



AGENDA ITEM NO.

COUNTY OF HUMBOLDT

For the meeting of: September 28, 2010

Date: September 3, 2010

To: Board of Supervisors

From: Phillip Smith-Hanes, County Administrative Officer *PSH*

Subject: Local Business Preference Policy

RECOMMENDATION(S):

That the Board of Supervisors:

1. Find that a local business preference policy will promote local business with in the County;
2. Find that a local business preference policy will provide local businesses with increased access to County business; and
3. Enact the attached Local Business Preference Policy

SOURCE OF FUNDING: All County Funds

DISCUSSION:

Economic Development is a high priority for the County of Humboldt. This not only includes bringing new businesses to Humboldt County, but retaining our existing businesses as well. The County has been investigating means to help sustain local businesses during the economic downturn. One means to sustaining local businesses is to ensure that the County is using local businesses whenever legally possible. A Local Business Preference Policy would assist local business in competing for County purchases.

Local Business Preference programs are common in local government, with the idea that a public agency can help the business community and itself through procuring products and services from local businesses. Giving

Prepared by Karen Clower, Program Coordinator CAO Approval *Cheryl Dillingham*

REVIEW: Auditor *MDJ* County Counsel *yc* Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM
 Consent
 Departmental
 Public Hearing
 Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
 Upon motion of Supervisor
 Seconded by Supervisor
 And unanimously carried by those members present,
 The Board hereby adopts the recommended action
 contained in this report.

PREVIOUS ACTION/REFERRAL:

Board Order No. D-7

Meeting of: December 1, 2009

Dated: _____
 Kathy Hayes, Clerk of the Board

By: _____

a preference credit to locally operated businesses would have a positive impact on the local economy. Money that stays local feeds back into a community's economy through local jobs, tax dollars, charitable donations and support of other local businesses. The "Local Multiplier Effect" demonstrates that spending money at a locally owned business will be turned over three times within the community whereas spending money at a local chain store has a reduced return to the community but still keeps money locally. Spending money out of the County gives no return to the local economy.

On December 1, 2009, your Board considered item number D-7 regarding the adoption of a local vendor preference policy. Your Board directed staff to revise language details within the policy to include more information about local businesses and explore adding an additional one percent preference to local owner operated businesses. Staff was also directed to re-evaluate the definition of "Local Vendor."

Per your Board's direction extensive research was done to obtain more information about the local owner operated businesses and the option of giving an additional 1% preference credit to local owner operated businesses. Further review by County Counsel determined that it would not be advisable to award an extra preference based on business ownership as this would be subject to significant legal challenge.

Per your Board's direction to re-evaluate the definition of "Local Vendor" a revision has been made. New language details have been incorporated into the attached policy as follows: a Locally Operated Business is defined as a legally formed and operated business, including but not limited to a sole proprietorship, partnership, or corporation, which has a Legitimate Business Presence in the County. Businesses meeting the definition and the criteria of a Locally Operated Business will receive a preference credit of five percent on formal bids with a \$5,000 preference cap.

This item comes before your Board today for adoption in accordance with your Board's prior direction.

FINANCIAL IMPACT:

By adopting this policy there is a financial impact to all County Funds. The policy proposes a 5% preference credit for Locally Operated Businesses on formal bids with a \$5,000 preference cap.

OTHER AGENCY INVOLVEMENT:

All County Departments

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENT:

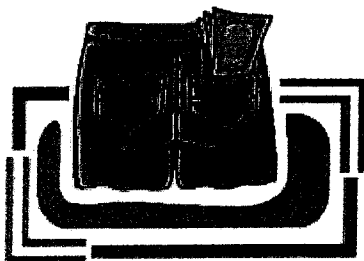
Attachment I – Local Multiplier Effect
Attachment II – Proposed Local Business Preference Policy
Exhibit A – Locally Operated Business Preference Application

The Local Multiplier Effect

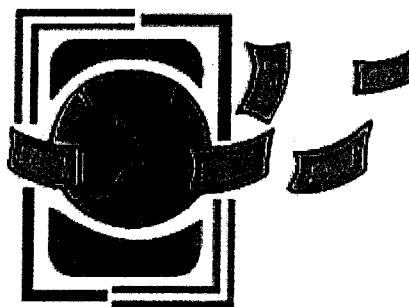
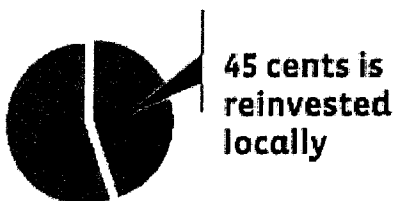
Buying local isn't just about freshness. Make your money count—more than once.
posted Nov 16, 2006

HERE'S THE IDEA

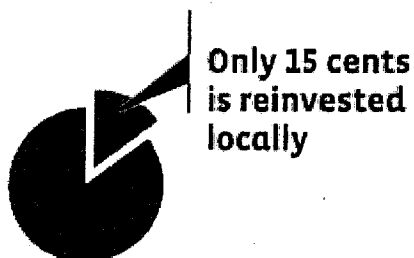
Buying local products at locally owned businesses keeps money circulating closer to where you spend it. This creates a ripple effect as those businesses and their employees in turn spend your money locally. Corporate chains send most of your money out of town.



For every \$1 spent
at a local business ...

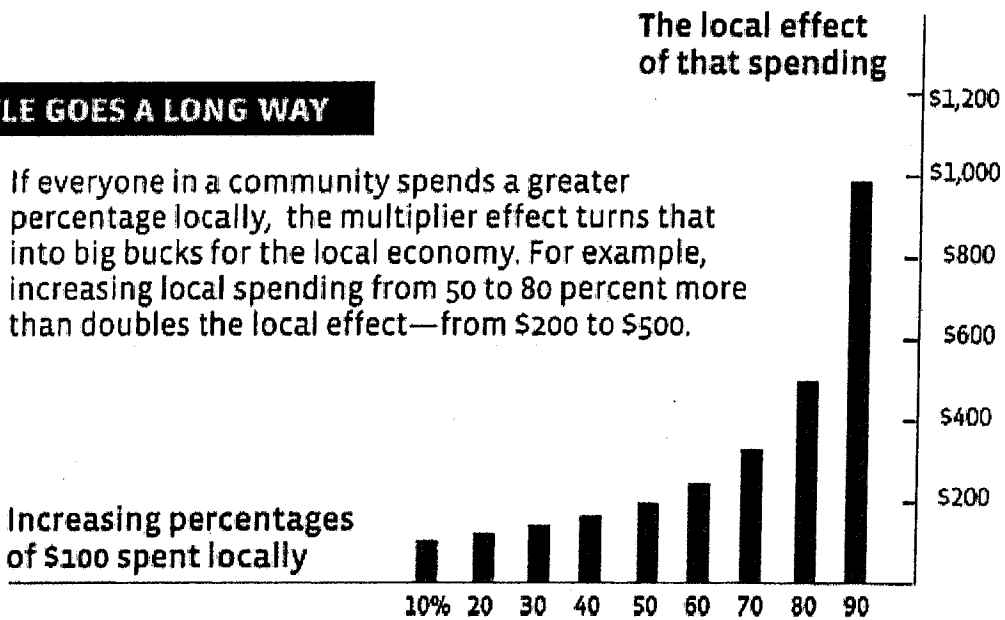


For every \$1 spent
at a corporate chain ...



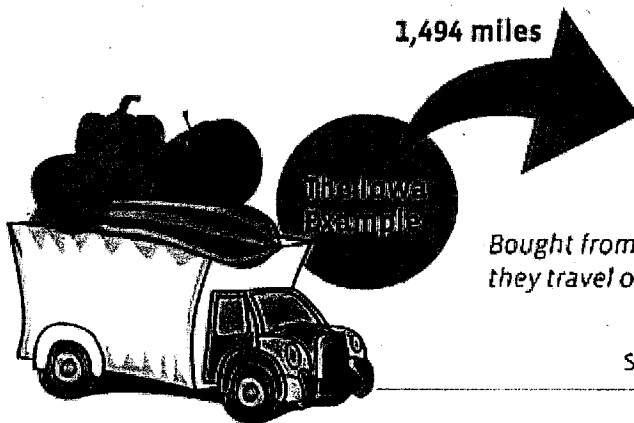
A LITTLE GOES A LONG WAY

If everyone in a community spends a greater percentage locally, the multiplier effect turns that into big bucks for the local economy. For example, increasing local spending from 50 to 80 percent more than doubles the local effect—from \$200 to \$500.



AND A BONUS!

By buying local goods, you maximize your money's impact and minimize fuel use and CO2 production. Produce from the supermarket travels up to 92 times farther than produce grown locally.



1,494 miles

A study by the Leopold Center found that 16 common crops that grow in Iowa travel an average of 1,494 miles to reach chain groceries there.

Bought from local growers, they travel only 56 miles.

Sources: Sustainable Seattle; Civic Economics.

YES! MAGAZINE GRAPHIC 2007

SECTION: Purchasing Policies	PAGE 1 OF 2
ORIGINAL ISSUE DATE: , 2010	<u>SUB SECTION:</u>
REVISION DATE:	LOCAL BUSINESS PREFERENCE POLICY

PURPOSE

In recognition of the responsibility to promote local economic development, the County of Humboldt hereby adopts a policy to grant a five percent (5%) Preference Credit to Locally Operated Businesses when the County Purchasing Agent is evaluating Formal Bids for supplies, goods, materials, furnishings and other personal property (all defined terms used herein having the meanings set forth in the Definitions Section below).

DEFINITIONS

- A. **“Locally Operated Business”** – A legally formed and operated business, including but not limited to a sole proprietorship, partnership, or corporation, which has a Legitimate Business Presence in the County. In addition, the business must meet the criteria as set forth in subsections (1) through (5) below:
- (1) Must hold a valid seller’s permit issued by the State Board of Equalization and a valid business license issued by the County and/or an incorporated city within the County; and
 - (2) Must have been in operation, transacting business in the County, for a minimum of six (6) months prior to publication of the call for Formal Bids; and
 - (3) Must not be delinquent in the payment of any taxes, charges or assessments owing to the County; and
 - (4) If subcontractors are used, must only use subcontractors who meet the criteria of (1), (2), and (3); and
 - (5) Must have requested, completed, returned, and satisfied the requirements of a Locally Operated Business Affidavit of Eligibility.
- B. **“Formal Bid”** – An offer or proposal for providing goods and/or services submitted in response to the County’s formal solicitation through an Invitation to Bid, or similar published solicitation. Does not include a response to a Request for Proposal, Request for Information or any similar solicitation evaluated other than on the basis of cost.
- C. **“County”** – The County of Humboldt.

- D. “Local Business Preference Affidavit of Eligibility” – An affidavit to be completed by a Locally Operated Business (in the form of Exhibit A) in applying for a Preference Credit.
- E. “Legitimate Business Presence” – The existence of one or more physical locations in the County whereat business is conducted and which is staffed by at least one (1) full-time employee or owner/operator.
- F. “Preference Credit” – Shall mean that in considering bids by a Locally Operated Business, the County shall reduce any such bid amount by five percent (5%) when comparing any such bid amount to other bidders who are not a Locally Operated Business, provided that the amount of the Preference Credit shall not exceed five thousand dollars (\$5,000).

POLICY

It shall be the policy of the County to support local economic development by the creation and implementation of a Local Business Preference policy.

- A. Businesses meeting the definition of a Locally Operated Business will be given the option on Formal Bids to obtain a Preference Credit.
- B. The Locally Operated Business must complete, return, and satisfy the requirements of, the Local Business Preference Affidavit of Eligibility and supply a copy of a current, valid business license with the County and/or an incorporated city within the County. Any person, firm, corporation or entity intentionally submitting false information to the County in an attempt to qualify for Local Business Preference shall be prohibited from bidding on County products for a period of one (1) year.
- C. Locally Operated Businesses, which meet the criteria as such, will be given the Preference Credit.
- D. The Preference Credit will only apply to the acquisition of materials, equipment and supplies through a Formal Bid.
- E. Exclusions to the Local Business Preference Policy include: any contracts where State or any superseding law renders the Preference null and void; service contracts (a contract in which the contractor provides a duty or labor, as opposed to commodities or goods); bids which combine professional services with hardware purchases; and agreements awarded by the Public Works Department.
- F. The Purchasing Agent shall coordinate the implementation of this policy.
- G. The Purchasing Agent is not responsible for a Local Business’s failure to request, return or meet the requirements of a Local Business Preference Affidavit of Eligibility.



**COUNTY ADMINISTRATIVE OFFICE
PURCHASING & DISPOSITION TEAM
COUNTY OF HUMBOLDT**

825 5th Street, Room 131, Eureka, CA 95501-1153
Telephone (707) 268-2544 Fax (707) 268-2546

**LOCALLY OPERATED BUSINESS
PREFERENCE APPLICATION**

Pursuant to the Humboldt County Local Business Preference Policy, enacted _____ by the Board of Supervisors, a Locally Operated Business Preference Credit of five percent (5%) not to exceed five thousand dollars (\$5,000) shall be granted to Humboldt County businesses when evaluating Formal Bids for supplies, equipment and materials that are not part of a public works project (all defined terms shall have the meaning set forth in said policy).

To be eligible for the Preference Credit, your business must meet the following criteria:

- (1) A legally formed and operated business, including but not limited to a sole proprietorship, partnership, or corporation, which has a Legitimate Business Presence in the County; and
- (2) Must hold a valid seller's permit issued by the State Board Equalization and a valid business license issued by the County and/or an incorporated city within the County; and
- (3) Must have been in operation for a minimum of six (6) months prior to publication of the call for Formal Bids; and
- (4) Must not be delinquent in the payment of any taxes, charges or assessments owing to the County; and
- (5) If subcontractors are used, must only use subcontractors who meet the criteria of (2), (3), and (4); and
- (6) Must have requested, completed, returned, and satisfied the requirements of a Locally Operated Business Affidavit of Eligibility.

Bidders claiming Locally Operated Business preference for any Formal Bid must submit an Affidavit of Eligibility (see next page) and a copy of their current, valid business license with their Formal Bid or quote response via mail or at the following location:

Humboldt County Purchasing Team
825 5th Street, Room 131
Eureka, CA 95501-1153



**COUNTY ADMINISTRATIVE OFFICE
PURCHASING & DISPOSITION TEAM
COUNTY OF HUMBOLDT**

825 5th Street, Room 131, Eureka, CA 95501-1153
Telephone (707) 268-2544 Fax (707) 268-2546

**LOCALLY OPERATED BUSINESS PREFERENCE
AFFIDAVIT OF ELIGIBILITY**

Complete all areas below. Incomplete forms may be rejected. Submit by mail or in person to the above address.

1. LEGAL NAME OF FIRM: _____
Mailing Address: _____ Physical Address (if different): _____

2. Year and month your business was established in Humboldt County: _____
3. Business License Number issued by County of Humboldt, or Incorporated City within the County:
Business License # _____ Issued By: _____
4. For transactions which require sales tax, provide the following reseller information:
Reseller Permit Number: _____
Enter the Company Name and Address as it appears on permit:

5. Does your business have more than one office in the State of California? Yes _____ No _____
If yes, specify the office location considered as the point-of-sale for sales tax purposes:

6. Is your main, principal or headquarters office, regional, branch or satellite office with at least one (1) full-time employee located in the County of Humboldt?
Yes _____ No _____
7. Was the local business required to pay business taxes and/or secured/unsecured property taxes for most of the recent tax year?
Yes _____ No _____
If yes, did the local business pay any of this tax to Humboldt County? Yes _____ No _____
8. Is the local business delinquent in the payment of any taxes, charges or assessments owing to the County of Humboldt?
Yes _____ No _____
9. Does the business meet the criteria of a locally operated business? Yes _____ No _____

Under penalty of perjury, the undersigned states that the foregoing statements are true and correct. The undersigned also acknowledges that any person, firm, corporation or entity intentionally submitting false information to the County in an attempt to qualify for a local preference shall be prohibited from bidding on Humboldt County products for a period of one (1) year.

Authorized Signature: _____

Date: _____

Printed Name & Title: _____

Phone: _____