

1 **BOARD OF SUPERVISORS, COUNTY OF LAKE, STATE OF CALIFORNIA**

2 **ORDINANCE NO. _____**

3 **AN ORDINANCE AMENDING ARTICLE X OF CHAPTER TWO OF THE LAKE**
4 **COUNTY CODE TO PROVIDE FOR A LOCAL VENDOR PREFERENCE**

5 **THE BOARD OF SUPERVISORS OF THE COUNTY OF LAKE ORDAINS AS**
6 **FOLLOWS:**

7 **Section 1:** The Board of Supervisors of the County of Lake finds and declares all of the
8 following with respect to the provision of a local vendor preference:

9 (1) The County of Lake has historically experienced an unemployment rate that is higher
10 than the State average and current negative economic conditions are compounding the
11 unemployment rate and in turn contributing to the closure of local business.

12 (2) The United States Supreme Court has declared a job policy for residents to be a
13 legitimate policy.

14 (3) County funds spent locally, with local businesses, provide an enhanced economic
15 benefit to the whole County as recirculation of those dollars in the local economy generates
16 taxable transactions, retains and creates local jobs, increases local profits, provides for
17 greater involvement and contributions to local charities, increases procurement of local
18 goods and services for resale and operations, and increases individual disposable income.

19 (4) Based on consideration of standard input-output models that are believed to be
20 generally applicable to Lake County, the value of the enhanced economic benefits that will
21 result from provision of this local vendor preference will exceed the County's direct net cost
22 of providing this preference. In other words, additional dollars spent locally will generate
23 macro-economic benefits that are more significant than any potential direct net cost to the
24 County.

1 (5) The provisions that the Board of Supervisors seeks to enact in this section as the
2 County's restrictions on the use of its own funds as a participant in the marketplace are
3 simply a self-imposed limitation on the County's power to contract.

4 (6) The provisions that the Board of Supervisors seeks to enact in this section have a
5 rational relationship to the legitimate governmental purpose in that a local preference for
6 services, equipment, materials, supplies and any public work of improvement will stimulate
7 the local economy and reduce unemployment.

8 **Section 2:** Subdivisions (b) and (c) of Section 2-40.3 of Article X of Chapter 2 of the
9 Lake County Code are hereby amended to read as follows:

10 "(b) In addition to the foregoing criteria, if the total combined bid amount submitted
11 by a responsible local vendor is not greater than one hundred ten percent
12 (110%) of the apparent low bid and all other criteria being equal, preference shall
13 be given to the responsible local vendor. However, in no case shall the
14 amount of the preference exceed twenty five hundred dollars (\$2,500), unless
15 waived by the Lake County Board of Supervisors when it determines that a
16 waiver would serve the best interests of the County and the public due either
17 to the nature of the goods or services provided, the projected long-term
18 costs to the County, or the ability to respond to the County's needs in a
19 timely manner. This provision shall not apply to contracts required by state or
20 federal statutes and/or regulations to be awarded to the 'lowest responsible
21 bidder', or otherwise exempted from local preference.

22 "(c) If more than one (1) bid is for the same total amount or unit price (after
23 considering the preference hereinabove), and if the public interest will not permit
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1 the delay of re advertising for bids, the Purchasing Agent, or Assistant
2 Purchasing Agent, may award the contract to one (1) of the bidders by drawing
3 lots in public."

4 **Section 3:** Subdivisions (b) and (c) of Section 2-41.3 of Article X of Chapter 2 of
5 the Lake County Code are hereby amended to read as follows:

6 "(b) ***Local Vendor Preference.*** A ten percent (10%) preference shall be granted to
7 Lake County local vendors on all sealed bids. However, in no case shall the
8 amount of the preference exceed ten thousand (\$10,000), unless waived by the
9 Lake County Board of Supervisors when it determines that a waiver would
10 serve the best interests of the County and the public due either to the nature
11 of the goods or services provided, the projected long-term costs to the
12 County, or the ability to respond to the County's needs in a timely manner.
13 This provision shall not apply to contracts required by state or federal statutes
14 and/or regulations to be awarded to the 'lowest responsible bidder', or otherwise
15 exempted from local preference.

16 "(c) If more than one (1) bid is for the same total amount or unit price (after
17 considering the preference hereinabove), and if the public interest will not
18 permit the delay of readvertising for bids, the Board of Supervisors may
19 award the contract to one (1) of the bidders by drawing lots in public."

20 **Section 4:** Subdivision (b) and (c) of Section 2-53.2, of Article X of Chapter 2 of the
21 Lake County Code are hereby amended to read as follows

22 "(b) ***Plans and Specifications Required.*** Pursuant to provisions of Section 22039 of
23 the Public Contract Code, the Board of Supervisors shall adopt plans,
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1 specifications and working details for all public projects exceeding the amount
2 specified hereinabove.

3 “(c) **Award of Bid.** In accordance with State and federal statutes and/or regulations,
4 the Board of Supervisors shall award contracts to the lowest responsible bidder,
5 for public projects let by formal bid procedures.”

6 **Section 5:** All ordinances or parts of ordinances or resolutions or parts of resolutions
7 in conflict herewith are hereby repealed to the extent of such conflict and no further.

8 **Section 6:** This ordinance shall take effect on the _____ day of _____, 200____, and
9 before the expiration of fifteen days after its passage, it shall be published at least once in a
10 newspaper of general circulation printed and published in the County of Lake.

11 The foregoing ordinance was introduced before the Board of Supervisors on the
12 _____ day of _____, 200__, and passed by the following vote on the ____
13 day of _____, 200__.

14
15 AYES:

16 NOES:

17 ABSENT OR NOT VOTING:

18 _____
CHAIR, Board of Supervisors

19 ATTEST: KELLY F. COX
20 Clerk of the Board of Supervisors

APPROVED AS TO FORM:

21 _____
22 ANITA L. GRANT
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COUNTY OF LAKE
255 N. Forbes Street
Lakeport, CA 95453



ADMINISTRATIVE OFFICE
Phone: (707) 263-2580
Fax: (707) 263-1012

MEMORANDUM

DATE: November 24, 2008
TO: BOARD OF SUPERVISORS
FROM: JEFF REIN
Deputy County Administrative Officer
SUBJECT: Increasing the Local Vendor's Preference

In keeping with your Board's keen interest in promoting local businesses, approximately 18 months ago, you increased the preference provided to local vendors who are bidding on the provision of goods and services to the County. As a result, purchases are awarded to local vendors if their bids exceed not more than 105% of the lowest out-of county bid, as long as the total additional cost does not exceed \$10,000.

In light of the downturn in the local economy staff has revisited the issue to determine if there is justification for further enhancement of the "local vendor's preference." Indeed, several case studies conducted in other regions have concluded that every \$100 dollars of local retail spending will generate anywhere from \$33 to \$45 of additional local spending by the initially affected local retail businesses. In other words, of every \$100 in revenue, a local retailer will spend as much as \$45 in the local economy in support of a variety of other local businesses (secondary business), including local suppliers, local banks, local advertising, accountants, printers, etc. That \$45 will in turn be multiplied as those secondary businesses spend a portion of their revenue locally to support their operations and so the initial \$100 spent at a single retailer ripples throughout the local economy and ultimately supports local employment and generates additional sales tax and unsecured property tax for the County.

As an example, if the County were able to redirect \$4,000,000 of purchases to local vendors, it would add an initial infusion of anywhere from 1.32 million to as much as 1.8 million more dollars to the local economy. Even at low end of that range, it is the equivalent of approximately 40 new jobs. This does not even take into account the impact of the multiplication of the County's local expenditures which will result as those dollars are further recirculated throughout the local economy.

Nevertheless In light of the foregoing, staff is recommending that the local vendor's preference be increased to 10%, not to exceed \$10,000, and further, that your board be given the discretion to waive the \$10,000 cap.

The County of Lake endeavors to secure supplies, equipment, and services from local businesses since the expenditure of County funds with local business not only provides a direct economic benefit to such businesses but also provides an enhanced economic benefit to the whole County as recirculation of those dollars in the local economy generates taxable transactions, creates local jobs, increases local profits, provides for greater involvement and contributions to local charities, increases procurement of local goods and services for resale and operations and increases in individual disposable income. The enhanced economic impact is reflected in various case studies, which are believed to be generally applicable to Lake County. Such studies have concluded that anywhere from 33% to 68% of local expenditures are retained and recirculated through a local economy. Whether or not the additional direct cost to the County would be offset by a direct increase in tax revenue to the County is insignificant when compared to the other benefits from the increased economic activity in the form of additional..... In other words, additional dollars spent locally would generate economic activity beyond the direct cost to the County

the local economic impact the Board of Supervisors of the County of Lake finds that the potential additional cost of the following local vendor preference does not exceed the benefit which will be provided to the economic base of the County of Lake as a whole, as well as the revenue base through which public safety and other services are provided in the County. It is, therefore, the intent of the Board of Supervisors, in enacting this ordinance, to provide commensurate recognition of the actual contributions that local businesses provide to the County.

. “whether or not the additional direct cost to the County of providing this local vendor preference is offset by a direct increase in tax revenue to the County is insignificant when compared to the resulting enhanced economic benefits