and Promotion

Purchasing, in partnership with ED, continues to develop comprehensive marketing materials to further support local business engagement in City procurements. The brochure described earlier in this memo constitutes the first round of materials specific to new registration of local businesses in the City's bid management system. This brochure, through dissemination via public counters and BIDs, will support the continued push to get more local businesses registered in the City's database.

Tracking and Reporting

As part of the LB COAST implementation, staff continue to work on approaches to better track outreach efforts to local businesses, procurement awards to local businesses, and dollars spent with local businesses. Improved data is expected to be available with the new financial system after stabilization, accumulation of additional data, and development of improved reports.

Summary

Since the last update, significant improvements have been made that will support even better outreach to, and expanded opportunities for, local businesses. Staff will continue to work on the items identified for improvement and will implement improvements as they are developed.

If you have any questions on this matter, please contact Sandy Tsang-Palmer, Purchasing and Business Services Manager, at (562) 570-6663.

JG:STP
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ATTACHMENT

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DEPARTMENT HEADS
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #17-0492)

ATTACHMENT

ATTACHMENT A

City of Long Beach
Working Together to Serve

Memorandum

Date: October 24, 2017

To: Patrick H. West, City Manager

From: John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Update on Progress to Support Local Businesses for City Purchasing Opportunities**

At the City Council meeting on June 20, 2017, staff described the extensive efforts already in place to recruit Long Beach businesses to participate in City of Long Beach (City) purchasing opportunities. The associated presentation described steps that staff planned to take to further improve the recruitment process. This memo provides an update regarding the progress of that effort.

Background

The City has a comprehensive program in place to include local and small businesses in purchasing opportunities. Long Beach stands with the best of cities in supporting local businesses as determined by the results of a recent benchmarking study. The Long Beach program includes Local Business Preference on applicable Invitations to Bid (ITB), the Small Business Enterprise Program, the Small Business Incentive Program, proactive bid and procurement opportunity advertising and outreach directed to local businesses, information and resources on the City website, and pre-bid/proposal conferences to ensure understanding of the specifications and requirements.

Although our program is strong, there are ways in which the program can be improved. The planned areas of improvement include:

- Specific branding of the program that identifies and consolidates the City's efforts to recruit and include local businesses in City procurements under one clear program title.
- Improved promotion of the program to help reach more businesses, including those in the Latino and Cambodian business communities.
- Increased coordination and collaboration with other City programs and operations unrelated to procurement to increase outreach to, and engagement with, our local business community.
- Increased opportunities for local businesses to compete, and win, in low dollar value purchases.
- Document and requirements simplification to make it more attractive and less onerous for small businesses to participate in bidding opportunities.
- Improved tracking and reporting of program efforts and outcomes.

- Review of the RFP process and collaboration with the City Attorney to find ways to improve opportunities for local business participation in professional/consulting services.

Program Development

Staff has begun working on the improvements. Other City Council priorities and staff vacancies have affected the speed of the improvements, but progress is being made.

- Preliminary work to draft a branding and communication plan to guide the outreach and marketing of the program to local businesses has begun. This effort includes creating promotional materials to describe City resources and processes to prioritize local business outreach strategies. Examples of these efforts include creating multilingual materials and an improved online presence. Staff will review and expand on this work with the assistance of a marketing professional.
- Improvements to our bid management system have started that will allow the City to better identify local businesses that provide goods or services relevant to City procurements. Once fully implemented, this improved functionality will provide the necessary foundation for formal procedures that City departments will follow to ensure thorough local business outreach for low dollar value (informal) procurements.
- A project to review insurance requirements and the City's insurance approval process has started. The goal of this project is to be more small business friendly by modifying the requirements and/or streamlining the process to increase the speed of procurement awards.

Staff will continue to work on the items identified for improvement, including looking in detail at the comments made by individual Councilmembers. Staff will implement improvements as they are developed. If you have questions on this matter, please contact Sandy Tsang-Palmer at (562) 570-6663.

K:\EXEC\TFF & MEMOS\2017 TFF & MEMOS\SOFT COPIES\TFF - UPDATE ON SUPPORTING LOCAL BUSINESSES FOR CITY PURCHASING OPPORTUNITIES.DOCX

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MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #17-0492)

ATTACHMENT

ATTACHMENT A

City of Long Beach
Working Together to Serve

Memorandum

Date: May 16, 2018

To: City Manager Department Heads

From: John Gross, Director of Financial Management

Subject: **Implementation and Promotion of New Business Category Codes to Improve Matching of Local Businesses with City Procurement Opportunities**

The Purchasing Division has changed the commodity/service codes in PlanetBids to make it easier to identify the right businesses for outreach on City procurements, and to increase outreach to local businesses. The new codes, which are developed by the National Institute of Governmental Purchasing, are now in effect. The remainder of this memo explains the code change and its benefits to both businesses and the City in greater detail.

Purpose of the Change

Businesses report that many announcements of City procurements they receive do not apply to the goods/services they provide. This is due in large part to the small number of broad coding categories previously in use by the City. It was difficult for businesses to connect to City procurements because the codes were simply not specific enough. The new codes from the National Institute of Governmental Purchasing are a procurement-industry best practice among state and local governments. With more than 9,000 new codes, the City will be able to better categorize and communicate procurement needs over PlanetBids, and registered businesses will be able to better specify what they can supply. The City will then be able to advertise solicitations more effectively and accurately.

Local Business Engagement

The new goods/services codes will support increased engagement of local businesses in City procurement opportunities. The more accurate and specific categorization of goods and services on both sides will allow for better targeted notification to registered local businesses of formal City procurement opportunities conducted by the City's central Purchasing Division. It will also allow departments to utilize the system as a central business database that will support improved local business outreach on less formal decentralized procurements. This will expand opportunities for local businesses to compete in City procurements. The Purchasing Division has partnered with the Economic Development Department to improve and expand outreach efforts to increase local business registration. Strategies are expected to include distribution of promotional materials to business associations and business support groups, conducting digital and social media outreach, and hosting presentations at various meetings and events.

Implementation

The Purchasing Division has taken a number of steps to ensure a smooth transition for businesses. The Division has advertised the change in coding system to currently registered businesses through emails generated by PlanetBids and news alerts on the portal's vendor login screen. Both direct businesses to update their user profiles with the new codes. The information is also posted on the Purchasing Division's public internet site. Staff has worked with PlanetBids to increase the maximum number of codes that a business can select to identify the products or services they sell. The Division will be conducting phone outreach to registered businesses to encourage them to update their profiles prior to final phase-out of the old codes. Staff has also created an informational presentation and has briefed departments that post their own procurements to PlanetBids, and is available to brief any department that may have questions or concerns regarding the change. These changes should help to improve matching of local businesses and all businesses with City procurement opportunities.

If you have any questions, please contact Tara Yeats, Purchasing Agent, at (562) 570-6340.

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