

Good afternoon. My name is Aileen Velazquez and I'm the Chief Procurement Officer at the City of Chicago. I would like to thank Mayor Johnson, Chairman Ervin, Vice-Chairman Lee, 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. In turn, our user departments deliver mission-critical services to residents. We are also responsible for fostering inclusive opportunities for the City to build a diverse vendor workforce, which helps small and diverse firms 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.

This year, we began the process of replacing the City's antiquated procurement system with a modern alternative that leverages current technology and industry best practices. This initiative is part of a Citywide effort to upgrade its core IT systems. The new procurement system will introduce time and cost savings to the City and vendor community by streamlining and automating much of what has historically been a manual process. Additional end user benefits include added guidance to assist vendors with responding to solicitations and more accuracy in identifying and correcting errors in vendor submissions.

The first phase of the initiative is nearing completion, and negotiations are ongoing with the new subscription service provider. We expect to award the contract in the 4<sup>th</sup> quarter of this year, after which we will engage a consultant to assist the City with project oversight and assist with the selection of vendors to implement the software and ensure the new systems are properly integrated. The solicitation to secure implementation vendors will be a Target Market initiative to facilitate participation opportunities for Certified MBE and WBE firms.

We have undertaken several key initiatives to ensure that a greater share of the economic benefits of doing business with the City goes to small, women-owned, and minority-owned firms. This year, the Office of Contracting Equity, or "OCE," launched a new web page that consolidates in one location the information and resources that are necessary to help firms with gaining certification and understanding how the City monitors compliance with M/WBE participation requirements. The webpage is accessible, user-friendly, and includes the City's certified firms directory and a series of recorded workshops that DPS administers to assist vendors with building their capacity to do business with the City.

Next steps in our efforts to increase M/WBE participation include conducting targeted outreach to vendors certified in the NAIC's codes related to each project. The OCE will collaborate with user departments to develop future outreach opportunities to inform

vendors of upcoming projects with those departments. Furthermore, the OCE will host two (2) business-to-business matchmaking events, giving small, women-owned, and minority-owned firms an opportunity to meet and network with user departments and prime contractors. Additionally, OCE will work with the Department of Business Affairs and Consumer Protection on up-and-coming capacity-building workshops for vendors. Lastly, the OCE is working with the Assist Agencies to recruit local businesses to become certified with the City of Chicago in work areas where there are opportunities to improve M/WBE participation.

I have also directed our Contracts Administration Unit and user departments to prioritize unbundling solicitations and implementing shorter durations on contracts, which will increase opportunities and introduce new firms to our qualified vendor pool. To assist in these efforts, we developed training materials for user departments on how to engage procurement, and we have begun facilitating live training sessions, with more to come.

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

From January 1<sup>st</sup> to July 31, 2023, the City made \$1,015,811,546 in payments to prime contractors. Of those payments, 36% went to MBE and WBE firms. \$296,246,974, or 29%, was paid to MBEs and \$64,770,297, or 6%, to WBE firms.

By ethnicity:

- African American firms were paid \$105,511,249, or 10%.
- Hispanic firms were paid \$139,692,339, or 14%.
- Asian American firms were paid \$70,774,963, or 7%.
- and non-minority women-owned firms were paid \$45,030,483, or 4%.

Finally, we maintain an emphasis on facilitating a comprehensive outreach and education program, which many small and M/WBE firms rely on to navigate the process of doing business with the City. From January through July, we participated in 15 vendor outreach events hosted by our Sister and Assist Agencies. Additionally, our annual Construction Summit and Procurement Symposium drew record interest, with a cumulative total of 2,400 individuals registered. We continue to collaborate with City and Assist Agencies to develop and administer additional training opportunities for vendors. Lastly, we look forward to leveraging internship opportunities in 2024 in an effort to expose and attract the next generation to the procurement profession.

I am proud of the hard work the DPS staff has done this year to modernize procurement and build a more equitable environment for vendors to secure contracts with the City. I remain committed to continuing this work and implementing new initiatives to ensure our

vendor community reflects the rich diversity of our great communities. We appreciate your partnership in these efforts, and we look forward to continuing our work together.

Respectfully Submitted,

Aileen Velazquez  
Chief Procurement Officer, City of Chicago