

ORDINANCE NO. _____

An ordinance amending Article 4 of Chapter 1, Division 10 of the Los Angeles Administrative Code to provide an additional bid and proposal preference to businesses located in the City of Los Angeles, and to revise the preference amounts and other technical changes; and amending Article 7, Chapter 18, Sections 187.02 and 187.03 of the Los Angeles Municipal Code to update cross-referenced terms.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. Subsections (d) and (h) of Section 10.25.1 of Chapter 1, Division 10 of the Los Angeles Administrative Code are amended to read as follows:

(d) **“Broker”** means a manufacturer’s representative, packager, or other Person who arranges or expedites a transaction of equipment, goods, or materials that are manufactured in the County of Los Angeles if certified as a Local Business, or in the City of Los Angeles if certified as a City Business.

(h) **“Dealer”** or **“Supplier”** means any Person who owns, operates, or maintains a store, warehouse, or other establishment in the County of Los Angeles if certified as a Local Business, or in the City of Los Angeles if certified as a City Business, in which the equipment, goods, or materials of the general character described in the Bid or Proposal specifications and required under the Contract are regularly sold or leased to the public from its own inventory or otherwise procured in the usual course of its business. A “Dealer” or “Supplier” does not include a packager, broker, manufacturer’s representative, or other Person who arranges or expedites a transaction without taking ownership of the finished or assembled equipment, goods or materials prior to the sale or lease to the City.

Sec. 2. Subsections (f) through (r) of Section 10.25.1 of Chapter 1, Division 10 of the Los Angeles Administrative Code are re-lettered as Subsections (g) through (s), and a new Subsection (f) is added to read as follows:

(f) **“City Business”** means a Local Business that is also certified by the DAA as a City Business.

Sec. 3. Section 10.25.2 of Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 10.25.2. Eligibility Criteria for Preferences.

To be eligible for any preference under this article, a Bidder or Proposer must be certified and approved by the DAA, pursuant to its rules and procedures, as a Local Business, a City Business, a Local Small Business or a Local Transitional Employer.

Sec. 4. Section 10.25.3 of Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 10.25.3. Application of Preference to Bids and Proposals for Services and Goods.

The preferences awarded under this article shall be subject to the following additional requirements:

(a) A Bid or Proposal for services shall be eligible for a preference if two thirds of the services under the Contract are to be produced or performed in:

(1) the County of Los Angeles if the Bidder or Proposer is a Local Business; or

(2) the City of Los Angeles if the Bidder or Proposer is a City Business.

(b) A Bid or Proposal for equipment, goods, or materials shall be eligible for a preference if:

(1) The Local Business designs, manufactures, or assembles the equipment, goods, or materials where a minimum of two thirds of the work, based on the dollar amount under the Bid or Proposal, is performed in the County of Los Angeles;

(2) The City Business designs, manufactures, or assembles the equipment, goods, or materials where a minimum of two thirds of the work, based on the dollar amount under the Bid or Proposal, is performed in the City of Los Angeles; or

(3) The Local Business or City Business is a Broker, Dealer, or Supplier.

Sec. 5. Section 10.25.5 of Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 10.25.5. Awarding Preferences – Contracts over \$150,000.

(a) **Award of Local Business and City Business Preference.** An Awarding Authority shall award a 6% preference to a Local Business. A Local Business that is also a City Business shall be awarded an additional 4% preference. The preferences shall be applied to a Bid and Proposal in the following manner:

(1) **Bid.** The Awarding Authority shall apply the preference to a Bid price solely for Bid evaluation purposes such that the total Bid price by a Local Business shall be reduced by 6% of the Bid amount. The total Bid price by a

Local Business that is also a City Business shall be further reduced by 4% of the Bid amount. The reduced Bid amount shall be deemed the amount Bid by the Bidder. If the Local Business or City Business also receive any of the preferences in Section 10.25.5(b), the total Bid price shall be further reduced by the additional preferences awarded.

(2) **Proposal.** The Awarding Authority shall apply the preference to a Proposal solely for Proposal evaluation purposes such that the score awarded to a Proposal submitted by a Local Business shall be increased by 6% of the total possible evaluation points. The score awarded to a Local Business that is also a City Business shall be further increased by 4% of the total possible evaluation points. If the Local Business or City Business also receives any of the preferences in Section 10.25.5(b), the Proposal's score shall be further increased by the additional preferences awarded.

(b) **Award of Additional Preferences.** A Local Business or City Business that is awarded a preference in Section 10.25.5(a) may receive an additional preference as provided in this subsection, subject to the limitations in Section 10.25.5(d).

(1) A Local Business or City Business that is also a Local Small Business or Local Transitional Employer shall receive an additional 2% preference for each certification.

(2) A Local Business or City Business that is not eligible for the additional preference in Section 10.25.5(b)(1), but that identifies a Subcontractor that is a Local Small Business or a Local Transitional Employer, shall receive up to a 2% preference for each Subcontractor certification. The additional preferences under this subsection shall be applied as follows:

a. **Bid.** The Awarding Authority shall provide a 1% preference to the Bid price for every 10% of the total Bid amount to be performed by the qualifying Subcontractor.

b. **Proposal.** The Awarding Authority shall provide a 1% increase of the total possible evaluation points for every 10% of the total cost of the proposed work under the Contract to be performed by the qualifying Subcontractor.

c. The Bid or Proposal must identify each qualifying Subcontractor, the proposed work of the Subcontractor and the cost of the work for each Subcontractor.

(c) **Award of Subcontractor Preference.** A Bid or Proposal that does not qualify for the preferences in Subsections (a) and (b) of Section 10.25.5, may receive up to a 5% preference if it identifies a Subcontractor that is a Local Business, City Business, Local Small Business or Local Transitional Employer.

(1) The Bid or Proposal must identify each Subcontractor, the proposed work of the Subcontractor and the cost of the work for each Subcontractor.

(2) The Subcontractor preference shall be applied to a Bid or Proposal in the same manner as applied in Subsections a. through c. of Section 10.25.5(b)(2).

(d) Maximum Preference Awards and Value Cap.

(1) The maximum preference awarded to a Local Business under this article shall not exceed 10%.

(2) The maximum preference awarded to a City Business under this article shall not exceed 12%.

(3) The maximum value of the combined preferences awarded under this article shall not exceed one million dollars.

Sec. 6. Subsections (1) through (3) of Section 10.25.6(a) of Chapter 1, Division 10 of the Los Angeles Administrative Code are amended to read as follows:

(1) Fails to qualify or maintain its status as a Local Business, City Business, Local Small Business, or Local Transitional Employer for more than 60 days during the entire term of the Contract;

(2) Fails to utilize the Subcontractor that provided the basis for the preference or, in the event the Subcontractor is unable to either perform the work or maintain its qualifying status, fails to replace the Subcontractor with another qualifying Subcontractor within 60 days of non-performance or loss of qualifying status;

(3) Provides false or incorrect information for certification as a Local Business, City Business, Local Small Business, or Local Transitional Employer, and because of such certification, is awarded a Contract to which it would not otherwise be entitled;

Sec. 7. Section 10.25.8 of Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 10.25.8. Administration.

The DAA shall promulgate and amend rules and procedures to implement, administer, and enforce the provisions of this article. The DAA shall have discretion to determine whether a Person qualifies as a Local Business, a City Business, a Local Small Business, or a Local Transitional Employer. The DAA may audit Contractors

and Subcontractors and monitor compliance, including the investigation of alleged violations of this article. The Contractor and Subcontractor shall cooperate with the DAA and the Awarding Authority in the course of an audit or investigation.

Sec. 8. Subsection F of Section 187.02, Article 7, Chapter 18 of the Los Angeles Municipal Code is amended to read as follows:

F. A Non-Profit Corporation Employer, which also qualifies as a Local Transitional Employer, as defined by Los Angeles Administrative Code (LAAC) Section 10.25.1(m) ("Non-Profit/Local Transitional Employer"), can apply to the DAA for a limited exemption to this article. This limited exemption shall allow a "Non-Profit/Local Transitional Employer" to pay an Employee holding a Transitional Job, as defined by LAAC Section 10.25.1(s), wages less than those required under Section 187.02 during the first 18 months of employment in the Transitional Job. The intent of this limited exemption is to create opportunities for the hardest to employ in the City, and shall be construed strictly in its application to an Employer seeking to qualify as a "Non-Profit/Local Transitional Employer."

Sec. 9. Subsection B of Section 187.03, Article 7, Chapter 18 of the Los Angeles Municipal Code is amended to read as follows:

B. It is a Local Transitional Employer as defined in Section 10.25.1(m) of the Los Angeles Administrative Code; or

Sec. 10. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By



DANIA MINASSIAN
Deputy City Attorney

Date

September 14, 2023

File No. _____

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The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____