

San Bernardino Region Public Procurement Memorandum

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**AMPLIFY**
COMMUNITIES



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EXECUTIVE SUMMARY

Public procurement is how public sector agencies and private sector organizations contract to deliver a particular service. Public sector agencies are largely funded by taxpayer dollars and are therefore accountable to the public. Improving public procurement systems can assist government agencies in obtaining competitive pricing for their limited funds, expand the playing field to emerging businesses, and create equity in advancing local investment.

In San Bernardino County, procedural constraints hinder small businesses' access to procurement opportunities. Constraints in the region include:

- The public procurement process is complex and difficult to navigate.
- Notification of current solicitation opportunities is primarily relationship-driven.
- Specialized training and support are needed by small businesses to access and secure public contracts.
- Access to capital and payment delays are hurdles for small businesses, even after winning contracts.

While the constraints discussed above negatively affect the success of small businesses wishing to participate in the public procurement process, there is ample opportunity for improving this economic ecosystem. There are strong networks of partners within San Bernardino County that are helping small businesses grow and succeed. These networks are assets that can be strengthened and scaled to immediately improve the outcomes for

small businesses in the realm of public procurement in its current landscape. However, reaching larger procurement equity goals will require additional research into each jurisdiction, and resources to fully understand the equity needs of the region. These suggestions and others extracted directly from case studies are discussed in more detail in this report.

Simultaneously, there are regional assets that can be leveraged to strengthen public procurement opportunities for local small businesses.

- There is interest from local partners in supporting a localized public procurement process.
- Local and national organizations are implementing programs in the county of San Bernardino that can be leveraged.
- Informal bids are an accessible entryway for boosting public procurement participation amongst small and local businesses.

This report identifies case studies of public sector agencies that have implemented improved public procurement processes to understand streamlining measures that can be considered for the County of San Bernardino. Some effective programs include creating a centralized online hub where small businesses can view and apply for procurement opportunities. Municipalities have also established a local, small business preference policy, deployed outreach strategies to target small businesses and connect them to resources, and simplified the language and process for public procurement.





BACKGROUND

In May of 2021, the San Bernardino Council of Governments (SBCOG, hereinafter referred to as the Agency) adopted a Joint Policy on Regional Equity, demonstrating the agencies’ commitment to equitable programs and practices to meaningfully advance justice, equity, diversity, and inclusion in San Bernardino County (hereinafter referred to as the County). To inform the ongoing work of the Agency to study, track, and improve equity outcomes for communities across the County, Amplify Communities and SBCOG conducted a series of focus group meetings in the summer of 2022 with community-based organizations, government agencies, and other stakeholders interested in promoting favorable health, equity, and environmental justice outcomes in communities across the County. Focus group participants elevated areas of concern and opportunities to advance equity and environmental justice.

This report emerged from the feedback provided by these focus groups and is centered on understanding opportunities to advance equity and local wealth-building through public procurement in the County. This research focuses on the following priorities:

1. Advance SBCOG’s commitment to study, track, and improve equity outcomes for communities across the County (Joint Policy on Equity, 2021).
2. Understand the public agency procurement/contracting environment in the County of San Bernardino, including the barriers to entry and available resources to increase access for small and local businesses.
3. Identify small business providers, partners, model programs, and best practices to inform a small and local business program for the County of San Bernardino.

WHAT IS PUBLIC PROCUREMENT?

Overview of Public Procurement (Laws and Regulations)

Public procurement is the process of purchasing goods or hiring services using public funds, and it is a highly complex and regulated process in California. Public procurement in California is governed by the California Public Contract Code (PCC) and the California Code of Regulations (CCR), with the ultimate regulatory mission of ensuring fair and open competition, transparency, and integrity in public contracting. Generally, the state requires competitive bidding, advertisement and notice, standardized bid evaluation, and contract award and protest. While the state mandates that public procurement must involve competitive bidding processes, there are variations in the implementation of the code based on several factors. These include:

1. **Type of service or goods being procured.** Public procurement spending typically falls into one of four categories: public works/capital improvement projects, professional services, general services, and purchase of supplies and equipment. Different services carry distinct budgets, which may trigger competitive bidding requirements. For example, the state explicitly establishes regulations for public works projects (e.g., projects with a total estimated cost of \$5,000), while other categories are less defined. Notably, public works contracts in California are also subject to prevailing wage requirements. Table 1 below demonstrates a few public procurement contract types.

Table 1 - Sample of Public Procurement Contracts

| Types of Contracts | Description/Examples |
|-------------------------------------|---|
| Purchases of Supplies and Equipment | Purchase of goods or commodities such as medical supplies; tools; fire and law enforcement equipment; automobiles; food safety supplies; food; office supplies; furniture; and computer equipment |
| Public Works/Capital Improvements | (a) A project for the creation, improvement, painting, or repairing of public buildings and works. (b) Work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow. (c) Street or sewer work except maintenance or repair. (d) Furnishing supplies or materials for any such project, including maintenance or repair of streets or sewers. |
| Professional Services | Hiring of private consulting firms specializing in private architecture, engineering, land surveying, and construction project management |
| General Services | Hiring for building maintenance, custodial, landscape, and other general services |

2. Type of entity. California procurement regulations set different requirements for state agencies, cities, counties, and school and community college districts. For public works projects, state agencies, cities, and counties are subject to competitive bidding for costs over \$5,000, while school and community college districts are subject to competitive bidding for costs totaling \$15,000 or more.

3. Jurisdiction incorporation. Charter and General Law cities differ in their procurement processes in that charter cities have more flexibility in structuring their procurement processes. Charter cities have more autonomy and local control to govern themselves, including how they regulate procurement. General Law cities derive their statutory framework from the state's general laws and must follow state regulations with little flexibility or opportunity for customization. The breakdown of SBCOG member jurisdictions by incorporation type is listed below in Table 2.

4. Size of the project. A project's size (estimated budget) will determine whether competitive bidding is required. The dollar amounts that trigger competitive bidding depend on which spending category it falls within. The state does not regulate thresholds for non-public works projects. Local jurisdictions determine this.

5. Project funding source(s). If external agencies provide funding to public projects, there may be specific public procurement requirements associated with the project.

6. Local Preferences. Jurisdictions may establish goals or preferences for awarding contracts to small businesses, micro-businesses, women-owned, veteran-owned, and disadvantaged small businesses through preferences for enterprises that have undergone a certification process for their respective business type. To utilize any distinctions, firms must certify with each jurisdiction individually.



7. Type of Procurement Method. There is a myriad of procurement types that fall within the competitive bidding process. Jurisdictions may utilize all or some of these different procurement methods, typically depending on the type of service/good and the project size.

These factors all contribute to varied public procurement processes across jurisdictions.

The State of California requires municipalities to establish their own procurement procedures in accordance with applicable state regulations within its Municipal Code. Local ordinances governing purchasing for SBCOG member jurisdictions [can be found here](#).

Table 2 - Cities by Jurisdiction Type in San Bernardino County

| Charter Cities | General Law Cities |
|--------------------------|--------------------|
| County of San Bernardino | Apple Valley |
| Adelanto | Barstow |
| Big Bear Lake | Chino |
| Loma Linda | Chino Hills |
| Needles | Colton |
| San Bernardino | Fontana |
| Victorville | Grand Terrace |
| | Hesperia |
| | Highland |
| | Montclair |
| | Ontario |
| | Rancho Cucamonga |
| | Redlands |
| | Rialto |
| | Twentynine Palms |
| | Upland |
| | Yucaipa |
| | Yucca Valley |

Table 3 - Procurement Method Types

| Procurement Method | Description |
|----------------------------------|---|
| Competitive Bidding | A formal process to identify and request products and/or services applicants need so potential service providers can review those requests and submit bids for them. |
| Request for Proposal (RFP) | This requires public agencies to define the services they need and publish a document with specific information relating to the project. The RFP will define the terms, conditions, and specifications of goods or services required by the public agency. An RFP is primarily intended for large, complex projects where cost and performance are equally important. |
| Request for Qualifications (RFQ) | A request to seek a written presentation of the professional qualifications and experience of a proposed consultant/contractor. |
| Request for Information (RFI) | A request for written information about the capabilities of various suppliers. |
| Request for Bid | A solicitation in which the terms, conditions, and specifications are described, and responses are not subject to negotiation. |
| Request for Quote | A request for a statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser. The purchaser uses this to evaluate and compare quotes and competing resources. |
| Informal Bidding | An informal process for projects totaling under a dollar amount set by the jurisdiction. The request for bid is solicited from a minimum of three vendors on an established list of bidders for that service/good maintained by the jurisdiction. |



PUBLIC PROCUREMENT AS LEVERAGE FOR ECONOMIC DEVELOPMENT AND EQUITY

Procurement is a powerful tool to advance local and equitable development. Typically, one-third to one-half of a city’s budget goes toward purchasing from the private sector. Government leaders can leverage this spending to meet economic and social goals. Sixty (60) percent of job growth traditionally comes from small businesses; therefore, cities can leverage their estimated \$1.6 trillion annual spending to support small and locally owned businesses. When governments spend public dollars on locally owned businesses, those businesses rely on local supply chains, creating an “economic multiplier” effect. Utilizing local vendors can also augment local tax revenue in addition to strengthening local supply chains and creating local job growth.

Procurement can be a powerful mechanism for advancing other municipal goals as well. Small business contractors often are more diverse than the

general pool of contractors. By working with small businesses, municipalities can elevate marginalized groups and level out the contractual playing field. Public agencies can also advance diversity in public procurement by outlining the agency’s equity and diversity goals in its call for services. This may include targeting an economic development group to apply, including minority-, woman-, and veteran-owned businesses.

The costs and complexity inherent in today’s public procurement system were intended to minimize risks to public agencies when working with vendors and to ensure that cities remain accountable to taxpayers. However, small businesses are negatively impacted by the hurdles of a complex procurement system. Rethinking procurement systems can benefit small businesses and strengthen local economies and communities.

UNDERSTANDING PUBLIC PROCUREMENT IN THE COUNTY OF SAN BERNARDINO

Landscape Analysis Process

Amplify Communities reviewed SBCOG member jurisdictions’ websites to gather preliminary information about the municipalities’ procurement policies and practices, including vendor registration requirements, frequency of bid opportunities, resources, contact information, and, importantly, threshold amounts that each jurisdiction uses for distinguishing informal and formal bidding.

To augment online findings, a survey was developed for jurisdictions to complete and provide gap in information and details that were unavailable online. To increase participation in the survey, SBCOG facilitated communication with member jurisdictions, specifically asking procurement and purchasing teams to complete the questionnaire. Seven cities responded to the survey, including the Cities of Needles, Chino Hills, Colton, Highland, Barstow, Grand Terrace, and the town of Yucca Valley. The preliminary research results from the member surveys [can be found here](#).

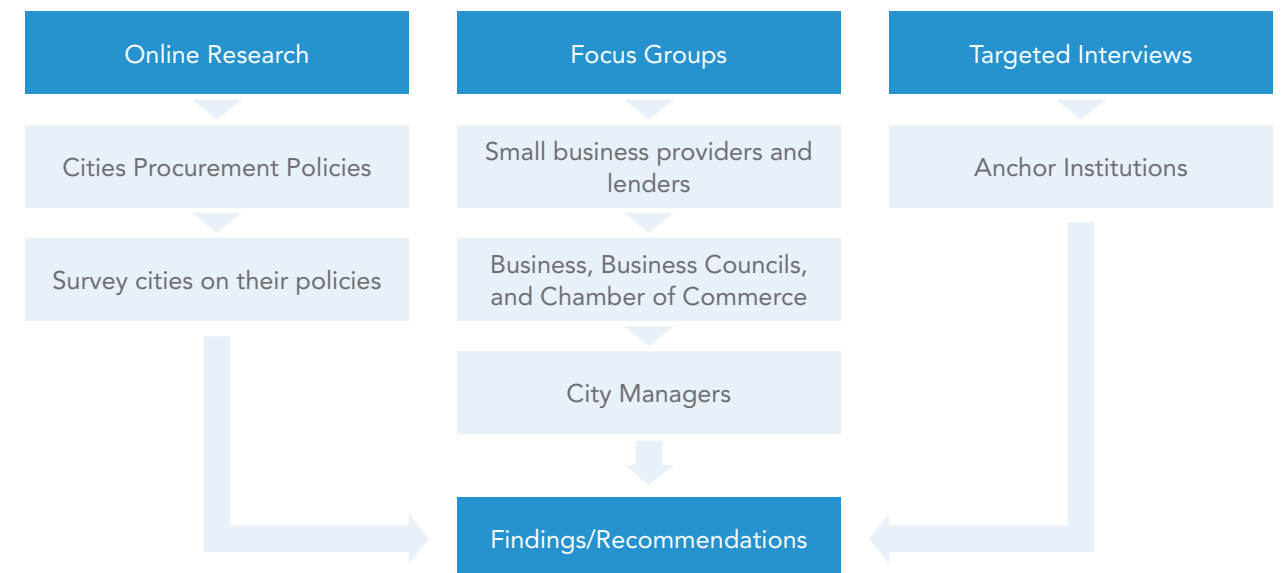
After exploring jurisdictional procurement regulations, Amplify Communities solicited input from small businesses and organizations that provide technical assistance in obtaining public procurement contracts. Additionally, focus groups and targeted interviews were held with anchor institutions such as schools, Native American tribes, and other public agencies to better understand small businesses’ needs and determine opportunities that can be leveraged.

Focus Group Methodology

Focus groups were conducted in person and via Zoom with three key stakeholder groups: small business service providers and lenders, local chambers of commerce through the Inland Empire Chamber Alliance¹, and member jurisdiction city managers. Input gathered from participants was then examined using a strengths, weaknesses, opportunities, and threats (SWOT) analysis approach. This input was central in understanding the current public procurement landscape and in developing a set of recommendations. A detailed list of focus group participants can be found in Appendix A.

Targeted Interviews

A series of targeted interviews with anchor institutions were also held to gain insight into procurement programs being considered or implemented locally. Three entities were interviewed to understand public procurement processes implemented or being considered in the region. While they have different procurement regulations from the state, the interviews provided insight and inspiration for managing a procurement program that can elevate small businesses within a specified geographical area. Altogether, the online research, city surveys, focus groups, and interviews enumerated above informed the following findings, which include both barriers and strengths.



¹ The [Inland Empire Chamber Alliance](#) serves as a forum for member organizations to learn about legislations being considered in the CA Legislature and the US Congress or regulations being proposed by State and Federal Agencies and advocate with a unified voice. Membership is open to Chamber of Commerce or business councils associated with a city or a region.

BARRIERS TO PUBLIC PROCUREMENT CONTRACTS

1. The public procurement process is difficult to navigate.

Each city and town has different procurement regulations and requirements posted online on their websites. Amongst the 24 cities and towns that are SBCOG members, many bidding platforms are used with varying registration requirements; many cities do not have a main point of contact for procurement/purchasing, and few explicitly state the threshold amount for informal/formal bids. Websites contained minimal information on whom to contact for procurement questions.

Additional outreach to local jurisdictions would provide further insight into local procurement processes. However, it is evident that the existing process for obtaining information on public procurement opportunities needs to be more cohesive and presents a significant barrier for small businesses. Small business service providers share this sentiment, often the liaison between cities and small businesses trying to identify client procurement opportunities.

2. The public procurement notification process is currently relationship driven.

Public procurement opportunities are currently noticed through professional relationships and networks. Because many small businesses remain outside of such professional networks, they seldom receive solicitation announcements. Even when small businesses receive procurement opportunity notifications, they have a limited understanding of the application requirements. Small businesses might also feel uninvited from the process and discouraged from pursuing public bids.

3. Specialized training and support are needed to access, secure, and retain public procurement contracts.

Small businesses see public procurement as a path to financial and business growth but lack the capacity to navigate cities' varied procurement processes successfully. Small businesses feel intimidated by the public procurement process and are often lost when they attempt to participate. They need dedicated staff or outside assistance to register with cities as vendors, complete and submit bids, and negotiate contracts. If awarded, additional assistance and resources are needed to complete the scope. Even cities have a difficult time with county-related contracts, often hiring outside consultants to assist in managing them.

4. Access to capital and payment delays are hurdles for small businesses, even after winning contracts.

Larger businesses are more competitive when submitting bids because they can offer lower pricing to secure a contract. The playing field is not leveled between small and larger businesses because the latter can take a loss to ensure access to future public contracts. When small businesses do secure public contracts, there is often a lack of access to capital to complete the work within the project scope successfully. Public contracts often face long payment schedules, and small businesses typically do not have the resources to comfortably wait extended periods for payment for services rendered.

5. Designing and executing more equitable public procurement methods that benefit small businesses will require resources and collaboration.

Designing and implementing changes to public procurement procedures will require dedicated staff time and funding. Like small businesses, member jurisdictions have limited staff and capacity that would hinder their ability to handle 'smaller' contracts. Cities typically handle an average of 600 contracts per year and prefer multiyear agreements to limit cost increases. In some cases, bids from the State and utility companies provide extra points when large companies partner with small businesses, but once awarded, nothing is cementing that partnership. Overall, there is limited knowledge of the economic benefits of prioritizing public procurement opportunities within the region, so education will be instrumental in initiating local conversations and efforts.

REGIONAL STRENGTHS TO ENHANCE PUBLIC PROCUREMENT

6. There is interest in supporting a localized public procurement process.

San Bernardino County has a strong network of small business service providers that provide capacity building (e.g., technical assistance, lending, and resources) and are working together to improve access and opportunity for small businesses. The Inland Empire Chamber Alliance and other stakeholders are interested in improving access to public procurement opportunities. However, the local demand for small business mentorship and procurement assistance is so great that these entities can only adequately assist some of those who desire it. Staffing and funding shortfalls are core challenges needed to meet the demand. Further, small business providers are developing pilot programs to improve access to opportunities. For example, Uplift San Bernardino, a collective impact initiative focused on the city of San Bernardino, adapted the public health outreach model and is deploying 'business ambassadors' to build relationships with hard-to-reach small businesses and connect them to resources. The details of this outreach plan will be available in Fall 2023. There is an opportunity to learn from this initiative and replicate best practices in disadvantaged communities and remote areas of the County.

7. Strengthening relationships is crucial to enhancing the public procurement process in the County of San Bernardino.

Given the complexity of the procurement process, there is a desire for networking opportunities from small business providers and related organizations to connect with cities and vice versa and from small businesses to receive mentorship support throughout the process. Chambers and business councils are trusted sources and have direct relationships with businesses and small business providers, especially with the Inland Empire Small Business Development Center (IE SBDC). However, it is important to underscore that not all chambers have equal resources to implement services. Larger Chambers sometimes benefit from businesses in neighboring cities with less active chambers in their jurisdiction. Anchor institutions are also exploring and/or implementing public procurement programs that benefit local small businesses, and there is interest in sharing best practices and aligning processes where possible. A public procurement process that integrates mentorship and networking opportunities is essential to improving opportunities for small businesses.

8. Local and National organizations are implementing programs in the County of San Bernardino that can be leveraged.

Various organizations often collaborate to improve opportunities for small businesses. The MCISC, for example, developed a [Small Business Resources & Assistance Tool](#) that connects small businesses to service providers and microlender nonprofit organizations that provide no-cost, low-cost service to small business owners. These organizations have long-standing relationships working to streamline small businesses' needs. Information sharing, joint networking, advertising each other's programs, and focusing on specific geographics are all strategies that are being implemented to improve opportunities for small businesses in the County. The Aspen Institute City Action Lab also works with several organizations and stakeholders, focusing on "generating long-term, inclusive growth through business ownership" in the city of San Bernardino. One of the key strategies being pursued is establishing a centrally located Entrepreneurial Resource Center (ERC) to provide access to small business training and technical assistance. There is an opportunity to leverage these local and national partnerships to implement recommendations.

9. Informal bids as an initial step to boost public procurement opportunities for local and small businesses.

According to the IE SBDC, the top small business services offered in the County of San Bernardino are:

- Janitorial/janitorial supplies
- Construction
- Construction support services
- Professional services (marketing, IT, etc.)

Most of these services are procured by municipalities through informal bids, expediting the process and minimizing administrative burden. The SBDC IE offers a program, the Center for Contracting, focused on centralizing access to regional public procurement opportunities and technical assistance to small businesses with certifications, bid process, and contract management. Four cities and the County are listed on their website and linked to contracting opportunity bids. Similarly, the NLWBA-IE has a vendor portal that matches businesses to procurement opportunities as part of their procurement and business matching program, Latina BizMatch: Inclusive Matchmaking at the Latina BizCon. These service partners can provide insight and support in developing a robust program for informal bids.



BEST PRACTICES: CASE STUDIES FROM OTHER PUBLIC SECTOR AGENCIES

There is consensus that public procurement is a key tool in making economies more equitable among agencies at all levels of government, from cities to the federal government. President Biden signed the executive order “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government” on his first day in office on January 21, 2021. It acknowledged the barriers that small businesses and underserved communities face in dealing with federal government procurement and called for an equity review and plan for addressing the barriers identified in government purchasing. The Office of Management and Budget (OMB) conducted the equity review and produced a report that listed three primary challenges for equitable procurement: inadequate outreach to vendors, opacity of federal procurement to potential vendors, and lack of attention to equity within purchasing agencies.

OMB then provided high-level recommendations for changes to the federal procurement process to be carried out by the Small Business Administration (SBA). They included:

- data prioritization (data about spending to small businesses disaggregated by race and ethnicity of business owners),
- goal setting (increase the percentage of federal procurement spending with SBDs by 50 percent over five years) and
- structural changes (introducing human-centered components of a whole-of-organization approach, which included meeting equity goals as part of performance metrics for federal agencies’ senior leadership and ensuring that officials charged with SBD utilization have direct access to agency leadership).²

SBA also launched the Community Navigator Program, which will directly support 51 community hubs. These hubs will work with smaller spoke organizations in their geographic region to help with outreach, education, and technical assistance for small businesses. This hub and spoke model is meant to reach business owners through organizations that are already connected and have established trust, with the expectation that it will increase the accessibility of the federal government’s program to potential federal contractors.³ Many cities share the federal government’s equity goals for procurement. Three case studies, Detroit, Michigan, Long Beach, California, and St. Paul, Minnesota, exhibit how these goals can be championed and implemented locally.

² “The Benefits of Increased Equity in Federal Contracting.” The White House. December 1, 2021. [The Benefits of Increased Equity in Federal Contracting | CEA | The White House](#)

³ “Procurement Lessons From the World’s Biggest Purchaser.” Aspen Institute. March 21, 2022. [Procurement lessons from the world’s biggest purchaser - The Aspen Institute](#)



DETROIT, MICHIGAN

In 2020, Detroit Mayor Mike Duggan established the Detroit Equity Council in response to national social justice protests and the disparities exacerbated by the COVID-19 pandemic. The Equity Council included the sub-council on Procurement Equity, which created two key initiatives for making their public procurement process more equitable: quicker pay and multi-contracting.

Quicker Pay: Small and micro businesses often operate on very tight budgets dedicated to payroll and the immediate work they are contracted to do. Government contract payouts are often a timely process, which can be particularly challenging for these small businesses. Paying contractors faster can help them compete for contracts and thus grow their businesses. In 2021, the Office of Contracting and Procurement started a pilot program to provide a set of projects completed by small and micro businesses with net immediate or net 7-day payment terms. The program’s success has led to continued efforts to expand quicker payment terms to more small businesses.

Multi-Contracting: The initiative divides large contracts into multiple smaller contracts to create a more equitable playing field for small businesses to compete.⁴

The City of Detroit partnered with the Detroit Economic Growth Corporation, a small business development center and the City’s economic development catalyst, to create BuyDetroit. This online platform serves as a central hub for the procurement of local goods and services. BuyDetroit is unique in that it provides private procurement opportunities to small businesses in their search for opportunities in a central location. It provides resources and capacity-building workshops for small businesses, helping them compete for contracts, and seeks to serve as a networking space, assisting small businesses to gain consideration by large firms. BuyDetroit also drives inclusivity and diversity in the local supply chain. This includes assisting under-represented Detroit companies where access previously has been denied. The City and its community partners conduct outreach to vendors from under-represented communities to register with the site and take advantage of its free resources and opportunities.⁵

⁴ Equity Council 2021 Report. City of Detroit. <https://detroitmi.gov/sites/detroitmi.localhost/files/2022-03/CRIO-EC%20Annual%20Report%202021-PRES-Draft%20Final.pdf>

⁵ “BuyDetroit: Local Procurement Program Enables Small Business Growth, Diversity, and Job Creation.” Detroit Economic Growth Corporation. <https://www.degc.org/buydetroit-local-procurement-program-enables-small-business-growth-diversity-and-job-creation/>

LONG BEACH, CALIFORNIA

Bloomberg Philanthropies (BP) is available to support select cities, dedicating themselves to using procurement to advance equity goals. BP supports procurement reform through programs including the City Data Alliance, innovation teams, and the Bloomberg Harvard City Leadership Initiative, in partnership with the leading procurement experts Harvard Kennedy School Government Performance Lab (GPL). Long Beach, California, is one of the pilot cities receiving support from BP and GPL to completely overhaul their procurement system to redesign it with equity-centered goals and practices.

Like many other cities reexamining their procurement practices, the City of Long Beach's procurement reform efforts stemmed from establishing new equity frameworks. The City's ["Everyone In" Economic Inclusion Plan](#), [Racial Equity and Reconciliation framework](#), and the [Long Beach Recovery Act](#) identify procurement improvements as a way to advance city equity goals. They created a new position, Recovery and Equity in Contracting Officer, to oversee the changes to meet the City's equity goals.

The City of Long Beach had a notably robust outreach process, inclusive of small business owners, community-based organizations, and City staff. They surveyed nearly 500 potential vendors, asking them how the public contracting process could be improved. City representatives went to community events to encourage vendors to bid on city projects and partnered with community-based organizations to expand outreach to small businesses. The predominant theme of feedback gained during this outreach process was that the public procurement process is confusing and cumbersome. "We heard, 'I'm a small business—how do I have time to submit this 40-page proposal when I'm trying to keep my business afloat?'" Our takeaway was that we needed to start figuring out how to reduce barriers." (Michelle Wilson, Purchasing Agent).⁶

Access became a central priority for the City after this feedback. This included language access and a welcoming, inclusive, and approachable tone within procurement documents. They are working on digitizing all vendor resources and prioritizing information requests to prevent redundancies that make responding to RFPs onerous.

The City also engaged internal departments about what was needed to make the procurement process more user-friendly internally. City employee input was used to inform the redesign of procurement forms, RFP templates, and exercises to help predict when, where, and how they would need to better engage with vendors. The City also created the Procurement University to train employees since the City's procurement is decentralized. The program has trained more than 130 employees and received positive feedback. These efforts reduced the average RFP issuance to award from 8 months to 3.5 months.⁷

Notably, the City of Long Beach prioritized setting measurable goals throughout this procurement overhaul, and these goals evolved while they gained stakeholder input. Core indicators accompanied the goals to track whether the city is on track with hitting procurement objectives.

The City of Long Beach published these goals for its procurement and purchasing.

Results-Driven. In 95% of high priority contracts strategic goals are defined; contract performance is managed and used to inform renewal decisions.

Best Value. >85% of citywide staff report procurement processes result in high quality goods and services, at competitive prices.

Service. >95% of citywide staff responsible for procurement functions are trained on procurement best practices and results-driven contracting strategies within six months of assuming the role.

Efficient. 30% reduction in cycle times for RFPs (<6 month average cycle time for RFPs and ITBs).

Competitive. >85% of solicitations are competitive (receive ≥3 responses).

Fair. No solicitations receive a protest that is substantiated by a neutral independent source.

Equitable. Small / Local / Diverse / Disadvantaged vendors bid at rates that match availability.

Transparent. >85% of bidders believe the solicitation process is transparent.

Further, 100% of service contracts have defined goals (up from 10 percent in just two years). Vendor outreach has also resulted in a 114-percent jump in the number of vendors bidding on American Rescue Plan Act (ARPA) contracts, including large increases among women- and minority-owned businesses.

LONG BEACH KEY ELEMENTS

- Formal Bids over \$100,000 are posted in the classified section of the Long Beach Press-Telegram,
- There is a 10% Local Preference policy on bids for materials, supplies, equipment, or nonprofessional services. Only businesses with a current, valid business license from the City showing a place of business within city limits AND a Seller's Permit from the State Board of Equalization where the permit lists a Long Beach address are eligible for this program.
- An agreement with insurance servicers was established to provide low-cost insurance alternatives to assist small businesses in meeting City insurance requirements for small, low-risk projects.
- A Business Resources website was launched to support small businesses at various stages of growth.
- A link to the SBA was created to provide bond assistance and help guarantee bonds for contracts of up to 2M.

ST. PAUL, MINNESOTA

Like many other cities, St. Paul sought to reform its procurement practices to center equity. Like Long Beach, St. Paul's procurement redesign benefited from the assistance of the Bloomberg Philanthropies and Harvard Kennedy School Government Performance Lab partnership.

The City wanted to understand why it was not adequately reaching small businesses and businesses of color, so it implemented structural changes to its procurement process, including an online bidding platform where vendors could download bids for free. The City also revised the language of bids to be approachable and accessible and trained AmeriCorps volunteers on the City's online vendor system to assist business owners at libraries. The City created monthly one-day Central Certification Program (CERT) community workshops, where vendors can register as a minority-owned business enterprise (MBE), a woman-owned business enterprise (WBE), or a small business enterprise (SBE). Most importantly, these certifications are recognized regionally by Minneapolis, Hennepin, and Ramsey Counties so that vendors do not have to register for certification individually with these municipalities. After these changes, the City has seen a dramatic increase in attendance at the annual procurement fair.

The City has also changed its five-year agreements to one-year agreements to open contracts to new businesses. They have also broken larger projects into small subcontracts to increase opportunities for new and small businesses. Further, St. Paul has removed financial barriers small businesses face: city projects up to \$100,000 no longer require bonds.

Making the procurement process more transparent and accessible was only the first step. The City sought to expand equity by assisting small businesses, especially minority-owned small businesses, to grow through the new Construction Partnering Program (CPP). The CPP is administered by the Metropolitan Economic Development Association and the Association of Women Contractors and supports emerging small businesses owned by women and minorities by fostering long-term relationships between them and industry leaders.

⁶ "Procurement is Reforming How Cities Work." Bloomberg Cities Network. February 1, 2023. [Procurement is reforming how cities work | Bloomberg Cities \(jhu.edu\)](#)

⁷ Betsy Gardner, "Long Beach Leads the Way on Inclusive Procurement." Bloomberg Center for Cities at Harvard University. February 28, 2022. <https://datasmart.hks.harvard.edu/long-beach-leads-way-inclusive-procurement>

⁸ "Seattle and Syracuse Set Out to Prove the Power of Procurement." Bloomberg Cities Network. August 17, 2022. [Seattle & Syracuse set out to prove the power of procurement | Bloomberg Cities \(jhu.edu\)](#)

⁹ "How the City of St. Paul is Reforming its Procurement Policies to Open Opportunities to Inner City Businesses." Initiative for a Competitive Inner City. [How the City of St. Paul is Reforming its Procurement Policies to Open Opportunities to Inner City Businesses - ICIC](#)

¹⁰ "Expanding Opportunity in City Contracts: St. Paul's Racial Equity Strategy." PolicyLink. March 30, 2017. [expanding-opportunity-in-city-contracts \(policylink.org\)](#)



RECOMMENDATIONS

The county of San Bernadino is home to a strong network of small business providers that offer no-cost or low-cost technical assistance and lenders to provide access to capital. These partners have been working together for over ten years through the Microenterprise Collaborative of Inland Southern California and, most recently, through Uplift San Bernardino and the Aspen Institute to strengthen the small business ecosystem with the goal of engaging small businesses in services and training that will lead to economic opportunity. This offers a unique opportunity for the SBCOG to work with its member jurisdictions, build on this groundwork, and continue to develop the path toward implementing a more accessible, equitable public procurement process for local and small businesses that will lead to economic prosperity for the County.

Based on the findings above, the following recommendations were curated for consideration in response to the existing landscape and best practices found in case studies.

1. Develop a Centralized System to streamline and standardize access to public procurement opportunities within the County. This would require creating a uniformed portal where cities can post opportunities using simplified language and agreed-upon application requirements to facilitate access of public procurement opportunities for small businesses.

Phase I: Development of a contact list of local small businesses that cities can contact for informal bids, especially for emergency-related work, that includes recommendations from other cities. Each implementation partner listed below hosts a website that can be leveraged to support a clearinghouse for cities. Additionally, according to the CA Department of General Services, [CaleProcure](#) is the state marketplace that contains information on contract opportunities and can be used to search certified SBs/DVBEs and the [Supplier Clearing House](#) is open to the public and can be utilized by the County or other jurisdictions for their procurement efforts. However, it does not include all businesses, only those registered.

- a. **Recommended implementation:** County and Cities
- b. **Implementation partners:** SBCOG, SBDC IE, NLWBA-IE, and MCISC

Phase II: Standardize informal bids across the County, where possible, thresholds, application language, and insurance requirements. This includes the creation of a public-facing guidebook that is informative and easy to find on each jurisdiction's website, directing small businesses to the host portal website for informal bid opportunities and resources for obtaining certifications, insurance, and assistance in completing bid application.

- a. **Recommended implementation:** County and Cities
 - b. **Implementation partners:** SBCOG, SBDC IE Center for Contracting, NLWBA-IE
2. Establish a Local Small Business Preference Policy. Award preference points to certified small business enterprises. This typically includes an award of 5-10 extra points, which is enough to assist a small business in winning a contract but not enough to make the bidding process less competitive. The [State of California](#) offers a 5% award for small businesses, wherein 5% of the final bid price is subtracted. The [City of Los Angeles](#) has a Local, Small Business Preference, where they designate awards between 5 and 10% of the bid price, contingent on project size and whether the certified business is the main contractor or a subcontractor (fewer points awarded for projects over \$150,000 and in projects where the subcontractor is the certified Local or Small Business). These preferences give small businesses a slight advantage in the competitive bidding process, where they often do not operate at a large scale to offer as low prices as bigger businesses. By implementing such a preference, local governments can make their cities more conducive to small business success and help their local economies thrive. SBCOG may wish to create a draft preference policy for its member jurisdictions to choose to opt in to and adapt as needed.

- a. **Recommended implementation:** County and Cities
- b. **Implementation partner:** SBCOG

3. Create a regionally recognized small business certification that individual jurisdictions may opt in. This can be amplified by free workshops that small businesses can attend to receive assistance and obtain a certification on the same day.

a. **Recommended implementation:** SBCOG

4. Collaborate on vendor and procurement fairs where municipalities, chambers of commerce, business councils, and small business providers can meet with businesses to share information on public procurement opportunities. These events could include networking opportunities, training on the procurement and vendor registration processes, and opportunities for small business owners to provide feedback on the procurement process. This type of event would also need to be held at a convenient time and location to provide certification training.

a. **Recommended implementation:** SBCOG

b. **Implementation partners:** Cities, County, Small Business Providers, Business Councils

It should be noted that most of the implementation partners are being convened on a monthly basis by Uplift San Bernardino, a collective impact network that is focusing and aligning small business services in the City of San Bernardino.

These initial actions can foster the growth of small businesses, boosting local employment opportunities for residents and generating local tax revenue for the region. Furthermore, expanding public procurement opportunities to support a more equitable regional economy development plan can also lead to:

- a new pool of vendors to increase competition while simultaneously providing municipalities with more options to ensure they receive the best service.
- direct and substantial socioeconomic benefits to the region.

Long-term implementation strategies for developing an equity-centered economic plan can be achieved by establishing measurable regional equity goals for procurement focusing on Black, Latino, and other minority-owned small businesses. This requires a thorough review and understanding of each jurisdiction's procurement funds secured by Black, Latino, and other Minority-owned small businesses. The findings will determine what strategies to implement based on the community's needs. Some effective strategies implemented by other municipalities have included:

- Identifying other types of procurement contracts beyond informal bids that can be streamlined as a jurisdiction/region.
- Changing the practice of multi-contracting, where larger contracts are broken down into multiple smaller contracts, so there is a more approachable and equitable playing field for small businesses to compete and win public contracts.
- Shifting contract awarding methods from the lowest bidder to prioritizing local bids to support the local economy.
- Employing targeted outreach strategies to reach and engage local small businesses, especially in low-income communities, in public procurement opportunities.
- Pairing a communication strategy with outreach focused on identifying and engaging small businesses and connecting them to small business providers to prepare them for procurement opportunities.

Numerous experts within the County are working to improve and leverage funding for capacity building for small businesses that will lead to their growth. It would be prudent to work as a region to support strategies focused on enhancing public procurement processes for local small businesses that are intentional and strategic to ensure the success of the regional economy.





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