



**Agenda Item No.**

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**COUNCIL COMMUNICATION**

**Date:** December 10, 2002

**TO:** Mayor and Members of the City Council

**FROM:** David R. Martinez, City Manager  
Frederick H. Wright, Finance Director

**SUBJECT:** UPDATE ON LOCAL PURCHASING EFFORTS, INCLUDING SUGGESTIONS FOR INCREASING THE AVAILABILITY FOR LOCAL VENDORS TO PARTICIPATE IN CITY PURCHASING EFFORTS.

**RECOMMENDATION**

This item is for information only. No council action is necessary.

**SUMMARY**

The City of Vallejo hired a Purchasing Manager in early 2000 and began implementation of a Centralized Purchasing Program shortly thereafter. One of the goals of the program was to lower the City's cost of goods purchased, but at the same time utilize local vendors whenever possible. This report presents tangible results of those efforts.

**DISCUSSION**

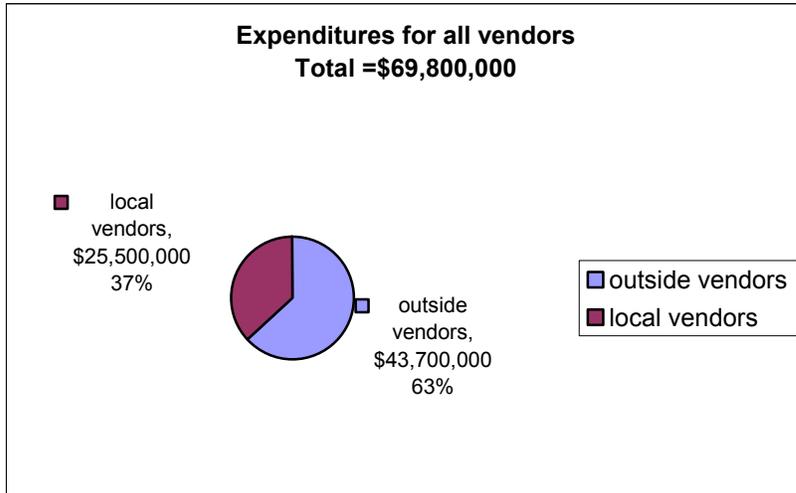
In March 2000 the City hired Chris Stewart as its Purchasing Manager in the Finance Department. The Purchasing Department was established under direction of the City Council for Centralized Purchasing. Prior to his hiring each department handled its own purchasing of office supplies, equipment and other items necessary for their jobs.

By hiring a Purchasing Manager and setting up a centralized purchasing program, the City has been able to streamline its purchasing efforts and maximize its ability to receive deeper discounts through higher-volume purchases which result in lower costs of products.

As the local, state and national economy has fluctuated, awareness of efforts to support local businesses has increased. The reasoning is, logically, that by supporting local businesses the City is in essence supporting itself.

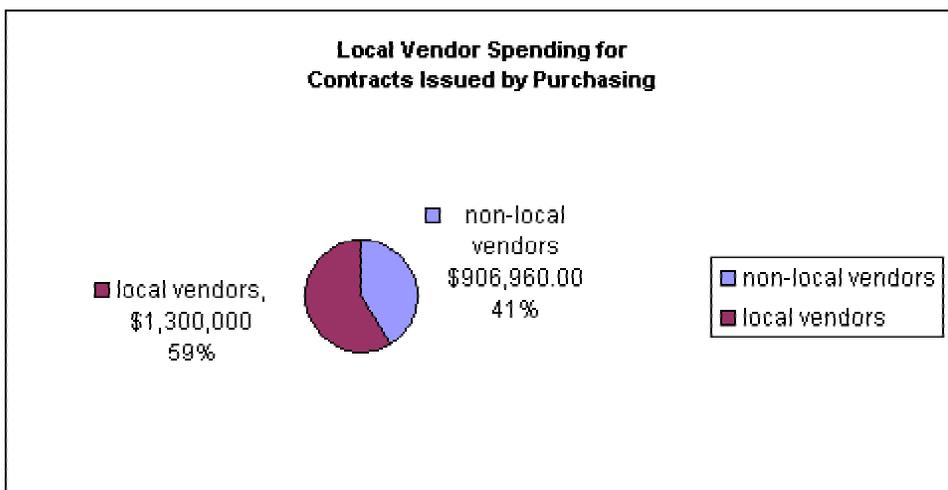
But the question arose, just how much is the City spending locally? This report hopes to outline the level of purchasing the City of Vallejo has done locally during the period of January 1, 2002 to November 1, 2002.

For the period represented in this report, the City of Vallejo spent a total of **\$69.8 million** for all goods and services. Local vendors received **37 percent** or **\$25.5 million** of the total dollars spent during this period.



This figure includes payments to 1,513 vendors. Of this total, 18 percent have received payment for services provided to the City of Vallejo.

During this period, the Purchasing Division has issued a total of 50 contracts that are a direct result of an informal or formal bidding process. The total award amount for all contracts issued from the Purchasing Division during this period is about **\$2.2 million** not including sole- source procurements. Local vendor participation for contracts issued from the Purchasing Division totals **\$1.3 million** or **60 percent**.



The Purchasing Division maintains a listing of sixty-two (62) local vendors on its bid list and we are continuously searching for new vendors. Vendors on the bid list are notified of all solicitations that relate to their perspective commodities.

In addition, copies of all bid and proposal solicitations are sent to the Vallejo Chamber of Commerce, the Vallejo Business Incubator and the Solano County Small Business Development Office. We post all active contracting and bid opportunities that are submitted to Purchasing on the City website, solicit vendors for the bid list and we have developed an informational brochure on "How to Do Business With the City" for distribution to local and non-local vendors. The Purchasing Division also maintains an active local vendor-bid program for all printing opportunities issued from the Purchasing Division. The Purchasing Division maintains accurate records of all formal and informal bids. A 5 percent local vendor bid preference is applied according to the City Charter when appropriate.

**Local Vendor Contract Awards**

The following is a listing of 12 local vendors that were awarded city contracts or have received payment of city funds for various services performed. The total purchase amount indicates payments received for the period stated in this report. This listing does not include professional service/consultant type contracts or local agencies that receive city funding under other agreements. The following list is intended to provide you with an awareness of how much business is allocated to a few of the local businesses.

<b><u>Local Vendor</u></b>	<b><u>Total Purchase Amount (10-month period)</u></b>
Wilson Cornelius Ford	\$787,929
Vallejo Garbage Service	\$495,782
Hess Const. Co.	\$410,145
Continental Security	\$239,650
R&R Maher Const.	\$120,240
Island Energy	\$102,503
Vallejo Taxi	\$91,161
Jeffco Painting	\$90,417
Vallejo Stationers	\$61,315
Elizalde Const.	\$50,041
Ideal Body Shop	\$44,317
Wheeler Printing	\$37,216

**Recommendations for enhancing efforts to increase local vendor participation**

1. Devise a comprehensive plan to establish goals and objectives for enhancing contracting opportunities for local businesses.
2. Conduct Business Development Forums that include training for business owners and operators on various aspects of business

development, financing and marketing to both public and private entities.

3. Post all contract opportunities on the City web site (supplies and equipment, services, consultant/professional services and construction).
4. Upgrade financial systems and purchase order functions to facilitate effective reporting methods and procedures.
5. On-line computer Internet access to construction and professional service contract opportunities.
6. Develop an effective reporting process for departments to capture purchasing and contracting activity.
7. Develop plan for enforcement and compliance.
8. Utilize Purchasing, Business License and Public Works staff to control all purchasing, contracting and compliance efforts.
9. Determine what dollar amount is required to provide effective support to local business while maintaining cost and budgetary control for City's overall budget.
10. Develop a committee to include City staff, citizens, and local business advocates to assist with developing a plan of action.

### **Local Preference**

The current Purchasing Ordinance is being updated to fully define the City's objective for a local vendor preference program. We have a 5 percent local vendor bid preference, which is part of a program that will further provide for developing contracting opportunities for local businesses.

### **FISCAL IMPACT**

There is no impact to the City's General Fund.

### **PREPARED BY**

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### **CONTACT**

Chris Stewart, Purchasing Manager, 553-7204

ADMINISTRATION ITEM A.  
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