

**Mayor**  
William Siegel  
**Mayor Pro Tem**  
Lois Wynne  
**Council Members**  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Public Works  
Department**

711 W. Cinnamon Drive  
Lemoore, CA 93245  
Phone (559) 924-6735  
FAX (559) 924-6708

## Staff Report

SS Item # 2

**To:** Lemoore City Council  
**From:** Lauren Apone, Administrative Analyst *LA*  
**Date:** July 11, 2013  
**Subject:** Local Bidding Preference

---

### **Discussion:**

After the last Council meeting, Council decided they were interested in a local bidding preference consisting of two tiers. Council proposed a yet to be determined percentage for bidders within City limits, and a lower percentage for bidders within the 93245 zip code.

Council asked that staff bring back this item with past bidding history to determine what percentage is best to consider. I have tabulated all the bids awarded in the past 12 months, totaling \$6,530,000. If, as a worst case scenario, every single bid award had a local bidder that was 5% higher than the lowest bidder, and the City paid 5% higher than the lowest bid to award to that local contractor, this would have cost the City an additional \$326,500. If we used 3%, it would have been \$195,900, and 1% \$65,300.

In reality, if the City of Lemoore would have had an ordinance in place in the last 12 months, none of the bids would have been affected and the City wouldn't have paid any additional money. This is for three reasons. First, a local bidder, Cen Cal Paving, won a majority of our paving contracts without the local preference. Second, the local bidders that bid on the other projects were more than 5% higher on their bids and would not have been eligible for the preference. Third, the one local bid that was only 4% higher than the low bid was on a project that was ineligible for the local bidding preference because it has either state or federal funding attached. The mandate that the bid be awarded to the lowest responsive/responsible bidder is contained in each grant's requirements. I have attached a sample of the Federal Highways Administration (FHWA) requirements used for Congestion Mitigation and Air Quality (CMAQ) and Safe Routes to School (SRTS) projects.

Council still needs to give staff guidance on the percentage offered to each tier and what type of preference they wish to give to local bidders. The two options are below:

- Flat preference (If they are within a percentage, they win the bid)
- Matching preference (If they are within a percentage, they get the chance to match the non-local low bid)

A flat preference will mean that the City will pay more for the project than if they went with the non-local low bidder. A matching preference is a creative approach that allows

for the local bidder to provide the goods or service without costing the tax payers additional money.

In addition, Council can decide to apply this preference to Public Works contracts, goods, and professional services, or any combination thereof. Also, Council may wish to set a maximum dollar amount on preference that can be given, for example, \$5,000, \$20,000, etc.

**Budget Impact:**

Depending on the Council's choices, the local bidding preference could have zero budget impact or up to \$326,000 annually, using FY 12/13 numbers.

**Recommendation:**

For discussion only.