

# Local Preference

## PROCUREMENT OF GOODS & GENERAL SERVICES

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January 11, 2022

ECONOMIC DEVELOPMENT SUBCOMMITTEE

# Definition

A **local preference** occurs when a local firm is favored in a procurement over non-local firms for reasons unrelated to the procurement itself, typically to support the local economy.

May be applied to GOODS and/or to SERVICES.

# Types of Preferences

- **Second Chance Bids:** when a local firm is offered the chance to match the lowest bid
- **Tie Bids:** when the bid of a local bidder is the same as a non-local bid
- **Percentage Bids:** when the local bid falls within a certain percentage of that of the lowest non-local bid
- **Reciprocal Bids:** when the local bid is reciprocal to that of a non-local bid
- **Absolute Bids:** where the bid is awarded to the local bidder even if it's not the lowest bid; can be applied to certain commodities
- **Bidding or Value Credits:** credits/discounts that augment a local firm's actual bid for the purpose of bid comparisons

# Current Local Preference Code

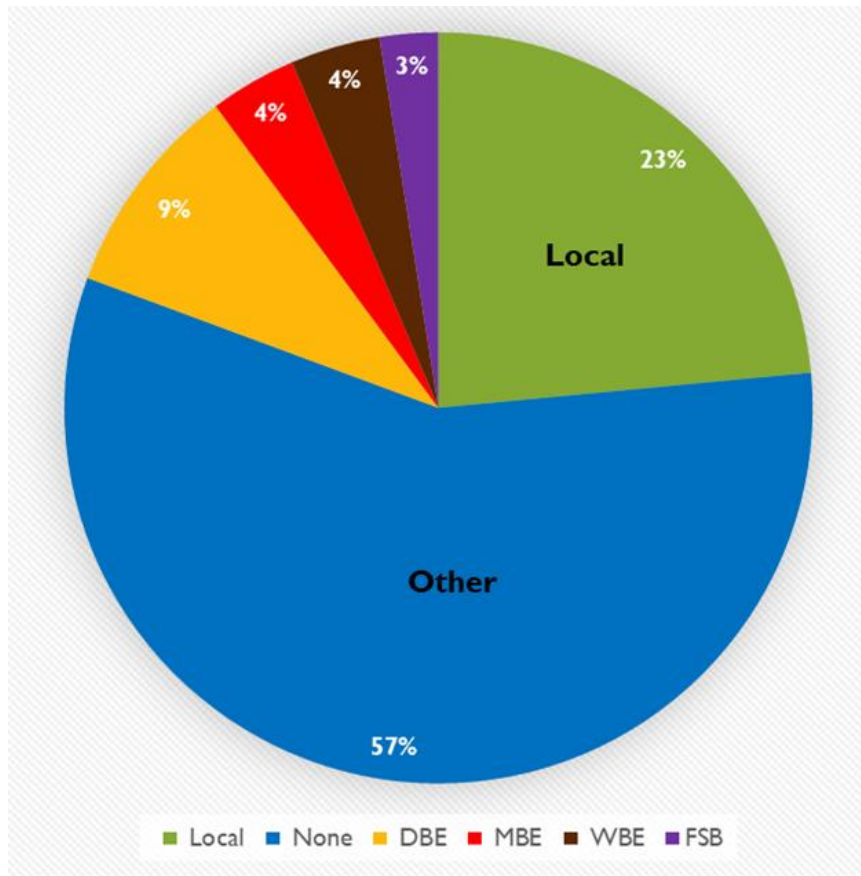
- City Code Chapter 3-08.130.I
  - 1% preference in determining low monetary bid – up to \$5,000
  - Business entity must prove principal place of business within Santa Rosa
  - Only applies to formal written solicited bids for goods and general services
  - Does NOT apply to Public Works (*precluded by law*) and Professional Services contracts
  - Complies with Prop 209 – prohibits consideration of race, sex, or ethnicity  
(*Federal mandates re: minority/women owned procurement goals exist in Transit and CIP*)

# Definitions

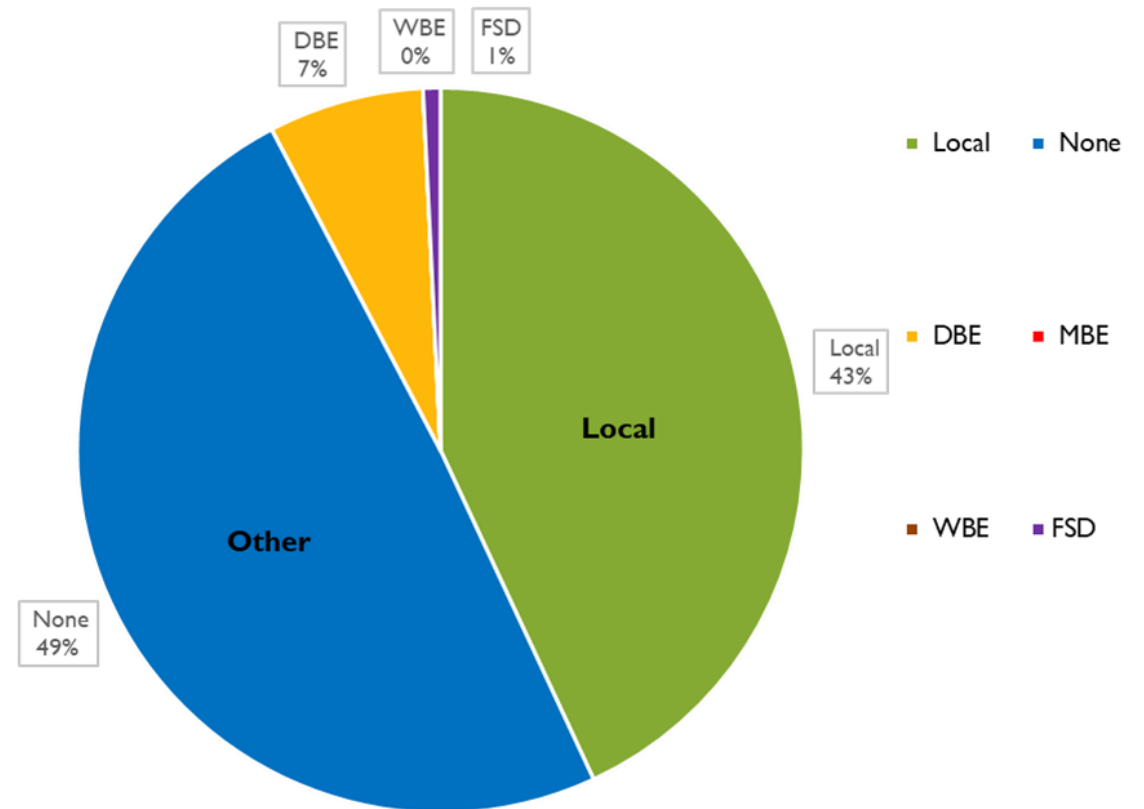
- **Goods:** a tangible or physical product
  - **General Services:** work performed, or services rendered by an independent contractor (e.g., custodial services, building and equipment maintenance, equipment rental, etc.)
  - **Professional Services:** e.g., architects, engineers, attorneys, and other consultants or individuals possessing a high degree of technical skill
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- **DBE: Disadvantaged Business Enterprise**  
Small business where socially and economically disadvantaged individuals own at least 51% of the business and control management and daily business operations.
  - **MBE: Minority Business Enterprise**  
51% of business is owned by minority individuals, and management and daily operations are controlled by those minority group members.
  - **WBE: Women Business Enterprise**  
51% of business is owned by, and management and daily operations are controlled by women.

# Registered Vendors & Awards

## 2019 REGISTERED VENDORS



## 2017-2019 BID AWARDS



# Discussion

- What objectives do we want to achieve?
- What vehicles to achieve objectives?  
*(is the local preference the right tool?)*
- What criteria?  
*(in alignment with legal constraints)*
- What administrative requirements should be considered?

## NEXT STEPS:

- Proposed March revisit based on discussion today