

# More Inclusive Procurement: Local & Local Small/Micro Business Preference Ordinance

2024



COUNTY OF SAN MATEO



# Anchor Institution Framework & Action Plan



**INCLUSIVE  
WORKFORCE**



**INCLUSIVE  
PROCUREMENT**



**INCLUSIVE  
INVESTMENTS**

## **Inclusive Procurement:**

Support local small businesses to share in the prosperity of economic opportunities generated by the County.

**Equity** is the goal of just and fair inclusion into a society in which all can participate, prosper, and reach their full potential. (PolicyLink)

•To achieve equity, we must create the conditions that allow all to reach their full potential.

# Final Supplier Diversity Study up on the website!

[www.smcgov.org/ceo/supplier-diversity-study](http://www.smcgov.org/ceo/supplier-diversity-study)

A Supplier Diversity Study is a key strategy and tool for the County to move towards shared prosperity and an opportunity to reverse historical inequities by removing barriers for local, micro, small and diverse businesses to access the County's procurement dollars.

## Supplier Diversity Study Report



### Executive Summary

The Executive Summary provides a quick overview of the scope of the project and key findings and recommendations.



### Final Report

The full Supplier Diversity Study report is a detailed document that covers the findings and recommendations of all the sections that comprise the Study.



### Table of Key Findings and Recommendations

The Findings and Recommendations Table presents the key findings and recommendations of the Study in a table that makes it more user-friendly.



### Appendices

The Appendices cover a summary of key sections and survey instruments used throughout the Study.

Informational presentations to vendors will be hosted in early December.

# Supplier Diversity Study: Purpose and Key findings

**Purpose:** Identify ways to remove barriers for local and small businesses to compete for County procurement opportunities.

## **Key Findings:**

- Underutilization of local, small local, and micro local vendors relative to their availability in the marketplace, primarily with respect to professional services contracts and prime contractors.
- Substantial underutilization of diverse business enterprises across all types of contracts and prime and subcontractors.
- Local small and micro businesses have limited resources, capacity and/or experience to compete for County solicitations.
- Vast majority of potentially available local business are small and micro businesses
- Small and micro business are more likely to be diverse businesses
- Internal appetite to learn and implement inclusive procurement strategies

# Moving to Action:

## **Local & Local Small/Micro Business Preference Ordinance**

- For solicitations of goods and services above \$10,000
- Excludes public works (i.e., construction) solicitations

## **Purpose:**

- Promote a strong local economy and fair procurement practices by giving preference to local businesses, and local small and micro businesses to the extent consistent with the law and interests of the public

# Benchmarking: Local preferences programs of other counties in the region

	<b>Alameda County</b>	<b>San Francisco</b>	<b>Santa Clara County</b>	<b>Contra Costa County</b>	<b>Sonoma County</b>	<b>Solano County</b>	<b>Marin County</b>	<b>Napa County</b>
Local Preference	5% bid discount or additional evaluation points	See below	5% bid discount or additional evaluation points	Local vendors can re-bid if within 7% of lowest bid	5% bid discount or additional evaluation points	Local vendors can re-bid if within 5% of lowest bid	5% bid discount or additional evaluation points	5% bid discount or additional evaluation points
Local small business preference	5% bid discount or additional evaluation points	10% discount or additional evaluation points	Exploring policy options based on their disparity study results	No  But has a supplier diversity outreach program	No	No	No	No

# Key Concepts

- **Definitions**

- **Local business or local non-profit:** have a principal office/headquartered in the county
- **Small and Micro business** as defined by the California Department of General Services
- **Small Non-profit:** non-profit organization with an annual revenue of \$1,000,000 to \$2,500,000
- **Micro Non-profit:** annual revenue of less than \$1,000,000

- **Certifications**

- **Local preference:** self-attestation form with local address
- **Small/micro business:** California State certifications (issued by the Department of General Services)
- **Local non-profits:** Submit 990 tax form to demonstrate revenues

- **Threshold of solicitations**

- Competitive solicitations above \$10,000, subject to exemptions

# Local & Local Small/Micro Preference

	<b>Proposed</b>
<b>Local business* of any size</b> (headquartered in the county) [AND]	5% bid discount (price-based solicitation); or 5% additional evaluation points (best-value solicitation)
<b>Local small business*</b> (\$18M of annual gross revenue)  [OR]	Total 8% bid discount or 8% additional evaluation points
<b>Local micro business*</b> (\$6M annual gross revenue)	Total 10% bid discount or 10% additional evaluation points
<b>MAXIMUM TOTAL</b>	<b>10% bid discount or 10% additional evaluation points</b>

**\*NOTE:** Non-profit organizations competing in solicitations with for-profit businesses will be eligible for the proposed preferences. Definitions for small and micro non-profits differ from businesses and are described in previous slide.



# Exemptions, Waivers, and Effective Date

## **Exemptions:**

1. Public works (i.e., construction) contracts
2. In the award of contracts where all bids or proposals received are from Non-Profit Organizations
3. Where inconsistent with grant requirements or use of federal funds
4. Otherwise disallowed by law

## **Use of preference may be waived by the authority that approves contract:**

1. If it would result in additional costs to the County above \$10,000
2. When in the best interests of the County

**Effective Date:** July 1, 2025

# Planned Monitoring and Reporting

- Changes in the number of proposals received for solicitations to track impacts on competition for public contracts
- Changes in awards to local and local small/micro businesses and non-profits in the County
- Changes to cost of services and goods where this policy comes into play
- Number of waivers requested, reasons for request, approvals and denials

# Implementation

- Update and build templates in e-procurement system (OpenGov)
- Organize informational sessions for vendors
- Train County staff
- Continue to outreach to vendors to join OpenGov

# SUPPLIER DIVERSITY STUDY RECOMMENDATIONS WORKPLAN

- Efforts underway to improve outreach:
  - Supplier Diversity Study developed database of ~500 local vendors that do business in the markets the County utilizes
  - All vendors in the list were invited to join OpenGov
  - Continued outreach to local vendors to join OpenGov
- Efforts to be explored:
  - Develop a Supplier Diversity Program
  - Create outreach plans for key solicitations
  - Create networking opportunities between large and small vendors
  - Provide technical support to small vendors
  - Provide debrief opportunities to non-selected vendors
  - Simplifying procurement practices and contract provisions that may be too stringent
  - Coordination with adjacent counties to maximize outreach opportunities and coordination of efforts

# Thank you

