



*Los Angeles
World Airports*

Local Preference Ordinance

Presented to the BOAC
January 23, 2012

Local Preference Ordinance (LPO)

- Developed by the Mayor's Office and approved by Los Angeles City Council on October 21, 2011
- Intended to spur the local economy and create local jobs
- Will give businesses in LA County an 8% competitive advantage

Local Preference Ordinance

- Establishes a Local Preference Program for the City's procurement of goods, equipment and services involving an expenditure that exceeds \$150,000
- Does not automatically apply to Proprietary Departments
- Strongly encourages the Proprietary Departments to adopt a program consistent with the Ordinance

Qualified Local Businesses

- Business occupies work space within the County
- Must submit proof that
 1. At least 50 of full-time employees of the business perform work within the boundaries of the County at least 60% of hours worked; or
 2. At least half of the full time employees of the business work within the boundaries of the County at least 60% of hours worked; or
 3. It is headquartered (physically conducts and manages all of its operations from a location) in the County
- Provisional qualification with enforceable contractual right to occupy space in County within 60 days of contract

Application of Local Preference to Bid

- Total price bid by a Local Business shall be reduced by 8% of the amount bid by that Local Business and the reduced amount shall be deemed the (effective) amount bid by that bidder.

Example – Bid on a hypothetical construction project

- Local Company A bid amount \$10,750,000*
- Company B bid amount \$10,500,000
- Company C bid amount \$10,000,000

Lowest (winning) bidder = Company A

* Effective bid is \$9,890,000 (after 8% local preference reduction); this is for bid evaluation purposes only. LAWA pays \$10,750,000.

Application of Local Preference to Proposal

- Score awarded to a proposal submitted by a Local Business is increased by 8% of the total possible evaluation points
- Example – RFP for design services on a hypothetical project

Average Scores based on total possible points of 200

- Company A 166
- Company B 182
- Local Company C 168*

Winning Proposal = Company C

* Final Score 184 (after applying 8% local preference points)

Application of Local Preference to Subcontractors

- Provide a 1% preference, up to a maximum of 5%, to the Bid price for every ten percent of the cost of the proposed work to be performed by a Local Subcontractor
- Increase by 1% of the total possible evaluation points, up to a maximum of 5%, for every ten percent of the total cost of the proposed work under the contract to be performed by a Local Subcontractor

Local Preference Ordinance Notes

- Maximum Bid or Proposal preference shall not exceed \$1,000,000 of any Bid or Proposal
- LPO does not apply to Bids or Proposals being procured under federal regulations (e.g., Concessions) or projects involving federal grants
- Staff will complete analysis of impact of LPO particularly on qualification based procurement for professional services on LAWA projects
- Office of the City Attorney is researching certain legal issues that may come into play including federal preemptions, applicability to ONT projects, etc.