



City of Long Beach
Working Together to Serve

Office of Robert Garcia
Council Member, First District

Date: March 9, 2010

To: Honorable Mayor and Members of the City Council

From: Councilmember Robert Garcia, First District *R.G.*
Councilmember Gary DeLong, Third District *G.D.*
Councilmember Dee Andrews, Sixth District *D.A.*

Subject: Local business preference report

Background:

In July of 2002 the Department of Financial Management reported in *City of Long Beach: Report on the Preference to Businesses Located In Long Beach* that approximately one-quarter of the City's expenditures on goods and services was awarded to Long Beach businesses annually.

In 2009, after strong advocacy by Mayor Foster, the City Council voted to amend Long Beach Municipal Code Section 2.84.030, Local Preference, by increasing the local preference incentive from 5% to 10%. No future report to the Council was required by this action.

According to a February 7, 2010 *Los Angeles Times* opinion piece by Russell Goldsmith, CEO of Los Angeles-based City National Bank, in 2009 the City of Los Angeles awarded 15% of its expenditures to Los Angeles-based businesses.

Long Beach should strive to maintain a higher percentage, and, when at all possible, to increase that number significantly. Awarding City business to local companies helps Long Beach residents by stimulating job growth, increasing sales tax revenue, and keeping funds inside the City. To assess the success of the local business preference, the necessity and means to improve it further, and the impact of City expenditures on the local economy, the Council requires timely data about the program. A report similar to the one provided in 2002 would help determine the impact of the local preference and provide opportunities for increasing support by the City for local business.

Recommendation:

Request the City Manager provide to Council within 60 days a report on the local preference in city contracts, including the annual sum of expenditures since 2002 that have gone to Long Beach businesses, the percentage of expenditures that sum represents, the impact on the general fund, the impact on sales tax revenue, and any other relevant information.