

MOTION

BUDGET & FINANCE

INFORMATION TECHNOLOGY AND GENERAL SERVICES

In 2011, the City established the Local Business Preference Program (LBPP), which provides an eight percent preference to Local Business Enterprises (LBEs) located within Los Angeles County. The purpose of the LBPP is to encourage local and small businesses to compete for City contracting opportunities, to locate operations in the City, and to encourage existing local businesses to resist relocation to other areas.

Timely payments are key to attracting small businesses to do business with the City because of cash flow requirements. With up to 37 separate City departments, businesses that contract or do business with the City often experience payment delays that are created by having to navigate through varying invoice and payment processes, or not knowing who to communicate with in the appropriate department. There are currently several prompt payment policies adopted by other jurisdictions that the City could use to model a potential future program.


The County of Los Angeles' Internal Services Department has a Prompt Payment Program for County certified Local Small Business Enterprises (SBEs) to receive prompt payments for goods and/or services they provide to County Departments. The Prompt Payment Program defines prompt payment as 15 calendar days after receipt of an undisputed invoice. Additionally, the County also has a Small Business Payment Liaison who assists local certified SBEs with invoices and related issues pertaining to purchase orders and contracts.

Similarly, the Los Angeles County Metropolitan Transportation Authority (Metro) has a Prompt Payment clause that Metro Contractors are required to include with Disadvantaged Business Enterprises (DBE) and non-DBE subcontract agreements. The Prompt Payment clause states that Contractors shall pay each subcontractor (DBE and non-DBE) for satisfactory performance of its work no later than 7 days after receipt of each Progress Payment received from Metro.

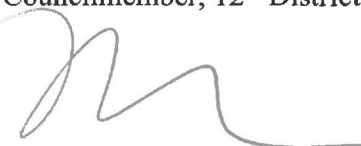
Prompt payment policies have the capacity to encourage local businesses to stay within the City and create much needed local jobs as business practices become streamlined and cash flow is promptly received. In addition, creating a prompt payment policy within the City will both attract and encourage more small businesses to participate in the City's LBPP.

I THEREFORE MOVE that the Council INSTRUCT the Department of General Services, the City Administrative Officer, and other relevant departments to report on the feasibility of creating a Prompt Payment Policy and Program modeled on similar policies at Metro and the County of Los Angeles.

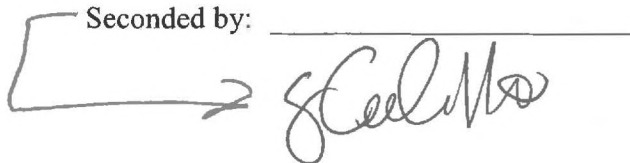
Presented by:


MITCHELL ENGLANDER
Councilmember, 12th District

co present:



Seconded by:



AUG - 1 2017



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