



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: August 26, 2025

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TO: Board of Supervisors

SUBJECT

APPROVE AMENDMENTS TO AND SUNSET OF BOARD POLICIES RELATED TO ECONOMIC PROSPERITY AND PROCUREMENT AND ADOPT AN ORDINANCE AMENDING ARTICLE XXIII OF THE SAN DIEGO COUNTY CODE OF ADMINISTRATIVE ORDINANCES RELATING TO COUNTY CONTRACTING, SECOND READING (DISTRICTS: ALL)

OVERVIEW

The County of San Diego (County) is dedicated to fostering an inclusive and resilient regional economy by supporting small businesses, non-profits, and community-based enterprises. To achieve this, the County is leveraging its \$2.2 billion annual contract spend, with a goal of achieving 25% of procurement spend being with small-local businesses, in alignment with California Assembly Bill (AB) 2019. This goal highlights the strategic importance of local businesses in job creation, community wealth building, and inclusive economic development.

One key strategy to reaching this goal is updating the County's procurement guidelines to reduce barriers and increase access for small-local businesses. On June 24, 2025 (12), proposed policy changes were presented to the San Diego County Board of Supervisors (Board) that intended to prioritize local businesses, expand the definition of small businesses, increase the small-local business preferences, and expand the use of simple procurement methods. On this day, the Board approved the introduction of an Ordinance (first reading) to amend Article XXIII of the San Diego County Administrative Code, relating to County contracting. The Board also directed the Chief Administrative Officer (CAO) to revise the proposed Board Policy B-53, Small-Local Business Policy, by including a provision that references the federal definition of Disadvantaged Business Enterprises (DBEs), as outlined in 49 CFR Part 26. This provision will clarify that small businesses qualify as DBEs if they meet one of the small business definitions included in the policy.

If the policy recommendations are approved, the County will add DBEs to the list of definitions in Board Policy B-53: Small-Local Business Policy in recognition of the importance of these businesses. Additionally, the County will recognize a new category of businesses as part of the Small-Local Business Preference implemented by this policy. Businesses located in low-income communities, as defined by the New Market Tax Credits (NMTC) on the Community Development Financial Institutions (CDFI) Fund Map or meet other criteria, will be considered Social Equity Enterprises. In addition, the County is launching a Reciprocal Small-Local Business

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Certification Program to provide local businesses with certifications from other institutions, such as the federal HubZone or the City of San Diego's Emerging Local Business Enterprise, with the benefits of the Small-Local Preference Program.

To support the implementation of the recommended policy changes, the County has ramped up efforts related to data by conducting a baseline assessment of current data, systems, and definitions related to Small-Local business contracting. A data governance working group will be established to support long-term efforts to track, monitor and report on progress made towards the County's contracting goals. This group will be a collaborative, cross-departmental team consisting of representatives from all business groups to ensure a County-wide perspective. Additionally, a phased internal training and communication plan has been launched and resources for small businesses to navigate these changes are being implemented.

Today's item requests the Board to consider and adopt the Ordinance amending Article XXIII of the San Diego County Administrative Code relating to County contracting (second reading unless ordinance is modified on the second reading). Amendments to Sections 400-404 are generally administrative and Section 405 is being amended to increase the small-local preference from 5% to 15%.

This item also proposes changes to the following Board Policies related to economic development and procurement that would become effective on September 25, 2025:

- A-71 – San Diego County Economic Development
- A-87 – Competitive Procurement
- B-53 – Small Business Policy
- B-39a – Veteran-Owned Businesses (VOB) and Disabled Veterans Business Enterprise (DVBE) Program
- B-67 – Environmentally Preferable Procurement (EPP)

If recommendations to update Board Policies are approved, it is recommended the Board approve the sunset of the following Board Policies effective September 25, 2025 as components of these policies have been incorporated into other policies:

- A-137 – Environmentally Responsible Use of Copy and Printing Paper
- F-40 – Procuring Architectural, Engineering, and Related Professional Services
- F-47 – Procuring Professional Services to Assist with County Acquisition and Leasing of Real Property

Finally, the Board is requested to direct the CAO to report back annually in September of each year on the progress and outcomes achieved in the prior fiscal year.

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RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. Consider and adopt:

AN ORDINANCE AMENDING ARTICLE XXIII OF THE SAN DIEGO COUNTY CODE OF ADMINISTRATIVE ORDINANCES RELATING TO COUNTY CONTRACTING (second reading)

2. Approve the amendments set forth in Attachments D – M to the following Board Policies to be effective September 25, 2025, and set a sunset review date for these Board Policies of December 31, 2032:
 - A-71 – San Diego County Economic Development
 - A-87 – Competitive Procurement
 - B-39a – Veteran Owned Business (VOB) and Disabled Veterans Business Enterprise (DVBE) Program
 - Board Policy B-39a to be renamed Veteran Owned Business (VOB) and Disabled Veteran Business Enterprise (DVBE) Program
 - B-53 – Small Business Policy (SBP)
 - Board Policy B-53 to be renamed to Board Policy B-53 Small-Local Business Policy (SLBP)
 - B-67 – Environmentally Preferable Procurement (EPP)
3. If recommendation #2 is approved, sunset the following Board Policies effective September 25, 2025:
 - A-137 – Environmentally Responsible Use of Copy and Printing Paper
 - F-40 – Procuring Architectural, Engineering, and Related Professional Services
 - F-47 – Procuring Professional Services to Assist with County Acquisition and Leasing of Real Property
4. Direct the Chief Administrative Officer to report back annually in September of each year on the progress and outcomes achieved in the prior fiscal year.

EQUITY IMPACT STATEMENT

Revisions to policy documents will reinforce equity, expand opportunities for small-local businesses, and reduce barriers to participation. Today's actions to approve and adopt changes to procurement-related policies and Administrative Code sections will enhance equity and community strength and are a major step toward expanding opportunities for small-local businesses to participate in County of San Diego contracting.

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SUSTAINABILITY IMPACT STATEMENT

Today's actions align with the County of San Diego's (County) Sustainability Goal #1 to engage the community in meaningful ways and continually seek stakeholder input as the recommendations reflect what was heard during numerous community engagement activities and listening sessions with the business community. In addition, the proposed policy changes align with the County's Sustainability Goal #2 to provide just and equitable access to County contracting by simplifying current procurement policies, increasing procurement authority limits, and expanding the County's local business preference.

Additionally, the proposed changes to Board Policy B-67 align with the County's Sustainability Goal #7 by promoting responsible purchasing practices that reduce pollution, waste, and resource consumption. These updates reflect a broader commitment to considering the full life cycle impacts and costs of County purchases, enabling the County to lead by example in minimizing environmental harm, reducing exposure to harmful products, and promoting fiscal and social responsibility.

FISCAL IMPACT

If the proposed increase to the local preference program from the currently established 5% (not to exceed \$50,000) to 15% (not to exceed \$150,000) is approved and implemented, the potential increased contract costs are estimated to be around \$1.3 million. The actual costs incurred would depend upon the outcomes of specific bids, with a maximum preference ceiling of \$150,000 per procurement. Existing departments funding sources will be used to pay for associated increased contract costs. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT

The County of San Diego (County) encourages the participation of small-local businesses in County contracting opportunities. Today's actions to approve and adopt changes to procurement policies will enhance equity and community strength and are a major step toward expanding opportunities for Small-Local businesses. By achieving the program's goal of directing 25% of County annual procurement spend of \$2.2 billion to Small-Local businesses, approximately \$550 million per year would be spent to small businesses, nonprofits and social equity focused organizations in the San Diego region.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County of San Diego (County) is committed to building a more inclusive and resilient regional economy where small businesses, non-profits, and community-based enterprises have opportunities to grow and thrive. As part of efforts to achieve this goal, the County is leveraging its \$2.2 billion annual spend on contracts and has set the goal of 25% of the County's contract

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spend to be with small-local businesses, aligning with California Assembly Bill (AB) 2019. This target reflects not only the County's values, but the strategic role local businesses play in creating jobs, building community wealth, and driving inclusive economic development.

To achieve this goal, the County must implement significant, community-guided strategic changes. One key strategy is updating the County's procurement guidelines to reduce barriers, increase access, and facilitate easier collaboration between the County and small-local businesses. On June 24, 2025 (12), proposed policy changes were presented to the San Diego County Board of Supervisors (Board), along with updates on other activities related to enhancing the economic prosperity of the region. Some of the changes these policies create include:

- Prioritizing local businesses.
- Expanding the definition of a small business to include nonprofits; veteran-owned and disabled veteran-owned businesses; businesses with other recognized small business certifications; and those that meet the criteria for certification, even if they are not yet certified.
- Increasing the preference in the Small-Local Business Preference Program from 5% to 15%.
- Expanding requirements for some contracts to sub-contract at least 3% of the total contract value with small-local businesses
- Reviewing and refining requirements so that simpler, quicker procurement methods can be used more often which are often less resource intensive for small businesses.
- Increasing the limit for procurement that can be specifically set aside for small businesses and veteran owned businesses from \$100,000 to \$1,000,000 annually.
- Providing clearer guidance for the County to select products and vendors that are environmentally responsible.

On June 24, 2025 (12), the Board approved the introduction of an Ordinance amending Article XXIII of the San Diego County Administrative Code relating to County contracting (first reading) and directed the Chief Administrative Officer (CAO) to amend the proposed Board Policy B-53, "Small-Local Business Policy," to add a provision that calls out the DBE (Disadvantaged Business Enterprises) definition pursuant to the Code of Federal Regulations, 49 CFR, Part 26, to specify that small businesses qualify as a DBE and meets one of the small business definitions in the policy.

A DBE is a for-profit small business where socially and economically disadvantaged individuals own at least 51% of the business and control its management and daily operations. Individuals presumed to be socially and economically disadvantaged include African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women. To be considered economically disadvantaged, the business's majority owner cannot have personal net worth more than \$2.047 million. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis. This federal designation is often used in the context of

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U.S. Department of Transportation (DOT) programs. In addition to supporting small business, AB 2019 underscores the importance of including DBEs within the 25% procurement goal. The legislation includes specific provisions aimed at advancing equity by ensuring that DBEs are not only eligible but are actively engaged and benefiting from the State's procurement opportunities. It calls for the development of targeted strategies to increase DBE participation and ensure they have equitable access to contracting opportunities across State agencies.

To align the County's efforts with AB 2019, Board Policy B-53 Small-Local Business Policy has been amended to recognize the importance disadvantaged businesses have in our contracting efforts. In addition to adding DBE to the list of definitions, a new business category has been added. If the policy amendments are approved, the County will recognize a new category of businesses called Social Equity Enterprises (SEE). SEEs are for-profit businesses or non-profit organizations that are either operate in areas of San Diego County designated as eligible for New Market Tax Credits (NMTC) on the Community Development Financial Institutions (CDFI) Fund Map, or meet other criteria. The NMTC Program was created to address the historic lack of investment in low-income communities by offering tax credits that attract private capital, helping to revitalize struggling local economies. The map utilizes data on poverty rate, median family income and unemployment rate to identify qualified census tracts. Alternatively to being located in NMTC Map areas, a business can qualify as a SEE if the business meets either of these criteria:

- Enhances San Diego County by having primarily provided services to Low-Moderate Income (LMI) populations or justice-involved communities in the previous 12 months, or
- Enhances San Diego County by having primarily provided services to advance environmental justice and/or climate justice in the previous 12 months, or
- Provides pro bono services in San Diego County:
 - Donates a minimum of 1% of products or services to LMI populations, or
 - Donates a minimum of 1% of gross annual revenue to philanthropy; or,
- Is at least 51% owned by, and whose management and daily operations is controlled by, persons qualifying as LMI and/or that are justice-involved.

By extending Small-Local business benefits to eligible SEEs, the County is recognizing and investing in enterprises that aim to advance equity by addressing economic, social, and environmental disparities. This effort aims to foster inclusive and sustainable growth by supporting organizations that operate in and for the benefit of historically underinvested communities.

In addition to this place-based investment and social equity approach, the County is expanding access to contracting opportunities by launching a Reciprocal Small-Local Business Certification Program. This program recognizes local businesses with certifications from other institutions, such as the federal HubZone or the City of San Diego's Emerging Local Business Enterprise, as small businesses. This initiative aims to reduce the administrative burden on businesses by eliminating the need for additional lengthy certification processes. For more information, please refer to Attachment N.

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To ensure accountability in supporting socially and economically disadvantaged businesses, AB 2019 requires the Governor's Office of Business and Economic Development, also known as GO Biz, to prepare an annual report. This report details the activities and outcomes of state agencies' efforts to include small businesses, including those owned by women, minorities, and members of the LGBTQ+ community, in their procurement processes and help them benefit from these opportunities. While GO-Biz is still finalizing its first annual report, the County intends to utilize this report and related resources from GO-Biz as a guide to creating a County-specific annual report. This annual report will highlight the efforts made across the enterprise to ensure economic equity by further engaging with and creating contracting opportunities for socially and economically disadvantaged businesses, as well as the County's efforts to achieve the 25% small business contracting goal.

Recognizing the importance of measuring the impact of policy changes and tracking progress toward the County's 25% small business spend goal, the CAO directed the development of a 30-, 60-, and 90-day data action plan, as well as a long-term data and metrics strategy. This plan called for the rapid launch of a multidisciplinary team to conduct a baseline assessment of current data, systems, and definitions related to small-local business contracting. The team focused on areas most critical to effectively measuring the contract spend with small-local businesses. Since late June, in anticipation of a September 25, 2025, effective date of the policy changes, the team has worked to create standardized definitions and key performance metrics to measure progress. The group has identified the needed updates to data collection systems and processes and are prioritizing the most critical system changes.

One of the most critical updates includes revising the business demographic questions in BuyNet, the County's procurement portal, to align with AB 2019. Businesses will now have the voluntary option to self-identify key demographic information, including the race and ethnicity of the majority owner, as well as whether the owner identifies as a woman or LGBTQ+. This enhancement supports the County's efforts to better understand and monitor participation from socially and economically disadvantaged businesses, helping to inform more equitable outreach and engagement strategies. To support long-term data efforts, a data governance working group will be established to monitor the effectiveness of changes by analyzing data trends, refining systems and processes, and developing dashboards and reporting tools to ensure transparency and ongoing improvement.

Implementing these changes requires strong coordination within the County and with external partners. Staff have already launched a phased internal training and communication plan, supported by clear guidance and user-friendly tools, to prepare County employees to implement the new policies. The first phase focuses on updating procedures for new solicitations and ensuring that staff are trained by September 25. This includes revised contract templates and solicitation documents. The second phase will update manuals and training materials used in the Contracting Officer's Representative (COR) Academy. The final phase will include a full review and update

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of all remaining procurement documents to ensure alignment and consistency across systems and references. While the new policy framework creates more opportunities to engage small and local businesses, it is equally important to support County staff in using this framework to make lasting change. Staff are actively identifying ways to strengthen communication, provide support, and introduce innovative programs to help realize the full potential of these changes.

The County is committed to clear and consistent communication with external stakeholders and the business community as we move forward with this direction. To support small businesses in navigating these changes, the County is providing targeted resources, including access to technical assistance through the Support, Training, and Education for Procurement (STEP) program. In addition, innovative initiatives such as the Bonding and Underwriting Insurance for Local Development (BUILD) program and the Compliance, Operations and Readiness Education (CORE) program are being launched to promote the long-term growth, resilience, and sustainability of small businesses across the region. BUILD offers direct support and financial resources to small business who are ready to contract with the County but are unable to afford the bonding and/or insurance requirements. The CORE program aims to prevent labor violations and promote fair business practices by providing small businesses and nonprofits across San Diego County with expert-led administrative and bookkeeping assistance. To further inform and refine these efforts, a comprehensive county-wide survey is being administered to assess regional business sentiment about working with the County. This initiative builds on previous engagement efforts and will provide valuable insights to ensure that County programs and policies continue to evolve in ways that are responsive and effective. Ongoing engagement with the business community will be led by the County's Office of Economic Development and Government Affairs, through its Small Business Unit, with an emphasis on relationship-building, information sharing, and creating feedback channels. Insights gathered through these efforts will be routinely reviewed and used to shape procurement policies, programs, and practice, ensuring they remain responsive, equitable, and continuously improving.

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Finally, the Board is requested to direct the CAO to report back annually in September of each year on the progress and outcomes achieved in the prior fiscal year.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's actions support the County of San Diego's 2025-2030 Strategic Plan initiatives of Community (Quality of Life), Equity (Economic Opportunity), and Sustainability (Economy) by removing barriers and increasing small-local business and nonprofit participation in contracting opportunities with the County to encourage growth and economic activity locally within San Diego County.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Note: Due to the size of the attachments, the documents are available online through the Clerk of the Board's website at www.sandiegocounty.gov/content/sdc/cob/bosa.html.

Attachment A – AN ORDINANCE AMENDING ARTICLE XXIII OF THE SAN DIEGO COUNTY CODE OF ADMINISTRATIVE ORDINANCES RELATING TO COUNTY CONTRACTING (Clean copy)

Attachment B – AN ORDINANCE AMENDING ARTICLE XXIII OF THE SAN DIEGO COUNTY CODE OF ADMINISTRATIVE ORDINANCES RELATING TO COUNTY CONTRACTING (Informational copy)

Attachment C – SUMMARY OF PROPOSED ORDINANCE

Attachment D – Board Policy A-71 San Diego County Economic Development (Clean Copy)

Attachment E – Board Policy A-71 San Diego County Economic Development (Strikeout Copy)

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Attachment F – Board Policy A-87 Competitive Procurement (Clean Copy)

Attachment G – Board Policy A-87 Competitive Procurement (Strikeout Copy)

Attachment H – Board Policy B-39a Veteran Owned Business (VOB) and Disabled Veteran Business Enterprise (DVBE) Program (Clean Copy)

Attachment I – Board Policy B-39a Veteran Owned Business (VOB) and Disabled Veteran Business Enterprise (DVBE) Program (Strikeout Copy)

Attachment J – Board Policy B-53 Small-Local Business Policy (SLBP) (Clean Copy)

Attachment K – Board Policy B-53 Small-Local Business Policy (SLBP) (Strikeout Copy)

Attachment L – Board Policy B-67 Environmentally Preferable Procurement (Clean Copy)

Attachment M – Board Policy B-67 Environmentally Preferable Procurement (Strikeout Copy)

Attachment N- Reciprocal Small-Local Business Certification Program