



BOARD OF SUPERVISORS

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COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

"To Enrich Lives Through Effective and Caring Service"



Rafael Carbajal
Acting Director

Joel Ayala
Chief Deputy

September 28, 2020

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

From: Rafael Carbajal
Acting Director

FINAL REPORT ON OUTCOMES OF THE SMALL BUSINESS UTILIZATION PLAN

On July 12, 2016, your Board adopted a motion co-authored by Supervisors Ridley-Thomas and Solis that directed the Director of the Department of Consumer and Business Affairs (DCBA), in consultation with other relevant departments, to implement a Four-Year Small Business Utilization Plan (SBU Plan) to increase contract and procurement opportunities for DCBA certified Local Small Business Enterprises (LSBEs), Disabled Veteran Business Enterprises (DVBES), and Social Enterprise (SEs). Since 2016, your Board has further directed and approved major programmatic changes, incentive programs, and ordinance amendments to accomplish those goals.

DCBA has filed quarterly reports on the progress of the SBU Plan since the initial motion was approved and continued to report back on the County's contract and procurement goals through the following related motions:

- 1) Implementing a Local Small Business and Social Enterprise Utilization Plan motion (Item No. 12, Agenda of July 12, 2016);
- 2) Plan to Achieve 25% Procurement Attainment Goal by Local Small Business Enterprises motion (Item No. 17, Agenda of March 5, 2019)¹; and

¹Filed presentation on April 30, 2019: <http://file.lacounty.gov/SDSInter/bos/supdocs/134558.pdf>

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- 3) Implementing a Plan to Achieve the County of Los Angeles' 25% Procurement Attainment Goal for Local Small Business Enterprises (Item No. 11, Agenda of April 30, 2019).

The attached final report updates your Board on the above-mentioned motions, including the progress of the implementation of the County's four-year SBU Plan, the subsequent two-year plan, and will cover the following:

- SBU Plan Results;
- Utilization of Non-Certified LSBEs;
- Impactful Achievement; and
- Utilization Beyond 2020.

Should you have any questions or need additional information, please contact me or Azusena Favela, Deputy Director, at 213-974-0133 and afavela@dcba.lacounty.gov, or Christian Olmos, Chief, Office of Small Business, at (213) 626-9407 and colmos@dcba.lacounty.gov.

RC:AF:CO
FGN:RV:rld

Attachment

c: Executive Officer, Board of Supervisors
Chief Executive Officer
County Counsel
Auditor-Controller
Center for Health Equity
Internal Services Departments
Public Health
Public Works
Women and Girls Initiative
Workforce Development, Aging and Community Services

Los Angeles County Four-year Small Business Utilization Plan Final Report

PREPARED BY THE LOS ANGELES COUNTY
DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS
OFFICE OF SMALLL BUSINESS

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Executive Summary

In 2015, your Board directed the creation of a four-year Small Business Utilization (SBU) Plan to increase contracting with certified small businesses to 25 percent of available contracting, or approximately \$1 billion in contracts. The Department of Consumer and Business Affairs partnered with KH Consulting Group to design and implement the plan in 2016, with the goal of reaching the 25-percent utilization goal by the end of Fiscal Year (FY) 2019-20.

In response to your Board's March 5, 2019, motion, DCBA again retained KH Consulting Group to conduct a midway evaluation of progress on the SBU Plan and to recommend effective strategies for our implementation during the remaining 18-months of the SBU plan and beyond.¹ Over the last 15 months, DCBA has worked to implement the strategies noted in the midway evaluation to successfully execute your Board's goal of awarding \$1 billion dollars to small businesses in Los Angeles County.

The procurement goal was established to boost the regional economy by concentrating support on the small business community. Over the last four years, the County has made advancements in small business utilization and has increased utilization year-over-year and over \$2 billion in contracts awarded to certified vendors since FY 2015-16. Although the effort was collective across all departments, the Department of Public Works (DPW) and the Internal Services Department (ISD) deserve recognition for consistently implementing innovative strategies to increase their utilization of small businesses each year.

The increase in utilization has been partly driven by improvements in key areas often cited as barriers for small businesses. The County has enhanced its procurement websites, centralized vital information for vendors, and made accessing procurement data easy; allowing departments to analyze their spending patterns and develop their own specialized utilization strategies. Moreover, a handful of departments have prioritized utilization by devoting staff to engage the small business community through outreach events and providing guidance on doing business with their respective department.

Even with these important advancements, there are still many opportunities to continue enhancing the County's status as an economic driver for small diverse businesses in the region. Prioritizing utilization remains uneven among departments and a large portion of procurement data is poorly captured and not publicly accessible; limiting functionality and usefulness.

Despite the economic turmoil caused by the COVID-19 pandemic, and actually in response to it, the County will need to continue to lead initiatives aimed at reducing

¹ http://file.lacounty.gov/SDSInter/bos/bc/1057580_4-4-19CombinedReportonProcurementAttainmentGoalbyLSBEandImprovingtheCountyCBEProgram.pdf

fragmentation of efforts among departments and work collectively to further reduce contracting barriers for small businesses over the next 12 to 24 months. In the next phase of utilization, the County should prioritize transparency and accuracy in procurement data and the execution of department specific business engagement strategies like specialized technical assistance and targeted outreach. Additionally, data analysis shows there are a significant number of non-certified small businesses in the County's vendor pool who are likely eligible to be certified. Efforts to certify these businesses will help the County achieve and sustain its utilization goals.

Four-Year Small Business Utilization Plan Results

In this section, we analyze the outcomes of the SBU Plan from four perspectives: Countywide, departmental, by product service type, and by certification program:

Utilization Countywide

Over the last five fiscal years, the County has awarded approximately **\$2,091,363,554** to certified LSBEs, DVBEs, and SEs. **Figure 1** demonstrates year-over-year exponential growth in awards to certified vendors since the inception of the SBU Plan. The SBU Plan launched near the end of FY 2015-16, which saw **\$181,059,214** awarded to certified firms. This FY 2019-20, the County awarded **\$690,669,450** to certified firms, an increase of 281 percent since the launch of the initiative. The amount in awards in the fourth quarter of FY 2019-20 were substantially impacted by the onset of the COVID-19 pandemic. Absent COVID-19, third-quarter projections showed the County achieving between \$700 and \$800 million in awards to certified businesses by the end of FY 2019-20.

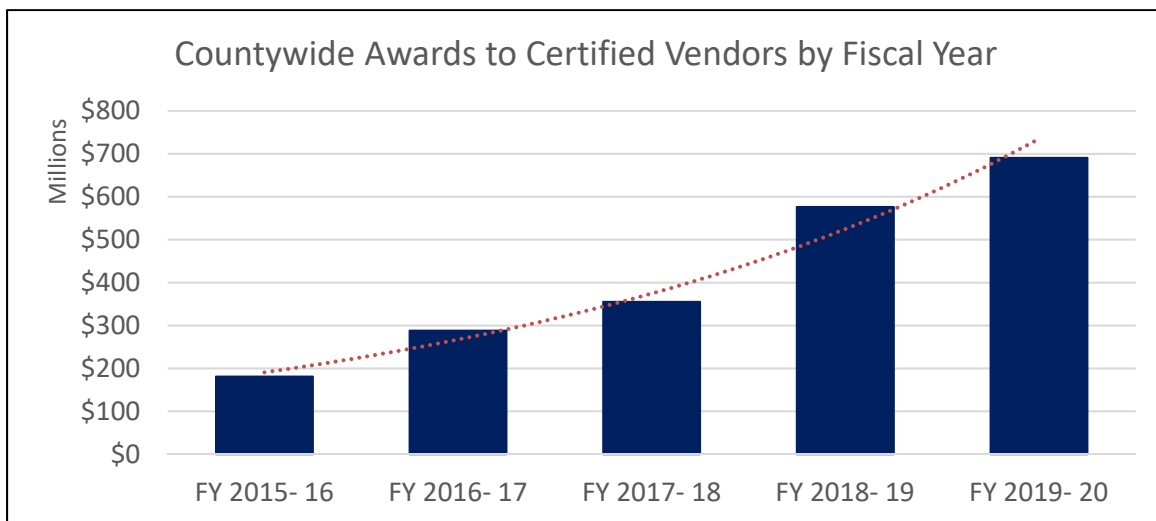


Figure 1: Countywide awards to certified vendors, FY 2016-17 - FY 2019 20.

Figure 2 below summarizes the total dollar amount awarded to certified vendors since FY2015-16. Overall, the County achieved a 255 percent increase in certified vendor awards during the SBU Plan period. The County's utilization of certified vendors increased each year and accelerated significantly in FY 2016-17 and FY 2018-19. FY 2018-19 and FY 2019-20 account for almost 60 percent of all awards to certified vendors over the last five years, indicating the substantial Countywide effort to meet your Board's procurement goals came to fruition during the latter half of the initiative. Additionally, the recalibration of DCBA's utilization strategy after the midway evaluation likely supported increases in utilization over the prior fiscal year.

Based on historical data, DCBA projected awards to certified vendors for FY 2019-20 as high as \$754 million with total projected awards in the fourth quarter at over \$187 million. However, due to the unprecedented budgetary impact of the COVID-19 pandemic, your Board instituted a hard purchasing freeze on non-essential services, supplies and equipment effective March 31, 2020. As a result, the fourth quarter saw a year-over-year decrease of 32 percent in total awards to vendors from FY 2018-19 to FY 2019-20, reaching only \$124 million, approximately \$63 million lower than projected. DCBA projected the County would have reached the aspirational goal of \$1 billion in awards to certified vendors as early as FY 2020-21 if the current trend continued along with pre-COVID-19 economic conditions.

Fiscal Year	Awards to Certified Vendors	Year-over-Year Percent Increase	Percent of Total
FY 2015- 16*	\$181,059,214		9%
FY 2016- 17	\$288,049,853	59%	14%
FY 2017- 18	\$355,287,485	23%	17%
FY 2018- 19	\$576,297,552	62%	28%
FY 2019- 20	\$690,669,450	20%	33%
Total	\$2,091,363,554		100%

Figure 2: Countywide awards to certified vendors, FY 2016-17 - FY 2019- 20 (*pre-SBU Plan).

Utilization by Department

Although there are 37 unique departments serving the County of Los Angeles, most of the County’s purchasing and contracting budget is concentrated within just a handful of those departments. Between FY 2016-17 and FY 2019-20, the five largest departments², Mental Health, Public Social Services, Health Services, DPW and ISD, accounted for approximately **\$21.5 billion** or **55 percent** of the County’s purchasing and contracting expenditures and **\$1.24 billion** or **59 percent** of awards to certified vendors Countywide. Together, ISD and DPW accounted for **\$687 million** or **55 percent** of dollars awarded to certified vendors among the five largest departments, achieving an unadjusted utilization rate³ (awards to certified vendors as a percentage of all awards) of 14 percent and 15 percent, respectively, compared to an eight percent average for the group as whole.

To illustrate the purchasing power of the County’s largest departments, if the group of five departments listed above each achieved an unadjusted utilization rate of 14 percent, awards to certified vendors would have increased by more than **\$1.77 billion** between FY 2016-17 and 2019-20.

Going forward, the County should invest additional support in departments with large purchasing power to assist these departments to increase contract awards to certified

² Ranked by overall spend on procurement of goods and services.

³ Unadjusted utilization rates are derived from a calculation where the denominator was not modified to exclude contracts which for one reason or another could not feasibly be awarded to a certified vendor.

businesses. Each department’s purchasing needs are unique, and the number of contracts available to certified vendors varies. A specialized department-by-department analysis may be needed to identify strategies to attract certified vendors to available contracts. The County should also continue to work with departments with smaller budgets, as these departments may have a larger proportion of contracts available to certified vendors, which could provide certified businesses with an entry point into the County contracting network. This is important as data shows that once a vendor wins its first government contract, the likelihood of winning additional contracts increases.

Utilization by Product and Service Categories

Each procurement entry in eCAPS⁴ is coded with an *object code* corresponding to an *object name* describing the product or service that the County is purchasing. Object codes are used to categorize purchases and contracts and allow us to extract and analyze data on the types of products and services being procured by each department, their cost, and whether vendors are certified. Used internally, this data can inform a department’s utilization strategy.

Certified vendors were utilized across 382 unique object codes between FY 2016-17 and FY 2019-20. However, the 10 codes with the highest awards to certified vendors throughout the four-year period represent about **\$946 million** or **45 percent** of the dollars awarded to certified vendors in all object code categories. **Figure 3** compares the dollars awarded to certified vendors in the top ten codes to the dollars awarded to all vendors. In this table, we see that over **\$10.6 billion** in awards were categorized under *Mental Health Contract Services*, *Substance Abuse Contracts*, *Adult Protective Services*, and *Consultant Services*. Despite the large amounts spent in these four categories the utilization of certified vendors is extremely low relative to the 23 percent utilization rate average for all 10 object categories.

The difficulty presented by object codes in eCAPS is that a single object code, such as *Consultant Services*, potentially encompasses many different types of services. The County should evaluate the types of contracts categorized under the object codes with the largest spend to determine if services performed can be more specifically categorized, and whether a subset of these services are available to certified vendors.

Object Name	Awards to Certified Vendors	Awards to All Vendors	Object Utilization Rate
Mental Health Contract Services	\$268,580,312	\$6,896,037,718	4%
Substance Abuse Contract	\$51,324,440	\$1,161,455,708	4%
Adult Protective Services	\$60,572,661	\$1,360,174,228	4%
Consultant Services	\$156,513,103	\$1,250,491,143	13%
Public Works-Infrastructure Maintenance Contracts	\$55,550,706	\$280,890,110	20%

⁴ eCAPS is the County’s accounting system.

Vehicles & Transportation Equipment	\$76,055,532	\$290,279,037	26%
Building Maintenance-Job Order Contracts	\$55,112,332	\$169,763,707	32%
Environmental Services	\$68,005,685	\$185,769,127	37%
Custodial Contracts	\$93,912,117	\$236,893,057	40%
Computers, Personal-Noncapital	\$60,789,698	\$124,009,309	49%
Total	\$946,416,587	\$11,955,763,145	23%

Figure 3: Awards to certified and non-certified vendors by object code, FY 2016-17 – FY 2019-20.

Utilization by Certification Program

The County administers three primary certification programs: LSBE, DVBE, and SE. These are also known as preference programs because they provide a 15 percent bid price reduction or “preference” for certified vendor bidding competitively on County contracts. The LSBE program has the highest vendor participation with **1,523⁵** certified vendors, followed by the DVBE (178) and SE (163) programs.

We are pleased to report on the success of LSBEs and the year-over-year increases in awards to these vendors between FY 2016-17 and FY 2019-20. **Figure 4** shows that LSBE vendors were awarded over \$1.2 billion since the inception of the SBU Plan, exceeding SEs by more almost \$377 million. However, **Figure 5** demonstrates a rapid acceleration in the utilization of SEs in FY 2019-20, with awards to SEs increasing 300 percent between FY 2018-19 and 2019-20 and surpassing awards to LSBEs. This may be attributed to two primary factors: 1) an increase in the number of certified SEs already contracting with the County, thus increasing the number of awards in the report; and 2) an increase in spending on social services provided by certified SEs.

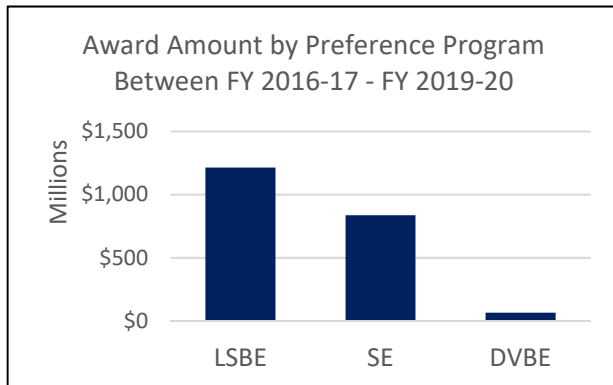


Figure 4: Countywide awards to certified vendors by preference program, FY 2016-17 – FY 2019-20.

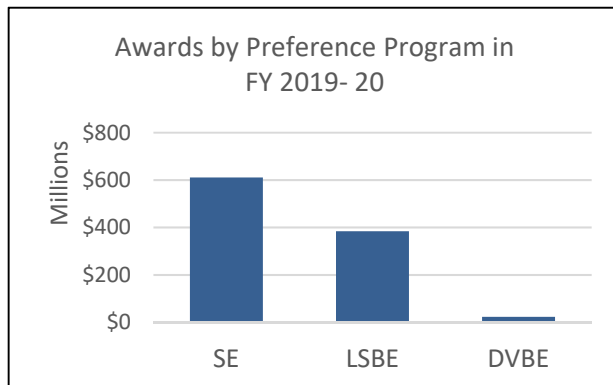


Figure 5: Countywide awards to certified vendors by preference program, FY 2019-20.

⁵ As of June 30, 2020

Impactful Achievements

Throughout the four years of the SBU Plan, the County made breakthrough advancements in multiple areas which directly or indirectly served to increase utilization of certified vendors. In this section, we will identify the most impactful achievements aimed at increasing utilization and made doing business with the County more accessible for small businesses.

Simplified Acquisition Process

The Simplified Acquisition Process (SAP) was launched in October 2016 by ISD. The SAP increased departmental delegated authority when obtaining at least two bids from certified vendors for purchases up to \$24,999. The SAP has proven to be an effective tool to increase utilization of certified businesses because it allows buyers to execute larger transactions with small businesses lacking the technical capacity required for the more complex standard procurement process. Since its inception, awards to certified vendors through the SAP have experienced exponential growth for a total of **\$12,351,734** between FY 2016-17 and FY 2018-19. **Figure 6** demonstrates the year-over-year growth of the procurement tool by fiscal year.

On April 30, 2019, your Board recommended modifications to the SAP to a maximum amount of up to \$249,999 with enhanced auditing protocols⁶. ISD and DCBA are leading a phased approach to increase the SAP limit to \$150,000 with enhanced safeguards. This phased approach will allow departments to evaluate the effectiveness of the safeguards and further implement SAP increases accordingly. Increases are temporarily on hold due to the COVID-19 pandemic. DCBA and ISD will continue to work together to increase the

⁶ <http://file.lacounty.gov/SDSInter/bos/supdocs/135120.pdf>

SAP threshold incrementally and effectively once spending restrictions due to COVID-19 begin to ease.

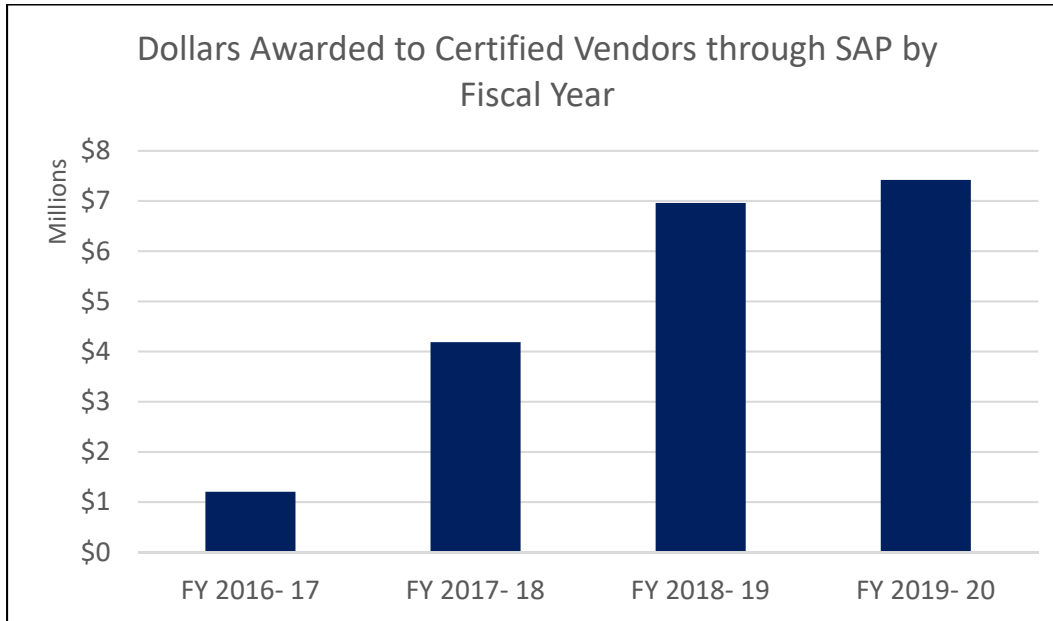


Figure 6: Dollars awarded to certified vendors through SAP, FY 2016-17 – FY 2019-20.

County Websites

The Doing Business with the County – County of Los Angeles portal⁷ successfully centralizes all procurement and contracting information and links that are essential for businesses to start selling to the County. This page connects prospective County contractors to the vendor registration portal, open solicitations, procurement officers from every department, small business advocates, County certifications and information on purchasing policies. Moreover, individual departments like DPW, WDACS, and DHS have all launched their own “doing business with” webpages.

In addition, ISD developed its own Doing Business with Los Angeles County homepage⁸ which provides vendors vital information to develop an effective strategy when engaging the County for contracting opportunities and to market their goods and services. Through this website, for example, a business can research previously awarded contracts via keywords. This historical procurement data can provide a wealth of vital information such as types of products and services departments typically acquire, the buyer’s contact information, when the contract was awarded, and consequently, an idea as to when it might expire. The website also includes frequently asked vendor questions and answers, tips on selling to the government, information on certification programs, and a full listing of existing master agreements along with a contact for each agreement.

⁷ <https://lacounty.gov/doing-business-with-the-county/>

⁸ <https://doingbusiness.lacounty.gov/>

The lack of easy access to data and information is often cited as a substantial barrier for small businesses seeking the government as a customer. Centralizing and publicizing information like vendor certification portals, business opportunities, and relevant department contacts increases accessibility and thus, business prospects. The County should continue centralizing, publicizing, and regularly updating data that makes the County more accessible to small businesses that are incapable of hiring sales staff devoted to government contracts. Departments should also implement processes within purchasing and contracting divisions to effectively handle vendor inquiries.

Procurement Data and Vendor Search Tool

At the outset of the SBU Plan, departments had to request ad hoc reports from ISD to decipher information on its own spending, a cumbersome and slow process. A more streamlined and automatic way for departments to obtain departmental and historical procurement data would help departments understand the types of contractors it utilized and how to best modify its procurement practices. In 2019, ISD launched a Preference Program Entities - County Spend Report portal⁹ where departments can easily download their award and payment data as far back as FY 2016-17. The data stored on the portal is now readily accessible internally to departments on an ongoing basis and empowers departments to better target small businesses as part of its procurement planning.

Another barrier departments faced was searching for certified vendors to fulfill their needs and obtain valid quotes. In our January 9, 2017,¹⁰ report to your Board, DCBA reported on the difficulty departmental buyers faced when attempting to find certified vendors by commodity type. Generating a list of vendors for commonly procured commodities could include between 10-30 pages (120 to 360 vendors) with no clear marker distinguishing certified from non-certified vendors. To rectify this issue, DCBA worked with ISD to launch an enhanced Certified Vendor Search Tool¹¹. This tool allows buyers to specify their search parameters by supervisorial district, geographic region, certification type, and/or product and service offerings. It has automated identifying the number of certified vendors available for a project and allowed buyers the ability to download an exportable list of all certified vendors, including their certification type and contact information.

The Federal government and the State of California have made concerted efforts to improve the transparency of its procurement by going as far as publicizing vendor pricing data and making it easily searchable. This level of transparency allows businesses to perform intelligent market analysis required to make strategic decisions based on concrete information. Going forward, the County should move toward making procurement data accessible to the public and consider publicizing pricing information.

⁹ <https://camispnc.co.la.ca.us/ppereporting/>

¹⁰ http://file.lacounty.gov/SDSInter/bos/bc/1016605_SBUQuarterlyReport12017bjs.pdf#search=%22sbu%22

¹¹ <https://camisvr.co.la.ca.us/LACoBids/CertList/VendorCert>

Social Enterprise Certification Program and Master Agreement

On July 12, 2016, your Board approved a motion that directed the Workforce Development, Aging and Community Services Department (WDACS), in partnership with DCBA and County Counsel, to establish a master agreement¹² for SEs certified by DCBA. The motion's intent was to increase contracting opportunities for SEs whose primary purpose is to enhance the County through economic, social, and environmental stability. Since its inception, the County has awarded nearly **\$9 million** in work orders through the Social Enterprise Master Agreement.

Furthermore, since the launch of the SE certification program, SEs have been awarded **\$837,431,965** Countywide. **Figure 7** demonstrates total awards to SEs by fiscal year and the rapid year-over-year growth over the last four fiscal years.

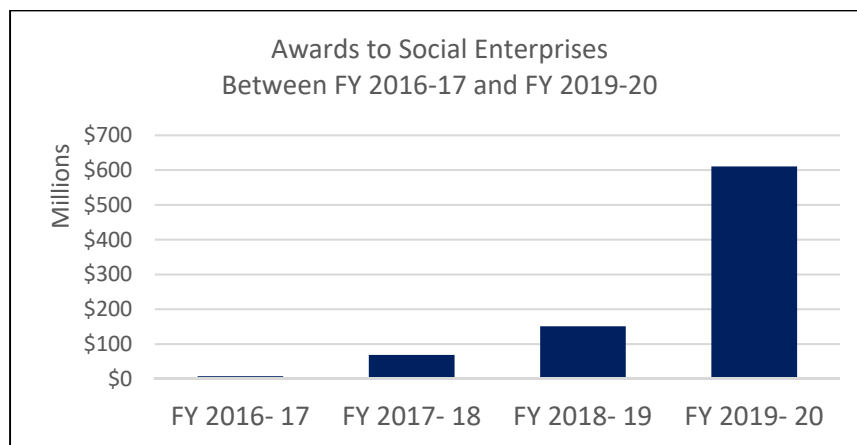


Figure 7: Dollars awarded to Social Enterprises, FY 2016-17 – FY 2019-20.

Partnerships and Outreach

After the launch of the SBU Plan, one of the principal objectives was ensuring that businesses in the region were aware of the County's goals to ensure the growth of the certified vendor pool. DCBA's Office of Small Business (OSB) has leveraged partnerships with agencies and business organizations throughout the County to spread awareness of our goals. DCBA's efforts to create new partnerships and deepen our existing relationships ultimately coalesced into the OneLA Regional Collaborative¹³ (OneLA).

Through OneLA, DCBA has partnered with numerous entities pursuing a singular goal – helping small and diverse businesses win government contracts. OneLA includes several large agencies among its members including the Los Angeles Area Chamber of Commerce, the U.S. Small Business Administration, Los Angeles World Airports,

¹² Master Agreements are utilized by the County to identify a list of pre-qualified vendors to perform various services on an as-needed basis. Vendors submit their qualifications through a Request for Statement of Qualification (RFSQ) solicitation process.

¹³ <https://lachamber.com/index.php?src=gendocs&ref=onela>

LA Metro, Metropolitan Water District, University of La Verne, and various chambers of commerce, and is supported by ISD and DPW. Since its launch¹⁴ on September 18, 2019, the first-of-its-kind multi-agency partnership has allowed DCBA to leverage the outreach efforts, business resources, and buying power of partner agencies for the benefit of the region's small, minority- and women-owned businesses.

In addition to OneLA, DCBA executed aggressive outreach efforts by participating in and hosting small business events throughout the County. Over the last four fiscal years, OSB participated in 471 events with over 40,000 attendees in total. This amounts to approximately 10 events per month. Moreover, almost 60 percent of DCBA's outreach has occurred over the two most recent fiscal years. **Figure 8** maps the locations of DCBA's outreach efforts throughout the County over the last two years.

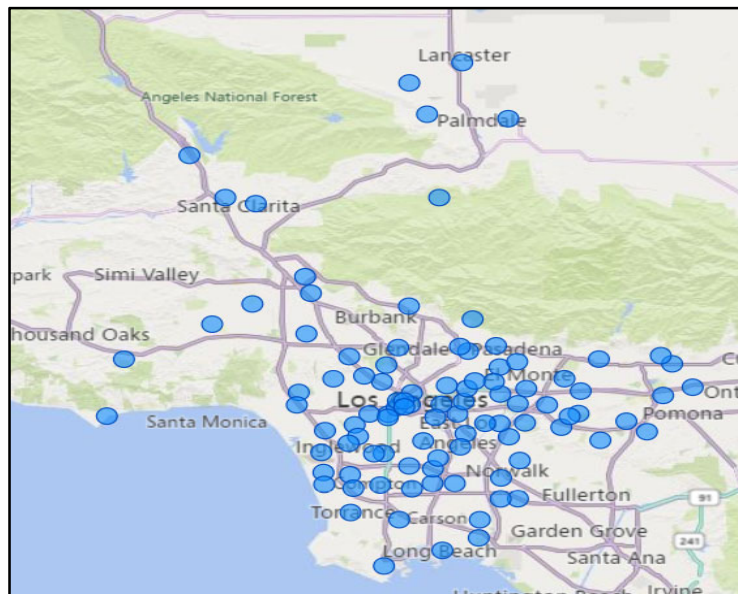


Figure 8: Office of Small Business outreach events, FY 2019- 20.

DCBA believes the success of outreach is measured through two metrics: dollars awarded to certified vendors and certification applications submitted. Although awards to certified vendors has steadily increased, **Figure 9** shows certification applications peaked at 1,474 in the 2018 calendar year. Despite extensive outreach efforts application submissions indicate additional outreach efforts are required to maintain growth in the certified vendor pool and in utilization Countywide. Moving forward, DCBA recommends that departments will need to emphasize outreach and include it as a core responsibility of purchasing and contracting divisions. Departments should develop and foster relationships among professional associations and other business networks relevant to their contracting needs and engage prospective vendors through, “How to do Business With...” events highlighting their contracting opportunities and best practices to doing businesses with their departments.

¹⁴ <https://lachamber.com/news/2019/09/18/press-release/new-onela-regional-collaborative-launches-to-change-the-face-of-local-contracting/2/>

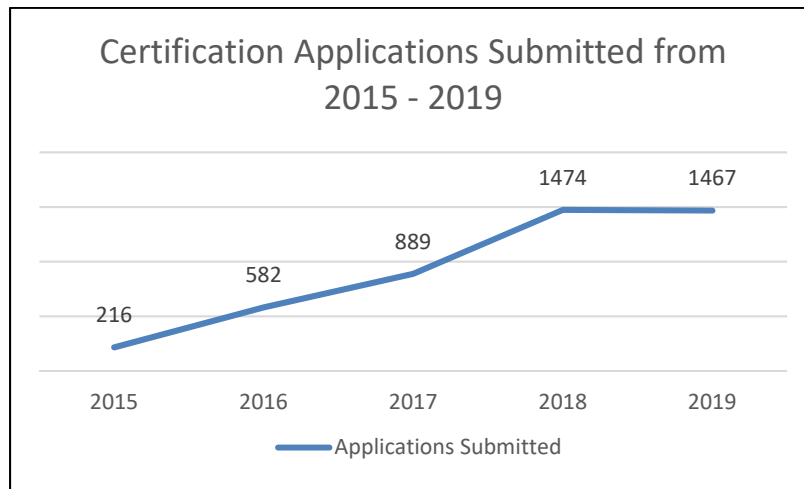


Figure 9: Certification applications submitted during calendar year 2015 – 2019.

Quantifying the County’s Support for Local Small Businesses Outside of the LSBE Certification Program

To qualify as an LSBE, a business must meet certain minimum requirements, including:

- Be independently owned and operated;
- Not be dominant in its field of operation;
- Have the Principal Place of Business located in Los Angeles County for the last 12 months; and
- With its affiliates, either:
 - A business with 100 or fewer employees and average annual gross receipts of \$15 million or less over the last three years; or
 - A manufacturer with 100 or fewer employees.

The County regularly encounters businesses that meet the LSBE requirements and win awards but are not certified. As a result, these awards are not captured in eCAPS as awards to certified vendors. However, those awards do support the spirit of the LSBE program, which is to increase the number of contracts and overall contract awards between the County and local small businesses.

DCBA used Dun & Bradstreet, a market leading business analytics tool, to quantify the total contract awards between the County and small businesses who are not certified but are likely eligible to be certified. DCBA conducted analyses, of the County’s Award data by matching all County vendors against Dun & Bradstreet data. DCBA successfully identified several vendors who are not certified but are likely eligible to be certified and won awards.

In FY 2019-20, DCBA found that the County awarded approximately **\$1.03 billion** to vendors which, according to Dun & Bradstreet business intelligence, appeared to meet the minimum requirements to certify as LSBEs but had not been certified at the time of award. Also, in FY 2019-20, vendors that would also appear to qualify for the County's women-owned and minority-owned business certification programs were awarded approximately **\$201 million** and **\$210 million**, respectively.

This data shows that the County's support for local small businesses and minority- and women-owned businesses more than doubles the contract awards reported solely through the County's certification programs. DCBA will continue to analyze the available data to better understand how non-certified LSBEs are successfully winning contracts and why they are deciding not to certify. This information could inform policies that shape the future of small business procurement, including which businesses most benefit from certification and how best to ensure those businesses apply to be certified.

Utilization Beyond 2020

The Long-Term Impacts of the COVID-19 Pandemic on Small Business Procurement Are Unknown

The COVID-19 pandemic has caused County departments to decrease spending and has temporarily diverted attention from small business priorities as departments grapple with the economic and health impacts of COVID-19. The long-term impacts of the pandemic on small business procurement are unknown, and many County small businesses may fail during the pandemic, which likely will reduce the County's certified vendor pool.

That said, the County should consider small business procurement efforts a key component of a long-term economic recovery strategy. An anchor contract with a public buyer can be a lifeline for small businesses struggling to stay afloat. DCBA is currently evaluating potential strategies and will work with ISD and other departments to implement responsive programming to help small businesses win awards with the County during the pandemic.

Transparency in Procurement

A recent study published November 2019 titled "*The Impact of Open Data on Public Procurement*,"¹⁵ examined how the increased accessibility of public purchasing data affects competition, prices, contract allocations, and contract performance in government procurement in the European Union. It found that increasing the public accessibility of procurement data raises the likelihood of competitive bidding processes, increases the number of bids per contract, and facilitates market entry by new vendors. Furthermore, easy access to procurement data lowers information processing costs for potential bidders, which can further promote competition for government contracts.

¹⁵ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3483868

Although the County has made significant advancements to make procurement data more accessible, detailed data is currently only available internally for County departments. The County does publish high-level budget information on the County's Open Data Portal¹⁶ but granular data provides businesses the most useful information when marketing their company and pricing their bids. The U.S. Government's USAspending.gov¹⁷ and GSA eLibrary¹⁸ websites are models for open procurement data. They allow users to download data based on an array of search parameters and research pricing data of individual businesses on GSA Schedules. The State of California publicizes historical procurement and contracts data through FI\$Cal SCPRS Search¹⁹.

Currently, the most useful data is only accessible to departments internally or not available at all. Furthermore, data is only as good as the inputs and as we demonstrated earlier; there are billions of dollars in transactions that have been poorly categorized, restricting the data's functionality. Moving forward the Auditor-Controller should emphasize object code accuracy to departments and the County should pursue initiatives aimed at increasing procurement data accessibility to achieve a level of transparency comparable to the State and Federal government.

Enhanced Technical Assistance and Outreach

DCBA's OSB houses one of the 94 Procurement Technical Assistance Centers (PTAC) in the nation and the only one in the County²⁰. PTACs are the bridge between the government buyer and private businesses. They are staffed with counselors experienced in government contracting and provide a wide range of services to businesses at no charge, including educational workshops, one-on-one counseling, networking events, access to bid opportunities, contract specifications, procurement histories, and other information necessary to successfully compete for government contracts. Individualized technical assistance can yield excellent results for a small business interested in winning a government contract, especially for those that lack experience in government contracting but are fully capable of performing a contract, if awarded.

Between FY 2016-17 and FY 2019-20, LA County PTAC counselors have provided over 2,500 hours of one-on-one technical assistance to small and diverse businesses in the region. Many of its clients go on to successfully win contracts spanning multiple industries. Despite this success, the LA County PTAC's capacity is limited and highly focused on federal government contracts due to its federal funding source, which leaves a sizeable gap for businesses seeking technical assistance on County contracts. In many respects, this gap can only be filled by departmental staff who have first-hand knowledge of their department's unique procurement needs and best practices that certified businesses can use to increase their opportunity to win a contract. Thus, the next phase of utilization

¹⁶ <http://expenditures.lacounty.gov/#!/year/2018/>

¹⁷ <https://www.usaspending.gov/#/>

¹⁸ <https://www.gsaelibrary.gsa.gov/ElibMain/home.do>

¹⁹ https://suppliers.fiscal.ca.gov/psc/psfpd1/SUPPLIER/ERP/c/ZZ_PO.ZZ_SCPRS1_CMP.GBL

²⁰ <https://dcba.lacounty.gov/ptac/>

should incorporate a strategy requiring purchasing and contracting divisions of each department to develop materials and procedures to provide prospective contractors enhanced technical assistance and continue reducing barriers for our small and diverse firms.

Next Steps

DCBA will continue to engage vendors to identify and reduce County contracting barriers to champion your Board's goals of increasing contracting opportunities for small diverse firms in the region. DCBA will continue providing technical assistance to vendors and work with departments to increase outreach efforts and enhance their technical assistance capacity. DCBA will also continue its analysis of non-certified vendors that meet the LSBE requirements and win awards. Finally, DCBA will continue developing a framework of actions your Board can take to enhance opportunities for small minority- and woman-owned small businesses should Proposition 209 be repealed in November and pursue innovative data driven solutions to connect these businesses to targeted government contract opportunities