

CITY OF CHICAGO

Department of Procurement Services

2015 Budget

A Message from Jamie L. Rhee

Chief Procurement Officer

October 30, 2014

On behalf of the Department of Procurement Services (DPS), I would like to thank Mayor Emanuel, Chairman Austin and the members of the City Council for allowing us to present our 2014 accomplishments and our operational plan for 2015.

As the contracting authority for the City of Chicago, we administer open bid and solicitation processes that result in over 2,500 contract awards and modifications while ensuring fairness, competition, and best value for all of Chicago's taxpayers. We maintain the highest commitment to diversity, transparency and innovation while continuously expanding the resources and programs that empower residents to become involved in the City's contracting opportunities.

We are tasked with exploring the best solutions for Chicago's diverse needs. One of our key objectives is to bring greater diversity to the pool of businesses that bid on and earn City contracts. A thriving small, minority- and women-owned business community and robust workforce are essential to the success of a world-class city. We continually strive to develop ways to move these goals forward.

Participation

We remain committed to the growth and development of small, minority- and women-owned business enterprises in the City of Chicago and we have pursued every opportunity to ensure that the City's procurement process remains fair, inclusive, diverse, and efficient. Additionally, since 2012, when the responsibility for the certification of M/W/DBE firms and compliance with the City's M/W/DBE program was returned to the Department, we have been dedicated to improving the process and experience for those firms that have applied for certification. We have also heightened our efforts to ensure compliance with our requirements by bringing an increased level of scrutiny to work in progress. DPS has also conducted extensive training to introduce new procedures and developed software upgrades and transparency initiatives. Since 2012, more than 800 attendees have attended 24 of these DPS training programs with many additional sessions being scheduled for the upcoming months.

To gauge the percentage of work being done by MBE and WBE firms, Aldermen and the Inspector General had historically requested real-time payment information

reflecting actual dollars going to these firms. There are multiple methods for tracking and reporting payments including final contract close outs, but real-time payments provide more accurate information and are a far more valuable assessment of the actual impact of the M/WBE program; payments are what matter to vendors and their bottom line.

In order to present a more accurate reflection of the impact of these firms, for the second year, DPS can report actual dollars spent with minority- and women-owned businesses. Because of advances in our online C2 System, through which contractors report--and subcontractors confirm--commitments, payments and participation, we can now report payments as they occur as opposed to waiting until contract close-out.

Since this is the second year in which we have this data, I can now, for the first time, share real-time payment information that can be compared to the real-time payment information from the previous year. These payments, made against contracts between January 2014 and September 2014, totaled \$531 million. Of the total payments made during this period, 29 percent went to MBEs and seven percent went to WBEs, as compared to 29 percent to MBEs and eight percent WBEs in 2013. African American firms were paid \$61.7 million, or 12 percent in 2014, as compared to 11 percent in 2013. Hispanic firms were paid \$70.1 million, or 13 percent, as compared to 13 percent in 2013. Asian American firms were paid \$28.4 million, or five percent, as compared to six percent in 2013. Finally, women-owned firms were paid \$30.4 million, or six percent, as compared to seven percent in 2013.

We can also provide the M/WBE spending for contracts that have been closed out. Since January 2014, projects with a total final contract value of \$79.9 million have been closed out. Of the total payments reported paid to minority- and women-owned businesses, 36 percent went to MBEs and five percent to WBEs, as compared to 30 percent to MBEs and seven percent to WBEs in 2013. African American firms reported \$9.5 million, or 12 percent of closed-out contracts this year, as compared to 12 percent in 2013. Hispanic firms reported \$15.5 million, or 19 percent of closed-out contracts this year, as compared to 15 percent in 2013. Asian American firms reported \$4.1 million, or five percent of closed-out contracts this year, as compared to three percent in 2013. And non-minority, women-owned businesses reported \$3.8 million, or five percent of closed-out contracts this year, as compared to seven percent in 2013.

Certification and Compliance

Since the responsibility for certification and compliance was moved to DPS in 2012, streamlining processes and creating efficiencies in these units has been a top priority, and we remain dedicated to improving turnaround times and implementing process

efficiencies. One of our key objectives at DPS is to increase the diversity of the businesses that bid on and earn city contracts. A thriving minority- and women-owned business community is essential in a world-class city.

We are constantly looking for ways to make it easier for all minority and women owned businesses to access our process. To that end, and to help save vendors' time and money, the City and County developed a reciprocal MBE/WBE certification program. This agreement between the City and County allows vendors to take advantage of bid opportunities at both places without needing to spend the time and money to fill out two different applications.

We have also increased our communication and educational efforts. We have developed a fact sheet about the Certification Program detailing current and future improvements as well as a tips and resources for vendors when applying for certification. We are developing an online Learning Management System that will include a series of videos to educate the vendor community on how to submit complete certification applications and how they can receive additional assistance. Additionally, compliance is a pivotal component at DPS. It includes a three-step process, which begins with pre-award/goal setting, ongoing monitoring of the contract, and closing the contract. During the life of contracts, DPS monitors monthly payments to make sure prime contractors are meeting their minority- and women-owned business participation goals. We also check weekly to determine whether payrolls are being entered into the online system and perform unannounced site visits. When deficiencies with vendors are identified, issues are addressed promptly and efficiently.

DPS published a series of resources in 2014 so that City staff and the vendor community are clear on the regulations, processes and expectations.

In January 2014, a Contract Compliance Manual was published to educate all City Department Procurement Liaisons and other City staff responsible for managing contracts. The manual describes the functions that user departments should be taking related to MBE/WBE/DBE, Equal Employment Opportunity (EEO), Chicago Residency Ordinance (CRO) and Project Area Resident Worker Hours contract management responsibilities. The manual addresses the monitoring of contractor compliance for a variety of programs and includes examples of reportable behavior and details on when such behavior should be reported, whether to DPS or to the City's Inspector General. Various sections of the municipal code are clearly defined in order for the departments to understand why and how they are to implement laws pertaining to affirmative action in the performance of work.

At the annual Vendor Fair in May 2014, DPS unveiled the Vendor Compliance Resource Guide. Building on the Contract Compliance Manual for internal DPS and user department staff, this targeted resource was developed to address contract compliance issues for the vendor community. The Vendor Compliance Resource Guide addresses the roles and responsibilities for both prime and subcontractors across numerous issues, including M/W/DBE Special Conditions and commercial useful function. It also provides an overview of the C2 and LCP Tracker software that the City has developed to assist the vendor community with certification and contract compliance.

To aid in the enforcement of the regulations defined in the manual and guide, dedicated Field Analysts were hired to conduct field site visits of all construction sites, both federally and non-federally funded. The analysts verify, monitor, and document compliance with MBE/WBE/DBE, City residency, local hiring, and EEO requirements. The analysts observe and interview business owners and employees to gather the information necessary to verify program requirements, compliance goals, and to ensure that vendors are honoring their commitments and meeting their obligations to Chicago's taxpayers. In the first half of 2014, the Field Analysts have performed nearly 200 site visits, including announced and unannounced construction site visits, certification site visits and contract-related site visits.

Procurement Modernization/eProcurement

DPS has also been hard at work focusing on innovations and efficiencies to improve contract administration operations and the overall vendor experience. This year, DPS has made significant progress on the groundbreaking eProcurement/Modernization initiative. This program will increase transparency at all stages of the procurement process, generate cost savings from significantly reduced procurement cycle-times, reduce overall cost of goods and services through strategic sourcing and enhanced vendor competition and create efficiencies including the reduction of paperwork between DPS and City user departments.

DPS has continued to increase transparency by posting to the City's website all winning and losing bids submitted by vendors for competitive low bid contracts as well as all RFP/Q solicitations, addendums and other bid-related documents. In addition, we are positioned to post all of the winning and non-winning proposals submitted as part of the RFP/Q process. Standard RFP/Q boilerplate language now directs bidders to submit redacted versions of proposals submitted for all current and new projects.

In summer of 2014, DPS launched the innovative “Bid Tracker” application on the City- wide Vendor Contract and Payment Search site. This application provides a graphic display that shows the point at which each bid is at during the contracting process, from advertisement to award.

Bid Tracker allows vendors and the public to see the status of a solicitation on a timeline graphic; the procurement milestones that are displayed depend on the type of solicitation. The phases of commodity and low-bid construction contracts that are visible in Bid Tracker include: Receipt of New Project by DPS, Advertisement Date, Bid Opening, Recommendation of Award, and Date Awarded. RFQ and RFP solicitations include additional information, including the status of oral presentations and negotiations.

The most revolutionary phase of the initiative, implementation of eProcurement functionality, is well under way. Upcoming innovations and improvements include the electronic submission of bids and RFPs; ordering via electronic catalogs; strategic sourcing; electronic submission of invoices by vendors; vendor self-service inquiry on payments; electronic routing and approval of the contract packages during the signature cycle; and, improved reporting and analytics.

In late-2013, DPS issued a Target Market Task Order for Business Process Re-engineering in conjunction with eProcurement. Business Process Re-engineering (BPR) enabled the City to analyze all existing procurement and payment processes and determine critical changes that must occur in order to best utilize the new eProcurement software functionality and institutionalize best practices. BPR work with the MBE firm began in early 2014 and was completed in the summer.

Programs & Incentives

Small Business Initiative

The Small Business Initiative (SBI) is a program that creates jobs and opportunities in our neighborhoods. It provides a level playing field for small businesses to compete in the construction realm, an area in which larger companies are often at an advantage.

City of Chicago Bid Tracker

To check the status of your current bid please enter specification number below

How to Search:

Enter a search criteria in the form below. An exact specification number is required. If your solicitation was rebid, the new specification number may have a letter at the end. For example, the rebid of specification number 123456 may be 123456A or 123456B.

Specification Number:



The program is race and gender neutral, is exclusive to small businesses and is limited to construction projects that are under a predetermined dollar amount.

Last year, in response to feedback from the small business community, the program has been divided into two tiers, SBI I and SBI II. This tiered system establishes standards that provide even greater opportunities for smaller businesses to compete for work. The first tier, SBI I, is for projects that are \$3 million or less in total cost and can be bid by firms that do not exceed SBA size standards per NAICS code. The second tier, SBI II, is for projects that are \$2 million or less in total cost and can be bid on by firms that do not exceed one half of the SBA size standards per NAICS code. Since the program began in 2012, we have awarded 30 contracts valued at \$50 million to small local businesses.

Veteran's Bid Preference

In June 2014, DPS introduced a veteran's preference bid incentive on City contracts. This incentive will create more opportunities for participation in City contracts for veteran-owned businesses and other small local businesses, including certified MBEs and WBEs. This ordinance reflects a policy change that will include, for the first time, the representation of veteran-owned businesses in City contracting. This ordinance is expected to foster partnerships between small local businesses, including certified MBEs or WBEs, and veteran-owned businesses in the form of joint ventures, by awarding to such joint ventures a five percent bid incentive.

Government Procurement Compliance Forum

In 2014, DPS increased efforts to expand collaboration with key stakeholders in the procurement, certification and compliance processes. On January 16, 2014, DPS hosted a meeting that included members of the CPO Roundtable, Affirmative Action Advisory Board and City of Chicago Assist Agencies. This meeting grew into the development of the Government Procurement Compliance Forum, which is a strategic planning effort, and has included the creation a number of working subcommittees, tasked with researching, reviewing and recommending best practices in the areas of procurement, certification and contract compliance.

The subcommittees are made up of over 60 participants that consist of a mix of over 20 government institutions and assist agencies to foster an environment of collaboration and inclusion.

Generating Revenue

DPS is also responsible for managing a revenue-generating online surplus auction program for the City of Chicago. In 2014, this program is on track to realize over \$2.5 million from auction proceeds and savings resulting from deferred disposal fees.

Communications & Outreach

Communication and outreach help to keep residents informed of new programs and innovations. In the last year, DPS has hosted or participated in nearly 120 events and workshops to provide businesses with information on the City's procurement process and business opportunities.

In January 2014, DPS hosted the second annual Construction Summit. More than 20 Chicago, Cook County and Illinois agencies participated to provide contracting opportunity information to a large number of firms. More than 300 people representing hundreds of construction companies, suppliers, and manufacturers received information on hundreds of construction projects with a total estimated bid value of over \$500 million dollars.

In June 2014, in collaboration with Cook County, DPS hosted our largest ever Vendor Fair, in which 75 exhibitors from all the City Departments, Sister Agencies, and Assist Agencies discussed contracting opportunities in all areas, including professional services, technology, work services and commodities from federal, state and local government agencies. The event also included free customized workshops and targeted networking sessions for vendors.

In July 2014, DPS held the City's first ever Financial Symposium. The event provided participants with numerous resources focused on access to capital and technical assistance. Over thirty exhibitors, including government entities, non-profits and lending institutions, were on hand to interface with Chicago's small, minority, and women-owned business community. In addition to one-on-one access to the exhibitors, participants were able to attend a number of free workshops. Expert presenters from government, financial and technical assistance organizations discussed innovative financing options; non-traditional lending options; bonding and insurance; and employment; as well as other financial and technical assistance issues.

DPS expanded its workshop roster to 15 different classes on procurement and certification related issues at no cost to the public. Through these classes, DPS shares knowledge on governmental contracting policies and procedures in order to increase the existing vendor pool and maintain transparency in contracting. In addition to the

classes that are held at City Hall, DPS conducts meetings and gives educational presentations out in the field. DPS will continue to implement outreach programs throughout Chicago's business community in an effort to increase awareness of contracting opportunities for small, minority- and women-owned businesses and to provide information on certification and contract compliance.

DPS continues to publish the City's Buying Plan, which outlines goods and services along with subcontracting opportunities that the City will be advertising for bid over the following 18 months. The Buying Plan is a great resource for firms looking to plan a bid, network or seek joint venture opportunities.

DPS Alerts

DPS sends out weekly email alerts to inform vendors and the public of bid opportunities, new programs, rules and regulations. Over 100 DPS Alerts are sent out annually to over 9,000 active users.

Social Media

In an ongoing effort to increase communication and to better improve awareness about upcoming opportunities, DPS began to use social media in March 2014, launching a presence on Facebook and Twitter. We had conducted best practice research for social media in procurement on a national level, and see tremendous opportunity for Chicago to be a leader in this area. DPS routinely posts news and information including bid and addenda advertisements, information about upcoming events and workshops, and other links that could be of interest to the vendor community.

Please be assured that we remain committed to providing competitive, fair and transparent procurement services for the City of Chicago. We will continue to brief the alderman on progress and the latest developments at DPS, as we have done this year by providing quarterly updates that include information and materials for distribution to the wards, such as the Buying Plan, Vendor Compliance Resource Guide and flyers about upcoming events and free workshops.

Respectfully Submitted,
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City of Chicago

Department of Procurement Services

Programs and Service Delivery

