



Government Relations & Public Affairs Committee

February 4, 2013

Local Contracting Preferences and Business Engagement Strategy

Issue: How can SACOG support contractors in the region in its contracting?

Recommendation: Staff recommends that the Committee recommend that the Board adopt the policy recommendation discussed below.

Discussion:

At the request of several Board members, staff has drafted a Local Contracting Preferences Policy for the committee's consideration. Staff is recommending that the Board act to adopt the policy now, but implement it as part of a broader set of amendments to SACOG's Purchasing Policy later this year. In addition to the Local Contracting Preferences Policy, staff has developed a strategy for engaging businesses within the region to know about contracting opportunities at SACOG.

Local Contracting Preferences Policy

Public contracting is typically handled differently based on whether the contract is for (1) goods and non-professional services, or (2) professional services. Goods and non-professional services contracts are typically given to the lowest-cost bidder, but in some cases, quality is an important factor. Professional services are sometimes given to the best-qualified bidder, while sometimes to the lowest-cost bidder, or a combination of the two. Local preference adds a third criterion to these tradeoffs. SACOG's policy is to require a formal bid for any contracts in excess of \$20,000.

Staff recommends that a local preference policy only apply to contracts requiring a formal bid (Request for Proposals/Request for Qualifications process). Local would be defined as firms with a physical office in any of SACOG's 28 jurisdictions for at least six months prior to the issuance of the RFP/RFQ (with bidders self-certifying the physical office requirement). The local preference would be handled differently for goods and non-professional services than professional services.

For goods and non-professional services, if the lowest bidder is not from within the region, and if the next-lowest bidder is (1) within 5 percent of the bid price, and (2) a qualified local firm, then allow the local bidder to match the price. This offer would be extended to the next lowest local bidder if it is refused by the first local firm, and the contract could still be awarded to the non-local firm if no local firms match the low bid.

For professional services, staff recommends that all professional service contracts be scored on a 100-point scale, to be tailored based on the needs of the project, and allow up to 5 points to be awarded to local bidders. Given the range of qualifications and scope of professional services contracts, staff recommends that the Board reserve the right to waive this policy for impracticality or when not warranted.

In designing a local preference policy, staff recommends providing exceptions, either because of legal restrictions or because local preference may not be in the best interest of SACOG in a particular contract. Staff reviewed local preference policies in local agencies in California to develop a recommendation tailored to SACOG. Unlike cities, counties, and most special districts, councils of government receive most of their funds from the federal government. The federal Grants Management Common Rule prohibits the provision of a local preference to any contract involving federal funds. As a result, SACOG's local preference policy would only apply to those contracts involving state and/or local funds.

State law prohibits any public agency, regardless of fund source, from using a local preference policy on public projects (i.e., construction of public buildings and works, except street maintenance or repair, including materials) or certain professional services (i.e., architectural, landscape architectural, engineering, environmental, land surveying, or construction project management). Staff recommends including language in the policy that it would not apply to uses prohibited by state or federal regulation or law.

Business Engagement Strategy

Regardless of whether a local preference would apply to a specific contracting opportunity, based on Board feedback, staff has developed a strategy for engaging businesses located within the region about contracting opportunities at SACOG. Staff is in the process of contacting chambers of commerce and professional associations to share information with them about how to receive notices for RFP/RFQ opportunities at SACOG.

SACOG has an email database of firms that receive notifications about RFPs/RFQs. Chambers and associations will be encouraged to share this notification tool with their members. Staff is targeting both general businesses as well as particular professional associations of firms that may likely bid on SACOG contracts (e.g., firms specializing in research, planning/engineering, technology, marketing, printing, financial audits, public opinion research). For services that may be outside the scope of this target audience, staff will develop tailored outreach to reach those specialized firms.

In addition to the existing RFP/RFQ notification system, staff will share contracting opportunities on its Twitter account and SACOG homepage.

Approved by:

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