MOTION BY SUPERVISORS ZEV YAROSLAVSKY AND
MICHAEL D. ANTONOVICH   July 19, 2011

In October 2002, the Los Angeles County Board of Supervisors adopted the Local Small Business Enterprise Preference (LSBE) Program. To help level the playing field, the ordinance gives certified small businesses a 5% price preference when bidding for goods and services in response to County solicitations.

In Fiscal Year 2010-2011, County departments issued over $5 billion in purchase orders and contracts for goods and services. However, the cost of the LSBE program to the County has been historically very low (only $40,000 last year and half that amount in previous years) because the actual preference is calculated on the cost/price component of the lowest, most responsible and responsive bid amount for price-based solicitations. For example, if a large corporation submitted the lowest bid of $100, and an LSBE had a competing bid of up to $105, the LSBE would score highest on the cost component and, assuming all other components are equal, would win the bid at a cost to the County of $5 or less.

We believe that increasing the preference amount could generate more interest among local, small businesses seeking to do business with the County, and thus,

<u>MOTION</u>

MOLINA   _____

RIDLEY-THOMAS_____

YAROSLAVSKY   _____

KNABE   _____

ANTONOVICH   _____

support our economy at minimal cost to the County. The City of Los Angeles recently

implemented an 8% preference program after a USC analysis concluded that the

heightened economic activity and jobs created by the program would generate new

revenue that would offset any incremental costs.

      WE, THEREFORE, MOVE that the Board of Supervisors direct ISD and its Office

of Small Business to work with County Counsel to: (1) update and amend the applicable

provisions of the Los Angeles County Code, Section 2.204, increasing the LSBE

preference from 5% to 8%, (2) update this information on its website and other

materials, and (3) work with other departments to ensure that this change is

communicated to all existing and potential small business vendors.

GC s:\Motions\Local Small Business Preference