



CITY OF LONG BEACH
DEPARTMENT OF FINANCIAL MANAGEMENT

UB-8

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

July 5, 2005

REVISED

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file status report on Local Business Preferences and One-Stop Web Site.
(Citywide)

DISCUSSION

On May 10, 2005, the City Council requested a status report on strategies to make the City of Long Beach more business friendly, encourage growth, and expand opportunities for Long Beach-based businesses, with particular focus on the performance of the Local Business Preferences and One-Stop Web Site efforts (Attachment 1).

As a result of Ballot Measure U, the City Council approved an Ordinance on July 13, 2004, that established an initial 2 percent preference to Long Beach businesses for all City purchases of materials, equipment, supplies and non-professional services with a contract ceiling of \$100,000 (Attachment 2). The local preference increases 1 percent each fiscal year until it reaches 5 percent on October 1, 2006. This local preference went into effect on Monday, August 23, 2004 and is currently at 3 percent. Neither Ballot Measure U nor the City Local Preference Ordinance includes a preference applied to Requests for Proposals (RFPs) for professional services because factors in addition to price are used to determine the winning proposal.

On April 5, 2004, the Purchasing Division of the Financial Management Department implemented a central bid management system called BidsOnLine from Planetbids. BidsOnLine is a web-based bid management system, which allows potential vendors to maintain their own profile and enables them to receive automatic email notifications for selected bid opportunities based on product and service categories.

Although hosted by Planetbids, BidsOnLine is seamless with the City's web site under "Guide for Businesses – Vendor Information and Contracting Opportunities" (Attachment 3). This link on the City's web site takes you to the Purchasing Division home page (Attachment 4). Potential vendors interested in doing business with the City are able to register on the City's bidders database via BidsOnLine, view all current bid opportunities and find helpful information such as the Long Beach Preference Ordinance, department contacts, upcoming bid projects, contract terms and conditions, insurance information and a link to Community Development Diversity Outreach Assistance.

The Purchasing Division processes all Citywide bids and bids for departments with the exception of the Public Works Capital Projects Division and the Technology Services, Water and Harbor Departments, as allowed by City Charter. The Purchasing Division, Public Works Capital Projects Division, Technology Services and Water Departments all utilize the central bid management site to post bid opportunities. The Purchasing Division also posts Requests for Proposals (RFPs) for departments on a voluntary basis.

HONORABLE MAYOR AND CITY COUNCIL

July 5, 2005

Page 2

Outreach

Working together, numerous outreach efforts are continually made by the Community Development and Financial Management Departments to promote the bidders database and current bid opportunities to local businesses. Recent efforts over the last six months by the Purchasing Division include the following activities:

- On March 24, 2005, the first annual Business Opportunities Open House took place in the Long Beach Main Library (Attachment 5).
- In March and April, a mass mailing to Long Beach businesses, with a concentration on small Section 3 and home-based businesses, was done to encourage bidders to register and promote helpful information provided on the purchasing web page and hotline (Attachment 6).
- The City's Purchasing Agent served as a speaker and provided information at the Long Beach Regional Hispanic Chamber Conference; California State University, Long Beach open house (Attachment 7); and Long Beach Entrepreneurship 2005 Conference.
- The Purchasing Division participates in the City's bi-monthly diversity outreach networking sessions (Attachment 8).
- The Purchasing Division sends weekly bid notifications to 32 organizations servicing minority-owned business enterprises, women-owned business enterprises and Long Beach business enterprises.

Local preference information is provided on the purchasing web page over the Internet, as well as the Intranet, which provides instructions to departments. Training on how to apply the Long Beach preference program is being provided to departments as part of an on-going training effort provided by the City Attorney's Office and the Purchasing Division on contracts and purchasing policies.

As of June 6, 2005, these efforts have resulted in 1,199 local vendors being notified of a potential 223 bid opportunities posted through the bid management system. Approximately 35 percent of those local businesses notified chose to download the bid document as a prospective bidder. The City's outreach efforts are included in Council letters brought to the City Council for approval.

The local preference program has been a determining factor in a number of awards. Additionally, payments made to Long Beach Business Enterprises (LBBE) have increased over the last fiscal year. It is not anticipated to cost the City a substantial amount once the local preference reaches 5 percent on October 1, 2006, however, bid participation is a key component in controlling cost and staff cannot determine the financial impact of the program at this point. The award data to Long Beach Business Enterprises (LBBE) for the last reporting period of October 1, 2003 to September 30, 2004 (Fiscal Year 2004) is as follows:

Payments Under 10,000*	
Actual Local Business Expenditures	\$ 4,279,086
Total Payments	\$19,048,533
Percentage LBBE	22%

All Payments*	
Actual Local Business Expenditures	\$111,128,145
Total Payments	\$367,881,479
Percentage LBBE	30%

*It should be noted that expenditures reflect only those awards where payment has been made to those businesses with an address in Long Beach.

HONORABLE MAYOR AND CITY COUNCIL

July 5, 2005

Page 3

Attachment 9 is provided as additional information on what other municipalities have for a local preference program. This is an updated excerpt of a benchmark study originally published by the California Association of Public Purchasing Officers.

Continuous efforts are made to increase outreach and bid participation on formal and informal bids over \$10,000. In an effort to increase awards under \$10,000, additional BidsOnLine users licenses were purchased on June 2, 2005, and now allow department users direct access to BidsOnLine vendor reports. This access enables department users to identify registered local vendors under a specified product or service category. User access is still maintained by the Purchasing Division and this new feature is currently in the process of being implemented Citywide.

TIMING CONSIDERATIONS

City Council action is not time critical.

FISCAL IMPACT

There is no fiscal impact associated with this action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

MAK:JV:cm
K:\Exec\Council Letters\Purchasing\07-05-05 ccl - Local Business Preference Report.doc

ATTACHMENTS

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER