

## STAFF REPORT

**SUBJECT:** SBCAG Local Vendor Program

**MEETING DATE:** March 19, 2009

**AGENDA ITEM:** 6A

**STAFF CONTACT:** Jim Kemp

**RECOMMENDATION:**

Review and approve SBCAG Local Vendor Program.

**SUMMARY:**

Board members have expressed interest in implementing a local vendor program as a way to help stimulate the local economy and support the formation/retention of local jobs. Programs giving preference to qualified local businesses are increasingly common among local governments.

During 2008, SBCAG spent \$6.6 million for a range of services and supplies. A large percentage of these expenditures (62%) were made with local firms. The implementation of a formal local vendor program (attached) will maximize opportunities for local firms to do business with SBCAG.

**DISCUSSION:**

At the February 19, 2009 board meeting, members of the board indicated a desire for SBCAG to implement a Local Vendor Program. Based on board direction at this meeting, the evaluation criteria included in the RFP for the Measure A Strategic Plan was modified to allow extra points to be awarded to proposing local firms or to non-local firms who include local firms on their project team as subconsultants. In addition, staff has developed for board adoption a local vendor program giving preference to qualified local firms that can provide services or supplies to SBCAG(attached).

Local vendor programs are common in local government, with the idea being that a public agency can help the business community and itself through procuring products and services

Member Agencies

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from local vendors. A formal Local Vendor Program will ensure SBCAG's tax dollars are used to stimulate the local economy of Santa Barbara County and help with job formation/retention—goals that are especially important during the current economic downturn.

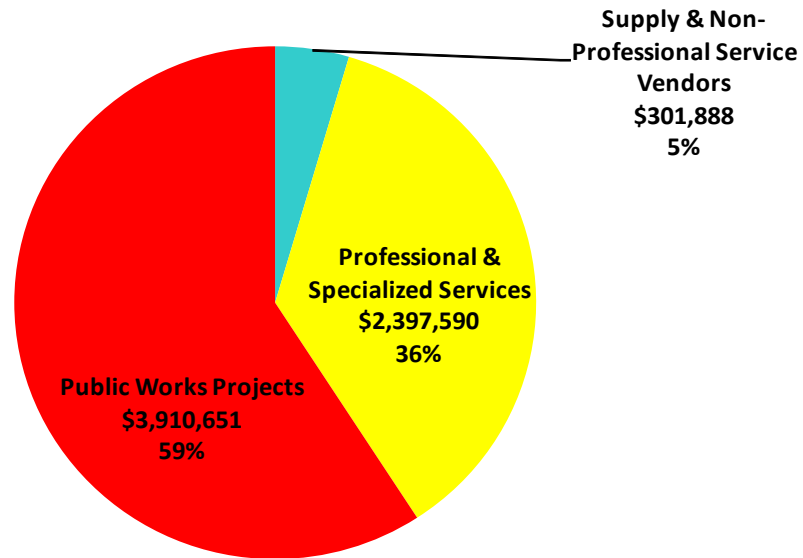
Currently, SBCAG has no formal program in place, but as a practice the agency does procure a large percentage of its needed products and services from local vendors. Staff has reviewed the agency's calendar year 2008 expenditures on goods and services and has determined that **62% of SBCAG's total expenditures of more than \$6.6 million are already going to local firms.** The following charts illustrate the local vendor expenditures by purchase category. Staff is proposing that SBCAG solidify this effort by adopting a Local Vendor Program that would support SBCAG's goal to promote local vendor purchasing.

**COMMITTEE REVIEW:**

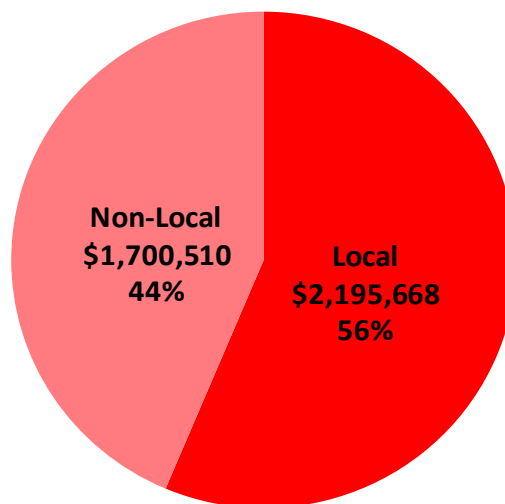
None

- SBCAG CY 2008 Expenditure composition:**  
 59% (\$ 3,910,651) Public Works (low bid requirement)  
 36% (\$ 2,397,590) Professional Services and Consulting  
 5% (\$ 301,888) Supply and Non-Professional Services

## SBCAG Expenditures by Category Calendar Year 2008



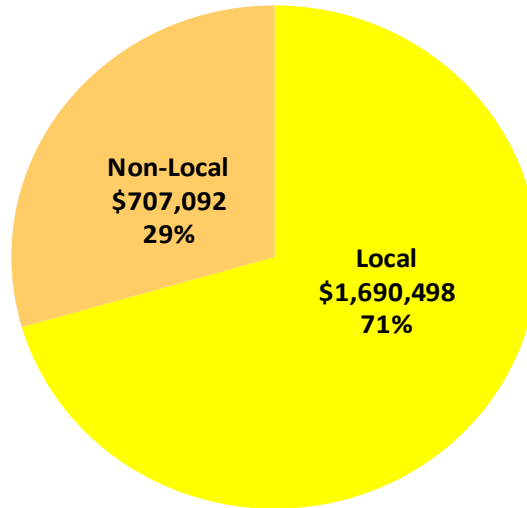
- 56% (\$2,195,668) of all Public Works expenditures went to local firms.** Public works projects (e.g. construction, bus purchases) are regulated by the state Contracts Code and local vendor preference policies are not permissible. Such contracts must be awarded to the lowest responsible bidder regardless of location. However, SBCAG takes steps to ensure that local contractors are aware of bidding opportunities.



### Public Works Projects

Public Works Projects are expenditures that are not applicable to a local vendor preference program. These expenditures are subject to the State Contracts Code and awarded to lowest bidder.

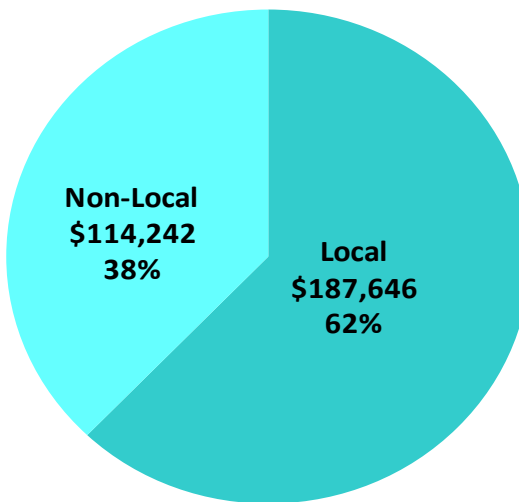
**71% (\$1,690,498) of Professional and Consulting Service expenditures went to local firms.** SBCAG uses a qualifications based selection process for procuring professional and consulting services including engineering, surveying, auditing and other technical or specialized work. Firms submitting a proposal in response to an RFP issued by SBCAG are evaluated, scored and ranked based on criteria such as qualifications, experience, management approach, quality of proposal, cost, etc. On a case-by-case basis, SBCAG may award points to local firms submitting proposals or to firms submitting a proposal with a local firm as a sub consultant.



### Professional & Specialized Services

Professional & Specialized Services represent consultant contracts that have been procured through a Request for Proposal which utilizes a "Qualifications Based" selection process.

- **62% (\$187,646) of Supply and Non-professional Service expenditures went to local vendors.** SBCAG purchases from local vendors when equivalent goods and non-professional services meeting SBCAG's needs are available from qualified local firms.

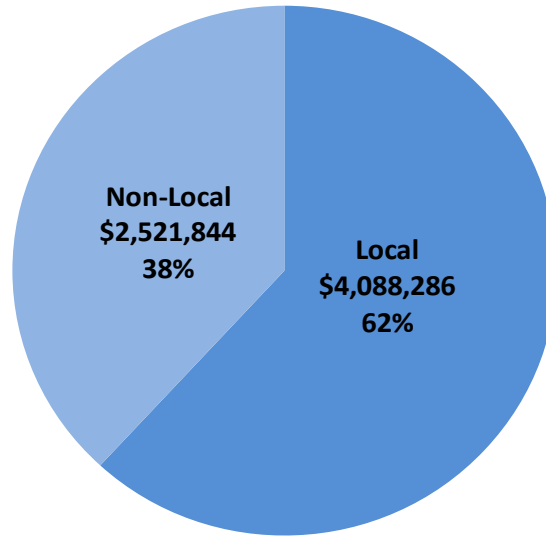


### Supply & Non-Professional Service Vendors

These types of procurements apply to a local vendor preference program. In most cases we have a choice of vendors; equivalent supplies and services are available from multiple sources.

- 62% (\$4,088,286) of Total Expenditures Calendar Year 2008 were spent locally.

## Expenditures for Calendar Year 2008 Local vs. Non-Local



# **SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS**

## **LOCAL VENDOR PROGRAM**

**March 2009**

**For more information contact:**

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## **Purpose**

The purpose of the Local Vendor Program is to stimulate the local economy of Santa Barbara County within the confines of Federal and State procurement laws and regulations. By implementing the program, SBCAG can use its purchasing power to support local businesses and promote the creation and retention of local jobs.

## **Program Scope**

SBCAG's Local Vendor Program applies to the discretionary purchase of goods and services. SBCAG shall give preference to qualified local businesses in making purchases whenever the application of such a preference is reasonable in light of the dollar value and quality of service received in relation to such expenditure. The program applies to expenditures not restricted from local vendor preference by State or Federal law or regulation. Public works projects subject to the state Contracts Code must be awarded to the lowest responsible bidder and local vendor preferences are not permitted. Professional service procurements may include local firm preferences when appropriate and allowed by law.

## **Program Goals**

- To constantly measure, evaluate and maintain or increase the percentage of dollars spent for tangible goods and services from qualified local vendors within Santa Barbara County.
- To purposefully solicit local vendors to provide goods or services whenever possible.
- To educate local vendors on this program on how they can best interface with SBCAG to provide goods and services.
- To establish and define a local vendor preference program where allowed under Federal and State law.
- To establish a local vendor criteria in order to ensure fair and impartial classification and determination of qualification for local vendor preference.

## **Local Vendor Preference**

When evaluating potential suppliers of discretionary goods or non-professional services a qualified local vendor shall receive preference over an out-of-county supplier if equivalent goods or services meeting SBCAG's needs are available locally. The local vendor preference shall not apply to those purchases where State law or other law or regulation precludes such a preference. For example, Public Works projects are subject to the state Contracts Code

which require awarding the contract to the lowest responsible bidder and do not allow local vendor preferences. Professional Service contracts for engineering, environmental, legal, surveying, auditing and other specialized and technical services may include local vendor preference provisions when appropriate and legal. These services are usually procured by SBCAG using a qualifications-based selection process rather than a competitive low-bid process. Firms submit proposals in response to an RFP issued by SBCAG. Each proposer is evaluated, scored and ranked based on criteria identified in the RFP such as qualifications, experience, project understanding, organization/management, cost, etc. SBCAG may include a local firm preference evaluation criterion when it is determined that local firms may be qualified to provide some or all of the services desired. Extra points may be awarded to proposing local firms or to non-local firms that include local firms on their project team as sub-consultants

### **Local Vendor Definition**

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:**

Any vendor claiming to be a local vendor as defined above shall so certify in writing that they meet all five of the criteria listed above. SBCAG shall not be required to verify the accuracy or any such certifications, and 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 SBCAG for a period of not more than 24 months.

SBCAG also reserves the right to terminate all or any part of any contract entered into with such a person or business.