

Local Vendor & Labor Outreach Plan

Revision 2

Northern Branch Jail Project

*Prepared by Kitchell
For*

County of Santa Barbara
General Services Department
Santa Barbara, California



April 3, 2014

Job No. 4729





Executive Summary

Most of the North Branch Jail project is State funded, and the County has certain legal obligations to allow all properly licensed and bonded contractors an equal opportunity to participate in the bidding process within full compliance of Public Contract Code. In this context, Kitchell's recommended vendor outreach plan, outlined below and discussed in greater detail in the body of the report, includes a variety of strategic and tactical activities intended to provide local vendors and local labor an optimal environment for local participation opportunities:

- **Vendor assessment and data gathering.** This phase of the plan entails *vendor information sessions* planned for spring 2014 to be held in cooperation with the Santa Maria Valley Contractors Association and the Santa Barbara Contractors Association to garner vendor interest in the project, answer vendor questions and request they complete the Bidder Interest Form shown in **Appendix 1**.
- **Local participation metrics.** Below are recommended metrics based, in part, on the County of Santa Barbara Local Vendor Outreach Program adopted December 5, 2005:
 - Local Participant Definition = For the purposes of this project, local participant would include the use of local vendors, suppliers, contractors, subcontractors, labor and other local resources. Local participant can be further defined as an established local business located within Santa Barbara County for at least 6 months prior to bidding, and for labor workforce, one who performs work on the project and resides within Santa Barbara County at a residence other than a hotel or motel.
 - Local Participation Measurement = Value of workforce residing locally using certified payroll software to collect data plus locally sourced services & materials expressed as a percentage of project value.
- **Design & package for optimized local participation.** Design elements, product specifications and packaging strategies will help optimize local participation. Detention cell construction options will advance or deter local participation opportunities depending upon the chosen option. Vendor data and product research will reveal the products and systems local vendors are factory authorized to sell, install and service. Packaging strategies could help promote local participation opportunities.
- **Incorporate appropriate prequalification criteria.** Kitchell recommends prospective bidders be required to submit their proposed local participation plans meeting minimum criteria as a condition of prequalification. Motivating the contractor to adhere to their own plan will generate more successful outcomes.
- **Vendor outreach campaign.** Beginning prior to the prequalification process later in the design, we will contact local vendors by phone and encourage them to prequalify if a prospective prime contractor, or bid if a prospective subcontractor.
- **Measure for success.** Kitchell recommends a reasonable administrative burden be placed on the contractors, subcontractors, suppliers, Kitchell and/or County personnel to quantify local participation results. This effort is recommended for two reasons: 1) communicate results back to constituents, and 2) raise the importance level of local participation.



Introduction

Kitchell is committed to the County's goal of maximizing the opportunity for local vendors and local labor to fairly compete and successfully obtain contracts on the Northern Branch Jail Project. It is acknowledged that the majority of the project funding is from State funds and the County has certain legal obligations to allow all contractors in the State an equal opportunity to participate in the bidding process within full compliance of Public Contract Code; therefore, our plan focuses on accounting for and encouraging local participation rather than discouraging outside competition.

Kitchell's local vendor outreach plan seeks to understand reasonable expectations through case studies of previous local participation results, sets a process in place to gain data on the local vendor business landscape, examines local participation plans implemented by other agencies throughout the State, and studies detention cell construction options as they relate to local participation.

Our plan is designed to accommodate upcoming major decisions including detention cell construction options and multi-prime delivery through which the project is packaged and bid to contractors based on trade specialty such as concrete, masonry, steel, mechanical, and others specialties. The outcome of these decisions will drive specific strategies to encourage local participation.

Our plan recommends metrics that will be useful in gauging local participation results. Further dialogue with County personnel will be necessary to reach consensus on these important metrics, which are essential to the local vendor outreach program that will be implemented.

Case Study

A foundational element to our local vendor outreach plan is understanding the local vendors' ability to participate in the Northern Branch Jail project. Kitchell's recent involvement in several institutional projects in Santa Maria and nearby Lompoc provides sufficient data to inform our understanding of local participation capabilities on this project type.

This case study examines three recently built institutional projects – the Marian Medical Center, The Allan Hancock College Student Services Center and the Allan Hancock College Public Safety Complex. The Marian project was a private work; whereas, the Allan Hancock projects were public works projects. None of these projects had formal local vendor outreach programs in place. Kitchell performed as the general contractor on the Marian project and selected prequalified subcontractors primarily on price with flexibility to select on quality commensurate with private works delivery. Kitchell performed as the contraction manager on the Allan Hancock projects which were awarded to prequalified general contractors based on lowest price. The general contractors most likely selected their subcontractors based on lowest price to remain competitive.

Subcontract values of vendors located within Santa Barbara County as well as vendors located in the outlying San Luis Obispo and Ventura Counties are examined in relation to the total construction value of each project.

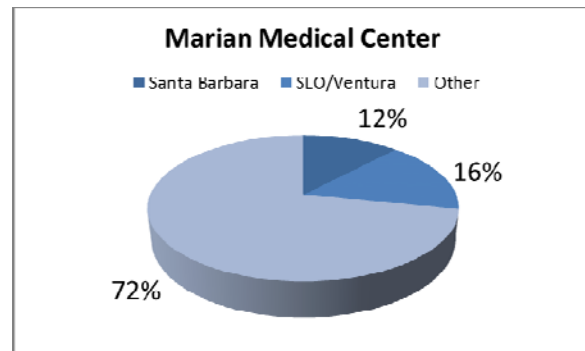


Marian Medical Center



The Marian Medical Center, completed in 2012, is located in Santa Maria, CA and is a 237,000 SF, four-story, 181-bed patient tower with new nursing units, intensive care unit, step down unit, delivery dept, post-partum unit, neonatal intensive care unit, emergency dept, CT and imaging, physical therapy dept, bariatric spaces, support spaces, kitchen with dining room, pharmacy, gift shop, chapel, public space, shell space, courtyard and landscaped areas. Also included was an equipment upgrade/replacement and relocation of the central plant (25,000 SF); new emergency generators and Energy Management System and fire alarm system.

This Office of Statewide Health Planning & Development (OSHPD) private works project has an original construction value of \$158,021,497 with construction assemblies including concrete foundations, concrete basement, slabs on grade, moment frame structural steel structure, steel stud walls, single-ply vinyl roofing, plaster exterior skin, storefront/curtain wall glazing systems, MEP systems, fire sprinklers, and low voltage systems. Tri-counties vendors holding contracts on this project are as follows:



Santa Barbara County Vendors:

JF Will, Santa Maria	Site Utilities, grading & paving	\$ 1,374,618
Brannon DBA Smith Electric, Santa Maria	Plumbing	\$ 14,212,028
Midland Sheet Metal, Santa Maria	Miscellaneous flashing	\$ 3,146
ACL Builders Inc., Lompoc	Miscellaneous carpentry	\$ 7,050
Valley Glass and Mirror, Santa Maria	Glass & glazing	\$ 2,081,403
Conception Tile, Lompoc	Tile	\$ 218,516
Diani Building Corp., Santa Maria	Toilet accessories, carpentry	\$ 807,399
Granite Construction, Santa Barbara	Site concrete	\$ 593,617

Total Santa Barbara County Vendors: \$ 19,297,777
 Percentage of Construction Value: 12 %

San Luis Obispo/Ventura County Vendors:

Case Pacific Company, Paso Robles	Demolition, shoring	\$ 2,284,658
Triad Holmes Associates, San Luis Obispo	Surveying	\$ 194,817
Fence Factory, Atascadero	Fencing & other jobsite rentals	\$ 54,030
Thoma Electric, San Luis Obispo	Electrical, Low Voltage	\$ 22,083,843
Pacific Coast Building, Paso Robles	Miscellaneous carpentry	\$ 174,677
Quaglino Roofing, San Luis Obispo	Waterproofing	\$ 2,227

Total San Luis Obispo/Ventura County Vendors: \$ 24,794,252
 Percentage of Construction Value: 16 %



Vendors located within Santa Barbara County represented 12% of the Marian Medical Center construction value, and vendors located within San Luis Obispo and Ventura Counties represented 16% of the construction value. Tri-Counties vendors combined represented 28% of the Marian Medical Center construction value.

Student Services Center

The Allan Hancock College Student Services Center project located in Santa Maria, CA consists of a new 44,788 square-foot, two-story student services building (building A) and a new 21,053 square-foot, two-story administrative building (building B) with associated on- and off-site improvements targeting LEED Silver Certification. In addition, the project develops a new North Bradley Road driveway, northeast loop road and parking lot. The project also includes the demolition of multiple existing buildings. Phase 1 completion is underway, with multiple move-ins occurring October-December 2013. Phase 2 demolition is scheduled to be complete by Spring 2014.



This Division of State Architect (DSA) public works project has an original construction value of \$21,501,000 with construction assemblies including concrete grade beam foundations, concrete slabs on grade, moment frame structural steel structure, steel stud walls, single-ply vinyl roofing, insulated metal panel siding, storefront/curtain wall glazing systems, MEP systems, fire sprinklers, and low voltage systems. Tri-counties vendors holding contracts on this project are as follows:

Santa Barbara County Vendors:

Elevation Concrete, Santa Maria	Concrete	\$ 820,070
Midland Sheet Metal, Santa Maria	Exterior Metal Panels	\$ 1,165,492
Precision Concrete, Santa Maria	Curb & Gutter	\$ 110,845
Republic Elevator, Goleta	Elevators	\$ 282,000
Valley Glass and Mirror, Santa Maria	Glass & Glazing	<u>\$ 1,100,884</u>
Total Santa Barbara County Vendors:		\$ 3,479,291
Percentage of Construction Value:		16 %

San Luis Obispo/Ventura County Vendors:

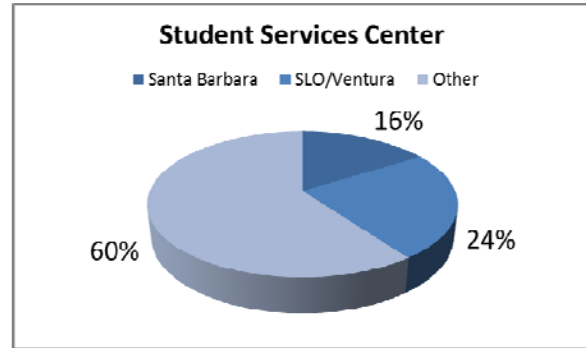
A-Jay, Atascadero	Earthwork	\$ 462,938
American Inc., San Luis Obispo	HVAC	\$ 1,736,000
American Building Automation, Ventura	Controls	\$ 590,000
Central California Fire Protection, AG	Fire Sprinklers	\$ 95,800
Electricraft, San Luis Obispo	Electrical, Low Voltage	\$ 3,287,251
Gilbert's Landscaping, Atascadero	Landscaping	\$ 243,973
Glasspoole Masonry, Ventura	Brick Veneer	\$ 71,850
John Pence, Ventura	Building Specialties	\$ 64,512



Lepell Tile, San Luis Obispo	Ceramic Tile	\$ 258,400
Portney Construction, Paso Robles	Abatement	\$ 48,370

Total San Luis Obispo/Ventura County Vendors: \$ 5,123,094
 Percentage of Construction Value: 24 %

Vendors located within Santa Barbara County represented 16% of the Student Services Center construction value, and vendors located within San Luis Obispo and Ventura Counties represented 24% of the construction value. Tri-Counties vendors combined represented 40% of the Student Services Center construction value.



Public Safety Complex

The Allan Hancock College Public Safety Complex project located in Lompoc, CA consists of a 36,678 square-foot academic building; 8,568 square-foot, six-story fire tower; 12,286 square-foot apparatus storage building; 42,406 square-foot shooting range; scenario village; prop house; fitness track; skid pad/slow speed driving skills area; and a one-mile emergency vehicle operator course (EVOC). Completion is expected in late fall 2013, with move-in occurring in late 2013.



This Division of State Architect (DSA) public works project has an original construction value of \$26,888,000 with construction assemblies including concrete foundations, concrete slabs on grade, masonry walls, structural steel roof structures, steel stud interior wall partitions, single-ply vinyl roofing, storefront/curtain wall glazing systems, MEP systems, fire sprinklers, low voltage systems, and multiple training props. Tri-counties vendors holding contracts on this project are as follows:

Santa Barbara County Vendors:

Peralez Masonry, Santa Maria	Masonry	\$ 1,900,000
Midland Sheet Metal, Santa Maria	Metal Panels, Flashing & Trim	\$ 64,000
Hamon Overhead Door, Santa Maria	Overhead Coiling Doors	\$ 129,934
Valley Glass & Mirror, Santa Maria	Glass & Glazing	\$ 243,002
Taft Electric, Solvang	Electrical, Low Voltage	\$ 2,485,500
Calportland, Santa Maria	Aggregate Base & Pavement	\$ 1,100,000
RL Johnson, Lompoc	UG Water, Sanitary/Storm Sewer	\$ 1,301,233

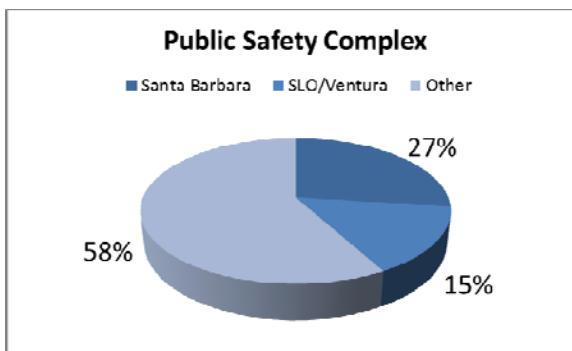
Total Santa Barbara County Vendors: \$ 7,323,669
 Percentage of Construction Value: 27 %



San Luis Obispo/Ventura County Vendors:

Rick Engineering, San Luis Obispo	Surveying and Staking	\$ 67,000
Santa Maria Acoustical Co, Grover Beach	Suspended Acoustical Ceilings	\$ 133,745
Boneso Brothers, Paso Robles	Plumbing	\$ 652,000
Churchill's HVAC, Ventura	HVAC	\$ 1,694,979
Raminha Construction, Atascadero	Earthwork	\$ 1,041,800
Gilbert's Landscape, Atascadero	Landscape	\$ 187,731
Central Coast Fence, Grover Beach	Fencing	<u>\$ 161,116</u>

Total San Luis Obispo/Ventura County Vendors: \$ 3,938,371
 Percentage of Construction Value: 15 %

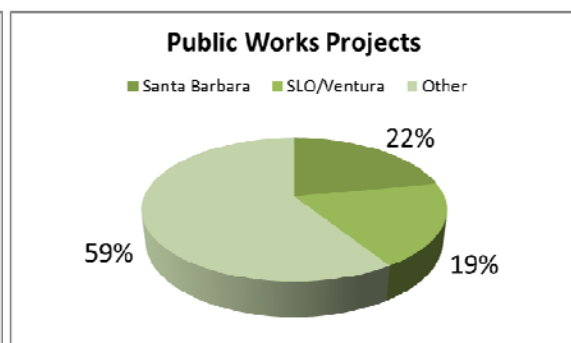
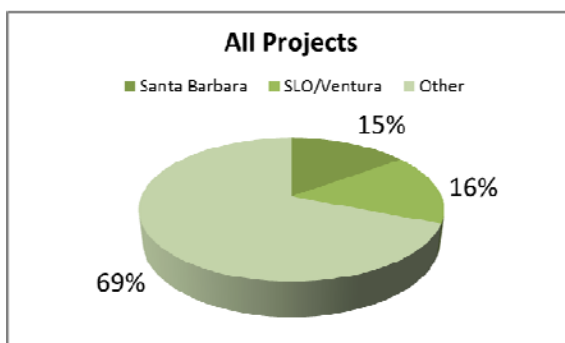


Vendors located within Santa Barbara County represented 27% of the Public Safety Complex construction value, and vendors located within San Luis Obispo and Ventura Counties represented 15% of the construction value. Tri-Counties vendors combined represented 42% of the Public Safety Complex construction value.

Analysis

The Marian Medical Center is a very large private works project that's more than double the Northern Branch Jail bid-day construction budget of \$70 million; whereas, the Student Services Center and Public Safety Complex are large public works projects with less than half the Northern Branch Jail bid-day construction budget. All three projects are institutional facilities under the jurisdiction of State oversight & approval requirements. None of these projects had formal local vendor participation policies in place at bid time.

These projects required vendors with experience, skill and capacity to successfully fulfill their respective work scopes given the technical and regulatory complexities of public institutions. The data indicates numerous Central Coast vendors possess the qualifications needed to complete the common building elements portion of the Northern Branch Jail project.





Based on the case study results, we can expect approximately 10% participation from Santa Barbara County vendors on a contract value basis without a formal outreach process in place. The combined results of all projects in the case study indicate about 15% Santa Barbara County participation. When considering just the Allan Hancock College projects, with similar public bidding requirements, Santa Barbara County participation increases to about 22%. However, project size and specialized systems will temper these results.

Because the Northern Branch Jail project is more than double the size of the Allan Hancock projects used in this case study, it's reasonable to expect fewer Santa Barbara County vendors to qualify for a project of this magnitude due larger subcontract values that would exceed more local vendors' insurance limits and bonding capacities.

Characteristic of a detention facility, the Northern Branch Jail will contain specialized systems fabricated and installed by specialized, national-scope vendors. These systems include detention grade doors & frames, detention hardware and security electronics. Even typical systems such as mechanical, plumbing and electrical will have specialized elements, which may be uncommon to recently built local facilities.

This case study examines local participation based on contract value. Local participation can be measured on a different basis such as percentage of workforce. It stands to reason that percentage of local participation would be higher if based on workforce. Vendors from outside Santa Barbara County typically hire a portion of their workforce locally. The challenge with this method is collecting and validating data. Measurement on workforce basis would require an added administrative process; whereas, contract value measurement is accommodated through processes and data already in place.

Local Vendors Assessment

Our local experience provides a good basic understanding of the local vendors; however, we believe a thoughtful local vendor outreach plan will require more in-depth knowledge of the local vendors' qualifications to participate on the Northern Branch Jail project.

The local contractors' associations and builders' exchanges have been very generous with their time and resources in helping us gain greater knowledge of the local vendors. They circulated a bidder interest form we developed (see **Appendix 1**) to their members and have been generous with vendor contact information to enable us to conduct follow-up calls with the vendors. Through this effort, we're gathering up to date information on local vendors' licensing, primary trade(s), bonding capacity, safety record, insurability, union affiliation, special certifications, workforce size, and product line representation. Interested vendors are completing the pdf form-fill bidder interest form and submitting via fax or email.

The vendor assessment and data gathering process is integral with our outreach efforts and will continue until the bidding process is complete. Data from bidder interest forms will be transferred to a master vendor spreadsheet with updates posted to the Data Management System (DMS) weekly.



Local Participation Programs



Local vendor participation is important to many California public agencies as evidenced by the County of Santa Barbara's own well established Local Vendor Outreach Program adopted by the Board of Supervisors on December 5, 2005 included for reference in **Appendix 8**. Codes, ordinances, policies, and other documents establishing an agency's local vendor participation goals and methods vary widely from agency to agency. Following are several examples:

California Health Care Facility: This \$765 million CDCR correctional treatment facility that broke ground in 2011 required implementation of a Contractor's Local Hire Outreach Program (CLHOP) through the design-build project delivery process. Each design-builder was required to develop and administer a CLHOP plan to maximize use of local vendors within a 50 mile radius of

the project. An oversight committee of local representatives was formed to oversee implementation of the CLHOP's. The specification section defining this program is included in **Appendix 2**.

City of San Francisco: The City enacted an ordinance effective March 25, 2011 that requires eligible City funded projects have a minimum percentage of labor hours performed by local residences with a portion performed by apprentices and disadvantaged workers. The minimum percentage started at 20% increasing by 5% per year over six years to 50% minimum labor participation. The fact sheet in **Appendix 3** provides more information on the City of San Francisco local participation plan.

Merced Union High School District: This public school district implemented a local participation policy during its January 14, 2009 Board meeting requiring 50% local use of goods, services and labor with penalties for not complying with the 50% requirement. Implementation of this program required the lease-leaseback contractor to submit a separate pay application quantifying the value of local goods, services and labor monthly with a District audit quarterly. A summary of this policy is included in **Appendix 4**.

City of Fresno: This city enacted municipal code section 4-108, which provides businesses located within 25 miles of City Hall a 5% bid preference up to a maximum of \$25,000. The full municipal code section text is provided in **Appendix 5** for further information.

Hollister Courthouse: Through its Construction Manager (CM) at Risk contract commencing in 2010 with the State Administrative Office of the Courts on the Hollister Courthouse project located in San Benito County, Kitchell developed a local outreach program to encourage use of local vendors. In developing the program, we presented a variety of options to maximize local participation while minimizing the administrative burden that would be placed on the client. The program that emerged required the prequalified trade contractors to demonstrate a good faith effort in soliciting local vendors for their respective work scopes. We also developed trade packages to enable local contractor participation and conducted multiple local outreach meetings to encourage participation. A copy of the Hollister Courthouse Local Business Solicitation



Program, which was included in the trade contractors prequalification Request for Qualifications (RFQ), is provided in **Appendix 6**.

The outreach programs presented above represent a cross-section of programs we typically encounter. It's apparent from these examples that there are a variety of ways to achieve an agency's "buy local" goals. In setting parameters that would define how a local participation goal is met, the measurement effort should be considered. In the examples above, quantification of results are much more difficult for the City of San Francisco and Merced Union High School District than the City of Fresno. Even if the burden is placed on the Contractor, the Owner ultimately pays for the added administrative burden through higher bid prices.

The measurement methodology should strike a balance – creating motivation for optimizing local participation while limiting the administrative burden and resultant cost in measuring success.

Effort-based programs tend to require less administration than outcome-based programs. An example is the Hollister Courthouse program versus the Merced UHSD program. The former required prospective bidders to prove a good faith effort in soliciting local vendors at bid time; whereas, the latter required ongoing measurement at onerous levels to gauge success. Even though simpler to administer, the disadvantage of effort-based measurement similar to the Hollister example is the program may not go far enough to actually increase local participation, so a reasonable amount of outcome-based measurement is warranted.

In considering outcomes, contract value measurements require less administration than labor based measurements. The disadvantage of contract value measurement is the contract value may not reflect the true contribution of local resources. Labor is the more accurate measure of local participation. Certified payroll programs such as LCP Tracker are a potential solution to the onerous task of labor based measurement. If a program like LCP Tracker is implemented, contractors submit certified payroll electronically. Worker residential addresses are captured through this process and statistical analysis can be easily reported out through the software system. The cost for the software is relatively low and could achieve an important objective for the County.

The viability of a local outreach program is also governed by the project delivery method and governing laws. The California Health Care Facility was solicited through an RFP process using design-build delivery, through which the contractor is also contractually responsible to perform the design effort. This project solicitation and delivery method would accommodate the Contractor's development and buy-in to a local participation program; whereas, through the lowest public bid process characteristic of the design-bid-build delivery method in which prospective contractors bid upon a fully design project, the Contractor does not typically participate in outreach program development, and buy-in is more difficult to achieve. We believe this can be partially overcome through an effective prequalification process.

Public Contract Code may temper the County's ability to conduct a local vendor outreach program that may limit competition in favor of local participation. Any policy statements or other written documents establishing local participation quotas, penalties for non-compliance and other limiting requirements should be carefully reviewed by County legal counsel to verify compliance with Public Contract Code.



One element of the local outreach program should be officially issued from the County with County Counsel's review and approval is the definition of local participation. Is "local vendor" based on a business address within a certain radius from the jobsite, or is it within certain County borders? Are the businesses required to have been established locally for a certain amount of time to be considered legitimate local businesses? Does local participation mean local labor? Are local goods and services such as hotels, restaurants, retail business patronage, etc included in the definition?

Many of these questions are already answered in the County of Santa Barbara's Local Vendor Outreach Program adopted by the Board of Supervisors on December 5, 2005. Refer to **Appendix 8**. Although the preferences in the County's adopted program do not apply to public works projects, the program does contain a clear definition of "local vendor" that can be adopted for this project with little to no modification.

A clearly understood definition of "local" will eliminate potential confusion in outreach efforts and program administration.

Kitchell's recommended outreach plan, presented later in this report, includes suggested parameters for defining local participation, which could be helpful in reaching consensus on the definition.

Cell Options and Local Participation

The single most significant feature of the Northern Branch Jail facility is the detention cells. The marketplace offers a number of options for this vital component ranging from site constructed concrete masonry to manufactured fully equipped modular cells and a variety of choices in between.

Cell construction options must be carefully evaluated to determine the most appropriate option for the Northern Branch Jail. In addition to local participation, evaluation criteria include: cost, quality, schedule and long term maintenance. Kitchell will contribute towards the analysis of various cell options through its Design Development (DD) phase deliverable to perform a lifecycle cost analysis of various cell construction options. In the cell options analysis it is also appropriate to examine cell construction options' impact on local participation.

The table shown in **Appendix 7** provides a summary level comparison of various decision criteria including: wall thickness (which affects overall building square footage), cost, benefits from repetitive design, speed of procurement & installation, quality, exposed joints, maintainability and local participation in procurement & installation.

Concrete masonry construction would require the most significant use of field labor compared with other options. This could benefit the local masonry trades, but from a holistic perspective, installation time and relatively low quality of installation need to be considered. The construction duration on a project of this magnitude would need to be lengthened to accommodate this relatively slow critical path activity. From a local participation perspective, the local workforce would most likely participate, but a project of this magnitude would overtax the local masonry firms' capacity. The masonry-intensive AHC Public Safety Complex was constructed by a local



mason, but the masonry package on the Northern Branch Jail project could be three to four times larger than that project.

Modular precast cells could provide high quality construction with speedy installation time, but the opportunities for local participation are limited using this method. Modular cell manufacturers have attempted to increase local participation by establishing temporary local manufacturing operations near the project. We recommend against temporary manufacturing facilities relying on under qualified labor, because product quality and production rates typically suffer as a result.

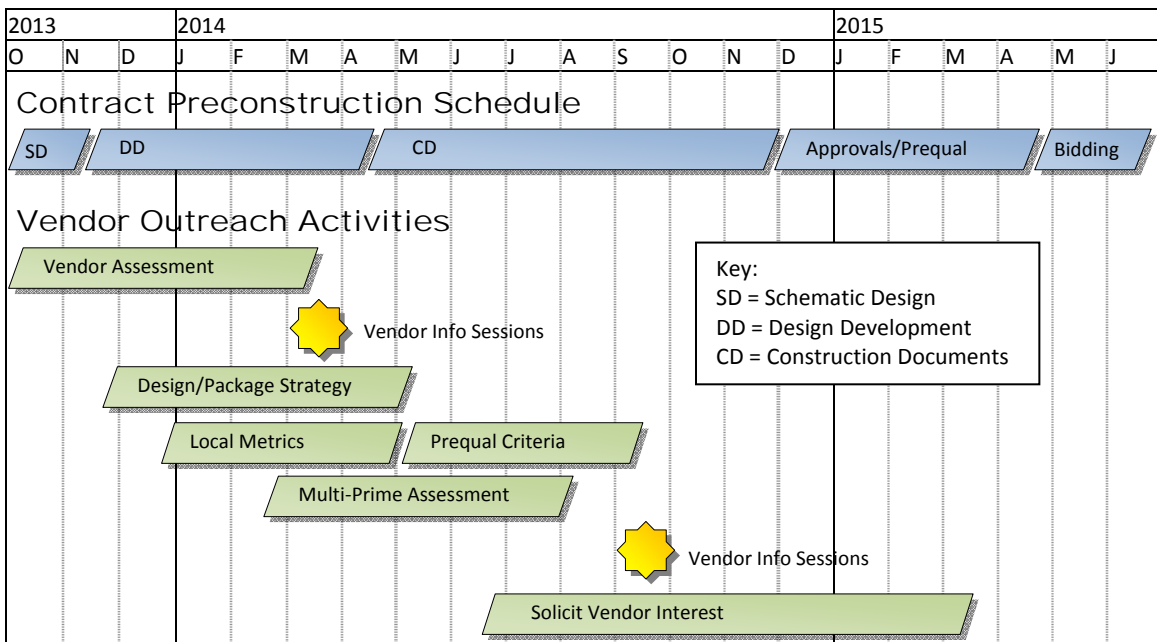
An option that may strike a healthy balance between finish quality, schedule savings and local participation is detention steel panels. The system has the thinnest wall thickness enabling the overall building square footage to shrink, produces exacting quality, and affords local participation opportunities for steel erectors, welders, grouters and finish trades. This option may benefit local masonry subcontractors as well. Even with the cells constructed using metal panels, most of the other walls would likely be constructed using concrete masonry, and the value of the masonry package would likely be within the local masonry firms’ capacity to participate.

Recommended Plan

Kitchell’s recommended vendor outreach plan for the Northern Branch Jail project includes the following primary components, each described further in the succeeding subsections:

- Vendor assessment and data gathering
- Determine local participation metrics
- Design & package for optimized local participation
- Incorporate appropriate prequalification criteria
- Vendor outreach campaign
- Measure for success

The following summary schedule illustrates the proposed plan and timeline:





Vendor Assessment and Data Gathering

Local vendor assessment and data gathering efforts commenced with initial outreach conversations with representatives of the Santa Maria Valley Contractors Association, Santa Barbara Contractors Association, SLO County Builders Exchange, and Ventura County Contractors Association. These are vital partners in the local vendor outreach effort. They have been generous with vendor contact information as well as offer of facilities and resources to assist our outreach program.

The assessment phase is intended to gain more knowledge of the local vendors' qualifications for the Northern Branch Jail project as described in the Local Vendors Assessment Section earlier in this report.

This phase of the program will entail a series of *vendor information sessions* approximately mid-way through the Design Development (DD) phase to garner vendor interest in the project, answer vendor questions and request they complete the Bidder Interest Form shown in **Appendix 1**. Even though the collection of vendor information will continue throughout the preconstruction phase, it is anticipated the bulk of vendor data collection will conclude by completion of the DD phase.

Determine Local Participation Metrics

Clearly defined and well understood program metrics will provide focused attention to optimizing local participation. Following are recommended metrics based, in part, upon the County of Santa Barbara Local Vendor Outreach Program adopted December 5, 2005:

Subject	Metric
Definition of "Local"	Bound by a defined geography. Vendors and/or workers located within Santa Barbara County.
Definition of "Participant"	If vendor, a company with an established local business for at least 6 months prior to bidding. If worker, one who resides locally.
Local Participation Measurement	Either: contract value - percentage of subcontracts and lower-tier subcontracts held by local vendors; or, " local resources " – value of workforce residing locally using certified payroll software to collect data plus contracts for materials and services sourced locally.

Design & Package for Optimized Local Participation

Characteristic with a detention facility, specialized elements of the project will likely not be candidates for local participation. Even minus these specialized elements, a significant portion of



this \$70 million project is geared towards local participation. Design elements, product specifications and packaging strategies will help optimize local participation.

1. **Design Elements.** The detention cell construction options presented in preceding pages will advance or deter local participation depending upon the chosen option. Modular options manufactured remotely and shipped to the site will afford fewer opportunities for local participation than site built options. Steel panel systems offer higher quality installation and provide local participation opportunities.
2. **Product Specifications.** Vendor data and product research will reveal the products and systems local vendors are factory authorized to sell, install and service. This can include masonry blocks, roofing systems, and mechanical units to name a few. We will work with Rosser to consider products and systems beneficial to local participation.
3. **Packaging Strategies.** If the County elects to have the project delivered through multiple-prime trades, we will develop packaging strategies that promote local participation. For example, local general contractors could participate in building trades packages that would likely not be available to them through single-prime delivery. Conversion of project delivery from single-prime to multiple-prime will be studied as one of our Construction Document (CD) phase deliverables.

Incorporate Appropriate Prequalification Criteria

The contractor prequalification process offers an excellent opportunity to gain prime contractors' buy-in to the County's local participation interests. We recommend prospective bidders be required to submit their proposed local participation plans meeting minimum criteria as a condition of prequalification. Motivating the contractor to adhere to their own plan will generate more successful outcomes.

Vendor Outreach Campaign

Our vendor outreach campaign will begin during the CD phase prior to the prequalification process. Through this process, we will contact all qualified local vendors by phone and encourage them to prequalify if a prospective prime contractor, or bid if a prospective subcontractor. A second series of information sessions will be conducted following the phone campaign early in the outreach process. This second set of information sessions will be useful in hearing any concerns voiced by the local vendors, answering questions, and generating more interest in bidding the project.

Following the information sessions, targeted follow-up by phone and face-to-face meetings will occur up to the bidding process.

Measure for Success

It is recommended that a reasonable administrative burden be placed on the contractors, subcontractors, suppliers, Kitchell and/or County personnel to quantify local participation results. This effort is recommended for two reasons: 1) communicate results back to constituents, and 2) raise the importance level of local participation.



The old saying “what gets inspected gets respected” applies here. The measurement process in and of itself will likely generate increased local participation by bringing needed attention to this vital effort.



Appendix 1

Northern Branch Jail Project Bidder Interest Form

Bidder Interest Form

To All Contractors, Subcontractors, Suppliers, and Manufacturers:

We at Kitchell are soliciting interest from prospective bidders to optimize local participation on the **Santa Barbara County Northern Branch Jail Project** expected to **bid in 2015**. The project will be a 376-bed detention facility located on a 50 acre site west of Santa Maria with an approximate **\$67 million** bid-day construction value.

Please assist by providing us the following information. You may fax the completed form to 805-221-6880 or email to sbnbj@kitchell.com. Your response by **November 13, 2013** would be greatly appreciated.

Interest Level

- High. We are interested in bidding the project. Please include us in future project updates.
- Evaluating. Please provide more information.
- Low. We aren't interested in bidding this project but would like to know of other projects Kitchell is managing.
- Other. Specify _____

Company Information

Firm Name: _____ Phone: _____
Address: _____ Fax: _____
City, State, Zip: _____ Web: _____

Contact Information

Name: _____ Phone: _____ Email: _____
Name: _____ Phone: _____ Email: _____

Business Profile

General Engineering (A) General Contractor(B) Subcontractor (C): _____
 Supplier: _____ Manufacturer: _____
License Number(s): _____
Bonding Capacity: _____ GL Insurance Limits: _____
EMR: _____ Union Affiliation: None Signatory with: _____
Certifications: DVBE SBE WBE Other: _____
Field Workforce Size: _____ Average Number _____ Maximum Number _____
Approximate percentage (%) of volume is prevailing wage public works: _____
Detention / corrections project experience within the last 10 years? Yes No
Other institutional project experience within the last 10 years (ie. schools, hospitals, civic centers)? Yes No
If you're a subcontractor, do you have the capabilities to perform as a prime contractor? Yes No
What product lines are you an authorized representative to sell / install, if any?

Additional Information / Remarks



Appendix 2

California Health Care Facility Contractor's Local Hire Outreach Program (CLHOP)

SECTION 00 87 20

CONTRACTOR'S LOCAL HIRE OUTREACH PROGRAM

PART 1

1.01 Contractor's Local Hire Outreach Program (CLHOP) Plan.

- A. **Objective:** Implement mandatory local hire provisions and monitor, report, and audit the CLHOP program.
- B. **CLHOP Plan Requirements:** The HHF Design-Builder is to develop a comprehensive CLHOP Plan that fully outlines the HHF Design-Builder's commitment to promote and facilitate participation of local subcontractors and labor. The plan must contain the following compulsory elements:
1. HHF Design-Builder's name, full address, phone number, fax number e-mail address, and homepage website (if applicable).
 2. Identify the Local Hire Administrator. This individual is responsible for implementing local contracting, procurement, and a hiring plan. Identify individual's name, full address, phone number, fax number, e-mail address, and a description of the Local Hire Administrator's duties.
 3. Coordinate with local and regional contractor associations including, but not limited to, the Builders Exchange of Stockton, the Building Industry of the Delta, the Greater Stockton Chamber of Commerce, the City of Stockton, and San Joaquin County to improve the likelihood of receiving proposals from qualified local trade contractors.
 4. Provide local contractors with easy and timely access to plans, specifications, and contract requirements to assist them in responding to solicitations.
 5. In coordination with the Greater Stockton Area Chamber of Commerce, conduct job information meetings in Stockton and San Joaquin County.
 6. Provide ongoing assistance to San Joaquin County residents in completing job application forms.
 7. Conduct Job application workshops in Stockton and San Joaquin County.
 8. Advertise jobs, job information meetings, workshops, job application centers in local places such as Stockton City Hall, San Joaquin County Administrative Offices, libraries, post offices, and in local media including television, newspapers of general circulation and trade papers.
 9. Solicit known local subcontractors by phone.
 10. Require participation in CLHOP by all subcontractors.

- C. **Reporting.** The HHF Design-Builder will maintain and report the following local hire statistics (not limited to this minimum) and provide this information to the State on a monthly basis as a separate section of the Monthly Report:
1. For each individual bid scope, the total number of proposals received, including the total number of proposers located within 50-miles of the job site, and the total number of proposers located within San Joaquin County.
 2. The total value of contracts awarded, including the total value of contracts awarded to contractors located within 50-miles of the job site, and the total value of contracts awarded to contractors located within San Joaquin County.
 3. A list of San Joaquin County businesses used by the Design-Build contractor, and their subcontractors, for project support (i.e., materials, trucking, site trash and sanitary services, temporary fencing, office rent, administrative supplies, etc.).
 4. For each bid scope awarded, the name and location of the winning subcontractor, and their office distance (in miles) from the jobsite.
- D. **Construction Oversight Committee.** As part of the CLHOP program (this portion to be administered by others – not the Design-Builder), a Construction Oversight Committee (COC) will be established, which will consist of at least (3) persons with a minimum of (1) member being selected by each of the following: the Greater Stockton Chamber of Commerce, the City of Stockton, and the County of San Joaquin. The COC may also include other participants at the election of the State. The COC will meet monthly with the HHF Design-Builder to monitor the HHF Design-Builder's performance in administering the CLHOP.

END OF SECTION



Appendix 3

City of San Francisco Local Participation Plan Fact Sheet

**Mandatory Local Hiring Ordinance
Fact Sheet****General**

- The effective date of the Local Hiring Ordinance is March 25, 2011. In other words, contracts first advertised for bids on or after March 25, 2011 are covered by the new ordinance.
- The city anticipates that it will award approximately \$27 billion in public work and improvement contracts in the next 10 years.
- For the initial year, the mandatory participation level is 20% of all project hours within each trade performed by local residents, with no less than 10% of all project work hours within each trade performed by disadvantaged workers.
- The mandatory participation level will increase annually over seven years up to a mandatory participation level of 50% of project work hours within each trade performed by local residents, with no less than 25% of all project hours within each trade performed by disadvantaged workers. The table below indicates the participation level for each year:

Year	Local Hiring %
1	20%
2	25%
3	30%
4	35%
5	40%
6	45%
7	50%

- At least 50% of the project work hours performed by apprentices within each trade shall be performed by local residents, with no less than 25% of project work hours performed by apprentices within each trade to be performed by disadvantaged workers.

Department Agencies

- The local hiring ordinance applies to contracts for public work or improvement projects in excess of \$400,000.
- Local hiring ordinance applies to contracts utilizing federal or state funds. However, the administration will segregate federal/state funds or provide contract provisions if the policy would violate federal or state law.
- Work hours performed by out of state workers shall not be included in the calculation of the number of project work hours to which the local hiring policy applies.
- City funded projects within 70 miles from the City and County of San Francisco shall be governed by the new Local Hiring Ordinance. The local hire requirements shall apply in proportion to actual San Francisco costs and will not include non-City funding sources.



- City funded projects constructed 70 miles or beyond the City and County of San Francisco shall be governed by the new Local Hiring Ordinance. However the local hire requirement will include San Francisco residents, workers local to the area, and workers residing within the region.
- Policy shall not apply to existing Project Labor Agreements effective prior to the date of the policy or to projects advertised for bid after the effective date of policy that are covered with existing PLA's.
- Authorize financial and non-financial incentives for contractors and subcontractors who exceed local hiring requirements, including financial incentives that comply with applicable law and do not exceed one percent of the estimated cost of the contract and non-financial incentives by OEWD regulation.
- Establish various consequences of noncompliance with the policy, including the authority of assessment of penalties against contractors that do not meet the local hiring requirements.
- Penalty amount equal to the journeyman or apprentice prevailing wage rate for the primary trade used by the contractor for each hour the contractor fell short of the local hiring requirement.
- Establish pipeline and retention compliance mechanisms which contractors and subcontractors may use to receive a conditional waiver from local hiring requirements on a project specific basis, including “specialized trades, a process of receiving credit for local hiring on non-covered projects, a process for sponsoring apprentices, and a process for direct entry agreements with apprenticeship programs.

Contractors

- Core employee or existing worker is defined as an apprentice or journey level employee who appears on the contractor's certified payroll 60 of the previous 100 calendar days prior to date of award of city contract.
- Contractor is required to submit a Local Hiring Plan for covered projects in excess of \$1 million.
- Subcontractors of all tiers shall agree to comply with the Local Hiring requirements.
- Contractors are required to keep records of the requirements related to the Local Hiring ordinance. OEWD shall establish reporting procedures for the contractor.
- Requires a contractor to use the CityBuild referral program if their preferred method of hiring does not enable them to meet the local hiring requirements of the policy.
- The policy does not limit a contractor's ability to assess qualifications of prospective workers or to make final hiring and retention decisions.
- A contractor who wishes to contest the assessment of penalties may request a hearing.

Community

- Local resident is defined as an individual who is domiciled within the City of San Francisco 7 days prior to commencing work on the project.
- Disadvantage worker is defined as a local resident who (i) resides in a census tract within the City with a rate of unemployment in excess of 150% of the City unemployment rate; or (ii) at the time of commencing work has a household income of less than 80% of the AMI, or (iii) faces or has overcome at least one of the following barriers to employment; being homeless; being a custodial single parent; receiving public



assistance; lacking a GED or high school diploma; participation in a vocational English as a second language program; or having a criminal record or other involvement with the criminal justice system.

- OEWD shall be authorized to engage its community based organizations in the City's workforce development system to assist with the recruitment and retention of targeted workers. Through the existing Workforce Investment Board, OEWD shall provide a forum for community members, CBO's, and representatives of all stakeholders affected by or interested in the policy.

OEWD

- Authorize OEWD to enforce the policy and require awarding departments to work cooperatively with OEWD.
- Establish various reporting and monitoring requirements for the policy.
- Periodic review conducted by the OEWD and Controller's Office every 3 years from the effective date of the policy. The review will determine whether there is a sufficient supply of local workers to meet the increase in mandatory participation level, assess the length of time to develop a pool of workers per trade, and if necessary propose amendments to the policy.
- OEWD is authorized to enter into contracts for investigative monitoring services for the purpose of the policy.
- Requires penalties collected for violations of the policy be distributed to a special account, and the funds deposited into that account be used to support enforcement of the policy and workforce development initiatives.
- Require the Director of OEWD to submit an annual written report to the Board documenting the compliance of each awarding department's contractors with the requirements of the policy.





Appendix 4

Merced Union High School District Local Participation Policy Board Agenda Item



Agenda Item Details

Meeting	Jan 14, 2009 - Regular Board Meeting
Category	14. Action Agenda
Subject	14.2 Use of 50% Local Businesses to Build Bellevue Road Area High School
Type	Action
Recommended Action	The Superintendent recommends the Board approve one of the two options submitted.

Background/Discussion: When the School District spends funds locally those expenditures fuel many other sales, purchases, and wages in the local economy. Through the lease-lease back contracting method the District can select contractors and subcontractors on criteria other than lowest cost. The largest high school facility project within the District Five Year Facilities Plan of 2008 is the \$77.2 million new school near Bellevue Road and G Street in Merced. The District has tentatively decided to use the lease-lease back contracting method on this project. In order to achieve the goals of building needed school facilities and stimulating the local economy the Board resolved on October 8, 2008 to require whatever contractor is chosen to spend 50% of the cost of building the new school through Merced County businesses. This would include contractors based outside the County working on the school being required to hire residents of Merced County. It would include processing purchases of supplies, equipment, and furniture for the new school through vendors whose owners reside in Merced County and whose business are located here. It would include the use of local subcontractors for various building trade work of building the new school. The Resolution applies to Measure M bond funding spent on the new high school from 2009 to 2012. This practice may potentially increase the cost of the school compared to using the most economical contractors or supplies from surrounding counties or it may not. Attached are two options for the 50% Local Business Expenditure Procedure for Bellevue Road Area High School Construction addressing the mechanics of implementing the Board Resolution 7-08 of October 8, 2008. It defines local business expenditure for laborers, contractors, materials/furniture/equipment suppliers, and professional services as those in Merced County. Length of business operation locally was raised as an issue by a contractor and has been revised to a minimum 6 months. Option one includes a process to monitor that the lease-lease back contractor is complying with the 50% local expenditure requirement with each pay application and with an audit of each fourth pay application. During the two year construction period failure to achieve 50% local business expenditure results in the District withholding some of the payment until 50% local business expenditure is achieved. At the conclusion of the project the proposed penalty for failing to meet 50% local business expenditure is a maximum penalty of not to exceed 25% of the general contractors overhead and profit for the entire project. Option two is the lease-lease back contractor also reports the amount of local business expenditures monthly. Option two requires the contractor to make a "Good Faith Effort" to obtain local business participation. It recognizes that for some construction, equipment, and supplies, local businesses may not exist which can provide those services or items. After advertising for local participation if no local businesses respond then the lease-lease back contractor is not penalized for using out of county businesses. If local businesses respond and are rejected by the lease-lease back contractor then a penalty of 5% of the contract amount for that bid/proposal will be assessed. Alternatives/Identified Opposition: There is no identified opposition to the proposed practice. However, District Legal Counsel David Soldani and Paul Bunton, BCA, strongly recommend changes to the 50% local business expenditure policy to make it less onerous. They are concerned that the 50% local business requirement will result in bids being more costly than necessary. Alternatives are to not approve the procedure or adopt a different procedure for local expenditures.

[Revised - 50% Local Business Expenditure Procedure for BRAHS - Revised Option two \(2\).doc \(45 KB\)](#)

[50% Local Business Expenditure Procedure for BRAHS - Option two.doc \(39 KB\)](#)

[50% Local Business Expenditure Procedure for BRAHS - Option one.doc \(40 KB\)](#)



Appendix 5

City of Fresno Municipal Code Section 4-108

SEC. 4-108. LOCAL PREFERENCE IN CONTRACTS REQUIRING COMPETITIVE BIDDING.

Except for those contracts funded by the federal or state government when such funding would be jeopardized because of this preference, the Council authorizes the Purchasing Manager to extend a preference to a local business as expressly set forth herein.

(a) For purposes of this subsection, "local business" shall mean a business with a fixed primary or branch office either (i) within a **twenty-five mile radius** of Fresno City Hall, located at 2600 Fresno Street in the City of Fresno, or (ii) within the County of Fresno; and which fixed primary or branch office was established prior to the city inviting bids for the respective purchase. Whenever the bid amount of the lowest responsive and responsible **bid exceeds five hundred thousand dollars (\$500,000.00)**, the Purchasing Manager, in the evaluation of any and all competitive bids for the purchase of materials, supplies, and/or equipment pursuant to Charter Section 1208, shall extend a **five percent (5%) preference** consistent with subsection (c) below.

(b) For purposes of this subsection, "local business" shall mean a business (i) having a total of one hundred or fewer employees, an average annual gross receipts of twelve million dollars (\$12,000,000.00) or less over the three calendar years immediately prior to the year in which city is inviting bids for the respective purchase, and having a valid small business certification issued by the State of California; (ii) with a fixed primary or branch office either within a twenty-five mile radius of Fresno City Hall, located at 2600 Fresno Street in the City of Fresno, or within the County of Fresno; and (iii) which fixed primary or branch office was established prior to the city inviting bids for the respective purchase. Whenever the bid amount of the lowest responsive and responsible bid is less than or equal to five hundred thousand dollars (\$500,000.00), the Purchasing Manager, in the evaluation of any and all competitive bids for the purchase of materials, supplies, and/or equipment pursuant to Charter Section 1208, shall extend a five percent (5%) preference consistent with subsection (c) below.

(c) The preference in (a) and (b) above shall be extended consistent with each of the following:

(1) The amount of the preference shall be equal to the amount of five percent (5%) applied to the lowest responsive and responsible bid; provided, however, **in no event shall the amount of the preference exceed the sum of twenty-five thousand dollars (\$25,000).**

(2) If the bidder submitting the lowest responsive and responsible bid is not a local business, and if a local business has also submitted a responsive and

responsible bid, and, with the benefit of the preference, the local business's bid is equal to or less than the original lowest responsive and responsible bid, the city shall award the contract to the local business at its submitted bid price.

(3) The bidder shall certify, under penalty of perjury, that the bidder qualifies as a local business. The preference is waived if the certification does not appear on the bid.]

(d) For purposes of this subsection, "local business" shall mean a business with a fixed primary or branch office either (i) within a twenty-five mile radius of Fresno City Hall, located at 2600 Fresno Street in the City of Fresno, or (ii) within the County of Fresno; and which fixed primary or branch office was established prior to the city inviting bids for the respective purchase. The Purchasing Manager, in the evaluation of any and all competitive bids for any public work of improvement pursuant to Charter [Section 1208](#), shall extend a one half of one percent (0.5%) preference for a local business in award of the contracts whenever the amount of the preference, as determined in subsection (e)(1) below, is less than or equal to one thousand dollars (\$1,000).

(e) The preference in (d) above shall be extended consistent with each of the following:

(1) The amount of the preference shall be equal to the amount of one half of one percent (0.5%) applied to the lowest responsive and responsible bid.

(2) If the bidder submitting the lowest responsive and responsible bid is not a local business, and if a local business has also submitted a responsive and responsible bid, and, with the benefit of the preference, the local business's bid is equal to or less than the original lowest responsive and responsible bid, the city shall award the contract to the local business at its submitted bid price.

(3) The bidder shall certify, under penalty of perjury, that the bidder qualifies as a local business. The preference is waived if the certification does not appear on the bid.

(Am. Ord. 2007-96, § 3, eff. 1-19-08; Am. Ord. 2008-12, § 1, eff. 4-14-08; Ord. No. 2009-16, § 1, eff. 5-10-09).



Appendix 6

Hollister Courthouse Local Business Solicitation Program

**New Hollister Courthouse
Local Business Solicitation Program**

Good Faith Effort

The prequalified trade contractors shall use good faith efforts to subcontract the supply of materials, labor and equipment to businesses located within San Benito County.

Evidence of direct bid solicitations from at least three Local Businesses qualified to perform the work or supply the materials or equipment must be submitted for subcontracted work in excess of ½ of 1% of the trade package amount. If no Local Businesses are qualified to perform the work or supply the materials or equipment, justification and evidence of reasonable attempts to locate qualified Local Businesses must be submitted, which may include, but is not limited to: 1) advertisements inviting bids in local newspapers, or 2) mail request for bids to local contractors, or 3) bid solicitations by phone, facsimile or e-mail..

Quality and Fitness

The preferences established in this program shall in no way be construed to inhibit, limit or restrict the right and obligation of Kitchell to compare quality and fitness for use of supplies, materials, equipment, and services proposed for purchase and to compare the qualifications, character, responsibility, and fitness of all persons, firms, or corporations submitting bids.

Local Business Eligibility

A "Local Business:"

1. is a person, firm, corporation or other business entity that has its headquarters, a manufacturing facility, a locally-owned franchise, or an operating branch physically located within the boundaries of San Benito County. Post office boxes shall not be used for the purpose of establishing a physical address, and
2. has been in operation for a minimum of one (1) year prior to the issuance of the New Hollister Courthouse formal bid solicitation, and
3. has paid business or real property tax due to the City or County for the most recent tax year.

Enforcement

The information furnished by each bidder establishing a good faith effort to solicit Local Businesses shall be under penalty of perjury. No person or business shall willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation for the purpose of influencing the status of any entity as a Local Business.



Appendix 7

Detention Construction Systems Comparison Chart

Detention Construction System Comparison



System	Description	Nominal Wall Thickness	Cost	Benefit from Repetitive Design	Construction Speed		Quality	Joints in Cells	Maintenance	Local Participation Opportunity		Manufacturers
					Lead Time	Erection Time				Materials/Fabrication	Erection Labor	
Tunnel-formed Concrete	Repetitive concrete forming system. 3- or 4-sided cells are cast in place. Not commonly used for detention construction	4-6"	Moderate	High	Fast	Moderate	Low	Moderately Few	Low	?? Local expertise	Potentially high	N/A
Site-cast Concrete Panels	Panels formed and cast on site, then lifted into place by crane	4-6"	Low - Moderate	Moderate	Fast	Moderate	Low	Moderate	Low	High	Requires qualified erectors	N/A
Pre-cast Concrete Panels	Panels formed and cast in a pre-cast manufacturing facility, trucked to site, then lifted into place by crane.	4-6"	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Low	?? Local fabricator	Requires qualified erectors	Various
Modular Concrete Cells	Whole (5-sided) cells are formed and cast in a pre-cast facility, transported to site (often by train), then lifted into place by crane. Cells arrive on site fully fitted-up. Transportation costs can be high.	4-6"	Moderate - High	High	Slow	Fast	High	Few	Low	No local fabricators	Requires qualified erectors	Oldcastle Tindall Rotondo Weirich
Concrete Masonry	Typically used only where repetitive (modular) design cannot be achieved or for construction within operational detention facilities.	6-8"	Low - Moderate	Low	Fast	Slow	Low	Few	Moderate	Local fabricator (verify capacity)	High	Various
Detention Steel Panels	Panels manufactured in a facility, trucked to site, then assembled, welded and finished on site. Lighter weight than concrete or masonry systems.	2-3"	Moderate - High	Moderate	Moderate	Moderate	Moderate	High	High	No local fabricators	Requires qualified erectors	Habersham TrussBilt
Modular Steel Cells	Whole (5-sided) cells are fabricated in a manufacturing facility, transported to site (often by train), then lifted into place by crane. Cells arrive on site fully fitted-up. Transportation costs can be high. Lighter weight than concrete or masonry systems.	2-3"	High	High	Slow	Fast	High	Few	High	No local fabricators	Requires qualified erectors	SteelCell

All rankings are relative



Appendix 8

Santa Barbara County Local Vendor Outreach Program

Adopted December 6, 2005

A Local Vendor must meet all of the following five criteria:

(1) Vendor owns, leases, rents or otherwise occupies a fixed office or other commercial building, or portion thereof, having a street address within the County of Santa Barbara, ("the County"). Vendor possesses a valid and verifiable business license, if required, issued by a city within the County, or by the County when the address is located in the unincorporated areas of the County. Post Office Boxes shall not qualify as local business addresses.

(2) The building referred to in section (1), above, shall:

- a. Have running water, restroom facilities and either: electrical service, gas service, or both.
- b. Have a telephone, or telephones, listed publicly in the Vendor's name.
- c. Be staffed during business hours by an employee, or employees, employed by Vendor and conducting the local business of the Vendor. An independent contractor or a person employed as "temporary labor" shall not constitute an "employee" for purposes of compliance with this policy.
- d. Contain the current local business records of Vendor.

(3) Vendor employs at least one full time employee within the County, or if the business has no employees, the business shall be at least 50% owned by one or more persons whose primary residence(s) is located within the County.

(4) The business must have been in existence, in Vendor's name, within the County for at least six months immediately prior to the issuance of the request for competitive bids for the County.

(5) Where state sales tax will be paid for the purchase, Vendor must possess a valid resale license from the State Franchise Tax Board showing vendor's local address within the County and evidencing that payment of the local share of the sales tax goes to either a city within the County or to the County.

The following conditions apply to the Local Vendor Program:

The local vendor preference shall not apply to those contracts that State Law or other law or regulation precludes such a preference. For example; Public Works projects.

Any vendor claiming to be a local vendor as defined above shall so certify in the bid, in writing to the Purchasing Manager. The Purchasing Manager shall not be required to verify the accuracy or any such certifications, and, ***in consultation with the Director of General Services***, shall have sole discretion to determine if a vendor meets the definition of "local vendor". Any person or business falsely claiming to be a local vendor under this rule shall be ineligible to transact any business with the County for a period of not more than 24 months as determined

by the Purchasing Manager. The Purchasing Manager shall also have the right to terminate all or any part of any contract entered into with such a person or business. The decision of the Purchasing Manager may be appealed using the same review process used for bid protests.

SANTA BARBARA COUNTY BOARD AGENDA LETTER



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

Agenda Number:
Prepared on: 10/12/05
Department Name: General Services
Department No.: 063
Agenda Date: 11/15/05
Placement: Administrative
Estimate Time: 45 min on 12/06/05
Continued Item: No
If Yes, date from:

TO: Board of Supervisors

FROM: Bob Nisbet, Director
General Services Department

STAFF CONTACT: John McMillin, Purchasing Manager (568-2693)
General Services Department

SUBJECT: Local Vendor Outreach Program

Recommendations:

That the Board of Supervisors: set a hearing on December 6, 2005 (45 minutes) to:

- A. Approve a definition of "Local Vendor" that will be used in all bids placed by the County of Santa Barbara.
- B. Authorize the Purchasing Manager to provide a 6% local vendor preference for all bids for personal property (tangible goods) placed by the County of Santa Barbara.
- C. Receive the FY 2004/2005 report on Local Vendor Outreach.

Alignment with Board Strategic Plan:

The recommendations are primarily aligned with Goal No. 4: A Community that is Economically Vital and Sustainable.

Executive Summary and Discussion:

Since 1994, when the Purchasing Division, in cooperation with the 1st District Supervisor, began the Local Vendor Outreach (LVO) program, the definition of just who is a local vendor was left to the discretion of the Purchasing Manager. Also, during that time, an informal 1.5% preference was applied to bids for personal property issued by the Purchasing Division. Since this preference was not the stated policy of the Board, each time this preference resulted in an award, the transaction was taken to the Board for approval prior to the purchase order being issued.

Subject: Local Vendor Outreach
All Districts
Agenda Date: November 15, 2005
Page 2

Last year, in order to improve the performance of the LVO program, and to gain some input from the local business community, a volunteer committee was formed to look at the program and recommend changes. The committee consisted of:

1. Debbie LeBard, of LeBard and Company in Santa Maria
2. Dick Joy, of Joy Fire Equipment in Carpinteria
3. Mike Young and Brian Burnell, of Tri-County Office Furniture in Santa Barbara
4. Steve Jones, of Wilson Printing in Goleta and former President of the Goleta Chamber of Commerce.
5. John McMillin, Purchasing Manager

The committee met and prepared a definition of "Local Vendor" and recommended a 5% price preference, which is the most common preference among California Counties, as well as the State, but the 6% increase would indicate a strong leadership message to our community that your Board wants to be on the forefront in supporting local businesses. If the Board adopts this recommendation, Santa Barbara County will have the highest local vendor price preference of the California counties.

The report on Local Vendor Outreach will discuss the amount money spent with local vendors last fiscal year, trends over the last several years, and plans for the future.

Mandates and Service Levels:

No change in service levels.

Fiscal and Facilities Impacts:

Additional costs associated with the price preference will vary, depending on what bids are received, but are expected to be less that \$10,000 per year.

Concurrences:

NONE

Attachments:

Proposed Local Vendor Definition

