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Brian J. Stiger
Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF
CONSUMER AND BUSINESS AFFAIRS**

Members of the Board

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Don Knabe
Michael D. Antonovich

"To Enrich Lives Through Effective and Caring Service"

Date: March 11, 2016

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

From: 
Brian J. Stiger
Director of Consumer and Business Affairs

REPORT WITH RECOMMENDATIONS TO TRACK LSBE SUBCONTRACTORS THAT PERFORM WORK ON BEHALF OF JOC-AWARDED CONTRACTORS (ITEM NO. 25, AGENDA OF FEBRUARY 9, 2016)

On February 9, 2016, a motion by Supervisor Knabe directed the Director of the Department of Consumer and Business Affairs (DCBA), in consultation with other pertinent departments, to recommend an interim process to track Local Small Business Enterprise (LSBE) subcontractors that perform work on behalf of Job Order Contract-awarded contractors until a long-term solution can be implemented.

The motion also directed DCBA and other pertinent departments to provide recommendations on how to use County JOCs to promote participation in the County's LSBE program.

I. Introduction

The Job Order Contract (JOC) process is a competitive bidding process wherein the County contracts with the lowest responsive and responsible bidder for repair, alteration, modernization, rehabilitation of buildings or structures, or other repetitive building trades work to be performed according to unit prices. JOC contracts are codified in California Public Contract Code section 20128.5 which authorizes the Board of Supervisors to award individual annual contracts that fall under a threshold amount (currently \$4.5 million). This is a flexible, cost-effective contracting method for County departments.

JOC contractors may be subcontracting portions of the work to small businesses, which may include certified LSBEs; however, there is currently no system in place to track the prime contractor's expenditures to small business subcontractors. Additionally, existing

contracts do not have provisions requiring JOC contractors to track and report this information.

Your Board has made it a priority to increase the County's utilization of certified LSBEs. In order to establish a base line and cultivate meaningful data on the JOC expenditures paid to LSBE subcontractors, there must be effective and efficient tracking of subcontractor utilization. As such, tracking expenditures to subcontractors on JOC contracts is a key way to begin compiling this data.

II. Recommendations on a process to track LSBE subcontractors that perform work on behalf of these JOC-awarded contractors until the long-term solution can be implemented

Work Group

DCBA convened a work group consisting of representatives from the Department of Public Works, Internal Services Department, Community and Senior Services, Parks and Recreation, and the Community Development Commission to review the County's existing JOC contracts and determine how best to begin tracking JOC subcontractor information. The work group met three times to begin discussing best practices for collecting this data. During these meetings, the group agreed that a collective and uniform County approach was needed to solicit this information.

The work group recommends a three-phase approach that would provide short and long-term solutions. Phase One will include: (1) outreach to existing JOC contractors; (2) establishing a standardized manual tracking process to capture subcontractor data; (3) working with County Counsel to develop contract language requiring JOC contractors to provide subcontractor data; and (4) evaluating options for long-term solutions to capture this data.

Phase Two would involve: (1) implementing a manual process for tracking this data; and (2) identifying a long-term solution to capture this data.

Phase Three will be the implementation of an automated long-term solution for capturing subcontractor information.

Three departments currently issue the majority of JOC contracts: Department of Public Works (DPW)¹, Internal Services Department (ISD) and the Community Development Commission (CDC). As such, the work group decided that these three departments (hereinafter referred to as "participating departments") would spearhead the implementation of the initial phase of this project.

¹ DPW currently solicits JOC Contracts for Parks and Recreation. Parks then receives the invoices on the JOC contracts and processes payments.

Phase One

Outreach to JOC Contractors

On February 29, 2016, participating departments met with JOC contractors to inform them of the County's intent to implement a tracking process for subcontractor's LSBE expenditures. The JOC contractors were notified of the upcoming requirements, and asked to provide input from a vendor's perspective. While there were no objections or problems identified during the meeting, there were questions regarding the proposed process which is yet to be finalized.

Participating departments will continue to meet with affected JOC contractors during the implementation of Phase One to provide additional information prior to implementing a process.

Establishing a Standardized Manual Tracking Process

As previously noted, there is currently no system in place to track JOC expenditures to subcontractors. Accordingly, participating departments are developing a manual tracking process as an interim solution.

DCBA will work with participating departments to collect data upfront during the proposal process and throughout the duration of the contract. The information collected will include business name, contact information (address, phone number and email address), proposed expenditures paid to the business and whether the business is a registered LSBE (if known). Contractors will also regularly report back on the actual costs expended on their subcontractors. This information may be submitted to departments either as an invoice line item or a supplement included with their invoices. Alternately, participating departments may use other means of collecting this data, including use of existing data gathering mechanisms.

Participating department staff will cross-reference business names with the LSBE list to determine certification status. Staff will input this small business data into a report which will be provided to DCBA on a monthly basis. DCBA will use this information to report back quarterly to your Board on JOC contractor utilization of LSBEs.

Developing Contract Language

DCBA will coordinate with the work group and County Counsel to develop language which, upon Board approval, may be used as an amendment to existing and pending contracts. The approved language would also be included as a provision in all new JOC contracts for participating departments. These efforts are currently under way.

Evaluating Long-term Solutions

The work group will proceed with evaluating options to automate the initial manual tracking process.

Phase Two

1. Implement a Manual Tracking Process

As indicated in Phase One above, the participating departments will develop a manual tracking process. The target implementation date for the manual process is July 1, 2016.

2. Identifying a Long-term Solution

Participating departments will continue to work towards identifying long-term solutions that include exploring the feasibility of enhancing existing software to automate the tracking efforts.

Phase Three

An automated process will be implemented once a viable system and resources are identified.

III. Recommendations on how to use County JOCs to promote participation in the County's LSBE program

DCBA will work with the participating departments to leverage the JOC process to promote participation in the County's LSBE program. To this end, DCBA will provide participating departments LSBE program materials for distribution to JOC contractors. To the extent possible, participating departments will stress to JOC contractors how important LSBE utilization is to the County.

Additionally, DCBA will market the LSBE program directly to the JOC contractors to encourage use of LSBE certified subcontractors. DCBA will also work with the certified LSBEs to heighten their awareness of contracting opportunities with prime contractors.

The work group also recommended having the County recognize prime contractors that achieve the goal of 25% for LSBEs and/or significantly increase their use of LSBE subcontractors. The Small Business Commission (SBC) has also suggested implementing a similar program as part of the County's Utilization Motion. DCBA will coordinate with the SBC to develop a recognition program and include recognition certificates and/or scrolls for JOC contractors that achieve a minimum of 25% LSBE subcontractors.

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DCBA appreciates the opportunity to update your Board on the status of the new initiative to track LSBE utilization on JOC contracts. DCBA will submit an updated status report to your Board in 90 days.

Should you have any questions or need additional information, please contact me at your earliest convenience.



Brian J. Stiger
Director

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Members of the Board

Hilda L. Solis
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"To Enrich Lives Through Effective and Caring Service"

Date: June 22, 2016

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

From: Brian J. Stiger
Director

STATUS REPORT ON TRACKING LSBE SUBCONTRACTORS THAT PERFORM WORK ON BEHALF OF JOC-AWARDED CONTRACTORS (ITEM NO. 25, AGENDA OF FEBRUARY 9, 2016)

On February 9, 2016, a motion by Supervisor Knabe directed the Director of the Department of Consumer and Business Affairs (DCBA), in consultation with other pertinent departments, to recommend an interim process to track Local Small Business Enterprise (LSBE) subcontractors that perform work on behalf of Job Order Contract (JOC)-awarded contractors until a long-term solution can be implemented.

On March 11, 2016, DCBA provided a report to your Board with a recommended approach to track first tier subcontractors that perform work on behalf of JOC-awarded contractors. To develop this approach, DCBA formed a JOC workgroup comprised of the Department of Public Works (DPW), Internal Services Department (ISD), Community Development Commission (CDC), and Parks and Recreation.

Since March 2016, the JOC workgroup continued to refine the process to track first tier JOC subcontractors. The method originally identified by the workgroup was a three-phased approach. Phase I included: (1) outreach to existing JOC contractors; (2) establish a standardized manual tracking process to capture subcontractor data; (3) work with County Counsel to develop contract language requiring JOC contractors to provide subcontractor data; and (4) evaluate options for long-term solutions to capture this data. Phase II: (1) implement a manual process for tracking this data; and (2) identify a long-term solution to capture this data. Phase III: identify and implement a long-term automated process.

Implementation Process

Currently, all participating departments contract with the Gordian Group, Inc. (Gordian) for JOC consulting services. Gordian uses a web-based information management software, eGordian, that allows for the management and administration of JOC contracts. Since all departments use eGordian, the system captures data for all County JOC contracts. eGordian also provides access to reports at the program level.

Since all participating departments utilize eGordian for JOC contract management, the workgroup agreed that the most efficient means to implement the tracking of first tier subcontractors was to meet with Gordian to discuss additional enhancements to the software to capture and track the required subcontractor data. Gordian advised the County that the existing software could be configured to meet these new requirements and to provide the required reports.

The enhancements to eGordian are within the scope of work of the participating departments' existing contracts so no contract amendments or additional compensation will be required. As such, the workgroup moved forward with Gordian to immediately make the necessary changes to eGordian and implement tracking the subcontractor data.

Through eGordian, participating departments will be able to collect the following first tier subcontractor data from their prime contractors at the time proposals are submitted: business name, California contractor license number, contact information (address, telephone number and email address), proposed expenditures to be paid to the subcontractor, and whether the subcontractor is a registered LSBE. At any time during the project, a contractor may submit a request to the contracting department to substitute a subcontractor. If the contracting department approves a substitution of subcontractor, the new subcontractor information will be input into the eGordian software.

This process will allow the County departments to have the most current data regarding subcontractors. Since participating departments can run the first tier subcontractor reports through eGordian at any time, the participating departments can provide DCBA with a standardized spreadsheet that includes all of the required subcontractor data. This information can then be synthesized by DCBA to compose quarterly reports to your Board.

Given the availability of an existing process to implement this project, phases I through III are being implemented concurrently.

Contract Language

Mandating prime contractors to provide this subcontractor data requires the inclusion of contract language in all JOCs. The workgroup worked with County Counsel to develop contract language requiring JOC contractors to provide all the necessary first tier subcontractor information, including the amount of work performed by a subcontractor.

This provision will be a standard term in the job order contracts. If violated by a vendor, it subjects them to liquidated damages as outlined in the contracts. This language will be included in all JOC-awarded contracts going forward.

Next Steps

Gordian has modified eGordian to include the fields requested by the County. The system enhancements were completed June 1, 2016 for testing. Gordian has committed to making the reporting format and reporting information available through eGordian by July 1, 2016. At that time, the subcontractor information will be available and accessible on-demand by departmental staff. Each participating department will be able to extract first tier subcontractor data in a standardized format and submit to DCBA. Participating departments will be able to compile the first quarterly report in October 2016 for projects completed during the third quarter. However, the report will only include the required first tier subcontractor data for projects completed under JOCs that have their new contracting language.

With respect to collecting subcontractor data on the actual expenditures to subcontractors, each participating department will be tasked with obtaining this information and including this data in their quarterly report submitted to DCBA. Departments may accomplish this by providing DCBA with a standardized spreadsheet comprised of data extracted from their JOC contract management systems. The first tier subcontractor data provided to DCBA in the quarterly report will include: business name, address, telephone number, email address, California contractor license number, whether the business is a registered LSBE and the actual expenditures paid out to the business upon project completion. Participating departments will not report on progress payments made to subcontractors. DCBA will then have the necessary data and flexibility to compile and finalize reports to your Board in whatever format is required. While departments will provide the spreadsheet on a quarterly basis, the spreadsheets will be available upon request by DCBA.

DCBA and the participating departments will continue to monitor the effectiveness of the data collection efforts to determine whether improvements need to be made.

Should you have any questions or need additional information, please contact me at your earliest convenience.

- c: Community Development Commission
County Counsel
Department of Public Works
Internal Services Department
Parks and Recreation



Brian J. Stiger
Director

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Members of the Board

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"To Enrich Lives Through Effective and Caring Service"

DATE: October 4, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: 
Brian J. Stiger
Director of Consumer and Business Affairs

STATUS REPORT ON TRACKING LSBE SUBCONTRACTORS THAT PERFORM WORK ON BEHALF OF JOC-AWARDED CONTRACTORS (ITEM NO. 25, AGENDA OF FEBRUARY 9, 2016)

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DCBA, Internal Services Department (ISD), Department of Public Works (DPW), Community Development Commission (LACDC), and Parks and Recreation have begun implementation of the new system.

Update

New contract language was added to JOC contracts solicited beginning April 2016 and will be included in all contracts going forward. JOC contracts issued prior to April were not subject to the reporting requirement. Departments will submit reports to DCBA regarding LSBE subcontractor utilization quarterly, beginning September of 2016. The first quarterly reports from departments to DCBA reflect data for JOC contracts issued after April 2016. Current information, submitted by ISD, DPW, LACDC and Parks and Recreation, has been compiled by DCBA and is included in this report.

The reporting set encompasses the period of July 2016 through September 2016. One contract has been completed during this time frame, submitted by CDC. DPW and ISD have ongoing contracts.

Parks and Recreation has no contracts to report at this time. The contract number, contract description, total amount of the contract, amount paid to subcontractors, and LSBE subcontractor usage are reported. Due to the timing of the implementation of the new eGordian tracking system, ISD and Public Works have ongoing contracts and no invoices have been received. Therefore, LSBE data is not available for those departments this quarter.

ISD

Work Order #	Contract Description	Contract Amount	Subcontractor Amount	LSBE Amount
P41200-56056	Parking Lot Seal & Restripe	\$15,623.61	\$13,200.00	N/A
P23450-23083	Painting	\$17,202.27	\$15,000.00	N/A
P41200-67004	Duct Cleaning	\$33,315.09	\$29,750.00	N/A
P1200-67004	Duct Cleaning	\$33,315.09	\$ 3,565.09	N/A

Public Works

Work Order #	Contract Description	Contract Amount	Subcontractor Amount	LSBE Amount
1522-002.00	School Greening	\$ 338,345.35	N/A	N/A
1522-003.00	Refresh Project	\$ 112,022.84	N/A	N/A
1523-002.00	DHS Radiology	\$1,342,430.71	N/A	N/A
1523-003.00	Cerritos Gym	\$ 727,062.29	N/A	N/A
1525-001.00	LAC+USC Adult Clinic	\$2,893,482.32	N/A	N/A
1525-002.00	Sprinklers	\$ 63,605.90	N/A	N/A

LACDC

Work Order #	Contract Description	Contract Amount	Subcontractor Amount	LSBE Amount
CDC 16-005	Roof Replacement	\$31,927.03	\$38,000.00	\$0

Parks and Recreation

None reported

Next Steps

DCBA and the participating departments will continue to monitor the effectiveness of the data collection efforts to determine whether improvements need to be made.

If you have any questions or need additional information, please contact me at your earliest convenience.

c: Chief Executive Office
Internal Services Department
Department of Public Works
Community Development Commission
Parks and Recreation