



AGENDA REPORT

CITY OF SAN CLEMENTE

City Council Meeting

910 Calle Negocio
2nd Floor
San Clemente, California
www.san-clemente.org

Meeting Date: 4/4/2023

Agenda Item: 9C

Department: City Manager
Prepared By Andy Hall, City Manager

Subject:
CONSIDERATION OF A LOCAL VENDOR PREFERENCE ORDINANCE

Background:

On Tuesday, March 21, 2023, the City Council directed staff to evaluate the possibility of local vendors receiving a local vendor preference.

Discussion:

An effective Local Vendor Preference Ordinance can stimulate the local economy, create local jobs, and protect the tax base of the community. Promoting local participation in City contracts is also an action that demonstrates City Council support of local business.

A Local Vendor Preference Ordinance creates opportunities for local San Clemente businesses who bid on City contracts for goods, equipment, services, and supplies. There is a current policy in the San Clemente Municipal Code, Title 3 Revenue and Finance, Chapter 3.40 that provides a three (3) percent local preference to local bidders for purchases of supplies, equipment, materials and services, but does not include professional or contract services.

The Public Contract Code Section 2002 allows the City to provide up to a seven (7) percent Local Vendor Preference with a maximum financial value of \$150,000 that may be applied to contracts for construction, professional services, and goods.

Council has the option to increase the current three (3) percent local preference to local bidders for purchases of supplies, equipment, materials and services and create a Local Vendor Preference up to seven (7) percent with a maximum financial value of \$150,000 for professional and other contractual services.

If City Council approves consideration of a Local Vendor Preference Ordinance, it is proposed to apply as follows:

- Only applies to contracts that involve the expenditure of funds entirely within the City's control and shall not apply to contracts that involve the expenditure of funds that are not entirely within the City's control, such as state and federal grant funds.
- Any business or entity seeking to apply for the Local Vendor Preference must have a valid City of San Clemente business license in good standing. The business must be physically located

in the municipal boundaries of the City of San Clemente, and if for any reason the contractor fails to qualify as a local business for more than 60 days during the entire term of the contract, the City shall be entitled to withhold or recover funds from the contractor in an amount that represents the value of the bid or proposal preference. Local subcontractors are not eligible for the Local Vendor Preference.

- When applying the provisions of the Local Vendor Preference, the City shall apply the preference to the bid price solely for bid evaluation purposes such that the total price bid by a local business shall be reduced by the percentage, that is indicated in the Ordinance, of the bid amount and the reduced bid amount shall be deemed the amount of the bid by the bidder.
- The Local Vendor Preference does not create a right to receive a bid or proposal preference. The City Council may, at any time before the award of the contract, determine that it is not in the City's best interest to grant a bid or proposal preference and direct staff to award the contract to the bidder or proposer eligible for the award without consideration of the Local Vendor Preference.

If City Council would like to proceed with the Local Vendor Preference for professional and other contractual services, staff will prepare an Ordinance updating the San Clemente Municipal Code, Title 3 Revenue and Finance, Chapter 3.40 and return to Council for a first reading, and update the following City of San Clemente's Policies and Procedures:

- 201-2-1 Purchasing for Supplies, Materials and Equipment.
- 201-2-2 Purchasing for Public Works Projects.
- 201-2-3 Professional Services Contractors - Selection.
- 201-2-8 Selection of General Services Consultants and Contractors.

City Council Options:

- Direct staff to return with an Ordinance that would increase the current three (3) percent local preference to local bidders for purchases of supplies, equipment, materials and services up to seven (7) percent with a maximum financial value up to \$150,000 and revised City policies and procedures.
- Direct staff to return with a Local Vendor Preference Ordinance up to seven (7) percent with a maximum financial value of \$150,000 for professional and other contractual services and revised City policies and procedures.
- Direct staff to return with a Local Vendor Preference Ordinance and revised City policies and procedures on different terms.
- Continue the Item with direction to staff to provide additional information.
- Deny consideration of a Local Vendor Preference Ordinance.

Fiscal Impact:

Unknown at this time.

Recommended Actions:

Staff Recommendation

1. Approve a Local Vendor Preference for professional and other contractual services, and direct staff to prepare an Ordinance updating the San Clemente Municipal Code, Title 3 Revenue and Finance, Chapter 3.40, and update the applicable City of San Clemente's Policies and Procedures.

Notification:

None.