



Local Business Preference Programs in San Diego

Provided is a list of cities as well as one agency who implement local business preference programs. To learn more about what businesses qualify for these programs, follow the link to the sources provided.

Local Preference Facts

- Local preference is allowed by California state law.
- City councils cannot enact local preference ordinances if the city charter requires all contracts be awarded to the lowest bidder.
- Federal statutes often prohibit in-state local preferences if federal funds are involved.
- International trade agreements can sometimes limit the ability of states and local governments to favor local businesses.
 - i.e. World Trade Org Agreement on Government Procurement requires national governments to purchase goods and services based only on price and performance
 - Every 2 years the US government updates threshold levels which affect local, state, and federal contracts.

The cities in San Diego County listed in this document who do have local purchase programs all lower the bid price of local vendors by 1%. This is relatively low compared to some cities such as San Francisco who allow higher bids from in-city vendors of 5%. Furthermore Los Angeles implemented an 8% Local Business Preference to local businesses for contracts involving consideration in excess of \$150,000.00 in 2011.

Sources:

Los Angeles Ordinance (Sec. 10.47.4) http://bca.lacity.org/site/pdf/general/LBP_Ordinance_181910.pdf

Local preference facts <http://static.ilsr.org/drdave/1-localpref.html>

San Diego County Regional Airport Authority

Part b of policy section no. 5.14:

“ A Local Business participation goal will be established for each identified project based on the methodology set forth in Section (3) above. *For those bids that meet or exceed the established goal, a price preference equal to two percent (2%) shall be awarded.* For those businesses that have some participation, but do not meet the goal, a single preference point will be provided if bid exceeds one-half of the goals. However, there will be no preference points awarded if the Authority’s overall Local Business participation is at a level above sixty percent (60%) of current contract participation excluding those contracts that utilize federal funds and The Green Build terminal expansion project. A Local Business participation goal shall only be applied to contracts in excess of twenty-five thousand dollars (\$25,000).”

Source:

http://www.san.org/documents/corp_serv/Policies/Article%205/Policy%205.14%20Small%20business,%20Local%20Business%20and%20Service%20Disabled%20Veteran%20Owned%20Small%20Business%20Goal%20and%20Preference%20Program.pdf

Vista

“The City is very interested in promoting local businesses. We see local businesses as an important part of a competitive bid process which deserves our encouragement and help. The City takes positive steps to maximize the utilization of local business enterprises in purchasing and contract activity by providing information about the City’s procurement process and procedures and by engaging in targeted outreach efforts. *As stated, the City Council has adopted a 1% local business preference policy local ordinance (VMC 3.08.020). This preference is applied to all supply, service and equipment purchases for taxable goods and services not involving public works projects. In determining the lowest responsible bid, the City will reduce the bids for local businesses by 1% and compare that bid amount against all other bids. It is therefore possible that a bid from a local business may be deemed the lowest responsible bidder when the 1% local business preference is applied even though the bid was not the lowest one submitted. The 1% local business preference will not affect the actual contract price.*

A local business is defined as a business, person, firm or establishment whose principle place of business is located within the City of Vista, holding a current Vista Business License and in possession of a valid and current sellers permit, or equivalent, issued by the State Board of Equalization, which identifies the City of Vista as the point of sale for all taxable retail sales within the city.

It is important to note that this policy is not intended to override any fiduciary responsibility of the City of Vista to obtain the best price, quality, and service available for items to be purchased with the taxpayer dollar.”

Source: <http://www.cityofvista.com/departments/econdev/VendorGuide.cfm>

Economic Development → Vendor Guide → Local Business

County of San Diego

“As with many government agencies, the County of San Diego has adopted a local preference program for those bidders located within the County of San Diego. *A one (1) percent preference may be applied to the total price during the evaluation of formal competitive bids in Request for Bid (RFB) procurements. The local preference does not apply to Requests for Quotes (RFQs) or Request for Proposals (RFPs).* To qualify as a local business, the business must have a fixed office, not a post office box, within the geographical boundaries of San Diego County. Local preference will not apply to public works contracts or where precluded by state or federal law or regulation.”

Source: http://www.sdcounty.ca.gov/purchasing/docs/dpc_brochure.pdf

County Purchasing and contracting brochure → Local Preference section

City of San Diego

The city wants to increase participation of Small Local Business Enterprises (SLBEs) and Emerging Local Business Enterprises (ELBEs) in City contracting to the extent possible. San Diego is essentially trying to help a combination of small and local businesses, not just strictly local businesses of every size.

Here is a great brochure for local small businesses who want to do business with the City:

<http://www.sandiego.gov/economic-development/pdf/bmspring2012.pdf>

“ELIGIBILITY FOR THE SLBE PROGRAM”

A. For the purpose of this program, a firm will be certified as an Emerging and Local Business Enterprise (ELBE) with the EOC Office upon its submission of a completed certification form (SLBE/ELBE Form-R), supporting documentation, and a signed affidavit stating that it meets all of the ELBE eligibility criteria as set forth below:

1. Is not a broker, and is an independently owned and operated for profit business concern that is not a subsidiary of another business; and that is not dominant in its field of operation and is performing a commercially useful function;
2. Whose average gross annual receipts in the prior three fiscal years do not exceed:

- \$2.75 million - Construction
- \$1.5million - Specialty Construction
- \$1.5million – Goods/Materials/Services
- \$ 1.0 million – Trucking
- \$ 750,000 – Professional Services and Architect/Engineering

B. For the purpose of this program, a firm will be certified as a Small and Local Business Enterprise (SLBE) with the EOC Office upon its submission of a completed certification form (SLBE/ELBE Form-R), supporting documentation, and a signed affidavit stating that it meets all of the SLBE eligibility criteria as set forth below:

1. Is not a broker, and is an independently owned and operated for profit business concern that is not a subsidiary of another business; and that is not 01-22-10 dff 19 dominant in its field of operation and is performing a commercially useful function;
2. Whose average gross annual receipts in the prior three fiscal years do not exceed:
 - \$5.0 million - Construction
 - \$3.0 million - Specialty Construction
 - \$3.0 million – Goods/Materials/Services
 - \$2.0 million – Trucking
 - \$1.5 million – Professional Services and Architect/Engineering

California State certified Micro and Disabled Veteran Owned business enterprises shall also satisfy the requirements to be defined as a Small Business Enterprise. If a business has not existed for 3 years, the employment and gross sales limits described above shall be applied based upon the annual averages over the course of the existence of the business. “

Source: <http://www.sandiego.gov/eoc/pdf/slbe.pdf>

San Marcos

“2.30.130 Local Preference Purchasing

The City Council shall, by resolution, establish policies and procedures which define a preference for making certain purchases within the City of San Marcos. Any purchase shall be made in accordance with the policies and procedures set forth in said resolution.”

Note: No specific program or ordinance was defined.

Source: San Marcos Municipal Code, pg. 103

<http://www.ci.san-marcos.ca.us/Modules/ShowDocument.aspx?documentid=243>

Escondido

“The purchasing officer shall purchase supplies and equipment from vendors within Escondido city limits whenever possible. Since the city receives from the state one (1) percent sales tax revenue of all sales within the city, one (1) percent credit on bid price shall be allowed to vendors that have submitted proof of sales tax remittance within the city limits. (Ord. No. 2007-02(RR) § 1, 2-28-07)”

Source: Escondido Municipal Code → Ch. 10 Finance → Article 5 Purchasing Generally → Local purchases
http://qcode.us/codes/escondido/view.php?topic=10-5-10_85&frames=on

Poway

“3.28.090 Local vendor preference

For the purposes of this section, a local vendor is a business that is located in and licensed to provide goods and/or supplies within the City limits of Poway, and reports sales taxes to the State of California. The purchase of taxable goods by the City of Poway in any solicitation of bids or quotes for goods or services and any solicitation for work involving the supply of materials or goods as a part of the bid or quote is subject to the application of a local vendor preference. When calculating bids or quotes based on the lowest responsible bid, and which involves the purchase of taxable goods in whole or in part, the preference to be granted to the price bid or quoted by a local vendor shall be one percent, which is equal to the portion of sales tax the City receives. If the bid or quote is a mixture of taxable and nontaxable items, the one percent preference will only apply to the taxable portion of the bid or quote. If the bid or quoted price after the preference is granted makes the local vendor the lowest responsible bidder, the City shall make the purchase from the local vendor at the bid or quoted price. (Ord. 735, 2012)”

Source: Poway Municipal Code → Revenue and Finance → Purchasing (Ch. 3.28):
<http://www.codepublishing.com/CA/poway/frameless/index.pl?path=../html/Poway03/poway0328.html#3.28>

Carlsbad

None found

Municipal code → purchasing: <http://library.municode.com/index.aspx?clientId=15184>

Encinitas

None found

Municipal code: <http://www.ci.encinitas.ca.us/index.aspx?page=120>

Oceanside

None found

Municipal code: <http://library.municode.com/index.aspx?clientId=15184>