

## SMALL LOCAL BUSINESS PROGRAM FACT SHEET

The City of Los Angeles provides a Small, Local Business Program to increase opportunities for Small, Local Businesses to successfully bid on contracts with the City. A supplier that is certified as a Small, Local Business with the City is eligible to receive a 10% preference on competitively bid contracts of \$100,000 or less.

### Definition of a Small Local Business

In order to obtain status as a Small, Local Business with the City of Los Angeles, the supplier (including all affiliates) must have gross receipts of less than \$3 million for the previous fiscal year. Additionally, the principal office of the business must be in the County of Los Angeles. The supplier must have a City of Los Angeles Business Tax Registration Certificate, if it is subject to the City business tax.

In order to be certified as a Small, Local Business, the enclosed application must be submitted to the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance, Centralized Certification Section. All approved applications are valid for one year from the date of approval.

### How the Small, Local Business Preference is Applied

A supplier that is certified as a Small, Local Business (SLB) with the City of Los Angeles will receive a preference on competitively bid contracts of \$100,000 or less. A 10% preference is given to the bids of certified Small, Local Businesses. The preference is determined by taking 10% of the lowest responsible bid, if the bid is not from a certified SLB, and subtracting that amount from the bid of the certified SLB. If after the preference is applied, the bid of the certified SLB is less than or equal to the lowest responsible bid of the non-SLB, the certified SLB will be awarded the contract.

Here is an example of how the SLB bid preference is applied and how it can help a Small, Local Business to obtain a contract with the City.

<u>Bidder</u>	<u>Amount of Bid</u>
Bidder A (not a SLB):	\$90,000 (Lowest Bid)
Bidder B (SLB):	\$95,000

Small Local Business Preference  
 $\$90,000 \text{ (Lowest Bid)} \times 10\% = \$9,000$

Bid Amount after SLB Preference is Applied  
Bidder A (90,000)      Bidder B: (\$86,000)\*

\*  $\$95,000 \text{ (Bid of SLB)} - \$9,000 \text{ (Bid Preference)} = \$86,000$

In this example, Bidder B, the Small, Local Business, would be the lowest bid after the 10% bid preference is applied. Therefore, Bidder B would be awarded the contract.

In order to receive the bid preference, the enclosed Small, Local Business application must be submitted to the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance, Centralized Certification Section, no later than five (5) calendar days prior to the bid or proposal deadline and approved prior to the award date. The office is located at:

600 South Spring Street, Suite 1300  
Los Angeles, CA 90014

For more information about the Small, Local Business Program, contact the Office of Contract Compliance, Centralized Certification Section at (213) 847-6480.

**City of Los Angeles  
Small & Local Business Program**

Thank you for applying for the Small & Local Business (SLB) Program with the City of Los Angeles.

Qualifications to obtain SLB status are listed below:

1. Your principal office must be located within the County of Los Angeles.
2. Your firm must have a City of Los Angeles Business Tax Registration Certificate. For information on obtaining a City of Los Angeles Business Tax Registration Certificate, please call the Office of Finance, Tax and Permits Division at (213) 978-1523.
3. Gross receipts for your business (including affiliates) must total less than \$3 million for the previous fiscal year.

Companies certified as a Small Local Business with the City of Los Angeles are given a preference applied to bid contracts of \$100,000 or less. A 10% preference (discount) is given to the bids of SLB certified companies. The preference is determined by taking 10% of the lowest bid that is proposed by a non-certified SLB company, and subtracting that amount from the bid of the SLB certified company. If after the preference the SLB's bid is less than or equal to the lowest non-certified company's bid, the SLB will be awarded the contract.

In order to be given the bid preference as a certified SLB, your SLB application must be submitted to the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance, Centralized Certification Section no later than five (5) calendar days prior to the bid or proposal deadline and approved prior to the award date.

The Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance, Centralized Certification Section is located at:

600 South Spring Street, Suite 1300  
Los Angeles, CA 90014

Certification as a Small & Local Business is valid for one calendar year from the date of approval. Applicant firms must be recertified on an annual basis with the Office of Contract Compliance, Centralized Certification Section. For questions concerning the Small Local Business Program, contact the Office of Contract Compliance, Centralized Certification Section at (213) 847-6480.

