

Title:		Contents:	PP-2000
LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM		Submitted By:	Purchasing Division
		Approved By:	Purchasing Agent
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General

On July 23, 2002, the Los Angeles County Board of Supervisors (Board) approved an Ordinance (Los Angeles County Code Chapter 2.204) establishing the County's Local Small Business Enterprise (LSBE) Preference Program. Implemented on October 28, 2002, the LSBE preference program provided a five percent (5%) cost preference to County certified LSBE vendors in the County's solicitations for goods and services over \$5,000, with noted exceptions.

On August 21, 2007, the Board approved an Ordinance amending the LSBE Preference Program for County solicitations which are subject to federal restrictions on geographical preferences. In such cases where federally funded acquisitions preclude local preferences (by regulation), the five percent (5%) cost preference is applicable to vendors that are certified as a small business by the Small Business Administration (SBA) or registered as a small business on the Federal Central Contractor Registration database.

On September 13, 2011, the Board approved an Ordinance amending the LSBE Preference Program to increase the LSBE preference from five percent (5%) to eight percent (8%), with the increase to become effective for all solicitations (over \$5,000, with noted exceptions), released on or after November 1, 2011.

LSBE Preference Program

The LSBE Preference Program is a race and gender-neutral program designed to enhance contracting and procurement opportunities for local small businesses within the County of Los Angeles.

With limited exceptions, County departments will provide an eight percent (8%) bid price reduction ("preference") for County certified, LSBEs in the solicitation of goods and services released on or after November 1, 2011. Certified LSBEs can claim the preference when responding to a solicitation for goods or services, which will be evaluated as follows:

- For solicitations that are based on the lowest bid, the preference granted to each certified LSBE will be equal to eight percent (8%) percent, of the lowest bid amount.
- For solicitations that are based on factors other than just the lowest price, the preference granted to each certified LSBE will be equal to eight percent (8%) of the price component of the highest scoring proposal.

Note: Typically, in contracts for services, price is only one of several factors (e.g., qualifications, implementation approach, references, etc.) that are rated in arriving at a winning bid. In these cases, the price component of each LSBE's bid will be scored based on their original bid price less the preference amount.

Exceptions

The requirements of the Local SBE Preference Program are applicable to the solicitation of bids and proposals for County goods and services, with the exception of:

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- a. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar or related group purchasing organization.
- b. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal manual, Section 4.4.0 or a successor provision.
- c. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedure Manual, Section P-2810 or a successor provision.
- d. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing and Policy Manual, Section A-0300 or a successor provision.
- e. Any contract, funded in whole or in part by the federal government, to the extent of any conflict between the requirements imposed by the federal government relating to participation in a contract by a minority or women owned business enterprise as a condition of receipt of public funds.
- f. Any solicitation, funded in whole or in part by the federal government under the uniform administrative requirements for grants, cooperative agreements, and sub-awards to state, local and tribal governments under the Code of Federal Regulations ("CFR"), also known as the "grants management common rule." In such cases, federal regulations preclude the County from applying a local preference. However, the eight percent (8%) cost preference is permissible to vendors that are certified as a small business by the Small Business Administration (SBA) or registered as a small business on the Federal Central Contractor Registration database.
- g. Any solicitation where a governing statute limits the LSBE preference at an amount less than eight percent. In such cases, the applicable statute shall determine the preference amount.

Restrictions

In all cases the Local SBE Preference shall not exceed fifty thousand dollars (\$50,000) for any one solicitation.

Definition of a certified LSBE

A certified "LSBE" is defined as:

1. A business having its principal office located in Los Angeles County for at least the previous 12 month period; and
2. A business certified as a small business by the State of California; and
3. Is certified by the County's Office of Small Business as having a valid, State certification.

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The County's LSBE preference will only be given to those vendors who have been certified by the State of California, and validated and certified as a LSBE by the County's Office of Small Business.