

BUDGET & FINANCE

MOTION AD HOC COMMITTEE ON COMPREHENSIVE JOB CREATION PLAN

The existing local business preference program and small local business program encourage local and small business participation in City-funded contract bidding and support the local economy by keeping jobs in Los Angeles. To fulfill their purpose, these programs provide bid preferences to certified Local Business Enterprises located in Los Angeles County that bid on City contracts for goods, equipment, and supplies.

Recently, the City Attorney and the Bureau of Contract Administration received City Council direction, pursuant to CF# 18-0255 and CF#15-0850, to update the ordinances to expand opportunities, increase preference amounts for bidders, and widen criteria for businesses. Both offices are in the process of completing these ordinance updates.

Expansion of opportunity for these businesses, however, did not include widening the threshold that determines which businesses qualify for these contract preferences based on their gross receipts. As it stands, businesses do not qualify for the program if they gross more than \$3 million a year. Comparatively, the County of Los Angeles Local Small Business Enterprise program qualifies small businesses as those that gross no more than \$15 million annually.

Especially due to the changing nature of the economy during the COVID-19 pandemic, the City should reevaluate how it defines small business in order to maximize the economic benefit of the preference programs and the City should further investigate how to further incentivize more subcontractors to participate in its preferencing programs.

I THEREFORE MOVE that the City Council instruct the Chief Legislative Analyst to report, with assistance from the Bureau of Contract Administration, the Chief Procurement Officer and the City Attorney, and with input from the Small Business Commission, on potential changes to the definition of small business for procurement preference programs based on gross receipts, and recommendations for future evaluation of this threshold.

I FURTHER MOVE that the City Council instruct the Chief Legislative Analyst, with the assistance from the Bureau of Contract Administration and the Chief Procurement Officer, to conduct a survey of all LBE certified companies (primes and subcontractors) to obtain data on the average gross receipts from the businesses that qualify for this program and report on the results.

Presented by: Paul Krekorian
PAUL KREKORIAN (verbal)
Councilmember, 2nd District

Seconded by: Curren D. Price, Jr.
CURREN D. PRICE, JR. (verbal)
Councilmember, 9th District

SEP 16 2020