

CITY OF LOS ANGELES

RULES AND PROCEDURES

IMPLEMENTING

THE LOCAL BUSINESS PREFERENCE PROGRAM

FOR CERTIFICATIONS AS A LOCAL, CITY, SMALL AND/OR TRANSITIONAL BUSINESS



EFFECTIVE March 27, 2024

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The Department of Public Works, Bureau of Contract Administration (BCA) Office of Contract Compliance (OCC) Certification, Outreach, Regulations & Enforcement Section (CORE) Centralized Certification Administration (CCA) promulgates these Rules and Procedures as the Designated Administrative Agency (DAA) pursuant to the Local Business Preference Program (LBPP) Ordinance 187121, as amended by Ordinance 188111, effective March 27, 2024. The BCA may amend or revise these Local Business Preference Program (LBPP) Rules and Procedures from time to time to assist with implementing, administering and enforcing the LBPP Ordinance.

SCOPE OF BUREAU OF CONTRACT ADMINISTRATION (BCA) AUTHORITY

The Local Business Preference program (LBPP), pursuant to Los Angeles Administrative Code (LAAC) Section 10.25-10.25.10 became effective on August 7, 2021, and was amended March 27, 2024. Under LAAC Section 10.25.2, the BCA shall specify in its Rules and Procedures the criteria for the Local Business, City Business, Local Small Business, and the Local Transitional Employer.

LAAC Section 10.25.8 further specifies that BCA shall promulgate the rules and procedures to implement, administer and enforce the provisions of this article. BCA 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.

DEFINITIONS

For purposes of these Rules and Procedures, the definitions set forth in LAAC Section 10.25.1 are incorporated herein by reference. In addition, the following definitions shall apply in these Rules and Procedures:

“Affiliate” means the following:

- (1) Concerns and entities are affiliates of each other when one controls or has the power to control the other, or a third party or parties control/s or has the power to control both. It does not matter whether control is exercised, so long as the power to control exists.
- (2) Factors such as ownership, management, previous relationships with or ties to another concern, and contractual relationships, should be considered in determining whether affiliation exists.
- (3) Control may be affirmative or negative. Negative control includes, but is not limited to, instances where a minority shareholder has the ability, under the concern's charter, by-laws, or shareholder's agreement, to prevent a quorum or otherwise block action by the board of directors or shareholders.
- (4) Affiliation may be found where an individual, concern, or entity exercises control indirectly through a third party.

(5) In determining whether affiliation exists, the totality of the circumstances should be considered, and may find affiliation even though no single factor is sufficient to constitute affiliation.

(6) In determining the concern's size, the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit are all considered.

“Annual receipts” means the gross income (less returns and allowances, sales of fixed assets, and inter-affiliate transactions) of a concern (and its domestic and foreign affiliates) from sales of products and services, interest, rents, fees, commissions, and/or from whatever source derived, as entered on its regular books of account for its most recently completed fiscal year (whether on a cash, accrual, completed contracts, percentage or completion, or other acceptable accounting basis) and, in the case of a concern subject to U.S. Federal income taxation, reported or to be reported to the U.S. Treasury Department, Internal Revenue Service, for Federal income tax purposes. If a concern which has been in business more than 12 months changes its accounting period (fiscal year), its annual receipts will be determined from its most recently completed 12-month period in business. For corporations and partnerships, gross income is calculated by adding the cost of goods sold and total income.

If a concern has acquired an affiliate during the applicable accounting period, it is necessary in computing the applicant's annual receipts, to include the affiliates receipts during the entire applicable accounting period, rather than only its receipts during the period in which it has been an affiliate. The receipts of a former affiliate are to be included if such concern was an affiliate during a portion of the applicable accounting period.

“Awarding Authority” means the governing body, board, officer or employee of the City authorized to award a Contract and includes a department that has control of its own funds if the department adopts policies consistent with the provisions of this article.

“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.

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

“Coworking Space” means a neutral, non-exclusive, limited shared space defined in a membership-based service arrangement or agreement or subscription wherein a firm has no Tenancy interest, leasehold estate or other real property interest with respect to the accommodation (that is the commercial equivalent of an agreement for accommodation in a hotel or club) on an as-needed basis. The agreement gives the firm a right to share the use of the space and may include an exclusive mailing address and office services. An executive suite/exclusive desk/dedicated desk/secured suite/private office under a coworking space agreement falls under this definition.

“Dealer” or “Supplier” means any Person or entity 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.

“Designated Administrative Agency (DAA)” means the Department of Public Works, Bureau of Contract Administration.

“Headquarters” means the business physically conducts and manages all of its operations from a location in the County of Los Angeles for a Local Business, or in the City of Los Angeles for a City Business. Operations within the County of Los Angeles or City of Los Angeles include, but are not limited to, the firm’s documents (including, but not limited to: books of record, financial, human resources and tax documents) are kept.

“Pending” means a firm’s certification application is still under review. A firm’s Pending status will appear as “Verification in Progress” on the City’s procurement platform, Regional Alliance Marketplace for Procurement (RAMP). A Pending status does not guarantee an approval after review. A Pending status is not a substitute for an approved certification.

“RAMP” means the Regional Alliance Marketplace for Procurement (<https://www.rampla.org/s/>). RAMP is the City’s database of procurement opportunities and vendor profiles. Registered vendors may apply for some City of Los Angeles certifications and request verification of recognized agency certifications on RAMP.

“Subsidiary” means the following:

- 1) A separate legal entity that has been established by another company (a parent company) to do business in a particular (separate) place/location. The parent company has control over the subsidiary and owns 100% percent of the separate entity’s voting shares/stock.

- 2) A separate entity that is an Affiliate (see definition of “Affiliate” on page 2) and wholly owned by the parent company or applicant firm. A separate entity may or may not have the same name as the parent company.

“Tenancy” means the exclusive and legal right to occupy real property or space with unlimited permanent access, access for a period of time which may terminate upon a certain event, access for a specific term, access for a series of periods (such as month-to-month) until canceled, or at-will (which may be terminated at any time).

“Transitional Employee” means an individual whose primary place of residence is within the City of Los Angeles and who, prior to commencing work on a Project, has satisfied at

least one of the following criteria:

- 1) is a Veteran; or
- 2) has a documented history of involvement with the criminal justice system; or
- 3) is an individual with addiction(s); or
- 4) is an at-risk youth; or
- 5) is chronically homeless – anyone who is experiencing, has experienced in the past six months, or has a consistent history of living by **any** of the following four categories as defined by Department of Housing and Urban Development (HUD): "Literally Homeless," "Imminent Risk of Homelessness," "Homeless under other Federal statutes," and "Fleeing/Attempting to Flee Domestic Violence"

Alternatively, a Transitional Employee is an individual who has satisfied at least two of the following criteria:

- 1) has a household income less than 50% of the Los Angeles County's median annual household income; or
- 2) receives public assistance; or
- 3) is lacking a GED or high school diploma; or
- 4) has been or continues to be a custodial single parent; or
- 5) is chronically unemployed (e.g, continuously unemployed for at least the 6 months or intermittently for the last year); or
- 6) has been emancipated from the foster care system.

"Transitional Employer" means a Person (as defined in Section 10.25.1(n)) that provides transitional job opportunities for Transitional Employees (as defined above) and that has been certified by the DAA as a Local Transitional Employer under these Rules and Procedures.

"Virtual Office" means a non-exclusive service or physical space defined in an agreement/arrangement/membership/subscription that enables firms to work remotely and/or have limited access and usage of a physical or non-centralized space on an as-needed basis. This may include a physical mailing address and other office services such as an executive suite/exclusive desk/dedicated desk/secured suite/private office under a virtual office agreement that falls under this definition.

PROCEDURE #1: CRITERIA FOR LOCAL BUSINESS ENTERPRISE (LBE)

WHO IS ELIGIBLE TO APPLY:

A for-profit business that satisfies the local eligibility requirements in the County of Los Angeles.

Parent companies may be certified using its qualifying wholly-owned subsidiary employees.

Subsidiary firms must apply separately from their parent company.

A Local Business Enterprise for purposes of these Rules and Procedures must satisfy all of the following criteria as certified by the DAA:

1. The for-profit business occupies a qualifying physical work space within the County of Los Angeles. The business must submit proof of tenancy to the City by supplying evidence of a lease, deed or other sufficient evidence demonstrating that the business is Headquartered or located within the County of Los Angeles. Samples of acceptable proof of tenancy documents:

- Signed copy of the County of Los Angeles-based office/work space lease or rental agreement (both the original and the most recent amendment, if applicable). A sublease agreement will need to be provided showing that the agreement is with the owner/manager of the property.
- If the work space is owned by the firm or the applicant, the firm must submit its most recent Annual Property Tax Bill or a grant deed completed and signed by the grantor, whose signature has been notarized, documenting ownership.
- If a firm aggregates employees from different locations to meet the number of full-time employees, evidence of lease or deed must be submitted for each location.
- A month-to-month lease may be eligible for the LBE certification, with 6 months proof of payment (canceled checks, bank statements, credit card statements, etc.) if the applicant firm was originally in a lease of 3 years or less, that was converted to a month-to-month agreement. OR, If the applicant firm was originally in a long-term lease greater than 3 years, that was converted to a month-to-month lease, the applicant may alternatively submit proof of the most recent lease payment made on the original long-term lease.
- New month-to-month lease agreements may be eligible for the certification with the submission of proof of payments for 6 months and a statement of fact letter from the landlord stating the landlord's willingness to lease to the applicant for the duration of the LBE certification (5 years).
- Leases and rental agreements reflecting rents at less than fair market value (FMV), are not eligible. FMV will be determined by a review of a minimum of two search engines and taking an average of the rent comparables.

The DAA reserves the right to request proof of continued eligibility at any time.

An arrangement for the right to use office space on an “as needed” basis, where no work space in the County of Los Angeles is exclusively reserved for the firm at all times, does not qualify as a work space. The DAA staff will review the Agreements as part of the review. Examples of addresses that will not qualify:

- Post office box or mailing services center.
- A sub-sublease. Subleasing from an agency or other party that is itself subleasing the space is not permitted.
- Home office if the owner(s) or officer(s) of the business maintains a permanent office outside of LA County.
- CoWorking or Shared Workspace.
- Virtual Office and/or Executive Suite without a tenancy (refer to Virtual Office definition).

The Business name on the application must match the firm’s Regional Alliance Marketplace for Procurement (RAMP) profile and City of Los Angeles Business Tax Registration Certificate (BTRC). The business address should match the RAMP profile and BTRC. An exception for address matching may be granted by the DAA on a case-by-case basis.

2. The business must submit proof to the City of Los Angeles demonstrating that the business is in compliance with all applicable laws relating to licensing and is not delinquent on any (State, County, City) taxes. Required documents include but are not limited to the following:

- Copy of the City of Los Angeles BTRC or proof of exemption if the firm is exempted from BTRC. The applicant is required to have a clear tax status on its BTRC, with no outstanding delinquencies or penalties. Applicants will be notified if their tax status is not clear. Exceptions will not be granted for delinquent tax status. If the applicant is applying under 3(a) or 3(b), the BTRC must reflect the physical County of Los Angeles address;
- Copy of the County of Los Angeles Business License (if applicable);
- Any required unexpired license to operate the business;
- The Secretary of State’s Articles of Incorporation/Organization, Statement of Information and Fictitious Business Name Registration (for Sole Proprietorship) may reflect their Headquarter address outside of the County of Los Angeles. The applicant must have an active status with the CA Secretary of State. A suspended or canceled status with the CA Secretary of State is grounds for denial.

3. The business must submit proof to the City of Los Angeles demonstrating one of the following:

(a) At least 50 of the applicant firm’s total full-time employees perform work within the County of Los Angeles boundaries AND at least 60 percent of their total annual, regular work hours are performed within the County of Los Angeles boundaries; OR,

(b) At least half (50%) of the applicant firm’s total full-time employees perform work within the County of Los Angeles boundaries AND at least 60

percent of their total annual, regular work hours are performed within the County of Los Angeles boundaries.

Minimum Required Satisfactory Proof for 3(a) and 3(b)

List of fifty (50 in number) or half (50 percent) of the applicant firm's full-time employees on a spreadsheet with corresponding State of California Quarterly Wage and Withholding Report or Form DE9C (Quarterly Contribution Return and Report of Wages) listing page number where each employee's name appears and annotations of respective employees (i.e., highlighting respective employee names) on each DE9C for the most recent 4 quarters based for the 12 consecutive months prior to signing of your Affidavit. The employees listed must appear in all 4 of the most recent quarters of the DE9C.

Note:

A parent company may use its wholly-owned subsidiaries' employees to apply and qualify as an LBE under 3(a) or 3(b). Documentation will be required to show proof of the parent-subsidiary relationship. A subsidiary (separate entity) may or may not have the same name as the parent company. A subsidiary must have its own unique Federal Employer Identification Number (FEIN) or Tax Identification Number (TIN).

Certifications are not transferable between parent companies, subsidiaries and sister companies when submitting a bid/proposal. Subsidiary firms must apply separately from their parent company.

Or;

(c) The business must demonstrate that it is Headquartered in the County of Los Angeles.

Options to demonstrate the firm is Headquartered in the County of Los Angeles:

- **REQUIRED:** Documented proof of Corporate Headquarter address including but not limited to the lease, rental agreement, or most recent property tax statement, BTRC from the City of Los Angeles, applicable U.S. Federal Income Tax Return, and State of California Articles of Incorporation/Organization.
- County of Los Angeles home-based business Headquarters are acceptable if the applicant does not have any other office/work space located outside County of Los Angeles. The applicant is required to submit a Statement of Fact (signed by the owner or corporate officer on its company letterhead) certifying all of the following:
 - the firm is Headquartered at the address listed on the application;
 - the firm does not have any other office/work space located outside

- the County of Los Angeles.
 - the County of Los Angeles home-based Headquarters is where the firm's management and/or officers physically work and manage the firm's operation; and
 - the number of hours the firm's management and/or officers spend working at the home-based Headquarters
- When a subsidiary firm Headquartered in the County of Los Angeles has a parent company Headquartered outside of the County of Los Angeles limits, the subsidiary must submit the following documents:
 - Articles of Incorporation filed with the Secretary of State, Fictitious Business Name statement, and any other legal documents substantiating its Headquarters' location.
 - Statement of fact detailing how the subsidiary conducts and manages all of its business operation from the location in the County of Los Angeles, separate from its parent company; and
 - Copies of Bylaws, Company Organization Chart, Meeting Minutes, Operating Agreement, and separate tax returns filed on the subsidiary and parent firms to support the relation and/or structure of the subsidiary and parent firms.
- A joint venture must be Headquartered in the County of Los Angeles. The joint venture must be a legally established entity and be certified as an LBE in order to participate in the LBPP as a Local Business Enterprise and must perform a commercially useful purpose. Individual LBE certification by one or more of the joint venture partners will not be considered sufficient to qualify for participation in the LBPP as a Local Business Enterprise. A joint venture must submit a Joint Venture Agreement at least fifteen (15) days prior to the bid due date. The joint venture agreement must include, but is not limited to, the following:
 - Commencement Date;
 - Clearly defined scope of work and detailed breakdown of the responsibilities of each partner;
 - List of personnel and equipment committed by each partner to the joint venture;
 - Headquarter address for the purposes of the Joint Venture documented in the Joint Venture agreement must be within the County of Los Angeles.
 - A Local certified joint venture partner may house the joint venture at its location within the County of Los Angeles.

If approved for any LBPP certifications, the certification(s) can only be used by the joint venture for a specific contract opportunity. The entities that comprise the joint venture cannot use the joint venture certification(s) for their individual businesses. The DAA may request additional information or documentation.

In the event of protest, additional documents such as, but not limited to, employee timesheets and/or internal payroll reports verifying work hours and firm's total number of full-time employees may be requested.

PROCEDURE #2: CRITERIA FOR CITY BUSINESS ENTERPRISE (CBE)

WHO IS ELIGIBLE TO APPLY:

A for-profit business that satisfies the local eligibility requirements below in the City of Los Angeles.

Parent companies may be certified using its qualifying wholly-owned subsidiary employees.

Subsidiary firms must apply separately from their parent company.

A City Business Enterprise for purposes of these Rules and Procedures must satisfy all of the following criteria as certified by the DAA:

1. The for-profit business occupies a qualifying physical work space within the City of Los Angeles. The business must submit proof of tenancy to the City of Los Angeles by supplying evidence of a lease, deed or other sufficient evidence demonstrating that the business is Headquartered or located within the City of Los Angeles. Samples of acceptable proof of tenancy documents:

- Signed copy of the City of Los Angeles-based office/work space lease or rental agreement (both original and the most recent amendment, if applicable). A sublease agreement will need to be provided showing that the agreement is with the owner/manager of the property.
- If the work space is owned by the firm or the applicant, the firm must submit its most recent Annual Property Tax Bill or a grant deed completed and signed by the grantor, whose signature has been notarized, documenting ownership.
- A month-to-month lease may be eligible for the CBE certification, with 6 months proof of payment (canceled checks, bank statements, credit card statements, etc.) if the applicant firm was originally in a lease of 3 years or less, that was converted to a month- to-month lease agreement OR,
- If the applicant firm was originally in a long-term lease greater than 3 years, that was converted to a month-to-month, the applicant may alternatively submit proof of the most recent lease payment made on the original long-term lease
- New month-to-month lease agreements may be eligible for the certification with the submission of proof of payments for 6 months and a statement of fact letter from the landlord stating the landlord's willingness to lease to the applicant for the duration of the CBE certification (5 years).
- Leases and rental agreements reflecting rents at less than fair market value

(FMV), are not eligible. FMV will be determined by a review of a minimum of two search engines and taking an average of the rent comparables.

The DAA reserves the right to request proof of continued eligibility at any time.

An arrangement for the right to use office space on an “as needed” basis, where no work space in the City of Los Angeles is exclusively reserved for the firm at all times, does not qualify as a work space. The DAA staff will review the Agreements as part of the review.

Examples of addresses that do not qualify:

- Post office box or mailing services center.
- A sub-sublease. Subleasing from an agency or other party that is itself subleasing the space is not permitted.
- Home office if the owner(s) or officer(s) of the business maintains a permanent office outside of the City of Los Angeles.
- CoWorking or Shared Workspace.
- Virtual Office and/or Executive Suite without a tenancy (refer to Virtual Office definition).

The Business name on the application must match the firm’s Regional Alliance Marketplace for Procurement (RAMP) profile and City of Los Angeles Business Tax Registration Certificate (BTRC). An exception for address matching may be granted by the DAA on a case-by-case basis.

2. The business must submit proof to the City of Los Angeles demonstrating that the business is in compliance with all applicable laws relating to licensing and is not delinquent on any (State, County, City) taxes. Required documents include but are not limited to the following:

- Copy of the City of Los Angeles BTRC or proof of exemption if the firm is exempted from BTRC. The applicant is required to have a clear tax status in its BTRC, with no outstanding delinquencies or penalties. Applicants will be notified if their tax status is not clear. Exceptions will not be granted for delinquent tax status. If the applicant is applying under 3(a) or 3(b), the BTRC must reflect the physical City of Los Angeles address; and/or
- Copy of the County of Los Angeles Business License (if applicable); and/or
- Any required unexpired license to operate the business.
- The Secretary of State’s Articles of Incorporation/Organization, Statement of Information and Fictitious Business Name Registration (for Sole Proprietorship) may reflect their Headquarter address outside of the City of Los Angeles. The applicant must have an active status with the CA Secretary of State. A suspended or canceled status with the CA Secretary of State is grounds for denial.

3. The business must submit proof to the City of Los Angeles demonstrating one of the following:

- (a) At least 50 of the applicant firm’s total full-time employees perform work within the City of Los Angeles boundaries AND at least 60 percent of their total annual, regular work hours are performed within the City of Los Angeles

boundaries; OR,

(b) At least half (50%) of the applicant firm's total full-time employees perform work within the City of Los Angeles boundaries AND at least 60 percent of their total annual, regular work hours are performed within the City of Los Angeles boundaries.

Minimum Required Satisfactory Proof for 3(a) and 3(b)

List of fifty (50 in number) or half (50 percent) of the applicant firm's full-time employees on a spreadsheet with corresponding State of California Quarterly Wage and Withholding Report or Form DE9C (Quarterly Contribution Return and Report of Wages) listing page number where each employee's name appears and annotations of respective employees (i.e., highlighting respective employee names) on each DE9C for the most recent 4 quarters based for the 12 consecutive months prior to signing of your Affidavit. The employees listed must appear in all 4 of the most recent quarters of the DE9C.

Note:

A parent company may use its wholly-owned subsidiaries' employees to apply and qualify for LBE under 3(a) or 3(b). Documentation will be required to show proof of the parent-subsidiary relationship. A subsidiary (separate entity) may or may not have the same name as the parent company. A subsidiary must have its own unique Federal Employer Identification Number (FEIN) or Tax Identification Number (TIN).

Certifications are not transferable between parent companies, subsidiaries and sister companies when submitting a bid/proposal. Subsidiary firms must apply separately from their parent company.

Or;

(c) The business must demonstrate that it is Headquartered in the City of Los Angeles.

Options to demonstrate the firm is Headquartered in the City of Los Angeles:

- **REQUIRED:** Documented proof of Corporate Headquarter address including but not limited to the lease, rental agreement, or most recent property tax statement, BTRC from the City of Los Angeles, applicable U.S. Federal Income Tax Return, and State of California Articles of Incorporation/Organization.
- A home-based business Headquartered in the City of Los Angeles is acceptable if the applicant does not have any other

office/work space located outside the City of Los Angeles. The applicant is required to submit a Statement of Fact (signed by the owner or corporate officer on its company letterhead) certifying all of the following:

- the firm is Headquartered at the address listed on the application;
 - the firm does not have any other office/work space located outside the City of Los Angeles;
 - the home-based Headquarters in the City of Los Angeles is where the firm's management and/or officers physically work and manage the firm's operation; and
 - the number of hours the firm's management and/or officers spend working at the home-based Headquarters.
- When a subsidiary firm Headquartered in the City of Los Angeles has a parent company Headquartered outside of the City limits, the subsidiary must submit the following documents:
- Articles of Incorporation filed with the Secretary of State, Fictitious Business Name statement, and any other legal documents substantiating its Headquarters' location;
 - Statement of fact detailing how the subsidiary conducts and manages all of its business operation from the location in the City of Los Angeles, separate from its parent company; and
 - Copies of Bylaws, Company Organization Charts, Meeting Minutes, Operating Agreement, and separate tax returns filed on behalf of the subsidiary and parent firms to support the relation and/or structure of the subsidiary and parent firms.
- A joint venture must be Headquartered in the City of Los Angeles. The joint venture must be a legally established entity and be certified as a CBE in order to participate in the LBPP as a City Business and must perform a commercially useful purpose. Individual CBE certification by one or more of the joint venture partners will not be considered sufficient to qualify for participation in the LBPP as a City Business Enterprise. A joint venture must submit a Joint Venture Agreement at least fifteen (15) days prior to the bid due date. The joint venture agreement must include, but is not limited to the following:
- Commencement Date;
 - Clearly defined scope of work and detailed breakdown of the responsibilities of each partner;
 - List of personnel and equipment committed by each partner to the joint venture;

- Headquarter address for the purposes of the Joint Venture documented in the Joint Venture Agreement must be within the City of Los Angeles.
- A Local certified joint venture partner may house the joint venture at its location within the City of Los Angeles.

If approved for any LBPP certifications, the certification(s) can only be used by the joint venture for a specific contract opportunity. The entities that comprise the joint venture cannot use the joint venture certification(s) for their individual businesses. The DAA may request additional information or documentation.

In the event of protest, additional documents such as, but not limited to, employee timesheets and/or internal payroll reports verifying work hours and firm's total number of full-time employees may be requested.

PROCEDURE #3: CRITERIA FOR LOCAL SMALL BUSINESS (LSB)

A for-profit business entity shall qualify as a "Local Small Business" if it:

A. Certified as a Local Business Enterprise (LBE) and/or the criteria of City Business Enterprise (CBE) as defined in Procedure # 1 or Procedure #2.

B. Is not (or together with an affiliate) dominant in its field of operations. "Not dominant in its field of operations" means that the entity does not exercise a controlling or major influence on a local or Statewide basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreement, facilities, sales territory, and nature of business activity.

C. Is independently owned and operated, with its Headquarters located in the County of Los Angeles for a Local Business Enterprise, or within the City of Los Angeles, for a City Business Enterprise. A subsidiary of a parent company is not eligible to apply for a LSB certification.

D. Holds a City business license issued by the Tax and Permit Division of the Office of Finance and has a "CLEAR" tax status for its business tax account.

E. Has submitted an Application/Renewal form, under penalty of perjury, as an LSB and has been approved as such by the City. If a firm is applying for LSB with the intention of getting preference for an upcoming bid or proposal, the application must be submitted electronically before the bid or proposal deadline. The Application/Renewal form and any required information shall be submitted to the DAA.

Among the criteria the City shall consider in determining whether a business entity qualifies as an LSB is whether the business entity, together with all affiliates, has annual

gross receipts totaling less than five million dollars (\$5,000,000.00) for the previous fiscal year. The City may, in the alternative, request such information for the previous calendar year. In the absence of tax returns for a newly established firm, all owners may be required to submit additional documentation, such as the owners' most recently filed Federal Individual Tax Returns including all schedules and attachments.

If the firm is a manufacturer, it must have less than 25 employees **and** have annual gross receipts less than five million dollars (\$5,000,000.00) for the previous fiscal year to qualify for an LSB certification.

A firm that is certified as a Small Business Micro (SB Micro) by the State of California-Department of General Services and is certified as an LBE or a CBE, may receive recognition as an LSB as long as it meets the City's LSB certification criteria. In order to maintain the LSB certification recognition, the firm must undergo an annual update which will consist of, but not limited to, the submission of an affidavit confirming that they still meet the eligibility criteria and a signed copy of the applicant's most recent Federal Tax Filing and a 5 year comprehensive eligibility review. The City of Los Angeles reserves the right to request additional information.

PROCEDURE #4: CRITERIA FOR LOCAL TRANSITIONAL EMPLOYER (LTE)

The criteria for nonprofit and for-profit entities to qualify as a Local Transitional Employer are as follows:

A. If a for-profit entity, it is certified as an LBE and/or CBE, as identified above in Procedure #1 and/or Procedure #2. If a non-profit entity, it qualifies as local per LBE and/or CBE requirements. Non-profit entities that qualify as local per the LBE and/or CBE requirements, will only qualify for an LTE certification because LBE and CBE certifications are only available to for-profit entities.

B. It has requested classification as a transitional employer and has been approved as such by the City of Los Angeles through the DAA.

C. It has submitted an Application/Renewal form, under penalty of perjury, as an LTE and has been approved as such by the City of Los Angeles. If a firm is applying for LTE certification with the intention of getting preference for an upcoming bid or proposal, the application must be submitted electronically before the bid or proposal deadline. The Application/Renewal form and any required information shall be submitted to the DAA.

In determining whether a business entity qualifies as an LTE, the criteria, shall include but are not limited to, the following:

For-Profit Applicants must submit proof of all, but not limited to, of the following:

- (1) The firm must be certified as an LBE or CBE.

- (2) The firm has either been providing transitional jobs to program participants or is in the business of recruitment, referral or placement of transitional employees for at least one year. List the year in which the firm began a program to provide transitional jobs and related supportive services (if any) to program participants.
 - a. The percentage of workers in each profile category who were transitional job participants, and;
 - b. Submit declarations from the employees that they meet the criteria as a transitional employee.)
- (3) A profile of the Transitional Employee program participants as defined and the number of participants in each of the profile categories in the most recent 12 months preceding the application date;
- (4) The number of participants in the program in the last calendar year (the most recent 12 months preceding the application date) is either 10, or more, full time employees, or the number of participants represents 10% of the full-time employees of the applicant company; and
- (5) Any other criteria as developed by the DAA in its administration of this Program.

Non-Profit Applicants must submit all, but not limited to, the following:

- (1) The firm has been providing transitional jobs to program participants for at least one year; List the year in which the firm began a program to provide transitional jobs and related supportive services to program participants.
- (2) A profile of the Transitional Employee program participants as defined and the number of participants in each of the profile categories in the most recent 12 months preceding the application date with;
 - a. The percentage of workers in each profile category who were transitional job participants, and;
 - b. Provide information on the number of participants in each profile category who transitioned to regular unsubsidized employment.
- (3) A description of the business entity's program components designed to help program participants transition toward unsubsidized competitive employment, including the supportive services offered to participants (e.g., maximum length of time participants remain in the program; types of training offered; types of supportive services offered, etc.);
- (4) The number of participants in the program in the last calendar year (the 12 months preceding the applications) is either 10, or more, full time employees

or the number of participants represents 10% of the full time employees of the applicant company;

(5) A mandatory site visit of the facility shall be conducted by the DAA; and

(6) Any other criteria and requirements as developed by the DAA in its administration of this Program.

PROCEDURE #5: APPLICATION PROCESS

The investigative techniques that may be employed in determining eligibility will be documentation review and independent research of publicly available data. The use of additional techniques to verify representations and documentation submitted by a firm may include requests for additional documents, site visits, and/or interviews of employees, principal owners and management officials. Interviews may be conducted with individuals having knowledge of ownership, affiliation, firm structure, management or corporate officers, work space and headquarter location, employee data.

All applicants must declare under penalty of perjury that the firm meets all eligibility criteria in accordance with these Rules and Procedures and submit an Application/ Renewal certifying its status. The Application/ Renewal shall be signed by the owner or a duly authorized officer or a Corporate Officer of the applicant firm. Only authenticated digital/electronic signatures will be accepted in lieu of a wet signature. The City has the sole discretion to require a wet signature on a case-by-case basis. Corporate Officers may include the President, Chief Executive Officer (CEO), Chief Operating Officer (COO), Vice President of Operations/Marketing/Production, General Manager, Chief Financial Officer (CFO) or Controller or any Officer listed on the Articles of Incorporation or Operating Agreement.

If the DAA has a reason to believe that the information contained on the Application/ Renewal is inaccurate, incomplete, or outdated, the DAA may reject the firm's initial Application/Renewal. The applicant will have to resubmit a revised Application/Renewal form for further consideration.

Submission of an Application/Renewal is not in itself conclusive in determining eligibility. The DAA will request supporting documentation before making a determination.

A. Receive and Checking Applications

1. A firm can apply for certification only by uploading the Application/Renewal form through RAMP. Alternative methods may be accepted by the DAA on a case-by-case basis.
2. The Application/Renewal form must be uploaded to RAMP before the contracting opportunity submission deadline. The official submission date of the Application/Renewal form will be the date on which the completed and signed Application/Renewal is received on RAMP. Any previously-submitted Application/Renewal that is deemed insufficient will not be considered a valid

submission and will be rejected/denied on RAMP.

3. Application/Renewal reviews are prioritized according to the date of submission.

Requesting Expedited Certification

Applicant firms cannot request expedited reviews of their applications/renewals.
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Awarding Authorities Requests:

After the bid/proposal deadline has passed, only the Awarding Authority can submit a request to expedite processing of an Application/Renewal.

To request expedited processing, the Awarding Authority must first confirm that the applicant firm has a pending LBE and/or CBE application which will have a "Verification in Progress" status on RAMP.

The Awarding Authority must then submit the rush request to the DAA via email to bca.certifications@lacity.org stating that the firm's certification will impact the decision on who gets the award for the specific project pertaining to the expedited review request and provide sufficient proof of such. If approved, the Awarding Authority will recognize the certification based on the date the application was submitted.

B. Required Additional Documentation

1. After uploading the Application/Renewal form, applicants will receive an email requesting required documentation. For security reasons, supporting documents should not be uploaded to RAMP unless otherwise instructed. The DAA will request supporting documents to verify the firm's eligibility based on criteria found in the LBPP Ordinance and these Rules and Procedures.

The review will include an audit of submitted information for verification and discrepancy. It may also include an on-site visit, interview with the applicant, and review of specific additional information in support of the Application/Renewal form, as requested. Site visits may be conducted in person or virtually at the sole discretion of the DAA.

2. The initial request for supporting documents will be sent by email. The applicant has fourteen (14) calendar days (from the date the email request was sent) to provide the required documents. If the applicant fails to respond before the deadline, the application will be denied/rejected and the application will be closed. An extension may be granted at DAA's discretion.

3. Applications/Renewals will remain pending with a status of “Verification in Progress” on RAMP until all requested supporting documents are received before the fourteen (14) calendar day deadline.

C. Following the DAA’s review of all required supporting documents, the applicant’s RAMP certification status shall be updated to “Verified” (approved) or “Rejected” (denied). The status will be posted on RAMP. The firm’s RAMP administrator will be notified of the decision of their application.

For LBE and CBE, a firm’s certification status and contact information will be published on its www.rampla.org profile.

For LSB and LTE, a firm’s certification status and contact information will be published on its www.rampla.org profile and <https://bca.lacity.org>.

REQUIRED RESPONSIBILITIES OF CERTIFIED FIRMS

To remain certified as an LBE, CBE, LSB and/or LTE, and be given the bid and proposal preference, firms must continue to meet the City of Los Angeles Local Business Preference certification criteria. The DAA reserves the right to re-evaluate a firm’s certification eligibility at any time. Firms will be required to submit supporting documents to demonstrate their continued eligibility for LBPP as requested and deemed necessary by the DAA.

Changes in the business that affect certification eligibility are, but not limited to, the following: workspace location, Headquarter location, number of employees working within the boundaries of the City of Los Angeles, number of employees working within the boundaries of LA County, change in the RAMP profile address, changes in affiliates, gross receipts and other eligibility criteria.

Firms must notify the DAA within ten (10) calendar days of any changes that affect the firm’s certification eligibility. The notification must be done in writing by sending an email to bca.certifications@lacity.org. Failure to notify the DAA of any changes which may impact a firm’s eligibility, within the allotted period, may result in immediate removal of the firm’s certification. The firm’s RAMP administrator will be notified of the removal and appeal procedure.

If the removal is reversed, as a result of an appeal, the certification validity date will be continuous to its previous certification.

PROCEDURE #6: RENEWAL PROCESS

LBE or CBE

Certification as an LBE and/or CBE shall be valid for five (5) years. To remain certified as an LBE and/or CBE during the five (5) year term, the LBE and/or CBE must continue to meet the City of Los Angeles’ LBE and/or CBE eligibility criteria. The DAA reserves the

right to re-evaluate the certification eligibility at any time.

Thirty (30) calendar days before the fifth (5th) anniversary of the LBE/CBE certification, a firm's RAMP administrator will receive a reminder email to renew their certification. The renewal process takes approximately 30 days. To avoid expiration, firms should submit the renewal application as soon as they receive the reminder email. The firm must upload the LBPP Application/Renewal Form on <https://www.rampla.org/s/>.

1. Failure to complete and upload the LBPP Application/Renewal Form within thirty (30) calendar days of the certification expiration date, will result in the expiration of the LBE certification.

Submissions received more than thirty (30) calendar days **after expiration shall be treated as a new application.**

Completed LBPP Application/Renewal forms will be reviewed by the DAA to ensure eligibility. Upon review of the LBPP Application/Renewal Form, the DAA will request supporting documents by email to ensure the firm's continued eligibility. Renewals will remain pending with a status of "Verification in Progress" on RAMP until all requested supporting documents are received. When the DAA determines that the firm continues to meet all eligibility requirements, its status shall be updated to "Verified" with its new expiration date. If requested documents are not received before the deadline, the request will be rejected and/or if the firm no longer meets the eligibility requirements, its renewal will be rejected.

LSB/LTE

Certification as an LSB/LTE shall be valid for five years. To remain certified as LSB/LTE during the five year term, the LSB/LTE must continue to meet the City of Los Angeles LSB/LTE criteria and the DAA reserves the right to re-evaluate the certification eligibility at any time.

The firm must submit the LBPP Application/Renewal Form within thirty (30) calendar days of the expiration for review of continued eligibility. Failure to submit the LBPP Application/Renewal Form and respond to an emailed request for supporting documentation will result in expiration of the LSB/LTE certification. If a firm has an active LBE or CBE, the certification will be reviewed when a firm applies for a new/renewal LSB to determine if eligibility is still valid. The DAA may request additional documents to be submitted for verification. If the firm's LBE and/or CBE is found to be valid and the firm is approved for LSB/LTE, the expiration date of the LBE and/or CBE will be updated to five (5) years from the date of approval of the LSB/LTE. The status of firms approved for recertification as an LSB and/or LTE can be found on the LSB and LTE Directory and RAMP (if applicable). A recertification letter will not be issued.

PROCEDURE #7: GROUNDS FOR DENIAL, CLOSURE OR REMOVAL

The City of Los Angeles requires all firms seeking certification and renewal to cooperate fully with requests from the BCA for information relevant to the certification process,

continued certification and/or investigation. The following are considered grounds for denial (rejection), closure (expiration), or removal (previously certified but no longer eligible) of certification.

1. Failure or refusal to provide requested documents or information.
2. Providing false, erroneous or misleading statements or documents to support the Application/ Renewal for certification.
3. The business no longer meets the eligibility criteria.
4. Failure to inform the DAA of any changes which may impact a firm's eligibility such as work space location, Headquarter location, RAMP profile address, number of employees working within the boundaries of the County of Los Angeles, ownership, affiliation, gross receipts and other eligibility criteria. **Changes must be communicated in writing to the DAA within ten (10) calendar days of such change.** It is the responsibility of the applicant to inform the DAA via email at bca.certifications@lacity.org. See the required responsibilities of certified firms on page 20. The firm's RAMP administrator will be notified of the removal and appeal procedure.
5. For Preferences received based on Prime Certification(s): Upon receipt of information believed by the Awarding Authority to be reliable and which indicates that the Local Business no longer qualifies as a Local Business Enterprise (LBE),(and/or CBE, LSB, LTE), for more than 60 days during the entire time of the Contract, the Awarding Authority shall withhold or recover funds from the Contractor in an amount that represents the value of the preference given (6%-12%) of the bid/proposal preference or the value of (6%-12%) of the executed contract based on the preferences received that they no longer eligible for.
6. For Preferences received based on Sub-Contractor Certification(s): Upon receipt of information believed by the Awarding Authority to be reliable and which indicates that the Sub-Contractor no longer qualifies as a City Business Enterprise (CBE) (and/or LBE,LSB,LTE), for more than 60 days during the entire time of the Contract, the Awarding Authority shall withhold or recover funds from the Contractor in an amount that represents the value of the Preference received that they are no longer eligible for. Upon receipt of information believed by the Awarding Authority to be reliable and which indicates that the Local Subcontractor(s) no longer qualifies as a Local Business or City Business, providing the basis for a Local Subcontractor Preference and the Prime Contractor fails to replace the Subcontractor(s) with another Local Subcontractor(s) within 60 days of notification by the Awarding Authority, the Awarding Authority shall withhold or recover funds from the Prime Contractor in an amount that represents the value of the bid/proposal preference or the value of the work that was pledged to the Local Subcontractor.,

If the removal is reversed, as a result of an appeal, the certification validity date will be continuous to its previous certification.

PROCEDURE #8: APPEAL PROCESS

An applicant may appeal the denial or removal decision within seven (7) calendar days from the date the notification is sent to the RAMP administrator of the denial and/or removal (Rejected status) on RAMP.

The appeal must be addressed to the Assistant Director of BCA. Appeals shall be in writing on the firm's letterhead and signed by an executive and clearly state the basis for the appeal with sufficient facts and relevant supporting documentation. An appeal will not be considered if the grounds of appeal are not stated in the written appeal and supporting documentation is not provided. Similarly, any appeal submitted after seven (7) calendar days from the date of the denial and removal will not be considered.

An appeal may be submitted as an attachment to an email to bca.certifications@lacity.org. If submitted by mail the appeal must be postmarked within seven (7) calendar days of the denial and removal. Appeals may also be hand-delivered within seven (7) calendar days of the denial and removal.

Once the Assistant Director is in receipt of an applicant's appeal, the Assistant Director shall review the appeal and make a determination as to whether the factors cited in the denial letter have been sufficiently addressed. The Assistant Director's decision shall be final and will be communicated to the applicant within thirty (30) calendar days of the receipt of the applicant's appeal to the Denial/Removal notification. The DAA may extend its appeal response to 45 days should the Assistant Director require additional time to consider the appeal. The Appellant will be notified of the new deadline.

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