

AD HOC ON COMPREHENSIVE JOB CREATION PLAN and ECONOMIC DEVELOPMENT COMMITTEES' REPORT relative to proposed changes to the Local Business Preference Program (LBPP).

Recommendations for Council action:

1. APPROVE the following modifications to the LBPP and Small, Local Business Program (SLBP):
 - a. Allow manufacturers' representatives and distributors to receive the preference as long as products are manufactured within Los Angeles County.
 - b. Require that two-thirds of both goods and services be produced within Los Angeles County by the Local Business or Local Subcontractor to qualify for the preference.
 - c. Increase the \$100,000 maximum contract threshold for the SLBP to \$150,000 to be consistent with the LBPP and to account for inflation and other factors.
 - d. Combine the SLBP and the LBPP Ordinances.
2. INSTRUCT the Public Works, Bureau of Contract Administration (BCA) to implement the modifications to the LBPP and SLBP.
3. REQUEST the City Attorney, with the assistance of the BCA and Chief Legislative Analyst (CLA), to prepare and present ordinance(s) to effectuate the proposed changes to the LBPP and the SLBP, if necessary.
4. INSTRUCT the BCA to report on the number of participants in the SLBP, the feasibility of updating the program, and provide recommendations to effectuate these changes.
5. INSTRUCT the BCA, with the assistance of the CLA and any other necessary City departments or offices, to include a discussion on the feasibility of implementing Los Angeles County's Social Enterprise Preference Program as part of its report on the Transitional Job Opportunities Program (Council file No. 18-0255).

Fiscal Impact Statement: The CLA reports that the recommendations in this report will not have a fiscal impact on the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At a special meeting held on August 29, 2018, the Ad Hoc Committee on Comprehensive Job Creation Plan considered a report from the CLA dated August 27, 2018 relative to proposed changes to the LBPP. The CLA reports that the LBPP is a program that provides an eight percent preference to eligible local businesses on requests for goods, equipment, supplies, construction, and personal services greater than \$150,000. In previous action on the Citywide

Comprehensive Job Creation Plan, the Council instructed the CLA to report on possible changes to the LBPP.

A representative of the CLA provided the Committee with a brief overview of the CLA's report, and on a proposed amendment to its report to change Recommendation No. 1c regarding the wording of the contract threshold for the SLBP: to increase the \$100,000 *maximum* (instead of minimum) contract threshold for the SLBP to \$150,000. The CLA representative, along with representatives of the City Attorney and the BCA, responded to various related questions on this matter from the Committee.

During further discussion, the Committee inquired about changing the definition of what constitutes a local business. Businesses located in the City of Los Angeles may be at a competitive disadvantage to those located in other adjacent jurisdictions due to the financial commitments the City has made on various issues (such as housing for the homeless) that other jurisdictions have not, and, due to taxes these businesses pay to the City to assist it in resolving those issues. Therefore, the Committee Chair inquired if it were possible to ensure that local businesses received some sort of incentives or assistance, perhaps through the Request for Proposal (RFP) process, after a contract was awarded.

The City Attorney representative advised the Committee that the City Charter defines the term *local*, and that any changes would require a ballot measure for the voters to approve such a change. Further, the City Attorney would need to review any sort of proposed incentives or assistance in an RFP in order to opine on whether such incentives were permissible. Additionally, the Committee inquired about an issue where businesses with an outpost in the City (brokers) are claiming to be a local business when it appears they are not. The City Attorney advised the Committee that this issue could be resolved by combining the LBPP and the SLBP and adopting the language of the LBPP.

After consideration, and after providing an opportunity for public comment, the Ad Hoc Committee on Comprehensive Job Creation Plan approved the recommendations in the CLA report, as amended.

Additionally, subsequently on April 17, 2019, the Economic Development Committee considered this matter, and after consideration and having provided an opportunity for public comment, concurred with the Ad Hoc Committee on Comprehensive Job Creation Plan. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

AD HOC COMMITTEE ON COMPREHENSIVE JOB CREATION PLAN

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
WESSON:	ABSENT
ENGLANDER:	ABSENT
BLUMENFIELD:	YES
HARRIS-DAWSON:	YES

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
BUSCAINO:	YES
RODRIGUEZ:	ABSENT

REW 4/22/19 FILE NO. 15-0850

-NOT OFFICIAL UNTIL COUNCIL ACTS-