

The extension would allow more opportunity for application of the revised policy, and vendor outreach activities.

Background:

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 was 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.

Provided below is comparative information highlighting Local Vendor spend, Local Vendor COVID-19 spend, new Local Vendors and Local Vendor Preference along with Vendor Outreach updates in response to several of the Board’s requests from 2019. Further analysis and additional information on efforts underway to improve Purchasing systems, policies, processes, and countywide strategic sourcing and partnerships will be provided in the coming months, based on detailed recommendations being developed by KPMG as they complete an in depth review of County Purchasing Services.

Local Vendor Spend – Services & Supplies:

The table below presents the prior three fiscal years of Local Vendor spend as a % of total countywide spend for services and supplies, where Purchase Orders (POs) and Board Contracts have been issued countywide.

Category	FY2017-18	FY2018-19	FY2019-20
Total Countywide Services & Supplies \$'s	\$146,000,000	\$211,000,000	\$272,100,000
<i>Services & Supplies - Local Vendor \$'s</i>	<i>\$87,000,000</i>	<i>\$116,000,000</i>	<i>\$151,100,000</i>
<i>% of Local Vendor Spend - Services and Supplies</i>	<i>60%</i>	<i>55%</i>	<i>56%</i>

Local Vendor Spend – Services & Supplies-COVID-19:

The table below presents the Local Vendor spend during FY 2019-20 for services and supplies procured in response to the COVID-19 pandemic event; it is important to note that 84/107 or 79% of vendors utilized during last fiscal year to fulfill COVID-19 response expenditures were local vendors. With the stress that the pandemic has put on the local business and economy, local vendor partnerships and participation in support of the response has been critical to the County being able to quickly engage and react to the evolving pandemic emergency. For example, the County engaged with three local catering businesses to provide necessary catered meals for EOC and other COVID response staff, in order to support the operations and employees of all three businesses.

Category	FY2019-20
COVID-19 Services & Supplies – Total \$'s	\$2,400,000
<i>COVID-19 Services & Supplies - Local Vendor \$'s</i>	<i>\$1,779,000</i>
<i>% of Local Vendor Spend - COVID-19</i>	<i>74%</i>

Local Vendor Preference Policy:

The table below provides information on the FY 2019-20 application of the revised Local Vendor Preference Policy. As has been the case historically, the application of the preference that did occur during this past fiscal year was for several of the County Fleet Vehicle bids; application of the policy included three separate bids with one vendor, Santa Maria Ford, exercising the option to lower their bid three times in accordance with the new Policy.

FY 2019/20 Local Vendor Preference (LVP) Policy Application

Bid #	Vendor	6% LVP	Bid	Award/PO	\$ Impact
150283	Santa Maria Ford	Yes	\$28,285	\$27,045	(\$1,240)
150280	Santa Maria Ford	Yes	\$42,075	\$41,915	(\$160)
150278	Santa Maria Ford	Yes	\$29,038	\$28,010	(\$1,028)
150301	Home Motors	No-Declined	\$59,761	\$56,681	\$3,080

In addition to the LVP awards in the table above, bids were solicited and opened in January of 2020 for the County’s initial Chevrolet Bolt Electric Vehicle (EV) purchase. An award was made to Rio Vista Chevrolet, a local vendor, because the low bidder, Folsom Chevrolet, a non-local vendor, withdrew their bid, as they were unable to meet their bid price submitted.

January 14, 2020 Chevrolet Bolt Bid Results

Bidder/Vendor – County EV Solicitation	Bid Amount	Bid Per EV	Local Vendor	Status
Folsom Chevrolet - Folsom, CA	\$1,613,974	\$26,748	No	Withdrew
Rio Vista Chevrolet - Buellton, CA	\$1,788,565	\$29,509	Yes	Awarded
Winner Chevrolet - Colfax, CA	\$1,835,636	\$29,835	No	
Home Motors - Santa Maria, CA	\$1,997,285	\$32,981	Yes	
Penske Chevrolet of Cerritos - Cerritos, CA	\$2,014,533	\$33,386	No	
Technology International – Lake Mary, FL	\$2,520,462	\$41,771	No	

Expanding the Local Vendor Preference Policy to include Services:

Modification to expand the Local Vendor Preference Policy scope to include Services in addition to Tangible Goods has not been recommended. Certain Professional Services, such as Architectural and Engineering services, require a competitive qualification process based on competence and qualifications per Government Code 4526 (Capital Projects). Other service contracts are awarded on a “best value” basis wherein cost is only one consideration in the selection of service providers. Construction projects require an award to the lowest responsive, responsible bidder. A local preference would not be applicable for these types of contracts.

New Local Vendors / Vendor Outreach / Purchasing Website and Electronic Bids:

The Purchasing Division continues to work on expanding partnerships with a diverse range of suppliers, recognizing how important this is to the economic vitality of the County. Focusing on vendor outreach and diversity provides enhanced opportunities for suppliers to provide innovative solutions, competitive pricing and high-quality services and supplies. Support of the local vendor community through outreach

continues to be a priority, in recognition of the local economic impact and multiplier effects that result from added local investment, jobs, increased wages, and local tax revenues flowing back into the County economy.

During FY 2019-20, the County added and engaged 47 new local vendors to our vendor/supplier resource list, for a total of \$1.3M in added local spend; a portion of this relates to the COVID-19 response. Prior to FY 2019-20, there were 414 local vendor contracts within the Purchasing Division's scope of authority on file for a total of \$43M in local spend. The additional 47 local vendors added last fiscal year represent an 11% increase in the number of local vendors and a 3% increase in local vendor spend.

This past April 2020, the Purchasing Division had organized a small business/local vendor and local government outreach event, sponsored by the Central Coast chapter of the California Association of Public Procurement Professionals, Inc. (CAPPO), and OMNIA Partners public sector cooperative purchasing organization, with an emphasis on disaster preparedness and recovery. Over twenty suppliers had confirmed their participation and attendance for the event. Unfortunately, due to the COVID-19 pandemic emergency, the event was cancelled; it will be rescheduled as soon as it is safe to do so. This type of outreach will provide opportunities for small businesses to network with large manufacturers and major vendors to provide better services and pricing for the County.

The County Purchasing website recently went "LIVE" with an improved Current Bid Opportunities page for vendors, offering quick visibility into current, real-time Bid Opportunities of the County they may be interested in competing for. In addition, electronic bids submitted online using the County's Public Purchase site, will be the sole method for vendors to submit their bids. The site provides a comprehensive, easy to use web based eProcurement system. Vendors will be required to register on the County's Public Purchase site in order to submit their bids for County solicitations, and be provided with automatic notification and access to County bid opportunities. The Public Purchase site also provides access to bid opportunities of other government entities, at no charge.

Fiscal and Facilities Impacts:

Budgeted: N/A

Fiscal Analysis:

Special Instructions: After Board action, please distribute as follows: A Minute Order to Lynne Dible, General Services.

Authored by:

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Attachments:

- 1) January 29, 2019 Board Letter – Local Vendor Preference Policy Update (Adopted February 12, 2019)
- 2) August 20, 2019 Board Letter – Local Vendor Preference Policy Update

cc: