



DATE: June 27, 2012
TO: STA Board
FROM: Judy Kowalsky, Accounting Technician
RE: STA's Local Preference Policy FY 2011-12 Year-End Report

Background:

In December 2010, the Solano Transportation Authority (STA) Board adopted its Local Preference Policy (LPP), which applies to the purchase of goods, services and the solicitation of professional services. The policy does not apply to any contract which is required by law to be awarded to the "lowest, responsible bidder", such as public work projects or other projects to the extent the application would be prohibited by state or federal law. The policy gives an opportunity for local businesses to bid on products and services necessary in the delivery of STA's projects and programs. Local business firms will be given preference based on their knowledge of the community and proximity to project locations. In October 2011, the policy was amended to define a "local business" as a business enterprise, including but not limited to a sole proprietorship, partnership, or corporation, located within the county for at least six (6) months prior to the date of contract award in order to receive preferential points and have at least one full-time employee who will serve as the lead contact for all services to be performed under the contract.

As part of the implementation of this new LPP, staff worked with Solano County's Chamber of Commerce to expand STA's list of local firms and vendors.

Subsequently, in December 2011, the STA Board adopted a methodology for calculating the LPP contract goal. The methodology is modeled after the Caltrans Underutilized Disadvantaged Business Enterprise (DBE) approach. This methodology was applied on Requests for Proposals (RFP) released as of January 1, 2012 as allowed by the funding source. Each applicable solicitation has an established goal based on the specific services requested and the availability of local businesses to compete for services. Vendors awarded contracts based on utilization of local businesses are required to certify on-going participation of these local businesses with each invoice submitted throughout the contract terms.

Discussion

Table 1, Attachment A, shows the account purchase activities for the FY 2010-11 which covered the first six months of the policy. Overall, thirty-seven (37%) percent of vendors used were local. The LPP component was added to the RFP process to ensure the local business community be provided every opportunity in the bid process. Six (6) of the total contracts initiated in FY 2010-11 were subject to the LPP based on the type of funding source used to fund the activity. Consultants submit invoices and certify their continued compliance to the policy.

In FY 2011-12, STA executed a total of fifteen (15) contracts. Two (2) of these contracts were subject to the LPP requirement. STA staff activities seek opportunities to utilize local vendors for many of its contracts. If the funding source prohibits the use of a LPP, then the following language has been included with the solicitation:

“The STA has adopted a Local Preference Policy which encourages the hiring of local firms which can be found at <http://www.sta.ca.gov/Content/10027/JobsRFPs.html>. No local firm goal has been established for this project; however each firm is encouraged to seek local participation.”

In FY 2011-12, STA increased the number of local vendors utilized in the delivery of various priority projects and programs from seventy (70) to eighty-four (84), a twenty (20%) percent increase with total local dollars spent increased in the amount of \$518,228.

Consultants/Professional services subject to the LPP in Table 2A had four (4) vendors/consultants. Thus far, there were no invoices billed or project activities by the local sub consultants for this reporting period.

Table 2, is the LPP vendor activities for FY 2011-12. These amounts are based on STA’s FY 2011-12 unaudited financial reports.

Consultant/Professional Services category are those services for engineering, construction, auditing, and other services. During FY 2011-12, the number of local vendors increased from fifteen (15) to nineteen (19). Concurrently, the total local dollars spent increased in the amount of \$528,392, (74%) percent. This increase reflects the utilization of local vendors for various priority projects and program activities of STA, such as the I-80 Eastbound Truck Scales Relocation, the SR12 Realignment Project, Jepson Parkway Project, and the Safe Routes to School Program.

General Office Supplies/Purchases category is the costs for general operations and administration in the delivery of STA’s programs and projects. During FY 2011-12, the number of local vendors increased from fifty-four (54) to sixty-four (64). Increased activity with the Solano Napa Commuter Information (SNCI) Vanpool Program, Bike Incentive Program, Bike to Work Day, along with the increased utilization of local office supply vendors contributed to the overall increase of local activity within this category.

The STA staff continues to be proactive in using the guiding principles and contract goals of the LPP to solicit work from local vendors while being fiscally responsible. This annual analysis of the policy will be conducted and presented to the STA Board in July of each year. The STA TAC reviewed report at their meeting of June 27, 2012.

Fiscal Impact:

While the LPP does not have fiscal impact to the STA budget, it does contribute to the economic vitality of the local economy and implements a policy priority adopted by the STA Board.

Recommendation:

Informational.

Attachment:

A. STA purchase activities

Table 1: Purchase Activities (July 1, 2010-June 30, 2011)

Table 2: Purchase Activities (July 1, 2011-May 31, 2012)

**Purchase Activities for FY 2010-2011 and
FY 2011-2012**

Table 1: (July 1, 2010-June 30, 2011)

Description	Total Vendor Activities					
	# of Vendors	Amount	# of Local Vendors*	Amount	% Local Vendor Used	% Local Dollars
Consultants/Professional Services	65	\$22,494,142	15	\$713,689	23%	3%
Office Space	1	\$198,930	1	\$198,930	100%	100%
General Office Supplies/Purchases	125	\$181,234	54	\$57,041	43%	31%
Total	191	\$22,874,306	70	\$969,660	37%	4%

Table 1A**Consultants/Professional Services Subject to Local Preference Policy**

Description	Total Vendor Activities		Local Preference Activities			
	# of Vendors	Amount	# of Local Vendors*	Amount	% Local Vendor Used	% Local Dollars
Consultants/Professional Services	6	\$179,393	2	\$10,617	33%	6%

* Local vendors, either prime or subconsultants

Table 2: (July 1, 2011-June 30, 2012)

Description	Total Vendor Activities					
	# of Vendors	Amount	# of Local Vendors*	Amount	% Local Vendor Used	% Local Dollars
Consultants/Professional Services	58	\$11,178,109	19	\$1,242,081	33%	11%
Office Space	1	\$188,544	1	\$188,544	100%	100%
General Office Supplies/Purchases	143	\$150,735	64	\$57,263	45%	38%
Total	202	\$11,517,388	84	\$1,487,888	42%	13%

Table 2A**Consultants/Professional Services Subject to Local Preference Policy**

Description	Total Vendor Activities		Local Preference Activities			
	# of Vendors	Amount	# of Local Vendors*	Amount	% Local Vendor Used	% Local Dollars
Consultants/Professional Services	4	\$451,176	0	\$0	0%	0%

* Local Vendors, either prime or subconsultants