



Agenda Date: 8/15/2006  
Agenda Placement: 8B  
Set Time: 10:30 AM PUBLIC HEARING  
Estimated Report Time: 10 Minutes

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

---

**TO:** Board of Supervisors  
**FROM:** Michael Stoltz for Robert Peterson - Director  
Public Works  
**REPORT BY:** Nancy Oweyong, Staff Services Analyst I, 253-4476  
**SUBJECT:** Ordinance for a Local Vendor Price Preference for the Purchase of Vehicles

---

### **RECOMMENDATION**

First reading and intention to adopt an ordinance adding Section 2.36.095 to the Napa County Code to implement a 5% local vendor price preference for the purchase of vehicles by the Napa County Purchasing Agent.

**ENVIRONMENTAL DETERMINATION:** The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **EXECUTIVE SUMMARY**

At its July 11, 2006 meeting, the Board of Supervisors discussed the ramifications of implementing a local vendor price preference for the purchase of goods. After receiving a report from staff and discussing the issue, the Board directed staff to prepare an ordinance for its consideration to implement a 5% local vendor price preference on the purchase of vehicles only. The proposed ordinance will add a new section 2.36.095 to the Napa County Code to authorize and require the County Purchasing Agent to apply a 5% local vendor price preference when purchasing vehicles for the County.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Implementation of a local vendor price preference could impact all county funds, especially the General Fund.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Adoption of a 5% local vendor price preference on vehicle purchases could contribute to more local sales of vehicles, which in turn could contribute to

the local cities' sales tax revenue, and thereby potentially to the economic growth of both the cities and the county.

Is the general fund affected? Yes

Future fiscal impact: Adoption of a 5% local vendor price preference for the purchase of vehicles could result in the county paying as much as 5% more for vehicles than if there were no local vendor preference in place. For example, concerning the Fiscal Year 2006-2007 budget, which identifies 20 vehicles at an estimated total cost of approximately \$488,000, a 5% local vendor price preference could result in the county paying as much as \$24,400 more for these vehicles than if a local vendor price preference ordinance were not in place. However, local municipalities could potentially realize as much as \$4,880 (1%) more in local sales tax revenue. There would be no direct benefit to the County's local sales tax revenues because no vehicle retail business are currently located within the unincorporated area of the County.

Adoption of a 5% local vendor price preference would have no impact on the 0.5% sales tax revenues the Napa County Flood Protection and Watershed Improvement Authority receives pursuant to the 1998 voter approved "Measure A" ordinance, which provides revenues for local flood control projects.

Consequences if not approved: The county would not adopt a local vendor price preference for the purchase of vehicles.

Additional Information: None

## **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

## **BACKGROUND AND DISCUSSION**

At its July 11, 2006 meeting, the Board of Supervisors received a report from staff and then discussed the ramifications of implementing a local vendor price preference for the purchase of goods. In considering the benefits that might derive from implementing a local vendor price preference, staff reported on the four major categories of goods purchased by the county - office supplies, systems furniture, computers, and vehicles.

With the exception of vehicles, staff reported that implementation of a local vendor price preference for the major categories of goods purchased by the county was not warranted because the county does not purchase these types of goods in a retail marketplace. Instead, the county utilizes competitively awarded state, regional and national government contracts with heavily discounted pricing structures. These contracts were designed to take advantage of the combined purchasing power of governments (local, state, and federal) in order to provide the lowest possible costs, online ordering and tracking capabilities, and quick shipping deliveries. However, staff did report that a local vendor price preference regarding vehicle purchases might be warranted, given that all county vehicle purchases are made on a retail basis and that recovery of the 1% Bradley-Burns sales tax revenue to local municipalities does not occur when vehicle purchases are made outside the county.

After receiving the staff report and discussing the ramifications of implementing a local vendor price preference, the

Board directed staff to prepare an ordinance for its consideration to implement a 5% local vendor price preference for the purchase of vehicles only. The rationale adopting the proposed ordinance to implement a local vendor price preference for vehicle purchases was that a limited vendor price preference could contribute to more local sales of vehicles, which in turn could contribute to the local cities' sales tax revenue, and potentially to the economic growth of both the cities and the county.

The proposed ordinance will add a new section 2.36.095 to the Napa County Code directing the Purchasing Agent to apply a 5% local vendor price preference when purchasing vehicles for the county, but allows the Purchasing Agent to consider other factors when making such purchases.

### **SUPPORTING DOCUMENTS**

- A . Local Vendor Preference Ordinance Tracking Version
- B . Local Vendor Preference Ordinance Final Version

CEO Recommendation: Approve

Reviewed By: Andrew Carey