

Local Preference Purchasing & Contract Equity Report

July 17, 2023

Mary Richards, Procurement Supervisor

Local Preference Purchasing Policy

- ▶ Adopted by Common Council [Resolution #05943](#) in 2007
- ▶ Goal of increasing City spend with businesses in Dane County
- ▶ Provides 1% price preference for Requests for Quotes and Requests for Bids and 5% scoring preference for Requests for Proposals for NON-Public Works procurement
- ▶ Local vendor defined as having a physical address within Dane County and at least two of the following three criteria:
 - Min. 50% of employees working at facilities within Dane County
 - Min. 50% of ownership vested in residents of Dane County
 - Min. 15% of business sourcing from within Dane County
- ▶ Registered local businesses listed on [publicly-available website](#)

Local Preference Purchasing Policy

RFB Scoring Example:

	Bid 1	Bid 2	Bid 3	Bid 4
Cost	\$ 54,000	\$ 54,000	\$ 60,000	\$ 85,000
Local Vendor Y/N	N	Y	N	Y
Comparison Score	\$ 54,000	\$ 53,460	\$ 60,000	\$ 84,150

This RFB would be awarded to Bid 2 because the 1% scoring preference results in a lower score comparison. The winning vendor will still be paid the full amount of their bid (\$54,000).

Local Preference Purchasing Policy

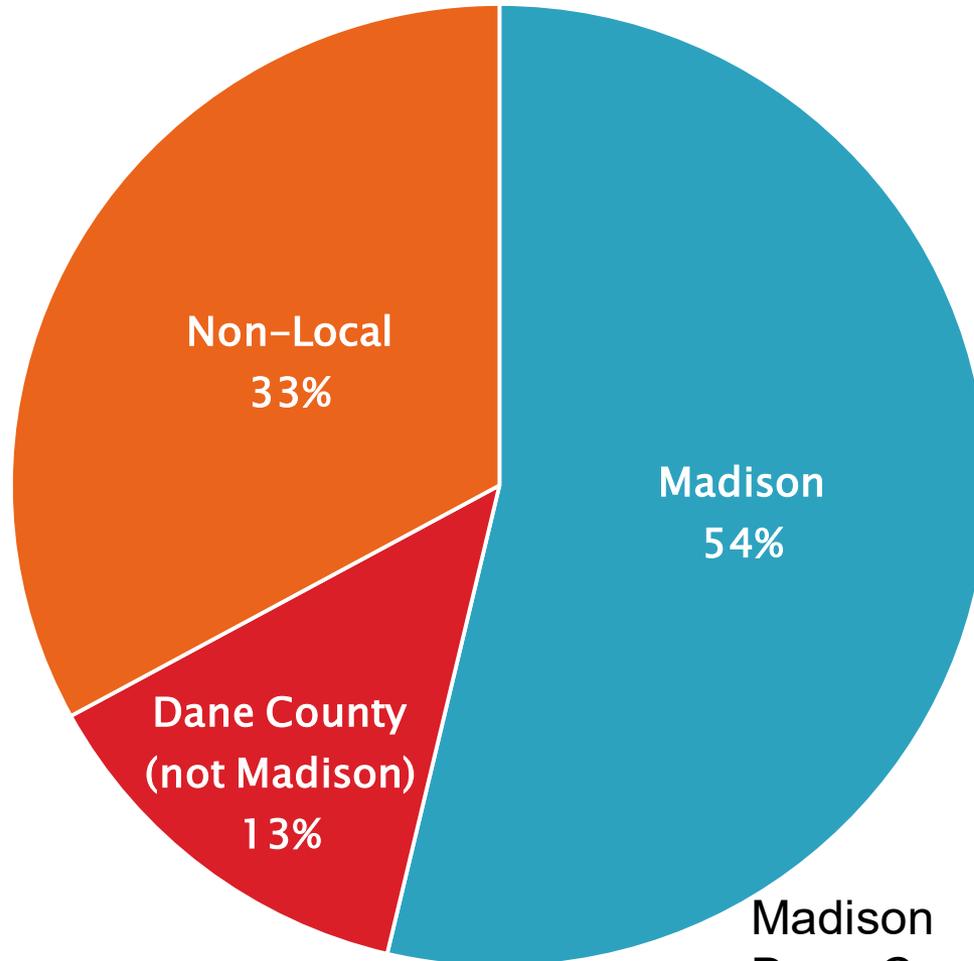
RFP Scoring Example:

	Proposal 1	Proposal 2	Proposal 3	Proposal 4
Technical Score	55	60	60	55
Cost Score	30	25	25	25
Local Vendor Score	0	5	0	0
Total Score	85	90	85	80

This RFP would be awarded to Proposal 2 because the Total Score is highest.

Local Preference Purchasing Policy

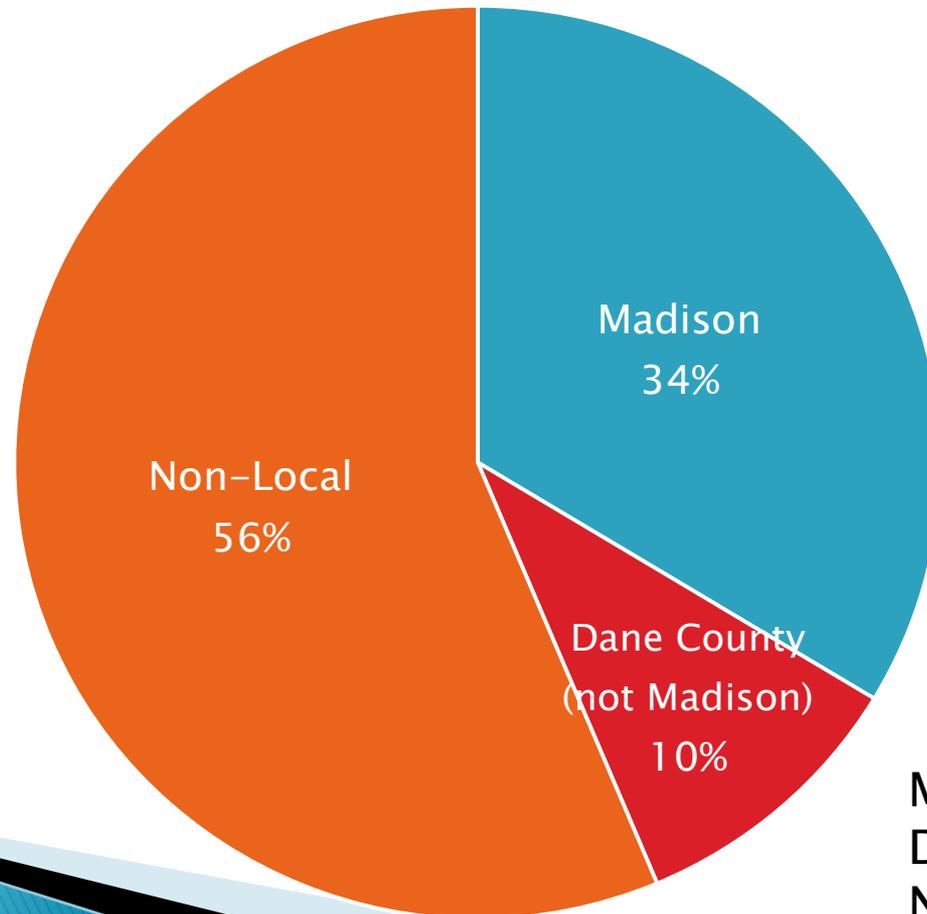
2022 Spend



Madison	\$189,000,000
Dane County	\$47,000,000
Non-Local	\$116,000,000

Local Preference Purchasing Policy

2022 Vendor Count (vendors who received money from City in 2022)



Madison	1,800
Dane County	536
Non-Local	3,013

Local Preference Purchasing Policy

▶ Issues that have come up

- Franchise owners who wish to register as local businesses but are technically part of a nationally-recognized brand
 - Franchise owners feel that their case is different, but if we make an exception for them, we would also need to make an exception for McDonald's franchisees
- Business owners just outside of Dane County who challenge our definition of local
 - Local Preference Purchasing Policy Resolution allows for reciprocity, but none of the counties bordering Dane County meet the requirements.

Contract Equity Team

- ▶ Initiated in 2020 following *Framework for Contracting Equity* conference
 - ▶ Composed of representatives from various departments: Civil Rights, Economic Development, Finance, Engineering, Fleet Services, and Human Resources
 - ▶ Stated mission to advance equity for marginalized businesses in City contracting and procurement by producing measurable change in financial spending with diverse businesses
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Contract Equity Team

- ▶ Spring 2021 City Purchasing rolled out changes to Purchasing Guidelines:
 - Purchases between \$10,000 – \$50,000 require the agency to obtain three informal quotes.
 - New changes added additional requirement that one quote be from a business listed on the City's Local Business Registry and one quote be from a business listed in the City's new [Equitable Purchasing Resource webpage](#)
 - Contains links to directories from local chambers of commerce and other diverse-focused organizations
- ▶ Vendor/local business outreach events
 - Several virtual events have been held in cooperation with other local government entities to share information on how to do business with the City and other governments
- ▶ 2022 Request for Information
 - Requests responses from any organization that could help the City with the goal of increasing the diversity of our vendor pool – local, woman-owned, and other marginalized communities

Contract Equity Team

▶ Bid Document Simplification

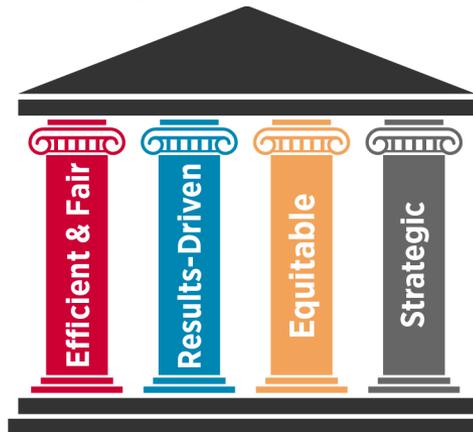
- Working to replace legalese with plain language and in other ways make bid documents more accessible and inviting to all prospective vendors
- Cutting out repetitive and unnecessary information with the goal of providing a concise and clear description of the service we are looking to purchase so that businesses can make a decision about whether to submit a proposal without having to read through excessive boilerplate language.

▶ An area where we have struggled is identification of diverse businesses in our vendor records

- This categorization is necessary in order to measure our outcomes and track progress made by our efforts
- Certification by Department of Civil Rights is time-consuming and limited staff compared to the number of vendors in our system
- Could be improved by an eProcurement solution

Contract Equity Team

- ▶ Harvard Kennedy School Government Performance Lab's Leading City Procurement Reform Program
 - Madison was one of 20 cities to be selected for the program
 - Mayor Satya nominated Saran Ouk, Norman Davis, and Mary Richards to attend the program at Harvard in May 2023
 - Five days of intensive classroom experience designed to assist each city in making their procurement policies efficient & fair, results-driven, equitable, and strategic.
 - Each city identified a challenge project to work on over the course of the program
 - Madison's project is to collaborate with peer government entities in Madison to create a streamlined procurement ecosystem that can foster growth among our local businesses.



Contact Information

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Our Madison – Inclusive, Innovative, & Thriving

