

**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:** June 25, 2013  
**Subject:** Local Bidding Preference

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### Discussion:

Mayor Siegel asked staff to investigate options for giving a preference to local bidders. There are three components to a local bidding preference and many options for each. Council must decide what constitutes "local", what kind of preference to give the local bidder, and what additional items to consider.

Staff researched similar ordinances by other cities and received around 20 responses from throughout California. Many had some great ideas for where to start. I have compiled the responses I received into the three components to help facilitate Council discussion.

### What Constitutes Local?

- City Limits
- Zip code
- Kings County
- San Joaquin Valley

One thing to keep in mind is that a sales tax advantage to the City only occurs within City limits. Also, it is important that we limit whatever area Council chooses to a physical business address, not a post office box. In addition, we may want to set a minimum time the business has been in the area, to make sure the business isn't locating here temporarily just to gain this preference.

### What Kind of Preference?

- 1%, 3%, 5% 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. Of all the cities surveyed, 5% was the highest preference given, and was also the most common.

### Additional Items

- Is the preference applied to Public Works contracts, goods, and professional services?
- Is there a maximum dollar amount of preference that can be given? (for example, \$5,000, \$20,000, etc)
- Do we want to require additional items such as membership in the Lemoore Chamber of Commerce or possession of a City of Lemoore Business License?
- Do we want to require that a certain number/percentage of the employees or owners of the company live in the defined area?

It is important to note that this local preference may only be given on locally funded projects. State and Federal grant projects must be awarded to the lowest responsive bidder, with no exceptions. Also, I think it is important to keep this ordinance simple, clear, and easy to understand. The more dimensions added, the more opportunity for confusion on both the part of the bidders and staff implementing the preferences many years down the road.

### **Budget Impact:**

Depending on the Council's choices, the local bidding preference could have zero budget impact or a considerable one, but we are unable to quantify at this time.

### **Recommendation:**

After discussion, Council should provide staff direction on how to proceed.