June 5, 2017

Memo to: Economic Diversification Committee
From: Brian Carlson, Finance Director
Re: City support of local businesses

Summary

This brief report summarizes City of Valdez transactions during 2016. Findings include:

- 32% of the City's credit card transactions ($476K out of $1.48MM total) were to local vendors
- $1MM was spent on local maintenance and janitorial contractors (snow removal, janitorial, electrical, plumbing)
- $2.3MM was spent on local utilities and fuel (includes the "Energy Assistance" program)

Background

Support of local businesses by the local public-sector is a component of any economic development initiative. The circulation of dollars throughout the local economy provides an exponential benefit via a "multiplier effect".

The City's Procurement Committee, comprised of staff members, is analyzing data from 2016 to better understand the types and levels of local patronage, where these levels might be legitimately increased, and how that will impact the local economy.

The procurement committee is also exploring the City's contracting procedures, which is a related component of the "buy local" effort.

Analysis

Sample of locally-procured services by largest category, excluding CIP and Major Maintenance contracts:

Fuel & Utilities	2,259,216
Telecommunications	305,196
Snow Removal (2016-17 Winter)	610,694
Janitorial	214,297
Automotive	32,477
Air Travel	30,693
Hardware	30,498
Dining	12,945
Equipment Rental	8,363
	3,504,379

212 Chenega Ave, PO Box 307, Valdez, AK 99686 BCarlson@ci.valdez.ak.us 907.834.3461