

## LOCAL PREFERENCE WORKSHOP

**Finance Department and Community &  
Economic Development Department**

Economic Development, Placemaking and  
Branding/Marketing Committee

April 15, 2021

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## BACKGROUND

Receive input from stakeholders and the public on a policy specific to Local Preference for Request for Proposals (RFP's) on City-Owned Surplus Land to include in the local preference 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
4. City-Owned Surplus Land Topics for Consideration
5. Other Consideration



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## CURRENT LOCAL PREFERENCE POLICY

1. Purchasing Resolution 23256, Section 604. Preference Policy. (Authority)
2. Purchasing Resolution 23256, Section 605. Local Preference. (Defined Criteria)
3. Local Preference Defined

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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

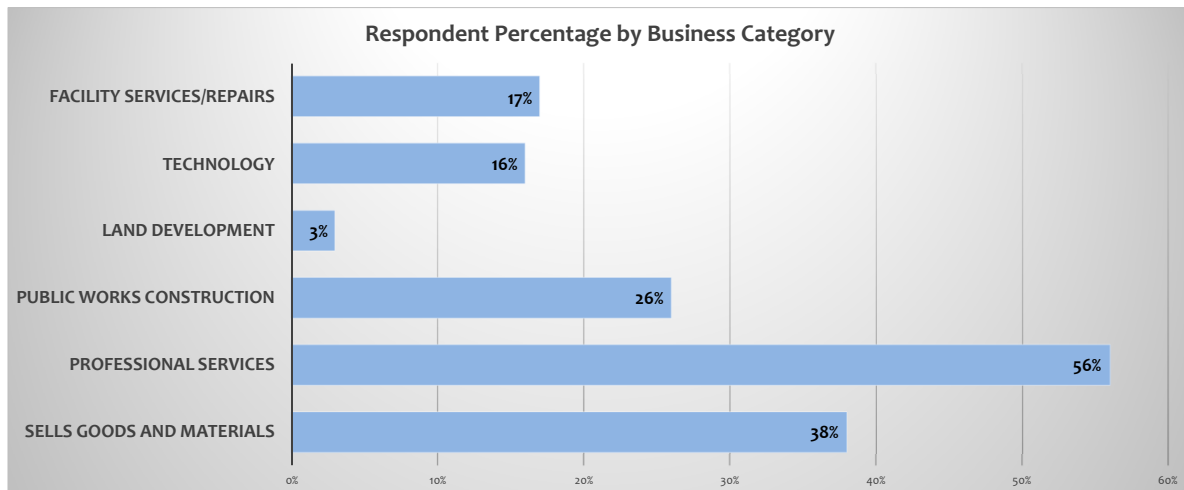


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## SURVEY RESULTS – VENDOR DATA

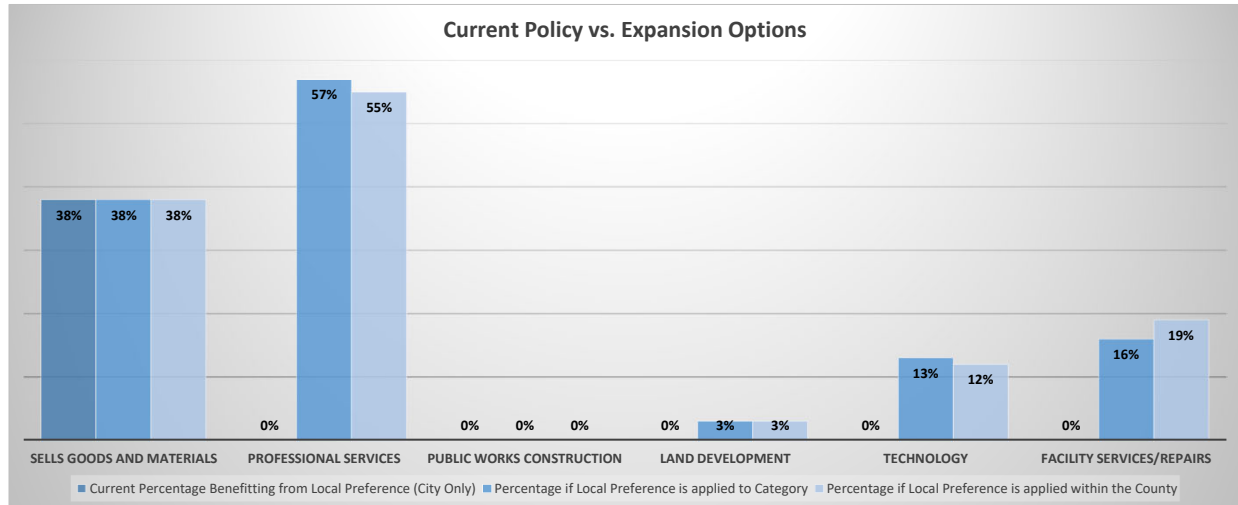


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## SURVEY RESULTS – VENDOR DATA

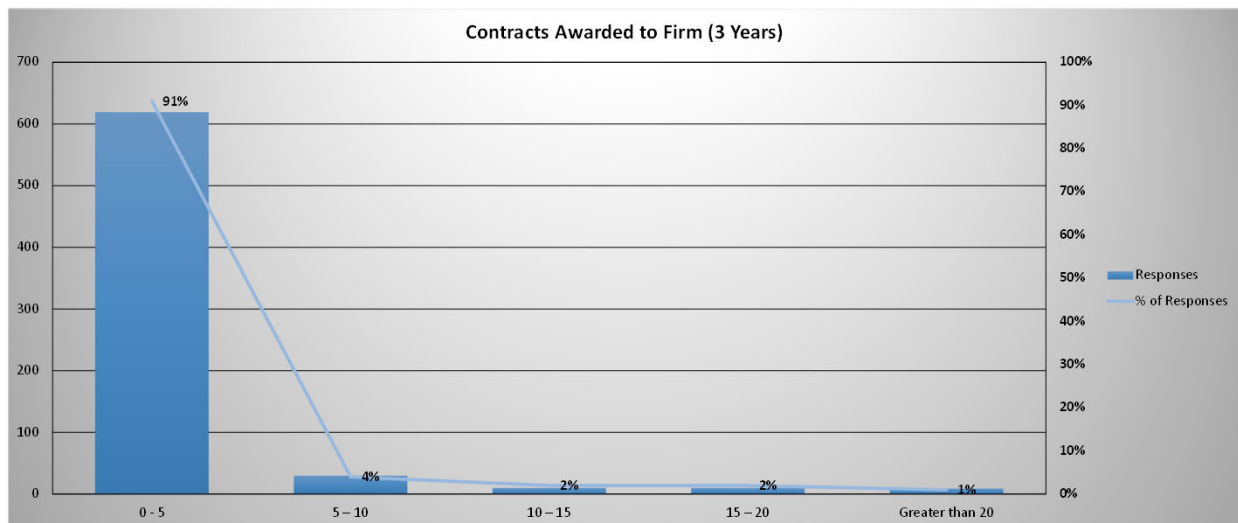


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## SURVEY RESULTS – CONTRACT AWARD DATA

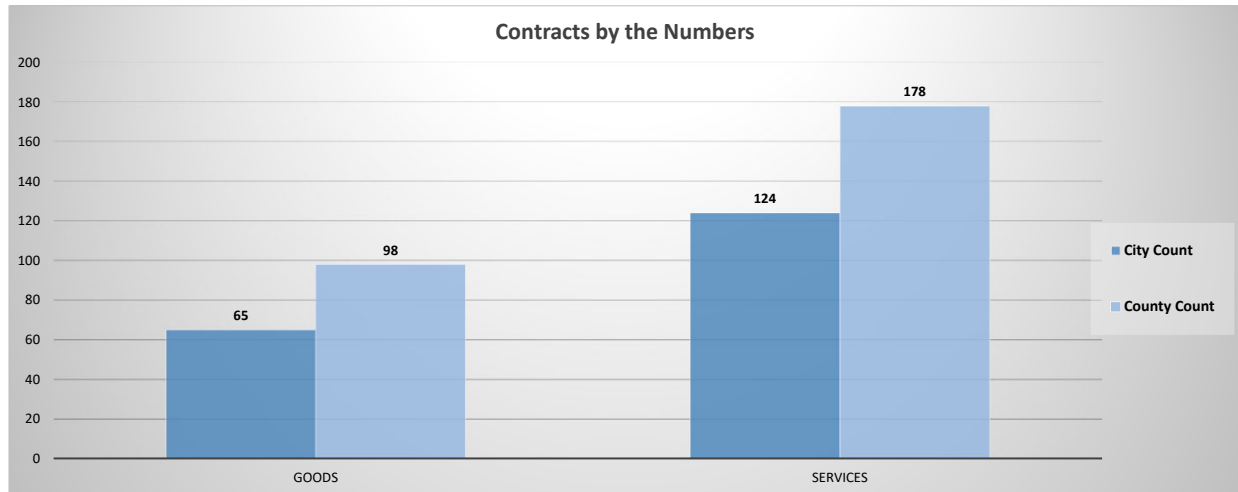


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## SURVEY RESULTS – CONTRACT AWARD DATA



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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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## 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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## 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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## 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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## CITY-OWNED SURPLUS LAND CONSIDERATIONS

City Surplus Land programs utilized by other agencies:

1. City of Oakland
  - a. Adopted a resolution in 2018.
  - b. Policy centered mainly on the prioritization for affordable housing but included developer priority for local hire programs.
2. AB 1486 Procedures

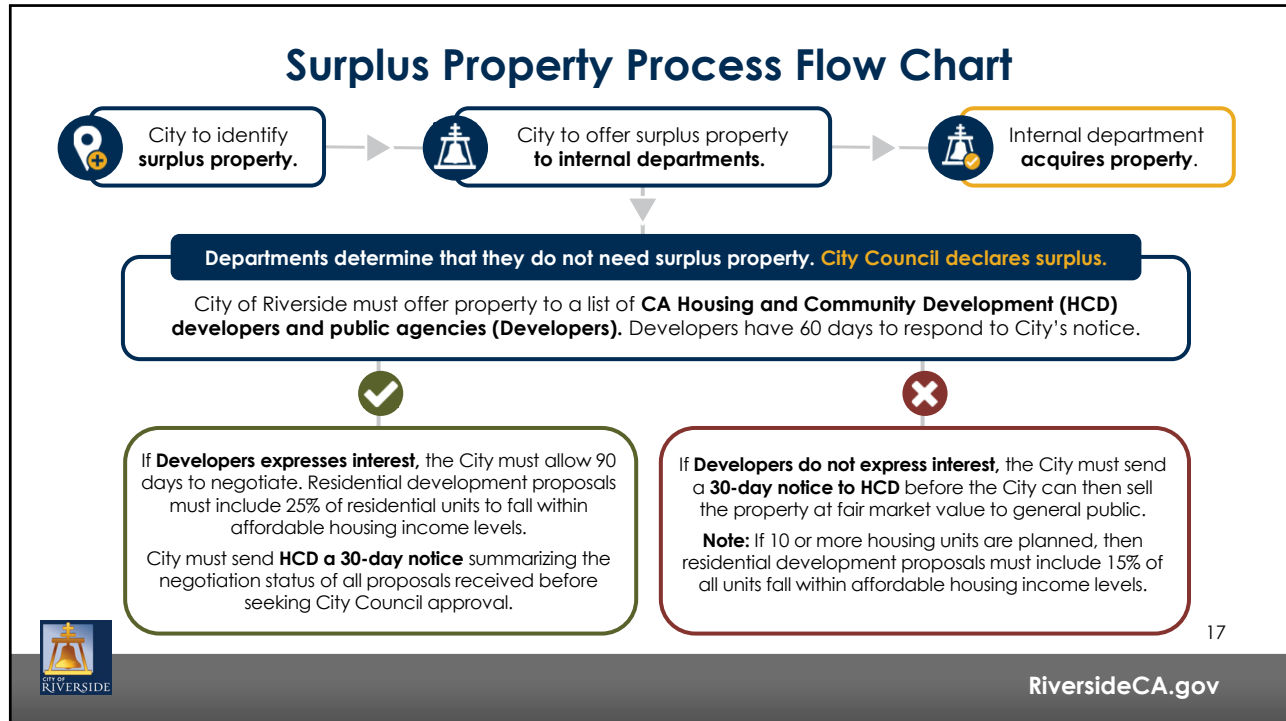


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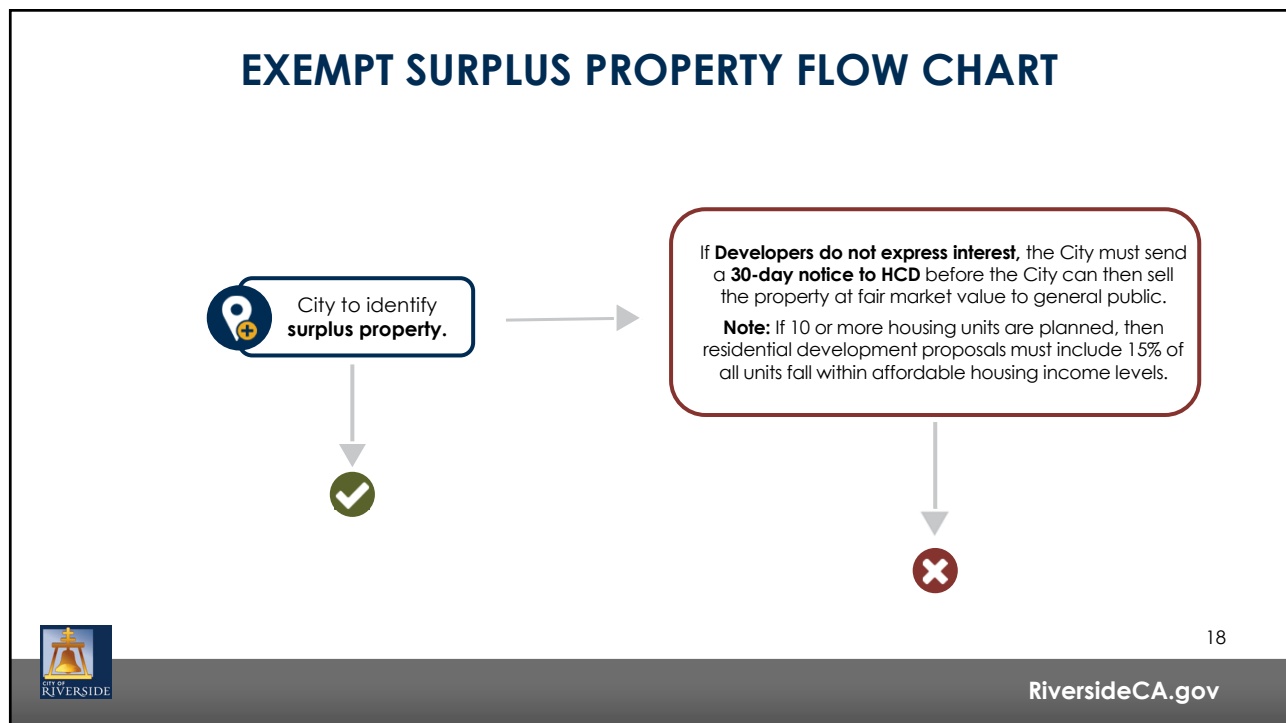
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## CITY-OWNED SURPLUS LAND CONSIDERATIONS

1. Define Local Vendor Preference guidelines for construction labor (Contractors)
  - a. Contractors required to staff 30% of the total work hours with workers residing within City of Riverside zip codes; or
  - b. Contractors to be hired within City/County or a certain geographical mile range limit;
  - c. Contractors to work with area state-certified apprenticeship programs to utilize a skilled and trained workforce as per Public Contract Code 2600, et seq.;
  - d. Contractors required to provide their employees with health insurance at no cost to the employee;
  - e. Contractors required to provide their employees with contributions towards a retirement plan meeting or exceeding the contributions provided to tradespeople of the same classification, such as Pensions and/or Annuities.



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## CITY-OWNED SURPLUS LAND CONSIDERATIONS

1. Include additional scoring points (5%-10%) in RFP's for LVP for Contractors
2. Change existing policy to make reasonable efforts to first offer LVP for Contractors
3. Mandate LVP for some percentage of LVP for Contractors
4. Include additional scoring points (5%-10%) in RFP's for LVP for buyer/development firm respondents



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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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## RECOMMENDATIONS

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

1. Discuss and provide input for local preference 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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