



Legislation Text

File #: 11-0418, **Version:** 1

Recommendation to request City Attorney to amend the Long Beach Municipal Code to permanently establish the Small Business Enterprise (SBE) program and make further changes as directed by the City Council. (Citywide)

In April 2009, the City adopted a Small Business Enterprise (SBE) recruitment pilot program for the Departments of Public Works, Parks, Recreation and Marine, and Long Beach Gas and Oil. The program went into effect May 13, 2009 and requested the pilot Departments to use best efforts to meet a 20 percent SBE participation rate for eligible procurement, professional and contracting services. The pilot program was applicable to certain contracts and certain funding sources as outlined in Exhibit A.

In addition, the program was tiered to accommodate and encourage participation from a variety of small businesses in local contracting opportunities, particularly businesses located in the City. The program was structured to offer certification on three levels:

Small Business Enterprise (SBE)

- The City utilizes the Federal U.S. Small Business Administration (SBA) size standards for eligibility.

Very Small Business Enterprise (VSBE)

- The City utilizes the State of California's micro-business designation for VSBE eligibility.

Local Small Business Enterprise (LSBE)

- The business has to have a current, valid business license from the City and seller's permit showing a place of business within City limits and meet SBE requirements.

Please refer to Attachment A that highlights the ordinance requirements and the program's applicability.

As a result of this pilot program, there are currently 1,450 SBEs registered and certified in the City's SBE database; 235 are Local Small Business Enterprises (LSBEs), representing 16 percent of all SBE's, and 147 are Very Small Business Enterprises (VSBEs), representing 10 percent registration rate. Small Business Enterprise certification can be obtained through the City's bidder's database registration. There is no charge for this certification and normal processing time for a business to receive certification is 24 hours.

During this pilot program, SBE, VSBE and LSBE's participation reached an estimated \$10 million. Since the inception of the SBE program, the Business Relations Bureau has attended 14 outreach events promoting the SBE program, as well as a host of other procurement opportunities. Attachment B highlights these events.

When the program was implemented, staff suggested an overall goal of SBE participation of 20 percent, which was 10 percent SBE, 5 percent VSBE, and 5 percent LSBE. The pilot program has been successful. Based on participation from Fiscal Year 2009 and 2010, and the remaining anticipated construction contracts, products, and services that the City will procure for Fiscal Year 2011, staff recommends permanent implementation of the program. An overall combined SBE/VSBE/LSBE goal will be determined and set by the Director of Financial Management annually. The program's implementation would be expanded to include the following Departments: City Manager, Development Services, Financial Management, Fire, Health and Human Services, Human Resources, Library Services, Long Beach Airport, Parks, Recreation and Marine, Police, Public Works, and Technology Services. Based on previous experience, Long Beach Gas and Oil construction projects will be excluded from program participation due to their specialized nature.

At the end of each fiscal year, staff will provide the City Council with an annual program report and will set goals annually based on participation.

This letter was reviewed by Deputy City Attorney Amy Burton on February 24, 2011 and Budget Management Officer Victoria Bell on February 28, 2011.

City Council action on this matter is requested on May 3, 2011, in order to permanently implement and expand the program.

There is no fiscal impact associated with this recommendation. This recommendation anticipates a positive local job impact.

Approve recommendation.

DAVID S. NAKAMOTO
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER