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Interim Chief Executive Officer

August 19, 2015

To: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai *Sachi*
Interim Chief Executive Officer

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First District

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Second District

SHEILA KUEHL
Third District

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Fifth District

**REPORT BACK ON THE EVALUATION OF EXISTING PREFERENCE PROGRAMS
IN PURCHASING AND CONTRACTING ACTIVITIES (ITEM 3, AGENDA OF
MAY 12, 2015)**

On May 12, 2015, your Board instructed the Interim Chief Executive Officer (CEO) to work in collaboration with the Directors of Internal Services (ISD), Consumer and Business Affairs (DCBA), Public Social Services (DPSS), Community and Senior Services (CSS), Human Resources (DHR), County Counsel, and other relevant departments, to report back to the Board in 60 days with:

1. An evaluation of the effectiveness of the existing preference programs designed to ensure that all businesses have equal opportunity in competing for County contracts, including the Local Small Business Enterprise Preference Program, Transitional Job Opportunities Preference Program, and the Disabled Veteran Preference Program, in achieving their stated purposes, including: an analysis of the number of businesses (and percentage of total) enrolled in each program; the number of contracts (and percentage of total) that enrolled businesses have secured; and the total amount (and percentage of total) of these contracts;
2. As part of the evaluation of the effectiveness of the existing preference programs, a qualitative analysis comprised of interviews with small businesses that have both been successful and unsuccessful in seeking contracts with the County, in order to identify opportunities for improvement.

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3. Recommendations for potential improvements to the programs, with consideration given to increasing the percentage enhancement conferred; and increasing the size of the cap on the preference amount; and
4. A proposal of a format and schedule for a brief annual report to the Board that tracks the yearly performance of these programs.

Background

Each of the preference programs were developed to promote and foster inclusiveness and economic development to assure all businesses are provided equal opportunities in the County's purchasing and contracting activities by providing cost or scoring preferences in County solicitations for goods and services.

Evaluation of Programs

From an operational or programmatic standpoint, evaluating the effectiveness of any program is predicated on a variety of factors, which would include: having accurate data to measure, having a sufficient population of program participants and a baseline or comparable means to measure results.

In the case of the County's preference programs, while we have accurate data, the number of program participants in each of the programs is less than optimal and each lacks a baseline or comparable means to arrive at definitive results.

From an economic standpoint, which was not part of this evaluation, measuring the effectiveness of the programs would be based on tracking the business growth, job creation, etc. of those program participants.

A more detailed program overview and evaluation of each are provided further in Section 1 of the attachment, but the results can be summarized as follows:

Local Small Business Enterprise (LSBE) Program

There are approximately 1,245 certified LSBEs, of the more than 68,000 total vendors registered to do business with the County. For Fiscal Year (FY) 2014-15, LSBEs received \$160 million of the \$6.7 billion in purchase orders and contracts awarded by County departments. LSBEs hold 58 of 998 commodity agreements and 65 services contracts approved by the Board.

Transitional Job Opportunities Preference (TJOP) Program

Since 2011, there have been a total of ten non-profit firms that have applied for the TJOP preference in 29 County contract solicitations. Of these solicitations, seven of the TJOP firms were awarded one or more contracts for a total of nine awards, for a total amount of more than \$16.5 million.

Disabled Veteran Preference Enterprise (DVBE) Program

The DVBE program was implemented and applies to solicitations released after December 1, 2013. There have been a total of 27 businesses that have been certified as a DVBE, with an award amount of just over \$1.3 million.

Qualitative Analysis Comprised of Interviews with Local Small Businesses

DCBA conducted a qualitative analysis comprised of 83 telephone interviews and two focus groups of 12 LSBEs, with an emphasis on:

1. The challenges small businesses face when responding to bids.
2. Whether the preference program serves as an incentive to respond to County bids.
3. Additional solutions that could aid small businesses to improve their success in winning County bids and contracts.

As detailed further in Section 2 of the attachment, businesses identified challenges they had in responding to bids and solicitations, which included their ability to locate open bids, the volume and complexity of paperwork involved with County solicitations, the County's bid requirements (including bonding, manufacturer certification, etc.) and a perceived bias in the bid process. These LSBEs also made several recommendations for program improvement:

- Raising the \$5,000 cap on the simplified acquisition process where departments can buy goods and services directly from an LSBE without a competitive solicitation.
- Establishing set asides for small business for certain procurements.
- Increasing the awareness of the preference programs within County departments.

- Improving the notification system.
- Soliciting industry feedback for solicitations.
- Providing points of contact at the user level in departments for small businesses.
- Providing technical assistance to small business or training to help navigate the complexities of the County's bid process.
- Establishing a point preference (other than cost) for small business.

Program Enhancements or Improvements

There are a number of options noted in Section 3 of the attachment for your Board's consideration, but we believe that the underlying goal should be to increase the population of participants across all three programs, as well as to increase our outreach, marketing and education efforts in the vendor community. Subject to your Board's determination, other options, which are explained in detail in Section 3, include:

- Raising departmental delegated purchasing authority to award to a LSBE from \$5,000 to \$10,000, or up to \$25,000.
- Evaluating the feasibility of establishing a program similar to the State's Simplified Acquisition Process, which provides for its departments to independently make awards for goods and services through a restrictive bid process.
- Increasing the preference percentage to ten or fifteen percent for each of the programs.
- Increasing or removing the \$50,000 maximum dollar amount that a LSBE or DVBE can receive under the cost preference. There is no threshold established for the TJOP program.

Proposal for an Annual Report to the Board

Noted in Section 4 of the attachment, the County has an online reporting tool that captures and tracks awards and dollar amounts made to certified LSBEs through eCAPS. Additionally, we could provide your Board with a brief summary program participation matrix (see Section 4), which would cover the high level information that is available online, as well as any additional data that the Board would be interested to see in the report.

Conclusion

The attached report contains details of the existing programs with an illustration of their individual effectiveness, but the conclusion for each is the same, that their effectiveness would be improved through increased enrollments, enhanced supporting processes, and adjustments to financial caps and authorities. Several recommendations are included that could achieve these objectives.

If you have any questions regarding this report, please contact Jim Jones of my staff at (213) 974-8355, or Dave Chittenden, of ISD at (323) 267-2103.

SAH:JJ:SK
CL:MV:kd

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Sheriff
Community and Senior Services
Consumer and Business Affairs
Human Resources
Internal Services
Probation
Public Social Services
Public Works

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Section 1. Evaluation of Programs

Local Small Business Enterprise Preference Program

Program Overview

The County's Local Small Business Enterprise (LSBE) Preference Program was adopted into Ordinance on July 23, 2002, and became effective on October 28, 2002. It was amended in 2009 to expand the preference to non-local, Small Business Administration (SBA) certified businesses in federally funded procurements, based on a Federal Acquisitions Regulation (FAR) that prohibits geographical preferences in federally funded procurements. The Ordinance was again amended in September 2011 to increase the cost preference to LSBEs from five to eight percent.

The LSBE preference program was/is designed to enhance purchasing and contracting opportunities for local small businesses within the County. The program's priorities were developed to promote and foster inclusiveness and economic development as well as ongoing evaluation to assure all businesses including those that are local, are provided equal opportunities in the County's purchasing and contracting activities. The program provides an eight percent price or scoring preference, to a maximum of \$50,000, for bids and proposals submitted by qualified LSBEs in the solicitation process.

A LSBE is defined as a business having its principal office in the County for at least one year and as being certified as a small business by the State of California. State certification is based on a firm with 100 or fewer employees, and no more than \$14 million annual revenue on average over the preceding three years.

Program Participation

To date, there are approximately 1,245 certified LSBEs, of the more than 68,000 total vendors that are registered to do business with the County, which puts the population at just less than two percent of the overall registered business population.

For FY2014-15, certified LSBEs received \$160 million of the \$6.67 billion (2.4%) in purchase orders and contracts awarded by County departments (Exhibit 1).

County certified LSBEs hold 58 of the 998 (or 5.8%) of the commodity agreements administered by ISD, and 65 services contracts administered by County departments.

Effectiveness Assessment

Based on the findings and recommendations in a Small Business and Economic Impact Utilization Goal study and report commissioned by the County and completed California State University, Los Angeles' (CSULA) School of Business and Economics

in January 2014, the effectiveness of the County's LSBE program could be directly attributed to the population of small businesses that participate in the program.

For illustrative purposes, in FY2013-14, there were approximately 660 certified LSBEs in the program. The overall dollar awards to LSBEs for that Fiscal Year totaled at little more than \$113 million (Exhibit 2).

Using the CSULA metrics and recommendations, ISD and the Office of Small Business (OSB) initiated a targeted outreach effort to the more than 3,000 State-certified small businesses that were purportedly headquartered in Los Angeles County. This effort resulted in a net increase of certified LSBEs from 660 in April 2014 to 1,245 to date. This equates to an 87 percent program participant growth over a little more than a year, with a corresponding 40 percent increase in the dollar amounts to LSBEs from \$113 million in FY13-14, to approximately \$160 million for FY14-15.

The above results would demonstrate that the effectiveness of the Program could, in fact, be attributed to the population and participation of LSBEs.

The second part of the equation is to accurately identify, define and target the population of local small businesses that could and/or would compete to sell goods and services to the County. Excluding local restaurants, boutiques, flower shops, delicatessens, liquor stores, etc., the amount of small businesses in the region that work with local government seems to be in the minority.

For example, the federal government has approximately 4,500 SBA certified businesses signed up to provide products and services to government that are based in Los Angeles County, and as previously referenced, the State has just over 3,000, of which a majority would presumably also be certified with the feds. The City of Los Angeles has a little more than a thousand businesses in their program, and the Metropolitan Transit Authority, who uses an offshoot of the federal small business criteria for their program, has approximately 1,350.

Based on these numbers, the known population of potential LSBEs that would be competing for County business looks to be around 5,000, or about 7.4 percent of the total registered vendor population of the County.

Transitional Job Opportunity Preference Program

Program Overview

On February 15, 2007, the Board adopted an Ordinance creating the Transitional Job Opportunities Program (TJOP) Preference. The Ordinance was amended in April 2012 to increase the cost preference to TJOP contractors from five to eight percent.

In establishing the Ordinance, the Board recognized that nonprofit entities that provided transitional employment incurred higher costs than other businesses due to the need for increased supervision, counseling and training, and were at a competitive disadvantage in obtaining County contracts.

As such, the purpose of the Ordinance is to promote and facilitate transitional job opportunities for the homeless and those that have not been employed for an extended period of time by providing these individuals with opportunities to develop job and social skills necessary to succeed in the workplace. The TJOP provides for an eight percent cost or scoring preference for those nonprofit firms that provide such services. There is no maximum dollar amount (or cap) established for this program.

A TJOP firm is currently defined as: a nonprofit organization pursuant to section 501 (c)(3) of the Internal Revenue Code for the past three years; and must have been in operation for at least one year providing transitional jobs and the related supportive services to program participants (e.g., homeless individuals, individuals with addictions, at-risk youth, etc.) by providing short-term, wage-paying, subsidized employment that combines real work, skill development, and supportive services to help participants overcome barriers to employment and transition to unsubsidized competitive employment.

The firm's program components must be designed to help program participants transition towards unsubsidized competitive employment, and includes, but is not limited to: counseling services, individual case management, pre-employment job readiness training, daily monitoring of participants while on the job, provision of unsubsidized competitive employment opportunities, and assistance in applying for, obtaining, and maintaining unsubsidized competitive employment.

Program Participation and Effectiveness Assessment

Since 2011, there have been a total of ten non-profit firms that have applied for the TJOP preference in 29 County contract solicitations. Of these solicitations, seven of the TJOP firms were awarded one or more contracts for a total of nine awards (or 31%), for total amount of more than \$16.5 million. (Exhibit 3)

Of the twenty solicitations where TJOP firms did not receive an award, higher costs was a contributing factor in all of the evaluations, but also, in all but four of the evaluations, the TJOP firm received a lower score on the business or services level component of the bid evaluation (Exhibit 4).

A breakdown of the cost difference(s) would reflect that:

- In seven of eight of the solicitations, the difference between the TJOP firm's bid price and the awarded company ranged between 10 and 20 percent, with one at six percent. However, six of these awards went to an LSBE that was competing in the same solicitation.

- In seven other solicitations, the TJOP firm's bid price was between 53 and 59 percent higher than the awarded company. The remaining six were at a higher price of: 10, 20, 28, 33, 47 and 78 percent.

While TJOP firms have received awards in 31 percent of solicitations in which they have competed, an accurate evaluation of effectiveness of this program is difficult to determine because of the low population of participating non-profits, and the lack of comparable programs in other jurisdictions.

For example, we surveyed a number of counties in the State, including: Orange, Ventura, Riverside, Santa Barbara, San Bernardino, San Diego, Alameda, and the City and County of San Francisco. None of these jurisdictions have a TJOP preference or related program in their respective purchasing and contracting processes.

We also contacted the City of Los Angeles, whose own TJOP preference predates the County's program. However, we were informed that there have been only two firms that have applied to participate in the City's program since its inception, and dollars and contract awards to those two participants are not tracked.

Disabled Veteran Business Enterprise Preference Program

Program Overview

On October 15, 2013, the Board adopted an Ordinance creating the Disabled Veteran Business Enterprise (DVBE) Preference Program.

The DVBE program is designed to accept those participants that are either certified with the State or by the federal government.

The purpose of DVBE preference program was to acknowledge and address any economic disadvantages for veterans with service-connected disabilities who may statistically be least likely to be self-employed when compared to the general population, and who have made extraordinary sacrifices on behalf of our country, by providing an eight percent bid price or score preference, to a maximum of \$50,000 in County solicitations for goods and services.

Program Participation and Effectiveness Assessment

Implemented for solicitations released after December 1, 2013, there have been a total of 27 businesses that have been certified as a DVBE, with an award amount of just over \$1.3 million.

Based on its relatively recent implementation, there is not a sufficient number of solicitations or population of certified businesses participating in the DVBE preference program to evaluate its effectiveness at this time.

However, it is important to note that according to the State's listing, there are only 125 State-certified DVBEs that are headquartered in Los Angeles County.

Section 2. Qualitative Analysis Comprised of Interviews with LSBEs

Overview

The DCBA conducted a qualitative analysis comprised of 83 telephone interviews, and the subsequent convening of two focus groups of 12 LSBEs, with the emphasis on: 1) the challenges small businesses face when responding to bids, 2) whether the preference program serves as an incentive to respond to County bids, and 3) what additional solutions could aid small businesses to improve their success in winning County bids and contracts.

Of the 83 LSBEs that participated in phone interviews, 52 said that their company had submitted County bids in the past twelve months. Of those companies that did submit bids, 25 had won at least one bid. Of the twelve small businesses that participated in focus groups, eleven had submitted County bids successfully.

Several of the businesses interviewed said they did not complete and even avoided County bids because they found them too cumbersome and time consuming. A common complaint was that County contracting involves too much complex paperwork for small businesses, which may not have the staff capacity to submit a completed bid or proposal despite their full capability to perform.

Staff responses to those areas identified by the DCBA interview feedback are also included in this Section.

Procedural Challenges for Small Businesses

In both the phone interviews and focus groups, businesses were asked what challenges they had in responding to bids and solicitations. Of the total sample, 59 businesses stated that they had faced serious challenges when responding to County bids. These challenges fell into four main categories:

1. Locating Open Bids

Though all businesses that participated in the study are registered on the County's vendor registration system and therefore are signed up to receive bids notifications, the notifications the businesses actually receive are often not related to the business's service or commodity. Conversely, some businesses have found bids and solicitations that were appropriate for their business but were not sent to them by the vendor registration system. The perception is that they are unsure whether they are receiving the appropriate notifications on bids and solicitations.

Staff Response:

Notifications are based on vendor registered product lines and services. If the vendor has registered for a product or service being solicited then they are notified via the email address in the vendor registration file. Vendors would not receive automatic notifications of commodities/services for which they are not registered.

Staff to revisit vendor registration instructions, and the presentation and training materials for vendor fairs and workshops to provide a better explanation of the process.

2. Complexity of Bids

Of the businesses interviewed, 27 of 95 (28%) said they did not compete for, and even avoided County bids because they found them too cumbersome and time consuming, citing the volume and complexity of paperwork involved in preparing a bid or proposal.

Staff Response:

The County's standard terms and conditions contain both statutorily - and Board-mandated provisions which provide necessary legal protections for the County. These provisions have been continually reviewed, evaluated and applied to ensure that the County has sufficient legal protections for the wide range of services and commodities purchases necessary to support County operations. Revisions necessary to comply with these mandates are recommended, as necessary, to ensure the County has sufficient legal protections in areas deemed critical to support the varied functions and services of the County.

Legally mandated provisions, such as jury service requirements, living wage provisions and nondiscrimination language, are statutorily driven and cannot be substantially revised without legislative or regulatory amendment (e.g. County Code revisions).

Board mandated provisions are policy driven and have been developed over the years to provide assistance in areas that have been identified as critical to support the needs of the County and its constituents. The requirements for these provisions may be revised or altered, on a case-by-case basis, at the Board's discretion depending on the needs of the County. Some provisions, such as indemnification and insurance provisions are routinely reviewed and revised, on a case-by-case basis, after consultation with the CEO Risk Manager to identify risks and ensure appropriate coverage from a business perspective is obtained.

Recognizing that vendors may need guidance in understanding the County's contracting process, the County has worked continuously towards streamlining the solicitation process, offering and providing training to vendors on how to navigate the County's contracting process. Additionally, as part of the "Beyond the Bid" training that we do in the communities around the County (e.g., contract connections workshops, vendor fairs and other vendor training engagements, etc.), there is a session that specifically covers a "plain language" explanation of the County's standard terms and conditions.

We will continue to review the contracting process and make modifications that will include legally required provisions, protect the County, and provide vendors with the most opportunities to participate in the process.

3. Requirements

Of the interview and focus group participants, 17 of 95 (18%) said that the County often requires the vendor to be an authorized distributor of a brand name product from the County specifications. Manufacturers, however, often require companies to sell high volumes of their commodities to become an authorized distributor; thus, since small businesses do not always attain these volumes, they often do not qualify to respond to a County bid.

Four of the 95 (4%) businesses interviewed did not respond to bids or solicitations because the performance bond the County requires is too high. This is because the expense of the bond is too high for the business to purchase, and it makes doing business with the County less profitable.

Staff Response:

As a standard in all Purchasing Agent acquisitions, a manufacturer-authorized reseller and/or distributor certificate is required in the acquisition of products and related services. This ensures that the County receives the optimal product warranty and service quality in its product procurements, and eliminates "grey" market products being introduced.

The grey market is the collective system of unauthorized sales channels for products. Grey market products may be less expensive than those bought through official distribution channels but are sometimes inferior. The products may be counterfeit or have counterfeit parts, for example; they may be second-hand products or contain second-hand components that are represented as new. In some cases, grey market products are authentic but distributed illegally, perhaps to exploit variations in costs and prices in different parts of the world.

Manufacturer warranties, updates or other services or support are not extended to grey market products, and may not be extended to 3rd party

recipients from other than an authorized reseller or distributor of the manufacturer.

4. Performance Bond

Four of the 95 (4%) businesses interviewed did not respond to bids or solicitations because the performance bond the County requires is too high. This is because the expense of the bond is too high for the business to purchase, and it makes doing business with the County less profitable.

Staff Response and Recommendation:

The primary purpose of a performance bond is to ensure that a contract is completed in accordance with contract terms. In those cases where the contractor is unable or unwilling to complete the terms of the contract the County can call upon the Surety to complete the contract or compensate the County for completing the unfinished work. The bond protects the small business when it fails to complete the contract since the County will recover from the Surety Bond instead of the small business. The amount of the bond is within the discretion of the County. Bond underwriters carefully analyze the Contractor's performance capabilities and financial stability before executing a bond. The main obstacles to a small business obtaining the Bond is the lack of assets for collateral and/or a poor or nonexistent contracting history.

Therefore, it is the staff's recommendation to continue to require the performance Bonds commensurate with the project.

However, it is within the discretion and determination by the Board to accept the risk of a contractor default and not require a bond on a project. Only particular contracts should qualify to control the County's exposure.

5. Perceived Bias

Of the interview and focus group participants, 18 of the 95 (19%) felt that the bid specifications are written unfairly. The interviewed businesses felt that when the County requires specific brand name products to which only certain businesses have access, the competitive process for small business is circumvented. Some businesses also noted that bids are often written in a way to give an advantage to the incumbent.

Staff Response:

There are cases where a "Brand Specific" product is solicited such as the case of supplementing existing product with like product. In these cases it is stated to be Brand Specific. There are reference products named in many solicitations as a referenced product not as a Brand Specific product. In these

cases, the County may accept alternates to the referenced product and it is stated in the solicitation.

Staff will be revisiting the presentation and training materials for vendor fairs and workshops to provide a better explanation of the process.

Perceptions of the Preference Program

Of the 95 businesses interviewed, 74 (78%) indicated that regardless of whether they had bid or been successful in a bid, they felt the County's eight percent preference program was an incentive to respond to County bids and solicitations.

However, despite the general perception of the preference program as an incentive to submit bids and proposals to the County, 17 businesses (18%) felt the preference did not work for them or that it was not enough to help them win.

Opportunities for Improvement

Many of the businesses in the phone interviews and focus groups recommended that the County consider other purchasing and contracting policies that would increase small businesses both responding to and winning bid and solicitation awards. These recommendations include the following:

1. Raise the Cap on Simplified Acquisition

Nineteen of the 95 businesses interviewed (18%) suggested the County raise its cap on simplified acquisition from \$5,000 to a higher cap. This would allow departments to forgo obtaining quotes if the department went through a certified LSBE.

Staff Response:

This recommendation is addressed in the next Section of this report.

2. Set Asides

Twenty-four of the 95 businesses interviewed (25%) noted that while the preference program helps local small businesses compete with larger businesses, it does not guarantee that local small businesses actually win awards. Several of those interviewed proposed creating a County set aside program for small businesses for certain procurements. This would allow multiple local small businesses to compete for County bids and solicitations while also ensuring the award would go to one of these businesses, instead of going to a larger business or a business located in another region.

County Counsel Response:

In contrast to preference programs, which allow certain factors to be weighed more favorably in the contract bidding process, set-asides allocate a certain percentage of all contracts awarded by an agency (or a percentage of a particular category of contracts) to a targeted group of potential bidders. Well established case law prohibits set-asides based on race or sex, as well as those which directly conflict with statutory bidding provisions requiring the award of a contract to the "lowest and best regular bidder" (e.g., certain construction contracts governed by the California Public Contract Code).

With respect to contracts with private businesses to perform personal services¹ and for commodities², the County Code provides for a competitive bid process whereby a contract must be awarded to the "most responsive and responsible bidder who is either the lowest bid price or the highest scoring bidder."³ As such, under the County's current bid process requirements and absent amendment to the County Code, set-asides are not an available option to the County.

A preliminary review of other California public agencies, however, indicates that other local agencies have established set-aside programs which appear to be legally permissible. Those programs, which may be instructive to the County in reviewing and possibly revising its current contracting process, have been implemented by agencies including the Los Angeles County Metropolitan Transportation Authority ("Metro") and the City and County of San Francisco ("San Francisco").

In 2012, for example, the Metro was granted approval by the Federal Transit Administration ("FTA") to implement a race-neutral small business set-aside program for FTA-funded contracts. In addition, the Metro recommended authorization to implement a race-neutral set aside program for non-federally funded competitively negotiated contracts. The latter program allows Metro to set-aside certain contracts for limited competition among its' Small Business Enterprise ("SBE") Program, which in turn helps the Metro meet its Disadvantaged Business Enterprise ("DBE") and SBE contracting goals.

San Francisco has also implemented a set-aside program known as the Micro Set-Aside Program ("Micro Program") – a program implemented to help very small, or "micro" local businesses that are at a greater competitive disadvantage, compete more effectively in the contracting process. Similar to our County Code, San Francisco's Administrative Code originally mandated award of contracts to the "lowest responsible bidder." In order to enact the

¹ County Code 2.121. et seq. [Contracting with Private Businesses].

² County Code 2.81.800

³ County Code 2.121 and 2.81

Micro Program, San Francisco revised its code to provide an exemption from competitive bidding allowing departments discretion to designate specific job contracts for limited set-asides for Micro-Local Business Enterprises ("MLBEs"),⁴ and formed a commission to determine which companies could be designated MLBEs under the program.

Based on this preliminary review, County Counsel believes the County could legally implement a limited set-aside for a proposed Social Enterprise Preference ("SEP") Program by amending the County Code to provide an exception to the current "most responsive and responsible bidder who is either the lowest bid price or highest scoring bidder" requirement. However, this may be limited by State and/or federal regulations governing certain types of contracts or grant funded programs, which will require further assessment. Subject to these limitations, an amendment to the County Code authorizing the use of a set aside for a proposed SEP Program should expressly outline the scope of the program, findings of your Board supporting implementation of such a program, and include language stating that the program's intent is "race and gender-neutral."

In order to fully develop the scope of a SEP Program, however, further analysis is required to address a number of policy-related issues, including: (1) the type of set-aside that would be most effective for a SEP Program (e.g. dollar amount threshold; number of small business in a procurement/service category; or other options, etc.); (2) criteria to maintain service levels and commodity standards; (3) eligibility requirements for bidders to qualify for a SEP Program; and (4) participation percentage goals, if any, including findings supporting such goals.

3. Increase Awareness of Preference Programs in the County

Five of the 95 businesses (5%) said they encountered County staff who are unaware of the County's preference programs. These businesses also said staff were unaware of the County's efforts to increase utilization of local small businesses. They suggested a training or awareness program with individuals in County departments to make sure they are aware of this policy.

Staff Response:

Staff will be working on the expansion of existing outreach and awareness efforts preference programs by developing and distributing materials about these programs to each department's small business liaisons. The liaisons, in turn, will distribute these materials to departmental staff that initiate services and supplies requests. The materials would include information about how the preference programs work and the public benefits of

⁴ San Francisco's Contract Monitoring Division has set dollar thresholds for average annual gross receipt earnings that small businesses must meet to qualify as "micro" for certain categories of contracts (i.e., public works, goods/equipment, professional services, and trucking).

purchasing and contracting with local small businesses, disabled veteran businesses, and transitional job providers. The County can also provide a refresher training to County buyers about these preference programs.

4. Improved Notification System

Eleven of the 95 businesses (12%) suggested that the County improve its notification system by more accurately describing the goods and services sought. One contractor said he came across a solicitation that his business qualified for but since the County's language was not the same as the industry's language, he was not sent any notification, which is based on inputted keywords.

Staff Response:

Notifications are based on vendor registered product lines and services. If the vendor has registered for a product or service being solicited then they are notified via the email address in the vendor registration file.

Staff will revisit the registration process instructions and vendor training materials.

5. Soliciting Industry Feedback

Eight of the 95 businesses (8%) suggested the County solicit industry feedback from businesses when writing bids and solicitations. They asserted that even after reading a bid or solicitation, they did not always have a clear idea about what the County really needs. This is because the bids and solicitations are either poorly written or they are written without knowledge about the industry.

Staff Response:

County departments have and continue to use other techniques to elicit information from the vendor community to ensure that industry standards are applied and accurate in the acquisition process. These techniques include: the use of the Request for Information process; the Pre-Bid/Proposer's Conference; and/or the use of a consultant(s) with expertise in the related field.

- Request for Information (RFI) process. The RFI process is designed to obtain preliminary information from the vendor community prior to the development of a solicitation document.
- Pre-Bid/Proposer's Conference. A Pre-Bid/Proposer's Conference is conducted at the onset of the solicitation process after the RFP has been released. The purpose for the conference is two-fold; 1) to highlight important terms and requirements of the solicitation; and

2) to provide a forum for prospective bidders to ask questions and clarify any information within the solicitation.

- Use of a Consultant. On an infrequent basis, County departments will utilize a consultant(s) with the expertise in the related field to assist with the development of the RFP or solicitation document. In such cases, the consultant is prohibited from participating in the bid, and must not have any affiliation with any of the prospective bidders.

6. County Points of Contact

Nine of 95 participants (9%) discussed their difficulties finding the right person to talk to at the County. Many businesses said the County is unique in that it is very difficult to foster the kinds of business relationships necessary to effectively market their product or services. This is because the County's buyers are disconnected (often in a different department) from the end user of the product, and thus it is difficult to have "face-to-face" relationships with the right staff. Local small businesses are often at a loss to understand who they need to talk to.

Staff Response:

The County maintains a contract/purchasing manager list and a commodity buyer list, which is posted on the County's "Doing Business" website. Staff will be working on a point of contact service, as a form of technical assistance, to help navigate the process of marketing goods and services to the right people.

7. Technical Assistance

Ten of 95 businesses (11%) said they have difficulty responding to County bids and solicitations because they were too complex and confusing. In some cases, businesses said they did not understand the language and/or the requirements in the bid or solicitation. Several businesses said they would respond more often if they County provided technical assistance or a training program to help navigate the complexities of the County's bidding process.

Staff Response:

The County can design and provide a technical assistance program to help certified local small businesses understand the County's bids and solicitations in a counseling style format. The technical assistance program would include counseling services to help vendors receive more appropriate bid and solicitation notifications, understand complex bids and solicitations, and better target their marketing efforts. To avoid giving an unfair bidding advantage to businesses participating in the program, the counseling service would only review the bid or solicitation document with the business and would not advise the business on bidding decisions or pricing.

8. Proposed Points Preference

Five of 95 businesses (5%) suggested a point preference system as opposed to the current cost preference program. For example, in a solicitation, a business would be given ten points for being a certified local small business, while bigger businesses would not. One business suggested giving these points on a scale, i.e. the smaller the business the more points. These points, along with other points for qualifications, would be taken into account when awarding solicitations.

Staff Response:

As noted herein, the introduction of additional points or a preference percentage for factors other than cost could negatively impact or lead to the degradation of the quality of products and/or service levels that the County procures via contract.

Additional Survey Instrument

As part of the aforementioned Small Business and Economic Impact Utilization Goal study and report by CSULA, an exploratory survey was conducted of County registered small businesses to determine how best to allocate the purchasing and contracting dollars to LSBEs. There were 277 respondents to the CSULA online survey. (Exhibit 5)

Section 3. Recommendations for Potential Improvements

As described further below, there are a number of enhancements that could be made to each of the County's preference programs, but based on the Effectiveness Assessments identified in Section 1 of this report, it is clear that the primary goal should be to increase the participation in each of the programs.

A. Delegated Purchasing Authority (also referred to as Simplified Acquisition)

Currently, County departments have the delegated purchasing authority to conduct solicitations for non-agreement purchases as follows:

- Up to \$1,500 – Only one quote is required. However, unless there is a compelling need to expedite the purchase or there is a known low cost source, at least two quotes are encouraged when conducting a solicitation.
- \$1,501 to \$5,000 – A Minimum of three quotes is required, unless a department uses a certified LSBE vendor to fulfill the requirement in which case the department only need document the LSBE information for the transaction. Otherwise, a minimum of three quotes are required.

The acquisition of commodities, and services (as prescribed by the Government and County Codes⁵) without a competitive bid process over \$5,000 are processed for review and approval by the Purchasing Agent, and are reported to the Board on a monthly basis. By State law and County Code, the Purchasing Agent has the statutory authority to contract for services up to \$100,000. Any services contract over this amount would require Board approval. These processes, as well as bid publishing requirements for solicitations over \$10,000, are also imbedded in Board and County Purchasing Policies.

As such, an increase in delegated purchasing authority for departments to independently access, or to solicit and make awards to a LSBE (or any other preference program participant) may require modifications to applicable provisions of State law (through legislation), County Code, Board policies, and County purchasing policies and procedures that govern delegated authority and competitive bid requirements. Additionally, such authority may be limited by State

⁵ Government Code Section 25502.5

County Code Chapter 2.81.800

County Code Chapter 2.81.960

and/or federal regulations governing certain types of contracts or grant funded restrictions.

Possible Options

One option may be to raise departmental delegated purchasing authority to award to an LSBE to \$10,000, or up to \$25,000.

- This would require the respective departments to maintain the applicable documentation of the transactions, and to either report each transaction to the Board individually on a monthly basis; or to the Purchasing Agent on a monthly basis, to include in its monthly Board report; or to require the department to identify a qualified LSBE, and requisition the purchase through the Purchasing Agent, via a sole source transaction.
- This option may not require a change in Government Code, but may require certain amendments to applicable County Code sections, and also to Board and County Purchasing policies. It would also require additional administrative process, control and oversight by the departments, and provides a greater potential for abuse and/or purchasing violations.
- This option would represent a suspension of the County's solicitation process for higher dollar thresholds and create the potential for a moderate to significant increase in the cost of goods or services by County departments; and may also exclude other LSBE's or other Preference Program participants from competing for business in which they would otherwise qualify.
- This option could not be used in federally funded purchases where federal acquisitions regulations prohibit geographical preferences.
- Services over \$25,000 may be subject to Proposition "A", and are therefore, not recommended as part of the option.

Another option would be to evaluate the feasibility of establishing a program similar to the State's Simplified Acquisition Process, which provides for its departments to independently make awards for goods and services through a restrictive bid process. The awarding department is only required to seek two bids, both from State-certified small businesses.

However, by comparison, the State currently has approximately 23,000 certified small businesses vying for their business, while the County has 1,245. This means that the State has a vastly greater pool of participating small businesses in any given commodity or service area that can compete for its business than the County.

A similar program in the County would have to identify those commodities or services where more than one small business could even compete, and then a process for soliciting between those businesses; as well as the development of criteria to ensure that the County is not compromising product quality and service levels in its program.

This would also represent a suspension in the County's open solicitation process, and may result in excluding other LSBE's or other Preference Program participants from competing for County business in which they would otherwise qualify.

B. Increasing the Cost Preference Percentages

The cost preference percentages for each program were developed to promote and foster inclusiveness and economic development as well as ongoing evaluation to assure all businesses are provided equal opportunities in the County's purchasing and contracting activities. With this same stated goal, the percentage preference is the same across each of the three programs.

The last increase, from five to eight percent, occurred in April 2012, and was subsequently included in the implementation of the DVBE ordinance in December 2013.

While there is no empirical data available to estimate the net cost to the County if the Board does chose to increase the cost percentages for any one or all of the programs, we do know that:

- The costs for the LSBE preference percentage over low bid is approximately \$208,834 over the past three fiscal years. As such, it appears that an increase in the preference percentage to ten or fifteen percent would not result in a significant financial impact to the County.
- With only 27 current DVBE program participants, an increase in the preference percentage to ten or fifteen percent would not result in a significant financial impact to the County.
- While there is currently a limited number of TJOP program participants, they have received 31% of awards for solicitations in which they have participated. However, there would not be a measurable change in TJOP awards by increasing the cost preference by ten, fifteen or even fifty percent. Notwithstanding the cost preference in the non-awarded bids, these TJOP firms scored lower on the business or services level component of the evaluation in all but four of twenty.

Recommendation

It is staff's recommendation that the existing cost preference percentages be increased to ten or fifteen percent across all current programs, at the discretion and direction of your Board.

The introduction of additional points or a preference percentage for factors other than cost is not recommended because it could negatively impact or lead to the degradation of the quality of products and/or service levels that the County procures via contract.

C. Cap or Maximum Dollar Amount Authorized Under the Programs

As noted in the previous section, there is a \$50,000 cap or maximum dollar amount that an LSBE or DVBE can get under the cost preference. There is no such dollar cap or threshold established for the TJOP program.

At the outset, the LSBE preference was developed to be uniform with the State's program for certification requirements and program benefits. At the time, the State's program was a five percent cost preference (which is still current), to a maximum of \$50,000.

While there were differing definitions and criteria for small businesses by other agencies in the region, using the State's model would ensure that the County did not incur significant additional costs for high dollar acquisition of products or services.

This was also used as the basis for developing the DVBE preference program.

Recommendation

At the discretion and direction of the Board, the maximum dollar amount authorized under the LSBE and DVBE preference programs may be increased or removed by Ordinance amendment.

Section 4. Proposal for an annual report to the Board

Implemented in March 2007, the County has an online reporting tool that captures and tracks awards and dollar amounts made to certified LSBEs through eCAPS. This menu driven reporting tool provides the user with the ability to “slice and dice” awards and dollar amounts by department, by month, by quarter or by Fiscal Year, and by comparison of overall County dollar awards and expenditures in purchasing and contracting.

At the time of implementation, demonstrations and access to the reporting tool were provided to Board deputies and to the Small Business Commission.

We will again reach out to Board deputies and the Small Business Commission to offer a follow-up presentation, as well as provide access to the reporting tool.

As to an annual report, we could provide your Board with a brief summary program participation matrix, which would cover the high level information that is available online, as well as any additional data that the Board would be interested to see in the report. Below is an example of a simple matrix that could be included in the report.

Program Participation Matrix

The following table depicts the purchasing and contracting award and payment information related to certified, Local Small Business Enterprises (LSBEs) for the past Fiscal Year, as well as the previous Fiscal Year:

	Fiscal Year FY 2015-16	Fiscal Year 2014-15
Number of certified LSBEs	1,245	660
Total Number of registered Vendors	68,000	
Total Dollar Value of Purchase Orders and Contracts Award Payments to LSBEs (countywide)	\$159,765,054	113,354,987
Total Dollar Value of Purchase Orders and Contract Award Payments to All Vendors (countywide)	\$6,676,269,020	\$6,658,157,746

Section 5. Conclusion

There are differing levels of effectiveness that can be applied, but without a baseline or equivalent comparison, the only accurate means of assessment is through the available data. For example, we know that our LSBE population represents less than two percent of the firms that are registered to do business with the County, but have received more than two percent of the County's purchasing and contracting dollars over the past year.

Additionally, the numbers demonstrate that the 84% program participant growth, and 40% dollar increase to LSBEs over the past year can be directly attributed to the specific outreach efforts to State-certified small businesses that are headquartered in the County.

Concurrently, the numbers reflect that the State has 23,000 certified small businesses, of which only a little more than 3,000 are headquartered in Los Angeles County, and that the federal government has approximately 4,500 SBA registered small businesses that are located in the County. This provides a realistic depiction of the potential pool of small businesses that could or would compete to sell goods or services to the County.

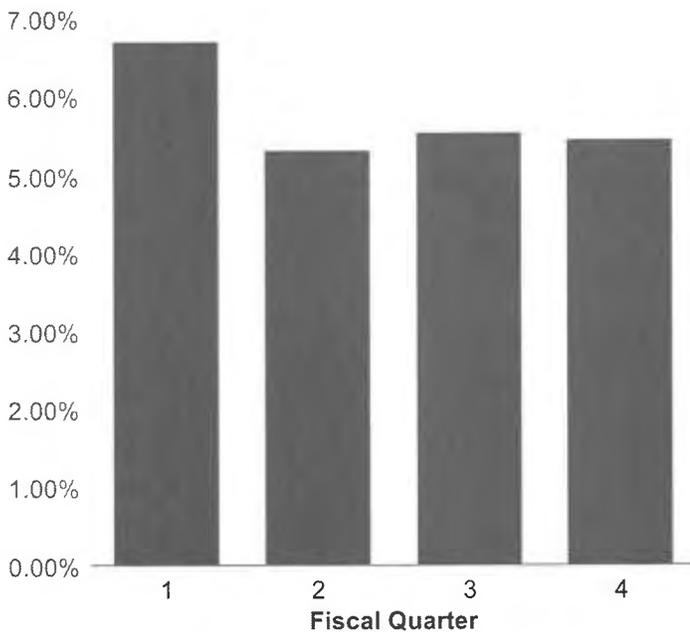
There are a number of options and recommendations noted throughout this report for your Board's consideration, but we believe that the primary goal should be to increase the population of program participants across all three programs, as well as to step up our outreach, marketing and education efforts in the vendor community.



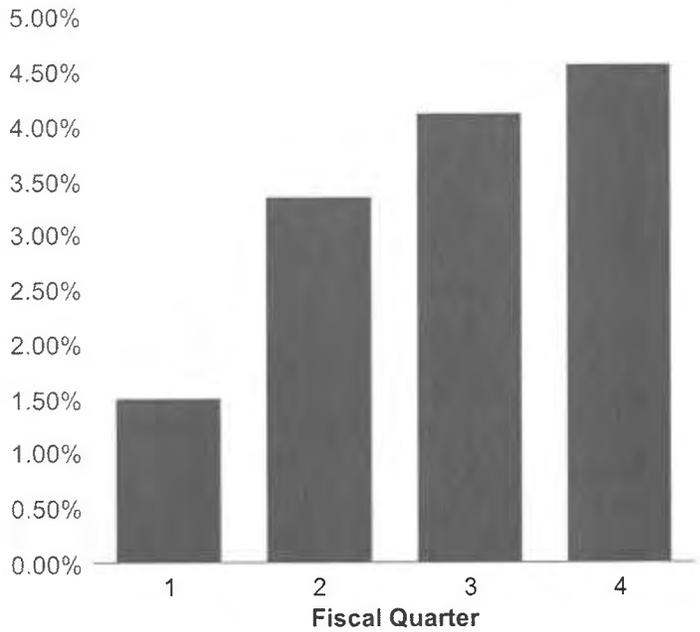
LSBE - Vendor Award Activity for Fiscal Year: 2015

Fiscal Year: 2015	1	2	3	4	Total
Small Business Awards	20,314	21,653	20,178	21,581	83,726
Awards for remaining businesses	302,978	408,408	364,541	396,713	1,472,640
Total - Count	323,292	430,061	384,719	418,294	1,556,366
Small Business Award Dollars	\$58,886,664.54	\$31,748,997.19	\$34,768,900.08	\$34,360,492.57	\$159,765,054.38
Award dollars for remaining businesses	\$3,960,337,487.28	\$953,118,353.86	\$848,057,163.80	\$754,990,960.80	\$6,516,503,965.74
Total - Amount	\$4,019,224,151.82	\$984,867,351.05	\$882,826,063.88	\$789,351,453.37	\$6,676,269,020.12

Percentage of small business awards compared to total number of awards to LA County



Percentage of small business awards in dollars compared to total number of awards to LA County

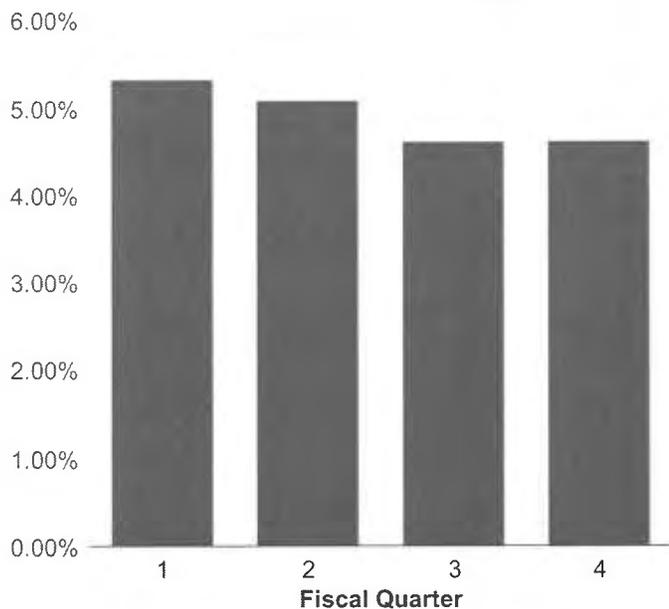




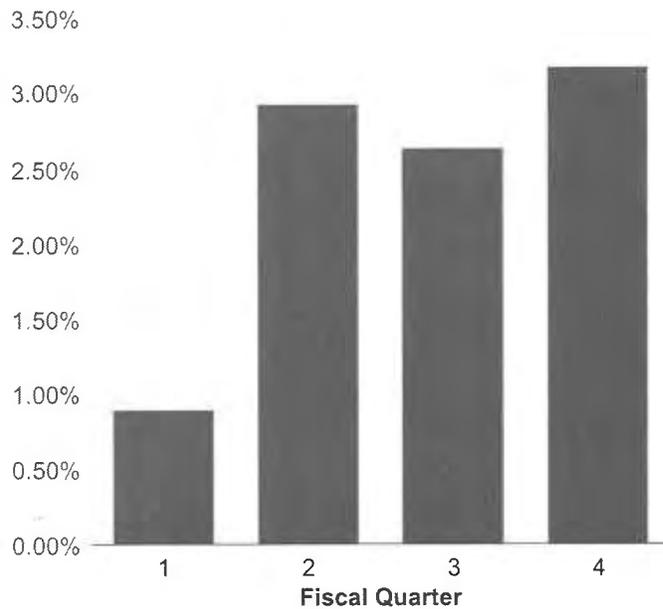
LSBE - Vendor Award Activity for Fiscal Year: 2014

Fiscal Year: 2014	1	2	3	4	Total
Small Business Awards	16,760	18,802	16,972	20,757	73,291
Awards for remaining businesses	315,899	370,858	369,322	450,467	1,506,546
Total - Count	332,659	389,660	386,294	471,224	1,579,837
Small Business Award Dollars	\$33,411,113.29	\$25,806,878.84	\$26,091,097.81	\$28,045,897.46	\$113,354,987.40
Award dollars for remaining businesses	\$3,781,735,570.52	\$884,290,514.37	\$993,515,783.12	\$885,260,891.18	\$6,544,802,759.19
Total - Amount	\$3,815,146,683.81	\$910,097,393.21	\$1,019,606,880.93	\$913,306,788.64	\$6,658,157,746.59

Percentage of small business awards compared to total number of awards to LA County



Percentage of small business awards in dollars compared to total number of awards to LA County



County of Los Angeles

TJOP Preference Applied - Contractor Awarded

Name of Non-Profit Organization	Year Preference was Granted	Services Provided	Basis for TJOP Certification	Date of Contract Award	Amount of Contract Award
HEALTH SERVICES					
LAMP, Inc. dba LAMP Community	2014	Intensive Case Management	Mentally ill homeless	04/15/14	\$7,266,249
INTERNAL SERVICES					
Pride Industries One, Inc.	2011	Custodial	Disabled	02/07/12	\$2,956,531
Pride Industries One, Inc.	2012	Custodial	Disabled	12/11/12	\$3,276,194
PROBATION					
Asian American Drug Abuse Program (AADAP)	2013	Home-Based Gender	At-risk youth, veterans, youth offenders	01/01/15	\$47,000
PUBLIC LIBRARY					
Lincoln Training Center	2011	Custodial (Headquarters)	Disabled	12/01/11	\$93,978.58
Pride Industries One, Inc.	2011	Custodial (East San Gabriel Valley)	Disabled	12/01/11	\$410,075.22
PUBLIC SOCIAL SERVICES					
Catholic Charities of Los Angeles	2013	Employment Training/ Placement (Service Area 1)	Refugees	06/01/13	\$1,594,857
PUBLIC WORKS					
Harbor Area Gang Alternatives Program	2013	Graffiti abatement (Region 4/Hacienda Heights, Rowland Heights/Whittier)	At risk youth, TSE/GAIN/CalWorks participants	04/01/14	\$267,743
Goodwill Industries of Southern California	2014	Custodial (Regions 1,2,3,4,5)/Numerous DWP field facilities)	Disabled	03/31/15	\$671,000
Total					\$16,583,627.80

June 2015

EXHIBIT 3

County of Los Angeles
TJOP Preference Applied - Contractors Not Awarded

Name of Non-Profit Organization	Year Preference Granted	Services Provided	Basis for TJOP Certification	Date of Contract Award	Reason Contractor Was Not Awarded
PROBATION					
Los Angeles Centers for Alcohol and Drug Abuse (L.A. CADA)	2013	Employment	At-risk youth	01/01/11	Difference in cost points between highest-ranked proposer's price points to this proposer was 154 points or (9.99%). Highest-ranked proposer's Business Proposal scored 1737 points (27.62%) higher than this proposer. Highest-ranked was lower in cost & rated higher in business proposal. Ranking was 3 out of 3. TJOP Proposer scored low in the following categories: approach, quality control, financial capability and cost.
PUBLIC LIBRARY					
Pride Industries One, Inc.	2011	Custodial (Headquarters)	Disabled	12/01/11	Difference in cost between highest-ranked proposer's price to this proposer was \$45,567.17 (53.34%). This proposer's Business Proposal scored 63.50 points (15.80%) higher than highest-ranked proposer. Highest ranked proposer was considerably lower in cost but scored lower in business proposal.
PUBLIC SOCIAL SERVICES					
Catholic Charities of Los Angeles	2013	Employment Training/ Placement (Service Area 2)	Refugees	N/A	Difference in cost between highest-ranked proposer's price to this proposer was \$238,834(57.19%). This proposer's Business Proposal scored 5 points (.93%) higher than highest-ranked proposer. Highest ranked proposer was considerably lower in cost but scored lower in business proposal. This proposer provided the highest cost.
Catholic Charities of Los Angeles	2013	Employment Training/ Placement (Service Area 3)	Refugees	N/A	
Catholic Charities of Los Angeles	2013	Employment Training/ Placement (Service Area 4)	Refugees	N/A	
Catholic Charities of Los Angeles	2013	Employment Training/ Placement (Service Area 5)	Refugees	N/A	
PUBLIC WORKS					
Watts Labor Community Action Committee	2011	Transit/Shuttle (Region 5/South Whittier)	At-risk youth, ex-offenders, homeless, veterans	03/29/11	Difference in cost between highest-ranked proposer's price to this proposer was \$167,645 (47.36%). Highest-ranked proposer's Business Proposal scored 3.54 points (7.56%) higher than this proposer. Highest-ranked was considerably lower in cost & also ranked higher in business proposal.
Watts Labor Community Action Committee	2011	Transit/Shuttle (Region 2/Willowbrook/South LA)	At-risk youth, ex-offenders, homeless, veterans	05/10/11	Difference in cost between highest-ranked proposer's price to this proposer was \$200,160.55 (77.96%). Highest-ranked proposer's Business Proposal scored 5.66 points (11.53%) higher than this proposer. Highest ranked was considerably lower cost & ranked higher in business proposal.
Watts Labor Community Action Committee	2011	Transit/Shuttle (Region 2/South LA, Willowbrook, Athens, Florence)	At-risk youth, ex-offenders, homeless, veterans	05/31/11	Difference in cost between highest-ranked proposer's price to this proposer was \$141,865 (32.89%). Highest-ranked proposer's Business Proposal scored 6 points (12.83%) higher than this proposer. Highest-ranked was considerably lower in cost & ranked higher in business proposal.
Coalition for Responsible Community Development (CRCD)	2011	Graffiti abatement Regions 1&2/East LA, Azusa vicinity, Carson)	Ex-offenders, homeless, dropouts	08/02/11	Difference in cost between highest-ranked proposer's price to this proposer was \$7,104 (15.62%). This proposer's Business Proposal scored 1.66 points (3.98%) higher than the highest-ranked. 8% LSBE preference applied to Highest-ranked & 5% TJOP preference applied to this proposal

**County of Los Angeles
TJOP Preference Applied - Contractors Not Awarded**

Name of Non-Profit Organization	Year Preference Granted	Services Provided	Basis for TJOP Certification	Date of Contract Award	Reason Contractor Was Not Awarded
Watts Labor Community Action Committee	2011	Transit/Shuttle (Region 2/Florence/Wainut Park)	At-risk youth, ex-offenders, homeless, veterans	08/16/11	Difference in cost between highest-ranked proposer's price to this proposer was \$152,015.97 (58.23%). Highest-ranked proposer's Business Proposal scored 3.64 points (7.64%) higher than this proposer. Highest ranked was lower in cost & ranked higher in business proposal.
Watts Labor Community Action Committee	2011	Transit/Shuttle (Region 2/Lennox & Athens)	At-risk youth, ex-offenders, homeless, veterans	08/16/11	Difference in cost between highest-ranked proposer's price to this proposer was \$138,464.13 (55.02%). Highest-ranked proposer's Business Proposal scored 2.97 points (6.23%) higher than this proposer. Highest-ranked was lower in cost & ranked higher in business proposal.
Coalition for Responsible Community Development (CRCD)	2011	Graffiti abatement (Regions 1&2/Florence, Huntington Park)	Ex-offenders, homeless, dropouts	12/06/11	Difference in cost between highest-ranked proposer's price to this proposer was \$10,008 (6.67%). This proposer's Business Proposal scored 1.66 points (3.98%) higher than the highest-ranked proposer. 8% LSBE preference applied to highest-ranked & 5% TJOP preference applied to this proposer.
Harbor Area Gang Alternatives Program	2011	Graffiti abatement (Regions 1&2/Florence, Huntington Park)	At risk youth, TSE/GAIN/CalWorks participants	12/06/11	Difference in cost between highest-ranked proposer's price to this proposer was \$24,896 (16.60%). This proposer's Business Proposal scored 3.41 points (8.18%) higher than the highest-ranked. 8% LSBE preference applied to highest-rated & 5% TJOP preference applied to this proposer.
Chrysalis Enterprises	2012	Trash removal (Regions 1, 2, 4/South Area Channels, Numerous)	Homeless and low-income individuals	06/20/12	Difference in cost between highest-ranked proposer's price to this proposer was \$44,127.07 (10.36%). Highest-ranked proposer's Business Proposal scored 1.92 points (5.54%) higher than this proposer. Highest ranked was lower in cost & ranked higher in business proposal.
Watts Labor Community Action Committee	2012	Transit/Shuttle (Regions 1, 4/Monterey Park, Los Nietos, City Terrace)	At-risk youth, ex-offenders, homeless, veterans	07/31/12	Difference in cost between highest-ranked proposer's price to this proposer was \$53,167 (20.92%). Highest-ranked proposer's Business Proposal scored 8.68 points (19.95%) higher than this proposer. Highest-ranked was lower in cost & ranked higher in business proposal.
Chrysalis Enterprises	2013	Trash removal (Regions 1, 3, 4, 5/East Area Channels, Numerous)	Homeless and low-income individuals	02/13/13	Difference in cost between highest-ranked proposer's price to this proposer was \$31,011(12.95%). This proposer's Business Proposal scored 4.22 points (13.79%) higher than the highest-ranked proposer. Highest-ranked proposer was applied 8% LSBE preference.
Chrysalis Enterprises	2013	Trash removal (Regions 1, 3, 4, 5/West Area Channels, Numerous)	Homeless and low-income individuals	02/13/13	Difference in cost between highest-ranked proposer's price to this proposer was \$22,038(11.61%). This proposer's Business Proposal scored 4.22 points (13.79%) higher than the highest-ranked proposer. Highest-ranked proposer was applied an 8% LSBE preference.

**County of Los Angeles
TJOP Preference Applied - Contractors Not Awarded**

Name of Non-Profit Organization	Year Preference Granted	Services Provided	Basis for TJOP Certification	Date of Contract Award	Reason Contractor Was Not Awarded
Coalition for Responsible Community Development (CRCD)	2013	Graffiti abatement <i>(Region 4/Hacienda Heights, Rowland Heights/Whittier)</i>	Ex-offenders, homeless, dropouts	04/01/14	Difference in cost between highest-ranked proposer's price to this proposer was \$29,271(10.93%). This proposer's Business Proposal scored 1.46 points (3.46%) higher than the highest-ranked proposer. Highest-ranked was applied an 8% LSBE preference.
Lincoln Training Center and Rehabilitation Workshop	2014	Custodial <i>(Regions 1, 2, 3, 4, 5)/Numerous DWP field facilities)</i>	Disabled/disadvantaged	03/31/15	Difference in cost between highest-rated proposer's price to this proposer was \$188,199 (28.05%). Highest-ranked proposer's Business Proposal scored 2.48 points (5.67%) higher than this proposer. Highest rated was lower cost & ranked higher in business proposal.

June 2015

CHAPTER 4

EXPLORATORY SURVEY

The County of Los Angeles and California State University, Los Angeles surveyed LSBE to determine how to best allocate \$6 billion in contracts to Certified LSBE in LA County.

The 2013 LA Bid Contract Survey highlighted the following goals and potential benefits:

- **Benefits to LSBE:**
 - Streamline the certification process for LSBE. Certified LSBE have an advantage in getting these contracts.
 - Facilitate Certified LSBE in getting these contracts.
 - Maximize payouts to Certified LSBE.
- **Benefits to LA County:**
 - Measure the impact of annual payouts on the County's economy.
 - Improve the services to the Small Business community.

A survey comprising 34 questions were sent out to existing SBE registered with the LA County via an online delivery platform. The survey was sent with a cover letter and accessible via a URL link provided. The survey cover letter and the survey are available in the Appendix of this report.

A few observations that stand out from this exploratory survey are that

- SBEs do not have enough knowledge on the application process know-how
- SBEs feel that the contract amounts are low price and lengthy and complicated in application
- SBEs do not have the capacity for the large scale tenders
- SBEs were not aware of the opportunities
- SBEs provided feedback in 3 broad areas of Complaints, Suggestions and Interests

Summary of Exploratory Research

277 responded to the survey sent out by the LA County working in collaboration with the Cal State LA Consulting Research Team. Of the 277, 241 or 87% are registered Vendors. The 3 years surveyed are 2009-2010, 2010-2011 and 2011-2012.

The Average Gross Annual receipts for 2009 – 2010 was about \$1.755M, for 2010 – 2011 was about \$1.875M and for 2011 – 2012 was about \$2.025M. The corresponding average number of employees for the 3 years is 4.2, 2.5 and 3.5.

Of the 277 that responded, 263 or 94.9% are defined as Small Business by the State of California. The number certified as SBE by the State is 178 or 64.2%. The number of registered and self-certified as a Small Business on the Federal System for Award Management (SAM) is 122 or 44%.

The number of Disabled Veteran Business Enterprise (DVBE) as defined by the State of California is 8 or 2.9%. 260 of the 277 respondents (93.9%) had their Principle office located within the LA County.

The average government contract amount is \$700,000 for 2009-2010, \$550,000 for 2010-2011 and \$700,000 for 2011-2012. The average number of employees that worked on the County contracts for 2009-2010 is 4.7, for 2010-2011 is 4.3 and for 2011-2012 is 4.65.

The number who obtained the contract as a Main Contractor was 158 or 57%. The number who have a sub-contractor is 38 or 13.7%. The amount paid to sub-contractors is about \$0-\$50,000 for 77% of the respondents for the each of the 3 years. It is \$50-100,000 for 9% of the respondents and \$100-250,000 for 10% of the respondents for each of the 3 years. Only 2% had an amount \$250-500,000 for each of the 3 years. For 2011-2012, 2% had paid \$500-\$1M to their subcontractors.

For the number of subcontractors that had worked on the subcontracts, about 74% had 1-10 employees and about 9% had 10-50 employees. About 17% do not know the number for each of the 3 years reported. About 52% had used subcontractors for 5% of their time, about 15% had used subcontractors for 10%-25% of their time for each of the 3 years. About 10% used subcontractors for > 25% of their time for each of the 3 years.

25 or 9% of the respondents used subcontractors defined as Small Business by the State. 38 or 13.7% included the subcontractor expense in their request to the County. 156 or 56.3% of the respondents currently do Business with a Government Entity. The type of Government Business is about evenly distributed for Federal, State, County, Local and Others.

For Certification as a Small Business, about 15% is at the Federal Level, 25% at the State Level, 20% at the County Level, 20% at the Local level. About 15% are not Certified.

146 of the 277 respondents or 52.7% are aware of the County 8% Small Business Preference Program. 112 or 40.4% are not aware but motivated now to get certified.

The Reasons for not getting Certified by the County are as in Table 5 below.

TABLE 5: Reasons for not getting certified by the County

Have not gotten to it yet but will do so this year	25.1% of respondents
More profitable in the private sector	8.9% % of respondents
Not enough contracts/money procured by the County in my field	17.32% % of respondents

Not enough knowledge to identify contracts	26.8% % of respondents
Not enough knowledge to submit bids	22.35% % of respondents
Not enough knowledge to know how bids are awarded	26.26% % of respondents
County contracting process is too complicated and lengthy	22.35%% of respondents
Have not gotten to it yet but will do so this year	25.1% of respondents

164 or 59.2% had responded to a bid by the County. For those that had responded to the bid by the County, the results are as in Table 6. About 40% was successful and will continue to bid while 48.6% was not successful and will continue to bid.

TABLE 6: Results of Respond to County

Was successful and plan to continue to seek County contracts	39.9% of respondents
Was successful and will not continue to seek County contracts	1.7% of respondents
Was not successful and plan to continue to seek County contracts	48.6% of respondents
Was not successful and will not continue to seek County contracts	9.8% of respondents

For those that were not successful and will not continue to seek County Contracts, the reasons are as in Table 7. 43.1% were concerned about the low pricing.

TABLE 7: Reasons for not continuing to seek Country Contracts

Low Pricing	43.1% of respondents
Long Lead Time Required	20.7% of respondents
Insufficient Capability	28.45% of respondents
Slow Payment	25% of respondents
Insurance	13.8% of respondents
Others	28.5% of respondents

Table 8 shows the reasons why the respondents are not trying to get a contract with County. 20% are unaware of the opportunities while 16.1 % indicated too much time and paperwork and 14.6% indicated too many regulations.

TABLE 8: Reasons for not continuing to seek Country Contracts

Was not aware of the opportunities	20.00%
Not enough opportunities to be profitable	9.23%
Too much time and paperwork involved	16.15%
Too many regulations	14.62%
Low Pricing	8.46%
Long Lead Time	3.85%
Insufficient Capability	3.08%
Insurance	5.38%
Slow Payment	5.38%

Have not gotten to it 6.92%
 Others 6.92%

For Small Businesses not conducting business with the County, 91.4% of the respondents indicated that they are motivated and would like more information and assistance now that they are aware that the LA County purchases \$6B a year in goods.

Table 9 reflects the various channels through which Small Businesses would like to obtain County SB Program Information. 82.3% preferred emails, 39.8% workshops, 32% through business organizations and 30% through mailings.

TABLE 9: Suggested Effective Ways to let SB know about the County’s SB Program

Radio	9.8% of respondents
Newspapers	5.6% of respondents
TV	7.5% of respondents
Mailings	30% of respondents
Workshops	39.8% of respondents
Through business associations like Chamber of Commerce, Economic	31.95% of respondents
Email	82.3% of respondents
Other (Specify)	6% of respondents

The results of the 2013 LA Bid Contract Survey provided insight on the low LSBE certification in LA County. Table 10 lists selected close-end questions/responses that support this insight and includes takeaways.

Table 10: 2013 LA Bid Contract Survey -- Selected Close-End Questions/Responses and Takeaways			
No.	Survey Question	Response	Takeaways
7	Are you certified as SBE with the State?	Yes = 63.64% (98) No = 36.36% (56) Number of respondents = 154 Number who skipped this question = 2	64% of survey respondents are certified at the State level.
8	Are you registered (and self-certified) as a Small Business on the Federal System for Award Management (SAM) database?	Yes = 48.34% (73) No = 42.38% (64) Not applicable = 9.27% (14) Number of respondents = 151 Number who skipped this question = 5	Survey respondents were almost equally distributed between those who were registered and those who were not registered.

No.	Survey Question	Response	Takeaways
9	Are you a Disabled Veteran Business Enterprise (DVBE) as defined by the State of California?	Yes = 4.64% (7) No = 95.55% (145) Number of respondents = 151 Number who skipped this question = 5	DVBE had a low response rate among survey respondents.
10*	Is your principal office located within the County of Los Angeles for at least the previous 12 months?	Yes = 93.55% (145) No = 6.45% (10) Number of respondents = 155 Number who skipped this question = 1	Most survey respondents have their principal office location in LA County for at least the previous 12 months and therefore would meet one of the criteria of becoming certified as a LSBE in LA County.
26	Are you aware that the County has a small business preference program? This program allows for an 8% cost preference to businesses certified with the County as a Local Small Business Enterprise.	Yes = 56.58% (86) No but I am more motivated to get certified = 40.13% (61) No and I am still not motivated to get certified = 3.29% (5) Number of respondents = 152 Number who skipped this question = 4	More than half of survey respondents were aware of the Small Business Preference Program. Approximately 43% of survey respondents were not aware of this program.

Table 10: 2013 LA Bid Contract Survey – Selected Close-End Questions/Responses and Takeaways

No.	Survey Question	Response	Takeaways
27*	What is the reason for not getting certified by the County? Please check all that apply	<ul style="list-style-type: none"> • Have not gotten to it yet but will do so this year = 12.63% (24) • More profitable in the private sector = 5.26% (10) • Not enough contracts/money procured by the County in my field = 8.95% (17) • Not enough knowledge to identify contracts = 14.21% (27) • Not enough knowledge to submit bids = 12.63% (24) • Not enough knowledge to know how bids are awarded = 15.26% (29) • County contracting process is too complicated and lengthy = 20.53% (39) • Other (Please Specify) = 10.53% (20) Number of respondents = 99 Number who skipped this question = 57	The preponderance of survey respondents identified (1) problems with the LA County process and (2) lack of capability (i.e., knowledge) by LSBE as the major reasons for not becoming certified as a LSBE in LA County.
28	Have you ever responded to a solicitation or bid with LA County?	Yes = 61.84% (94) No = 38.16% (58) Number of respondents = 152 Number who skipped this question = 4	Most survey respondents have responded to a solicitation or bid with LA County.

No.	Survey Question	Response	Takeaways
29	If Yes to previous question, please check all that apply	<ul style="list-style-type: none"> • Was successful and plan to continue to seek County contracts = 33.33% (33) • Was successful and will not continue to seek County contracts = 2.02% (2) • Was not successful and plan to continue to seek County contracts = 51.52% (51) • Was not successful and will not continue to seek County contracts = 13.13% (13) Number of respondents = 99 Number who skipped this question = 57	Of the survey respondents who have responded to a solicitation or bid with LA County, more than 65% were not successful.
31*	If No to Q28, what are the reasons for not trying to get a contract with LA County? Please check all that apply	<ul style="list-style-type: none"> • Was not aware of the opportunities = 26.23% (32) • Not enough opportunities to be profitable = 11.48% (14) • Too much time and paperwork involved = 22/13% (27) • Too many regulations = 15.57% (19) • Have not gotten to it = 15.57% (19) • Other (Please Specify) = 15.57% (19) Number of respondents = 76 Number who skipped this question = 80	The preponderance of survey respondents identified (1) problems with the LA County process and (2) lack of awareness by LSBE as the major reasons for not responding to bids or solicitations by LA County.

No.	Survey Question	Response	Takeaways
32*	The LA County purchases \$6 Billion a year in goods and services. If you are currently not doing business with LA County, please check all that apply.	<ul style="list-style-type: none"> • Yes, I am motivated and would like more information and assistance = 92.70% (127) • Yes, I am motivated but would not like more information and assistance = 2.19% (3) • No, I am not interested but would like more information and assistance = 2.19% (3) • No, I am not interested and would not like more information and assistance = 2.92% (4) Number of respondents = 137 Number who skipped this question = 19	The majority (approximately 93%) of survey respondents would like <u>more information and assistance</u> in doing business with LA County.
33	What would you suggest as the most effective way to let the small business community know about the County's Small Business Program?	<ul style="list-style-type: none"> • Radio = 3.19% (10) • Newspapers = 2.88% (9) • TV = 3.19% (10) • Mailings = 14.70% (46) • Workshops = 19.17% (60) • Through business associations like Chamber of Commerce, Economic Development Organizations etc. = 15.34% (48) • Email = 38.66% (121) • Other (Please Specify) = 2.88% (9) Number of respondents = 152 Number who skipped this question = 4	Survey respondents prefer to have communication by email, workshops, business associations and regular mail.

The 2013 LA Bid Contract Survey had one open-end question (No. 32) for general comments. Also, there were 3 close-end questions (No. 26, 29, and 31) whose response included an 'Other

(Specify) for additional comments. In general, responses can be categorized into complaints and suggestions. Table 11 lists some of the complaints and Table 12 lists some of the suggestions.

No.	Sample of Complaints	Takeaways
1	<ul style="list-style-type: none"> • "... its not fair, to use It takes me 4-6 hours to do the paperwork required for bids - even for renewals. Can't the information be retained?" • "Your bid packages are inordinately long -- the last one we submitted was 77 pages+." • "... Too much paperwork for too little money." • "The process is very confusing and complicated." • "The County of Los Angeles should make the guidance, bidding and RFP process easier and should provide far more support to small local businesses." 	<p><i>Inefficient Process and Lack of Capability</i> was the most common complaint cited by survey respondents about the LA County bid and contract process.</p>
2	<ul style="list-style-type: none"> • "Your years of experience requirements are often too strict for small businesses" • "I don't understand why you need my income." • "... It takes money to get certified, to get licensed, too much red tape." 	<p><i>Bureaucratic Failure and Red Tape</i> was the second most common complaint cited by survey respondents about the LA County bid and contract process.</p>
3	<ul style="list-style-type: none"> • "... it seems like the government always pick the lowest bidder regardless of quality of work Very difficult to compete with other suppliers" • "8% cost preference is not enough when competing against out of state manufacturers" • "It seems to me that the same agencies win the bids and that bids are awarded to big agencies only." • "When you do marketing and pr, it is more difficult to get contracts because people are proprietary with the marketing dollars and want to go with a company that they know. It is has been difficult for us to get a county contract." • "I have bid on DGS contracts, they are always awarded to the contractor not minority" • "I think the county really needs ot look at the indemnification clause which means my tiny business has to indemnify the county's billion dollar business." 	<p><i>Preference Diversification Needed</i> was the third most common complaint cited by survey respondents about the LA County bid and contract process.</p>

No.	Sample of Complaints	Takeaways
4	<ul style="list-style-type: none"> • “We registered with all agencies and have heard absolutely NOTHING?” • “I’ve don't know how to receive county bids.” • “I have filled out the ITSSMA, but have received no notification of open bids” 	<i>Lack of Communication and Awareness</i> was the fourth most common complaint cited by survey respondents about the LA County bid and contract process.

No.	Sample of Suggestions	Takeaways
1	<ul style="list-style-type: none"> • “There should be a team/program specifically to help small businesses win bids” • “I would like someone to walk me through the process of being certified and help with my first contact bib.” • “A Mentor from the County would be extremely helpful to assist with the process in securing contracts. The classes are great, but it's difficult to get to the right contacts for my staffing firm” • “Provide online training workshops” 	<i>Provide Additional Resources/Services to LSBE</i> was the most common suggestion cited by survey respondents about the LA County bid and contract process.
2	<ul style="list-style-type: none"> • “User friendly system and results on bidding would be encouraging.” • “The county portal (Webven) is not very friendly portal to search bids. I think County can make it more user friendly like LABAVN. We are not motivated to search bids on Webven as it is a cumbersome process. Please address this issue ASAP,” • “... why can't bidding be done online like LADWP?” 	<i>Provide a Technology Solution</i> was the second most common suggestion cited by survey respondents about the LA County bid and contract process.

No.	Sample of Suggestions	Takeaways
3	<ul style="list-style-type: none"> • “Hope there are ways to unify certification not only statewide, but nationwide. Small business cannot afford spending too much time on certification preparations.” • “Make it much more streamlined to apply and be certified. Small businesses are stretched thin.” • “After 22 years in business, however, seems like it has to be a complete specialization to do work with public entities. Truly appreciate you reaching out however. Hope for a brighter (more streamlined!) future!” 	<p><i>Streamline the Certification Process</i> was the third most common suggestion cited by survey respondents about the LA County bid and contract process.</p>

General comments provided by the respondents can broadly be classified into complaints, suggestions and area of interests. The aggregated comments for Question 34 from the Survey are listed in Appendix 3.

APPENDIX 3: Aggregated Survey Comments from Question 34:

Complaints:-

- It's not fair, to use carpet company that won't sell to small business, like Mohawk. Why get 5 bids on a 1000 job. The county is not fair, and hard to get in to get any work.
- I would love to get more chances to bid federal or county's projects, but it's expensive to pay all these companies for their web search on these projects
- The County Enrolls Far Too Many Vendors to A Specific Contract and Therefore Reduces the Gross Profit To The Vendor.
- Too much paperwork and too many hoops to jump through; I don't understand why you need my income. I did government projects from 2001-2007 but ultimately gave up due to paperwork, red tape unqualified inspectors and construction manager on the government side.....
- As a sub contractor I'am not eligible Lic C12. I used to work for LA but they don't work me anymore.
- GJA is a small firm, historically low bid contracts have been out of our reach
- Very difficult to compete with other suppliers
- We registered with all agencies and have heard absolutely NOTHING? Anyone out there reading this may contact us to verify this.
- I have had a contract with the County (MA-IS-1340073-1) since 12/05/12. I have been called once. That was two weeks ago. They needed a backhoe. I have a Case 580 Super K Extindahoe 60 HP with a 14 foot reach. Then I was told they were looking for more of a John Deere 410. 65 HP and 15f t2 in reach. I can't help but think the call was to humor me and the machine that went on the job was someone the superintendent wanted specifically.
- I've don't know how to receive county bids.
- Your bid packages are inordinately long -- the last one we submitted was 77 pages+. Too much information is required at bid time. You might want to get some specific input from general contractors. Much of the additional information you require could be submitted 24 hours after bid time, thereby streamlining the process and helping to eliminate errors or omissions.
- When you do marketing and pr, it is more difficult to get contracts because people are proprietary with the marketing dollars and want to go with a company that they know. It is has been difficult for us to get a county contract.
- The process is very confusing and complicated.
- 8% cost preference is not enough when competing against out of state manufacturers
- There seems to be a LOT of politics in the procurement process, especially bids.
- No one can go to these workshops every week and run a small business. The time away from the office, parking fees and the amount of literature mandatory makes it impossible for a small business to keep up.
- county awards too few and far between
- We are on a contract with LA County to provide IT Consultants. However the process is rather difficult for small companies like ours to get through.
- too much paperwork for too little money.

- Applying for certifications is time consuming for a small business. The people requesting certification do not realize the hardship this places on a small business.
- LA county is NOT interested in providing opportunities to Small Businesses!!!!!!!!!!!! Just a lot of hot air... no REAL result.
- Your years of experience requirements are often too strict for small businesses.
- I would like to participate more as a General Contractor on the county Bids, but Bonding seems to be a large problem, because of non-relevant credit issues!
- County office of education, Sherriff's Dept, post bid opportunities for education materials, staff training, et al.
- Based on my participation in a bid it seems that I will never be able to win one. It seems to me that the same agencies win the bids and that bids are awarded to big agencies only. People like me have no chance to grow a business based on government contracts.
- It takes money to get certified, to get licensed, too much red tape.
- Why is the certification process so complicated? Why can't you just get the prior years' tax records, and that's it!
- The MTA process for certifying MBE demands that the business owner be a citizen of the US: those who have green cards are not allowed to use the MTA's certification system.
- Usually the jobs for LA County are too big for a company our size.
- I was certified with my previous business and let things go after we moved five years ago. I have gone to many pre-bid meetings and when I reviewed the contract decided not to pitch even though I have 30 years of experience. Would rather be a sub and let the main take the heat. I think the county really needs to look at the indemnification clause which means my tiny business has to indemnify the county's billion dollar business. It is ridiculous and I am not alone. LA Business journal did a story on this recently
- It takes me 4-6 hours to do the paperwork required for bids - even for renewals. Can't the information be retained?
- Most projects in Construction related field required bonding, and it is extremely difficult to get. This is a "DOOR CLOSER" for small businesses. Most bond assistant programs are there to LOOK GOOD, but they never do anything for us.
- I have bidden on DGS contracts, they are always awarded to the contractor, not minority.
- It seems like the government always pick the lowest bidder regardless of quality of work
- Cost to comply with County bidding and contract requirements out of proportion to potential income.
- The bond requirements have always been out of reach
- I did do some business with the county until a gal took an order away from me and gave it to her favorite supplier, then I lost interest. This happened 10 years ago or so.
- The County of Los Angeles should make the guidance, bidding and RFP process easier and should provide far more support to small local businesses.
- I have written several memos specific to re-structuring the bid and/or other product offerings process so that like-small businesses can compete and earn a part of the \$6 billion. Presently, I do not stand a chance as proven over the last 20 years with less than \$1,000 in profit.
- The County is great to work with, However duplicated request from the SB group are a pain.
- I have filled out the ITSSMA, but have received no notification of open bids. Spent a tremendous amount of time that now seems wasted

Suggestions:-

- Bid packets have a lot of requirement that should be waived for small business
- It would be helpful if the County put out a look ahead for consultant RFPs similar to how Metro does.
- There should be a team/program specifically to help small businesses win bids
- My business is freight transportation (Freightways, Palmdale, CA). I have done business with the State of California and I have also provided freight transportation services for the County "once" this year - I brought 4 full truckloads of materials from Sacramento to Santa Fe Springs / County Emergency Preparedness Facility - with a timely and flawless execution of services. Nevertheless, after years of being a registered SBE with the County, I see virtually no opportunities available in the area of freight transportation. The County purchases 6 billion dollars a year in goods and services, but my company has had no participation in it. I am eager to provide the County with my services, and would welcome every opportunity to do so. Besides, I would love to see the revenue stay right here instead of going to the major freight carriers based outside of California.
- We are a community health center and would like more information about becoming a HWLA and PPP provider.
- The county portal (Webven) is not very friendly portal to search bids. I think County can make it more user friendly like LABAVN. We are not motivated to search bids on Webven as it is a cumbersome process. Please address this issue ASAP,
- Equal opportunity to sub contract with large firm, the mentor protégé program.
- Hope there are ways to unify certification not only statewide, but nationwide. Small business cannot afford spending too much time on certification preparations.
- County should assign contracts that are assigned 100% to small businesses. So giant companies would not take away the opportunities from small businesses. Just exactly how Federal government contracts are setup. That 5% advantage is really not working at all.
- LA County should consider 1.5% more preference for local business since we pay 1.5% business tax of our sales to county.
- User friendly system and results on bidding would be encouraging.
- Because I am the owner of the business, morning meetings and workshops are very difficult to attend, and I do not know if I am working on a day until 5:00 the previous day. Since people rarely pump concrete in the afternoon, it would be much easier to attend meetings, workshops, or conferences if they were scheduled in the afternoon.
- This \$6 Billion a year in goods and services needs to be broken down into smaller portions for award to small businesses. Once the County goes through the Primes, most small businesses are blocked out of the process and only the friends of those primes receive opportunities. The disbursement of contract awards to small businesses should be done on a more fair and equitable basis. Let only small businesses compete for these contract opportunities, not primes. The Count needs to hold focus groups with small businesses in order to receive our honest feedback.
- Do not change the scope of requested work or add different additional work to a bid after submission process has begun. New or additional work should be new different bid. Small business does not have the staff and resources to keep submitting new bids as additional different work is constantly added over a period of six months. Last contract we bid on was open for bid over a year. There are too many variables to keep bids open this long.

- I would like someone to walk me through the process of being certified and help with my first contact bid.
- Cash flow is critical for small business having shorter than 30 day pay cycle is important.
- I am not sure if we are too small to be an effective contractor and would like to talk to someone.
- A Mentor from the County would be extremely helpful to assist with the process in securing contracts. The classes are great, but it's difficult to get to the right contacts for my staffing firm.
- As a new nurse registry/staffing agency, the county requires 5 years' experience before being considered for contract. This is a long time which can lead the new business to fold before the 5 years comes. If the contract can be awarded in the first year of business, it will help the new business to succeed.
- The Design-Build delivery method of delivery eliminates many small businesses, recommended (Design Bid, Build). Provide more contracts for Small Business as Primes.
- County needs to protect small business that participate in large projects and put in processes in place to help the small business succeed. They cannot be treated like a big business with respect to cash flow and risk allocation.
- Can you separate DVBE from SBE and DBE Large contractors already have SBE and DBE Partners.
- The county should be more attentive to small businesses during the bidding process. Be aware that small businesses can do an outstanding job as well as a large company, if we get the opportunity to perform on the project like the large companies.
- Provide online training workshops.
- why can't bidding be done online like LADWP?
- To get bonded on a larger job is almost impossible or complicated process. To get a loan as a small business contractor, it's not made easy. Also when business is slow that does not work well on cash flow and history thus more difficult for loan approval. There needs to be a streamline for obtaining loans and for being paid in a timely manner to be a motivation. I do not think it is a good practice to always look for lowest responsible bidder(of course the bid should be reasonable using an engineer's estimate),however checking license # and history any complaints, just like homeowners when they choose a contractor, lower does not mean better. A larger company may be able to always charge lower because of their volume of work, with a small business you cannot go as low in order to make profit to invest in the next project .Having an organized county website for vendors/contractors, an example I go to your website, type in the word electrical contractor Pasadena, my company name comes up along with other contractors who have registered, gives my company license # phone number and work that can be performed. I type in the word plumber Los Angeles and a list of certified qualified plumbers names come up who I can use as a sub or paving contractor etc. The Community Development Commission, I bid many times on homes, only realizing you have to be abatement certified, also you need to have a General Contractor's license, how many opportunities were missed on this and still being missed , you have the opportunity for electrical bids, abatement bids and general contractor bids separately, not just one or few companies monopolizing because of the licenses they have. Those are my comments Thanks
- Make it much more streamlined to apply and be certified. Small businesses are stretched thin. We do excellent work; have lot of awards and could do great things in the public sector. After 22 years in business, however, seems like it has to be a complete specialization to do

work with public entities. And usually only large companies get it, and they hire DVBE or MBE to achieve quotas. As a WBE, there isn't much consideration -- which is fine -- as long as the playing field is level. it's not. Truly appreciate you reaching out however. Hope for a brighter (more streamlined!) future!

Interest:-

- Would be interested in finding out about this program.
- Need health care service contract.
- Thank you for helping the little guy.
- Only have tried through LA DWP.
- I am excited about this and hoping to land contracts soon.
- I look forward to getting work with LA County, not just Metro & Expo, and helping the County to save money and streamline its projects, as well as allowing the County to help me grow my firm and employ more quality people. I know the best people, a lot want to work for me. I just need the opportunities. I have been shut out by big firms who have even taken people off my letterhead and given to their crony firms. I look forward to some fair playing field opportunities.
- County has been a good customer of mine. I started with \$0 in 2010, and I sell about \$500K/yr in revenues annually.
- I am motivated and ready.
- Looking forward to working with the County. Need to learn more about Certification.
- Very interested, and looking forward to making bids.
- I would like to get contract.
- We are always seeking ways for new business. Thank you.
- Looking forward to hearing for you about future opportunities.
- I want to grow my business with the County of Los Angeles.
- Our firm is not giving up and hopefully we can work with the City one day.
- Serrato Corporation is very interested in working with the L.A. County.
- Often I Bid as a Subcontractor to Other Primes, and I am bidding as LOW as I possibly can and still survive. Private Sector is extremely slow, so I do need County Business. . To date have only received 1 10,000 contract that starts next week
- would like more business
- Please send me information regarding local small business enterprise program. In the mean time I will do some research myself.