

Good morning. My name is Aileen Velazquez and I'm the Chief Procurement Officer at the City of Chicago. I would like to thank Mayor Lightfoot, Chairman Dowell, Vice-Chairman Silverstein, and the members of City Council for allowing me to present on behalf of the Department of Procurement Services.

The Department of Procurement Services is responsible for administering a fair, transparent, and competitive procurement process. We are also responsible for fostering inclusive and equitable opportunities for the City to build a diverse vendor workforce. In turn, our user departments deliver mission-critical services to residents, and small and diverse firms, which help them to gain equitable access to contracting opportunities that can assist with their growth and success. We place the highest priority on these directives to facilitate the responsible stewardship of taxpayer dollars and promote a greater share of the benefits with our small and certified vendor community, especially during these challenging economic times.

It is critical to have a robust and modern technology infrastructure in place to ensure we're able to fulfill these commitments as efficiently as possible. As part of Mayor Lightfoot's initiative to modernize City services, this year, the Department of Procurement Services will begin the process of acquiring a new eProcurement system that will implement full automation and efficiencies that align with current industry trends and best practices. Our goal is to make our systems more user friendly, increase access to contracting opportunities, and procure the most cost-effective options for the City – all of which can only be done with the latest in technology.

Additional IT software improvements will support real-time data collection, assist departments with setting contract specific goals, and add online forms to support data capture during certification site visits. We're currently testing electronic signature software across our platforms with the goal of achieving implementation in the 4th quarter of this year. This function will apply to City signatures and will help streamline and expedite the contracting execution process by eliminating the need for paper routing.

In June, we restructured our Contracts Administration Unit, allowing procurement officers to focus on additional opportunities for contract unbundling, a key initiative in our efforts to increase MWBE participation.

Since I became CPO, we have worked to reduce the timeline for request for proposal sourcing initiatives to six months from receipt of detailed scope of work, and bid sourcing initiatives are completed within three months of submission of requisition and all required documentation.

Lastly, as it relates to contracts, we are working to align the duration of City contracts with the amount of time contractual obligations will typically take to be fulfilled. Again, this change is in line with best practices and will allow the City to leverage advancements and

changes in the industry. It will also provide opportunities to do business with new vendors and introduce cost savings for the City.

The City's Certification program is critical to ensuring equitable access to contracting opportunities for diverse firms. Gaining certification makes firms eligible to earn certain bid incentives or to participate in certain City programs designed to promote workforce development and economic growth. In line with the results of the 2021 Disparity Study on the City's construction contracts, and thanks to City Council's approval in the 2022 Budget, DPS this year, established the Office of Contracting Equity, whose responsibilities include making improvements to our MWBE program, expanding our capacity for outreach and education, and advocating for small, local, and minority firms. Since the Office was established, vendor certification application processing times are trending down, currently averaging 90 days for a firm to be certified. Furthermore, we removed the requirement for vendors to re-certify every five years, eliminating the administrative burden of re-application for these small, local, and minority vendors. We will continue implementing new initiatives and strategies to ensure we're consistently improving performance on this important goal.

In terms of current overall utilization, the City tracks payments made to MBE and WBE firms and confirmed by subcontractors.

From January 1st to July 31, 2022, the City made \$763 million in payments to prime contractors. Of those payments, 36% went to MBE and WBE firms. \$224 million, or 29%, was paid to MBEs and \$52 million, or 7%, to WBE firms. By ethnicity,

- African American firms were paid \$82 million, or 11%.
- Hispanic firms were paid \$109 million, or 14%.
- Asian American firms were paid \$51 million, or 7%.
- and non-minority women-owned firms were paid \$34 million, or 4%.

Importantly, in collaboration with other City departments, significant prime contracts were awarded this year to minority vendors for architecture & engineering services, custodial services, and other professional services at O'Hare Airport, and for structure and site work with one of our infrastructure departments.

We want vendors who do business with the City to succeed. To that end, the Department of Procurement Services administers an extensive outreach program to ensure vendors are equipped with the knowledge and resources needed to participate in contracting opportunities. We administer weekly virtual workshops on 34 different topics, and we also partner with user departments, Sister and Assist Agencies, and local organizations to provide these services at community-based events.

In February, we hosted the annual Construction Summit virtually due to COVID safety considerations. Despite the challenge of hosting such an immersive event virtually, the Construction Summit drew record attendance. In August, we hosted the Procurement Vendor Fair in-person for the first time since 2019. We welcomed more than 1,000 vendors to Malcolm X College for a full day of presentations, workshops, and networking sessions with more than 100 exhibitors from government and non-profit agencies.

Despite the challenges presented by workforce recruiting and retention, supply chain delays, and inflation, we've moved the needle significantly this year thanks to the hard work and dedication of the Department of Procurement Services staff. Although challenges remain, I am confident that with your partnership and the support of all our elected officials and stakeholders, we can introduce additional resources, build our capacity to implement innovative business processes and technology improvements, and ensure that our vendor community reflects the rich diversity of our great City.

Respectfully Submitted,

Aileen Velazquez
Chief Procurement Officer, City of Chicago