



R-11

Date: March 1, 2022

To: Honorable Mayor and Council

From: Councilwoman Cindy Allen, Second District
Councilwoman Suely Saro, Sixth District
Councilwoman Stacy Mungo, Fifth District

Subject: Analysis of Local Preference in Contracting

RECOMMENDED ACTION:

Request the City Manager to work with the Financial Management Department's Purchasing Division to ensure a study of the current Local Preference Ordinance is included in the Extreme Procurement Makeover Project (which is remaking procurement policies, processes, and practices in Long Beach), including an analysis, assessment of the feasibility and options for implementation of the items listed below. In addition, prioritize this study by modifying the workplan for the Extreme Procurement Makeover Project, and report back to City Council in no more than 180 days.

1. Increase local preference percentage from 10% to 20%.
2. Increase or remove the cap on maximum local preference amount.
3. Increase the access to contract award information, including its impact to local, small, and diverse business types, with women-owned, minority-owned, and disadvantaged business enterprises specifically addressed.
4. Additional tracking and reporting of economic impact and job creation/preservation from local awards.
5. Expand local preference to contracting opportunities for local nonprofit organizations.
6. Additional tracking of sub-contracting to local vendors.
7. Identify ways to incorporate local preference considerations on all, or an eligible subset of, Requests for Proposals (RFPs).

DISCUSSION:

Ensuring the City of Long Beach invests in our local economy is important to the ongoing health and wellbeing of our communities. Increasing local contract awards supports local small businesses of all kinds, and in doing so provides stronger pathways to employment and entrepreneurship and potentially attracts additional businesses.



Local preference in contracting also generates significant economic spillover effects, as businesses winning contract awards are paying more local employees, who shop and dine in local retail stores and restaurants. These secondary and tertiary effects amplify the impact of the dollars that the City spends on the preference program, and some of those dollars are returned to the City in sales and other tax receipts.

Increasing local preference thresholds also increases the business-friendly stance of our city and can provide an incentive for growing enterprises that wish to do business with the City to move here. A higher local preference threshold may also increase the size of the contracts for which locally grown businesses, who benefited from the existing policy, can successfully compete.

And finally, increasing local preference recognizes the steps the City has taken toward ensuring that the taxpayer dollars paid in this city go back into this city wherever possible. The higher local preference threshold will further empower local firms, many of which are designated small business enterprises, minority-owned business enterprises, and women-owned business enterprises, to compete more successfully with established firms outside the city that do not share any of these characteristics. This is important as a structural balancer to promote local equity and will reduce an intersectional barrier for many local businesses for whom we are otherwise seeking to provide equity supports.

This matter was reviewed by Grace H. Yoon on February 17, 2022.

FISCAL IMPACT:

The recommendation requests the City Manager to work with the Financial Management Department to ensure a study of the current Local Preference Ordinance is included in the Extreme Procurement Makeover Project. This request is part of the currently funded Extreme Procurement Makeover Project. The requested action is anticipated to have a minimal impact on staff hours beyond the budgeted scope of duties and is expected to have a minimal impact on existing City Council priorities. There is no local job impact associated with the recommendation.