



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** June 12, 2012

From: Frank W. Robinson, Town Manager **Item No:** 17
Town Manager's Office

Subject: LOCAL PREFERENCE AD HOC COMMITTEE

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

That the Town Council appoint an Ad Hoc Committee for the purpose of performing a comprehensive review of local preference issues and a corresponding analysis of the Town's current Local Preference program. At its conclusion, the Committee will prepare a report of its findings and recommendations for presentation at a future Town Council meeting.

SUMMARY:

At a Council meeting subsequent to the adoption of Ordinance 426, a call was made for a more comprehensive Local Preference Policy due to both the complexity of local preference issues and the need to consider additional factors not addressed by the current program. Staff has discussed the matter in detail and found that important issues such as professional services contracts, best quality/best price comparisons, construction/capital projects, fiduciary responsibility, procedure for the selection of most qualified, perception of favoritism/bias, consideration of additional costs to the Town, sales tax benefits, etc., have not been addressed at this point.

After careful consideration, staff has determined that examination of these issues would best be conducted by an Ad Hoc Committee. The Committee membership would consist of two Council members, two staff members, and legal representation from the Town Attorney. The Committee will be charged with the task of scrutinizing the aforementioned issues, reviewing the Town's current Local Preference Policy and providing recommendations to the Town Council based upon its findings. It will be imperative that the Committee take into consideration the importance of establishing a Local Preference Policy which ensures the Town's ability to procure quality products/services but also provides an opportunity for the Town to promote local

businesses and benefit from enhanced economic activity by reinvesting dollars into the local economy.

BACKGROUND:

Last year, at the request of the Town Council, staff researched the Town's current procurement policy and state law in regards to local preference and reported its findings to Town Council at the September 27, 2011 Town Council meeting. At the October 12, 2011 Council meeting, members of the public requested that the Town Council establish a local preference program in order to boost the local economy. In response, the Town Council directed staff to prepare and present a proposed amendment to the Municipal Code for consideration. At the November 8, 2011 Council meeting, staff presented its recommendation for an amendment and update to the Municipal Code necessary to implement a Local Preference policy. In response, the Council adopted Ordinance 426 amending the Title 3 "Revenue and Finance Code" of the Town of Apple Valley Municipal Code amending sections 3.12.230 "Open Market or Informal Bid Procedure" and 3.12.270(5) "Exceptions to Competitive Bidding Requirement" of the code by amending and establishing provisions allowing local preference for businesses within the High Desert/ Victor Valley area for the promotion of the local economy and to offset increased costs for local businesses.

FISCAL IMPACT:

Potentially higher direct costs to the Town as a result of paying higher contract amounts; however, costs would be offset by numerous direct and indirect economic benefits received by the local economy.