



# LOCAL PREFERENCE AND DBE WORKSHOP

Finance Department

Economic Development, Placemaking and Branding/Marketing Committee

November 2, 2023

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## BACKGROUND

Receive input from stakeholders and the public on Local Preference and Disadvantaged Business Enterprise procurement policy expansion.

1. November 19, 2020 – Local Vendor Preference (LVP) and Disadvantaged Business Enterprise (DBE) Procurement Policies and potential new policy implementation overview.
2. January 21, 2021 – Presented organizational plan for LVP and DBE's.
3. February 18, 2021 – Clarification of policy objectives, stakeholder engagement process options; expedited timeline for RFP's on Surplus Land.
4. March 18, 2021 – Task objective updates provided to Committee.



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## WORKSHOP EXPECTATIONS

Discussion:

1. Current Policies Defined
2. Survey & Research Results
3. Policy Elements to be Determined
  1. Local Preference
  2. Disadvantaged Businesses
4. Other Considerations



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## CURRENT LOCAL PREFERENCE POLICY

1. Purchasing Resolution 23914, Section 604. Preference Policy. (Authority)
2. Purchasing Resolution 23914, Section 605. Local Preference. (Defined Criteria)
3. Local Preference Defined



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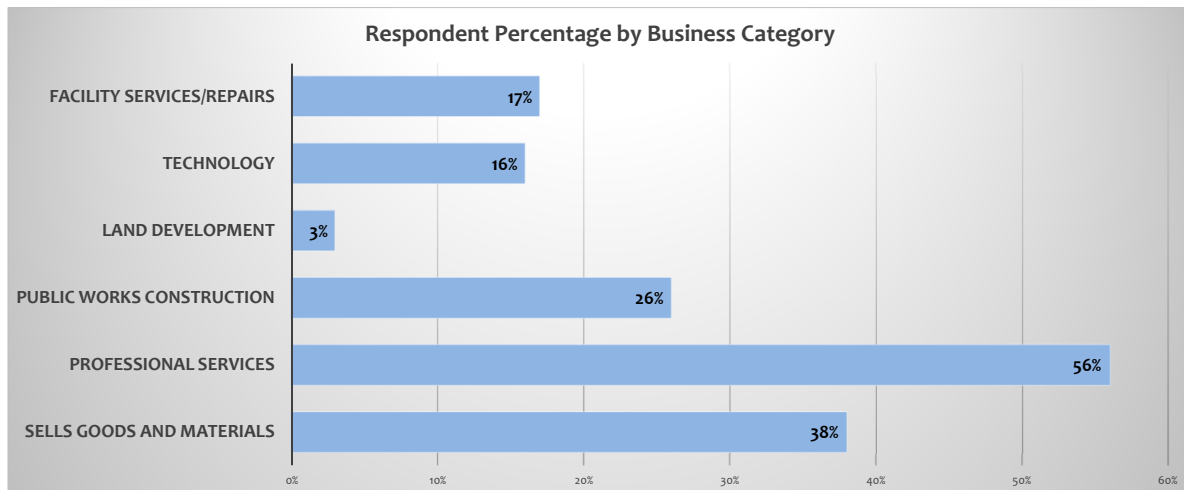
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## SURVEY STATISTICS

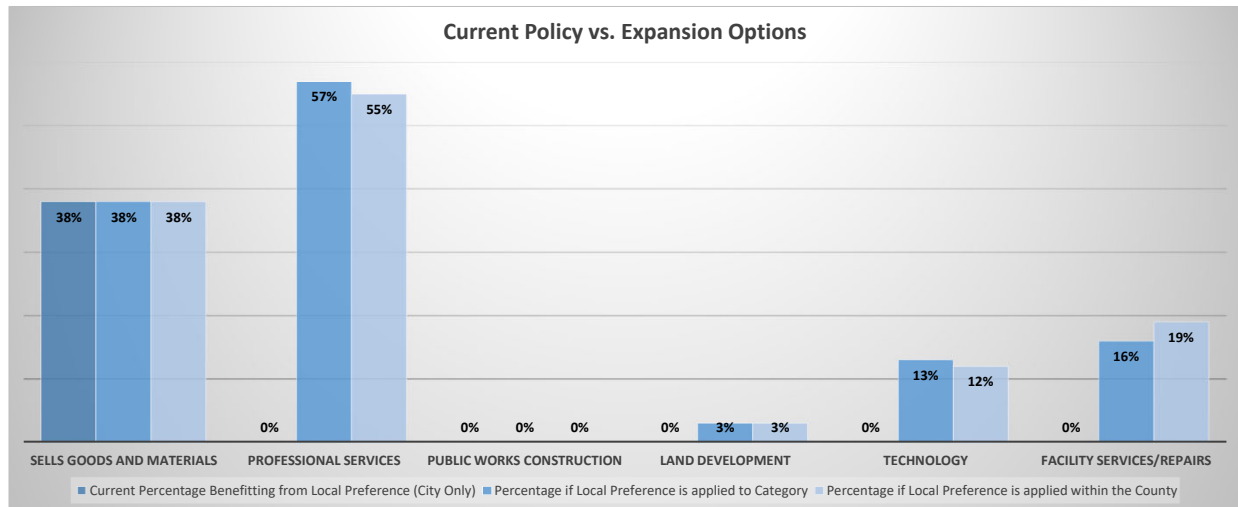
1. Approximately 15,000 Businesses Notified
  - a. Purchasing Vendor Registration Database (PlanetBids)
  - b. Inland Empire Small Business Development Center
  - c. Community & Economic Development Business Newsletter
2. Duration: February 11, 2021 – February 28, 2021
3. 678 Survey Respondents



## SURVEY RESULTS – VENDOR DATA



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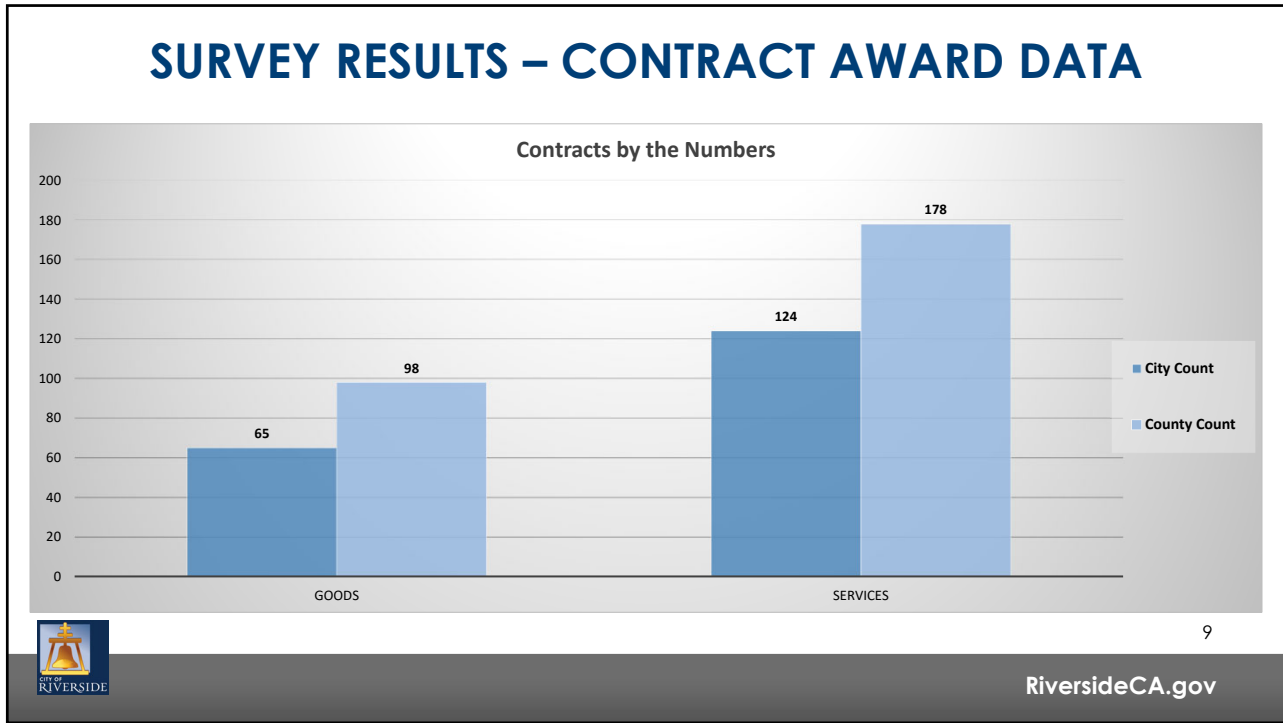
## SURVEY RESULTS – CONTRACT AWARD DATA



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## SURVEY RESULTS – VENDOR OPINION

Questions	If you were considered a Local Vendor		If you were considered a Non-Local Vendor	
	Yes	No	Yes	No
LVP Benefits the local economy?	85%	15%		
LVP Benefits the local vendor?	93%	7%		
LVP promotes fair and impartial treatment of all vendors?	58%	42%	50%	50%
LVP promotes fair and open competition?	59%	41%	52%	48%
LVP prepares local vendors to be competitive outside of area and in open market?			43%	57%
LVP may promote local vendors to increase prices?			53%	47%

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## SURVEY RESULTS – VENDOR OPINION LOCAL BUSINESS DEFINED

Business Type	Yes	No	In Favor %	Is the Popular Consensus in Line with Current Policy?
Principle Place of Business	520	158	77%	Yes
Residential Address – Zoned for Conducting Business	141	537	21%	Yes
Commercial Address	300	378	44%	Yes
Permanent Location	247	431	36%	No
Chain Franchise – Owned by Local Investor	83	595	12%	Not specified in policy
Storefront – Headquarters Elsewhere	130	548	19%	Not specified in policy



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## SURVEY RESULTS – STAKEHOLDER INVOLVEMENT

1. Workshop Participation Interest: 302 Businesses
2. Riverside Chamber of Commerce to co-host with Finance Department on Surplus Property Local Preference.
3. Additional Possible Stakeholders (Pending Response):
  - a. Riverside County Black Chamber of Commerce
  - b. Greater Riverside Hispanic Chamber of Commerce
  - c. Inland Empire Hispanic Leadership Council
  - d. Inland Empire Labor Council



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## LOCAL PREFERENCE RESEARCH RESULTS POLICY ELEMENTS TO BE DETERMINED

How should “Local” be defined?

1. City of Santa Ana
  - a. City Preference
  - b. Business License & Certificate of Occupancy
  - c. County Preference
2. City of San Diego
  - a. Physical Place of Business
  - b. Significant Employee Presence
3. City of Phoenix
  - a. Principal place of business within the City of surrounding Counties.



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## LOCAL PREFERENCE RESEARCH RESULTS POLICY ELEMENTS TO BE DETERMINED

What types of contracts should be eligible for Local Preference?

1. City of Santa Ana – materials, supplies, labor, equipment and services
2. San Diego – public works contracts are to include a mandatory subcontractor participation requirement, goods and services included
3. Phoenix – goods and services included
4. Long Beach – non-professional services only
5. County of Riverside – services and professional services included
6. Oakland – surplus land policy for parcels over 5,000 square feet



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## LOCAL PREFERENCE RESEARCH RESULTS POLICY ELEMENTS TO BE DETERMINED

Should the Local Preference have a dollar amount limitation?

1. Santa Ana – local preference applies to contracts between \$5,000 and \$100,000
2. San Diego – public works goals \$1M or above, contracts between \$250,000 and \$500,000
3. Phoenix – contracts up to \$50,000
4. Long Beach – contracts up to \$100,000
5. County of Riverside – 5% preference but capped at \$25,000
6. Oakland – professional services contracts greater than \$50,000



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## “DBE” PREFERENCE RESEARCH RESULTS POLICY ELEMENTS TO BE DETERMINED

How should “DBE” be defined as a preference?

1. Disadvantage Business Enterprise's (DBE) are for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and control management and daily business operations.
2. Many of the programs administered by California cities are implemented in accordance with regulations of the U.S Department of Transportation, 49 Code of Federal Regulation Part 26 as a condition of receiving Federal financial assistance from the Department of Transportation.



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## **“DBE” PREFERENCE RESEARCH RESULTS POLICY ELEMENTS TO BE DETERMINED**

What types of contracts should be eligible for a “DBE” Preference, and should there be a dollar amount limitation?

1. Riverside County
  - a. Veteran-qualified businesses, small businesses, and local businesses receive a 5% procurement preference.
  - b. A maximum cap of \$25,000 for the preference designations applies.
  - c. The 5% preference cannot exceed a cost of more than \$25,000 for the lowest bid.
2. City of Moreno Valley
  - a. A 5% preference is given to local small business vendors for the purchase of nonprofessional services, supplies, materials and equipment.
  - b. Utilizes and participation of Disabled Veterans Business Enterprises in city procurements aligns preference with the State requirements.



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## **“DBE” PREFERENCE RESEARCH RESULTS POLICY ELEMENTS TO BE DETERMINED**

What types of contracts should be eligible for a “DBE” Preference, and should there be a dollar amount limitation?

3. City of Los Angeles
  - a. Offers certification of Disadvantaged Business Enterprises, Airport Concessions Disadvantaged Business Enterprises, Minority Business Enterprises, Women Business Enterprises, and Small Local Business Enterprises.
  - b. Businesses certified as a small local business with a 10% preference applied to bid contracts of \$100,000 or less.
  - c. A certified transitional employer is granted a preference to contracts that do not exceed \$100,000.



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## **“DBE” PREFERENCE RESEARCH RESULTS POLICY ELEMENTS TO BE DETERMINED**

What types of contracts should be eligible for a “DBE” Preference, and should there be a dollar amount limitation?

1. State of California
  - a. DGS offers certification for:
    - a. Small Business
    - b. Disabled Veteran Enterprises
    - c. (OSDS) administers the new Small Business for the purpose of Public Works (SB-PW) certification
  - b. 5% bid preference (Standard)



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## **OTHER CONSIDERATIONS**

State law and City Charter requirements provide some limitations to note.

1. Charter section 1109 requires all public works construction contracts to be let to the “lowest responsible bidder.”
2. Enterprise funds (water, electric, refuse, sewer) utilizing ratepayer funds subject to Prop. 218.



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## STRATEGIC PLAN ALIGNMENT

- This item contributes to the Envision Riverside 2025 City Council **Strategic Priority 3 – Economic Opportunity** and, specifically, **Goal 3.4**: Collaborate with key partners to implement policies and programs that promote local business growth and ensure equitable opportunities for all.

This item also aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Connecting local and disadvantaged businesses with increased procurement and contracting opportunities is in the public best interest, benefits the City's diverse populations and results in the greater public good.
2. **Equity** – Connecting local and disadvantaged businesses with increased opportunities during the solicitation and contracting processes is supportive of the City's racial, ethnic, religious, sexual orientation, identity, geographic, and other attributes of diversity and is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services to ensure every member of the community has equal access to share the benefits of community progress.
3. **Fiscal Responsibility** – This item supports local and disadvantaged businesses through procurement, allowing for an opportunity to ensure that costs for services are aligned with the City budget and are cost effective.
4. **Innovation** – Connecting local, disadvantaged businesses and stakeholders with the opportunity to expand policies and procedures creating collaborative partnerships and adaptive processes.
5. **Sustainability & Resiliency** – This item supports future growth for local and disadvantaged businesses in the community.



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## RECOMMENDATIONS

That the Economic Development, Placemaking and Branding/Marketing Committee:

1. Discuss and provide input for local preference and disadvantaged business enterprise procurement policy expansion; and
2. Direct staff to incorporate stakeholder and public feedback, as well as discuss determinations for policy and legislative revisions.



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