

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

1011



FROM: Purchasing and Fleet Services Department

SUBMITTAL DATE:
August 25, 2010

SUBJECT: LOCAL PREFERENCE POLICY

RECOMMENDED MOTION: That the Board of Supervisors receive and file the response to the Local Preference Policy.

BACKGROUND: In October 1995, the Board of Supervisors approved Policy B-17, Local Vendor Preference Program, which provided for a five percent (5%) cost preference for businesses located within Riverside County. This policy was designed to encourage businesses to locate within the County, provide local employment opportunities for citizens, and return sales tax to the area. On June 8, 2010, agenda #3.57, the Board approved a motion to award a contract based on the Local Preference Policy and directed staff to report back to the Board on the impact, and whether the Local Preference Program should be suspended for a period of time during the current economic downturn.

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For Mark Seider MARK Seider
ROBERT J. HOWDYSHELL, Director
Purchasing and Fleet Services Department

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	10/11

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: Serena Chow
Serena Chow

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: August 31, 2010
xc: Purchasing

Kecia Harper-Ihem
Clerk of the Board

By: [Signature]
Deputy

Prev. Agn. Ref.: 3.57 6-8-10

District: ALL

Agenda Number:

3.96

Departmental Concurrence

Policy ☒ Policy ☒
Consent ☒ Consent ☒
Consent ☐ Consent ☐

Dep't Recomm.:
Per Exec. Ofc.:

**BOARD OF SUPERVISORS
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BACKGROUND (Continued)

The County purchases about \$650 million dollars of goods and services on an average each year. Since the inception of the program in October 1995, the Local Preference Program has cost the County an average premium of \$32,688 annually, resulting in the award of an additional \$1,874,258 worth of business on average to County vendors. In the total scheme of what the County procures, the dollars represent a very small percentage, 0.0029% of business being redirected to Riverside County businesses, for an average cost impact of 0.00005% in higher prices to the constituents of Riverside County.

Even though the Local Preference Program has not resulted in a significant percentage of business being directed to local vendors, it can be considered a success because the cost differential is relatively low, and several companies have moved to Riverside County because of the local preference program's 5% advantage provided (e.g. OfficeMax, G/M Business Interiors, and Poma Oil).

Under the current policy, departments are required to bring the matter to the Board for approval when the cost differential is greater than \$5,000. In fact, in the past, the Board has exercised this control and has approved several recommendations which requested waiving the Local Preference when the costs were excessive and had a direct impact to the County's budget.

DEPARTMENT RECOMMENDATION

Purchasing recommends the Local Preference Program remain in place as currently authorized. The departments now bring all awards to the Board for approval when the differential exceeds \$5,000. Therefore, all significant awards will continue to be brought to the Board for the Board's discretion on a case by case basis.