



MONICA MONTGOMERY STEPPE

**SUPERVISOR, FOURTH DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS**

AGENDA ITEM

DATE: August 27, 2024

22

TO: Board of Supervisors

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.

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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.

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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.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County of San Diego is home to a vibrant small business community that contributes significantly to our local economy. However, many local small businesses face challenges in accessing the County's contracting opportunities due to barriers such as limited resources, bonding requirements, and general unfamiliarity with the County's procurement process. At the same time, the County's procurement and contracting process is an essential component of its overall financial planning and economic strategy. The County allocates funds for a wide range of services and projects through its procurement process, aiming to ensure that public resources are used effectively and efficiently. If the County could find ways to better partner with local small businesses, it could benefit both the County and the local small business community.

Across California, counties and cities have implemented successful strategies to improve the participation of local small businesses in public contracting. These practices have not only bolstered local economies but have also fostered a more inclusive and competitive marketplace. For example, Los Angeles County developed a program that reduces the bidding price by 15% for local businesses. This program has led to a significant increase in the number of local businesses securing county contracts and has strengthened the local economy by keeping spending within the community. In 2016, San Francisco implemented a program which includes setting aside specific contract opportunities for small businesses and providing them with technical assistance and mentoring. This approach resulted in increased opportunities for small businesses to successfully compete and a more diverse vendor pool for the city. In 2013, Oakland began a program mandating a certain percentage of city contracts be awarded to local small businesses. The program also includes training workshops and networking events to support small businesses and increase their chances of securing contracts.

These examples demonstrate that providing the right support for local small businesses can increase their participation in the County's procurement and contracting process. In doing so, the County can benefit with cost savings from a more diverse pool of vendors. At the same time, the local economy could better thrive.

Providing a comprehensive technical assistance program will help demystify the County's procurement and contracting process for local small businesses. Technical assistance means providing specialized expertise and support to help local small businesses comply with government regulations that can seem complex. A strong technical assistance program can help enhance efficiency and improve decision-making for both the County and the local small

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businesses. Ultimately, technical assistance will ensure that the procurement and contracting process between the County and local small businesses is efficient and meets government requirements.

Developing a bond assistance program will help local small businesses participate in larger projects with the County of San Diego. Bond assistance will provide essential financial support, enabling local small businesses to be able to compete to secure more contracts and bigger contracts. If local small businesses can successfully fulfill more and/or bigger contracts, they will be able to invest in their operations and expand, and possibly retain or create more jobs in the local economy.

On April 30, 2024 (12), the Board of Supervisors (Board) approved recommendations by Chairwoman Nora Vargas and Supervisor Joel Anderson, as amended by Supervisor Monica Montgomery Steppe, which directed the Chief Administrative Officer (CAO) to report back to the Board on opportunities to expand the County's ability to enhance the participation of local businesses in County procurements. The Board directed the CAO to explore implementation strategies for expanding opportunities for local businesses to participate in County contracts per State of California Assembly Bill 2019 (AB 2019), on small business enterprises and its language on procurement participation, State of California and federal certifications for small businesses and disadvantaged business enterprises under the State of California government code. AB 2019 focuses on improving public procurement processes by enhancing efficiency, transparency, and inclusivity. The bill underscores the significance of equitable procurement practices to foster a more inclusive and effective procurement environment. By implementing these measures, the bill aims to ensure that public procurement is conducted fairly and transparently, providing opportunities for a diverse range of participants and ultimately improving the overall effectiveness of procurement activities.

The purpose of today's actions is to provide additional direction to the CAO when preparing the report back to the Board of Supervisors with the April 30, 2024 (12) report.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the County of San Diego's 2024-29 Strategic Plan initiatives of Community (Quality of Life), Equity (Economic Opportunity), and Sustainability (Economy) by encouraging local small businesses to participate in contracting opportunities with the County. Today's proposed actions demonstrate the County's dedication to operational excellence and the County's commitment to supporting a thriving local business ecosystem.

Respectfully submitted,



MONICA MONTGOMERY STEPPE
Supervisor, Fourth District

ATTACHMENT(S)

N/A