

**MAYOR BOB FOSTER**

CITY OF LONG BEACH

June 2, 2009

MEMBERS OF THE CITY COUNCIL
City of Long Beach

RECOMMENDATION:

Request City Attorney to prepare an ordinance amending Long Beach Municipal Code Section 2.84.030, Local preference, as reflected in Exhibit A, and return to the City Council for the June 9, 2009 Meeting.

DISCUSSION:

In order to provide Long Beach-based businesses with a greater competitive edge when bidding on a City contract, the City Charter mandates the Council maintain a local preference ordinance. Currently, the local preference provides a 5% discount on bids entered by Long Beach-based businesses for furnishing materials, equipment, supplies, and nonprofessional services. The discount is applied to contracts of \$100,000 or less. Unfortunately, very few contracts are eligible, and our local preference ordinance is largely ineffective in leveling the playing field for Long Beach-based businesses.

Exhibit A would amend the local preference ordinance by increasing the discount to 10%, with the stipulation that if the discount amount exceeds \$10,000 the local preference is null and void for that specific contract. This will ensure the City does not over-extend itself, while at the same time providing Long Beach-based businesses with a competitive edge in bidding on City contracts.

These amendments are modeled after local preference ordinances of other municipalities throughout California. My staff has worked extensively with our City Procurement Officer, and has consulted with the City Manager and several department directors prior to introducing this before Council. We have reached consensus on the importance of strengthening our local preference, and I respectfully request the Council to adopt these amendments.

A stronger local preference will give Long Beach-based businesses a competitive edge, and will keep our tax dollars working in Long Beach. Other municipalities that implement strong local preference ordinances have lauded what they refer to as the "multiplier effect," which occurs

when local tax dollars are spent contracting with a local-based business, and then those dollars in turn are re-spent by those local businesses, generating greater sales tax revenue and job growth.

The City Council recently approved a one-year small business enterprise (SBE) recruitment pilot program to level the playing field in our procurement process for the small business community. In order to stimulate our local economy with the limited resources available to the Council, a multi-pronged approach must be taken, and a stronger local preference would be a useful tool in achieving greater Long Beach-based business participation in City contracting.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bob Foster". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Mayor Bob Foster
City of Long Beach

Dated: May 21, 2009

Exhibit A

2.84.030 Local preference.

A. This section implements section 1803 of the city charter and is based on findings that the amount of local preference described in this section for local businesses is in the public interest and is necessary to ease disadvantages suffered by local businesses due to the higher costs of doing business in the city of Long Beach.

B. A bid for furnishing materials, equipment, supplies, and nonprofessional services pursuant to section 2.84.010 relating to the authority of the city's purchasing agent to make purchases for city departments reporting to the city manager shall be reduced by the amount described below in making a determination whether or not the bidder is the lowest responsible bidder, if the bidder meets the following criteria:

1. Has a current, valid business license from the city of Long Beach showing a place of business within the city limits; and
2. Has a current, valid seller's permit (also known as a sales tax permit) showing a place of business within the city limits.

C. A bid from a bidder meeting the criteria described in subsection B of this section shall be reduced by ~~five~~ *ten* percent (~~5%~~) (10%).

1. *The maximum preference a bidder may be awarded pursuant to this chapter and any other provision of law shall be 10 percent. However, in no case shall the maximum preference cost under this section exceed ten thousand dollars (\$10,000) for any bid.*

D. This section shall not apply to bids for purchases made by the director of library services pursuant to section 1801 of the city charter or to purchases made pursuant to section 1807 of the city charter. This section shall also not apply to bids for purchases funded by any tidelands fund, by any grant funds, and by any funds received from the state of California. This section shall not apply to bids for public works, as that term is defined in section 1702(a) of the California Labor Code.

(Ord. 05-0020 § 1, 2005; Ord. C-7938 § 1, 2004).