

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, AUGUST 27, 2024**

MINUTE ORDER NO. 22

**SUBJECT: ENHANCING EQUITY AND COMMUNITY STRENGTH
 THROUGH PROCUREMENT AND TECHNICAL ASSISTANCE
 PROGRAMS (DISTRICTS: ALL)**

OVERVIEW

The County of San Diego (County) recognizes the important role that small businesses, including non-profits, play in our local economy and community fabric. However, barriers such as limited access to contracting opportunities and resources often hinder their full participation in the County’s procurement process. Small businesses, particularly those from historically under resourced communities face significant challenges in navigating a somewhat complex government procurement process.

In fact, the County has seen a downward trend in the participation of local small businesses in contracting with the County, from 11.3% in Fiscal Year (FY) 2021-22 to 8.3% in FY 2022-23. The County can encourage local small businesses to participate in the County’s procurement process by improving its outreach efforts, providing technical assistance, increasing bond assistance, and increasing the County’s “local business preference” from 5% to 15%. Doing so could help the County achieve a goal of 25% of annual procurement spending with local small businesses. Having such a lofty goal will encourage the County to really focus on ensuring that more County contracts are accessible to the local small business community and in turn help stimulate economic growth in our region.

Expanding opportunities for local small businesses in County contracts will strengthen our local economy, enhance the inclusivity of our procurement processes, and foster a more dynamic and competitive local marketplace. Local small businesses contribute more directly to the community through job creation and spending compared to out-of-county vendors. Other counties and cities in California have successfully improved their procurement processes and boosted participation by local small businesses. The County can also implement new initiatives in its procurement process to make contracting with the County more accessible to our local small businesses.

RECOMMENDATION(S)

SUPERVISOR MONICA MONTGOMERY STEPPE

Direct the Chief Administrative Officer to include the following as part of the report to the Board as directed by the Board on April 30, 2024 (12):

1. Recommendations to formalize local participation for all County contracts where appropriate, feasible and allowable based on funding requirements and law.

2. An evaluation of the County’s current use of state and federal business certifications and proposed options to improve the County’s method of identifying local small businesses, including non-profits.

3. Recommendations to increase the County’s “local business preference” from 5% to 15%, with the ultimate goal of 25% of annual procurement spend to be with local small businesses.

4. Recommendations to establish a small business advancement policy that will develop and grow a robust community of local small businesses participating in contracts with the County of San Diego.
5. Recommendations for a comprehensive technical assistance program tailored to support local small businesses, including non-profits, in navigating the County of San Diego's procurement and contracting process.
6. Recommendations, including a proposed funding source, for an insurance and bond assistance program that will help local small businesses, including non-profits, overcome bonding barriers and participate in larger projects with the County of San Diego.

EQUITY IMPACT STATEMENT

This action seeks to increase opportunities for local small businesses, particularly those from historically under resourced communities by providing more transparency and assistance with the County's procurement and contracting process.

SUSTAINABILITY IMPACT STATEMENT

The County has made strides to advance sustainability across its operations by partnering with external vendors to acquire essential goods and services. This strategy has enabled the County to fulfill its mission while maximizing the use of resources. Encouraging local small businesses to participate and compete in the County's procurement and contracting process will result in more cost savings and other benefits for the County.

FISCAL IMPACT

There is no immediate fiscal impact associated with these recommendations. There will be no change in net General Fund cost and no additional staff years at this time.

If approved, staff would explore options for funding these recommendations that will be included in the report to the Board as directed on April 30, 2024 (12). The funding source would likely be Purchasing Internal Service Fund fund balance and/or revenue from client departments through the existing procurement rate structure. There is a potential increase in net General Fund cost for certain client departments, and also may be an increase in staff years that could be recommended at that time. Staff would return to the Board for consideration and approval of any future fiscal and/or staffing impacts.

BUSINESS IMPACT STATEMENT

The County has historically encouraged small businesses to participate in County contract opportunities and has recognized the importance of our local business community. By expanding outreach, education, and support programs, the County will further amplify the impact of these efforts. The proposed changes will enhance the ability of local small businesses to participate in the County's procurement process.

ACTION:

ON MOTION of Supervisor Montgomery Steppe, seconded by Supervisor Vargas, the Board of Supervisors took action as recommended.

AYES: Vargas, Anderson, Montgomery Steppe, Desmond

NOT PRESENT: Lawson-Remer

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter