



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: General Services
Department No.: 063
For Agenda Of: August 20, 2019
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: General Services Janette D. Pell, Director, (805) 560-1011
Contact Info: Lynne Dible, Assistant Director, (805) 568-2678
SUBJECT: Local Vendor Preference Policy Update, All Districts

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve a request to extend the date General Services/Purchasing staff will provide a comparative analysis of the Local Vendor Preference Policy, as requested by the Board on February 12, 2019, to August 2020, and
- b) Determine that the above recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the actions are the creation of a governmental funding mechanism or other government fiscal activity, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

On February 12, 2019, the Board approved a change to the Local Vendor Preference policy that provides a “Local Vendor” the opportunity to match the overall bid of the lowest non-local vendor, if their bid is the lowest local bid and within 6% of the non-local vendor bid. This policy currently applies to bids on tangible goods only. As part of the approval action, the Board asked staff to return in six months with a comprehensive comparative analysis to the old Local Vendor Preference methodology, and to also provide information on including services within the scope of this program. Staff is requesting an extension on providing the requested information for the Board, to August 2020, primarily because there has been no application of the revised Local Vendor Preference since its adoption in February 2019.

Background:

As described in the attached Board Letter from this past February (Attachment A), there have been several local vendor preference policies applied to bids on tangible goods over the years.

The current local vendor preference policy, adopted in February 2019, covers any bid for a tangible good; if the lowest bid is non-local and a local vendor’s bid is within 6%, then the lowest local vendor bid has the option to match the lowest overall bid. The lowest non-local and local bidder are notified once this scenario is identified, and the local bidder has 72 business hours to match the lowest non-local bid. If the local vendor can match the lowest bid then that local business will be awarded the contract.

Before the adopted revision in February 2019, the local vendor preference policy in place, since 2005, authorized the Chief Procurement Officer/Purchasing Manager to provide a 6% local vendor preference on all bids for tangible goods (formal bids on tangible goods required over \$25,000). This policy could result in the County paying up to 6% more for a tangible good if the local vendor preference was exercised. Also, in 2005, the Board formalized the definition criteria for local vendor eligibility under this policy, which has remained unchanged.

On February 12, 2019, the Board requested staff provide a comparison of the revised Local Vendor Preference Policy they had just approved, with the prior Local Vendor Preference Policy adopted in 2005. The comparison requested is to include, but not be limited to, the local sales tax benefit and associated multiplier effect of those dollars recirculating in the local economy as compared to the additional vendors the County could expect, utilizing outreach, without the program benefits. Additionally, the Board directed staff to provide information on including services within the scope of the program.

As of the date of this Board Letter, there have been no vendors identified or application of the revised Local Vendor Preference policy since its adoption in February 2019. To better understand the reasons why the preference has not been exercised, which includes further outreach to our local vendor community, the staff is requesting an extension to August 2020 to prepare the requested information for the Board. This extension will include a full fiscal year and procurement cycle that will have bid activity where historically the local vendor preference has been exercised, including fleet vehicles and heavy equipment. We will be better able to assess the impacts of the revised policy and determine if the goals of increased competition, higher quality goods, and savings for the County have occurred, and make recommendations on how to proceed with the program based on the data gathered during this extended period.

Fiscal and Facilities Impacts:

Budgeted: N/A

Fiscal Analysis:

The Local Vendor Preference policy modification is not anticipated to significantly impact the local spend, thus still maintaining support for local businesses. Below is the Local Vendor Spend five year trend.

Category	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19
Total Countywide Services & Supplies \$'s	\$171,000,000	\$173,000,000	\$163,000,000	\$146,000,000	\$211,000,000
Services & Supplies-Local Vendor \$'s	\$106,000,000	\$106,000,000	\$98,000,000	\$87,000,000	\$116,000,000
Local Vendor Spend %-Services & Supplies	62%	61%	60%	60%	55%

Authored by:

Lynne Dible, Assistant Director, General Services
Sylvester Donelson, Chief Procurement Officer, General Services

Attachments:

A – January 29, 2019 Board Letter – Local Vendor Preference Policy Update (Adopted February 12, 2019)

cc:

Mark Masoner, Purchasing Team Project Leader, General Services