





Date: April 6, 2010

To: Honorable Mayor and Members of the City Council

From: Council Member Tonia Reyes Uranga, Seventh District   
Councilwoman Gerrie Shipskie, Fifth District 

Subject: **AGENDA ITEM: Request the City Manager and City Auditor for a report on the hiring practices of city contractors to determine their impact on local jobs.**

### **BACKGROUND**

The City of Long Beach offers an urban Enterprise Zone of over 41.4 square miles, encompassing thousands of businesses. Companies located within the Enterprise Zone can save thousands of dollars on their business California income taxes. In spite of this benefit, Long Beach is struggling with record unemployment and is perennially listed among top 10 cities by the US Census Bureau in the *American Community Survey* for the percentage of people living below the poverty level. To compound this problem, as a 2006 Press Telegram article reported, "While Long Beach was No. 2 nationally in inner-city job growth at 3.7 percent, wages actually declined, according to one study... According to the city's poverty white paper, tourism, arts and hospitality jobs average about \$19,000 per year, less than one-third of the average manufacturing job (\$63,182)." This dynamic was attributed to the City changing from a manufacturing and industrial economy to a service economy, which includes the health, education, professional and business services, retail, trade and tourism sectors.

### **DISCUSSION**

Creating good jobs is a primary responsibility of local governments because we are entrusted to ensure taxpayer dollars support good well-paid local jobs that benefit Long Beach residents and the economy. Some of our largest contracts are with companies who have recently exported good paying American jobs out of state, overseas or across the border. We need to understand the impact of these actions and make sure the contracts reflect the savings for lower wage employees or look for contractors who employ local residents. To stave off the number of job losses due to the difficult economic climate, we would like to request a report on the employment practices of large city contractors, such as Verizon, to determine the impact of relocating employees and/or services on the local economy.

### **RECOMMENDATION**

**Request the City Manager and City Auditor to review all businesses with large City contracts to determine the impact of their hiring practices on local jobs and to report back in 60 days.**