Brian J. Stiger
Director

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

*"To Enrich Lives Through Effective and Caring Service"*

Members of the Board

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

Date: May 24, 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 DEVELOP AND IMPLEMENT A FOUR-YEAR SMALL BUSINESS, DISABLED VETERAN OWNED BUSINESS AND SOCIAL ENTERPRISE UTILIZATION PLAN (ITEM NO. 7, AGENDA OF JANUARY 12, 2016)**

On January 12, 2016, your Board adopted a motion co-authored by Supervisor Ridley-Thomas and Chair Solis that directed the Director of the Department of Consumer and Business Affairs (DCBA), in consultation with other relevant departments, to assess and report back in writing with recommendations on how to develop and implement a four-year plan to grow and strengthen Local Small Business Enterprise (LSBE), Disabled Veteran Owned Business Enterprises (DVBE) and Social Enterprises (SE) through increased contracting and procurement. The motion directed DCBA to develop a plan to attain 25% and 3% (25/3) utilization of LSBEs and DVBEs, respectively, by 2020. In addition, the motion directed DCBA to develop a centralized certification process for LSBEs, DVBEs and to create a new certification for SEs.

**Approach to Developing the Utilization Plan** (Utilization Plan, Chapter 2)

DCBA retained a consultant, KH Consulting Group (KH Consulting), to facilitate the collection and synthesis of information from over 50 county department representatives that were participants in a County-wide workgroup. The workgroup included representatives from Internal Services Department (ISD), County Counsel, Public Works, Community and Senior Services, Chief Executive Office (CEO), and several other departments. KH Consulting lead 27 two hour meetings with the five workgroups tasked with the responsibilities listed below.

Small Business Certification and Definition - Review data collected, including definitions used in other jurisdictions (State, Federal and local governments); develop the definition of "Small Business" for the County of Los Angeles; review and make recommendations on reciprocity with other certifying agencies

Outreach and Marketing – Develop branding, outreach, advertising and marketing efforts for engaging LSBEs, DVBEs and SEs

Technology and Metrics – Assess and recommend improvements in County information technology to capture information about LSBEs, DVBEs and SEs working in the County of Los Angeles; develop metrics for evaluating progress, along with guidelines and procedures for posting the progress of the County's utilization goals

Contracting and Procurement – Identify and address business barriers to certification and contracting in the County of Los Angeles. Make recommendations relating to:

- Increase in preference from 8% to 15%
- $150,000 price cap on preferences
- Delegated authority process with a $25,000 ceiling for departments
- Best practices in other jurisdictions
- Potential for set aside contracts

Social Enterprises and Transitional Jobs Opportunities Program (TJOP) - Draft amendments to the ordinances for centralization of the certification process and modifications needed to the TJOP program ordinance for review by County Counsel; develop certification process and procedure

Input received from the workgroups was used to develop the utilization plan (Utilization Plan), attached hereto as Appendix A. KH Consulting also conducted a survey which was sent to an extensive network of small businesses; receiving 2,271 responses, 894 of which were from businesses located in Los Angeles County. Additionally, DCBA hosted three business forums to solicit information from LSBEs, DVBEs and SEs. The plan was presented to the County's Small Business Commission and departmental Small Business Advocates as well. Finally, all departments were invited to attend a Utilization Plan presentation, where the draft plan was presented to departmental leadership for feedback. Feedback obtained from all of these sources was used to develop the attached recommended plan.

**Size of Vendor Opportunities** (Utilization Plan, Chapter 3)

A key initial step in developing the Utilization Plan was to determine what County expenditures are likely available to LSBEs and DVBEs. The existing belief was that approximately $6.6 billion was available for small business participation. However, through the workgroups, it was determined that much of this amount is not available to LSBEs.

Based on an overview of current County expenditures, it appears that a more accurate estimate of available contracting dollars is $3.9 billion. This number was attained by removing contracts awarded to large enterprises (telecommunications, USC/UCLA contracts with County medical centers, US Postage, utilities, etc.) in which an LSBE would be unlikely to compete. Next, the group agreed to exclude object codes with minimal or no LSBE participation (medical services, health services, prosthetic devices, election-related services, cell phone charges, permit and license fees, etc.). Approximately 250 Object Codes that had no awards to LSBEs in fiscal year 2014-15 were removed. Other expenses that were removed included payments to governments, capital expenditures and benefits payments. Additional information on this, as well as information on the top object code expenditures,[1] can be found in Chapter 2 of the Utilization Plan.

**Local Small Business Enterprise Certification** (Utilization Plan, Chapter 4)

DCBA was tasked with replicating previous outreach efforts to increase the number of certified LSBEs and finding new and innovative ways to increase the County's pool of certified vendors. There are currently 1,282 certified LSBEs. In order to meet utilization goals, this number will have to be increased substantially. To do this, DCBA will continue using the State Department of General Services' (DGS) certification but will expand the certification process to be more *inclusive* by accepting other certifying agencies' small business designations (i.e. MTA). DCBA will review the standards of other certifying agencies to ensure appropriateness for the County's program and then accept those certifications as a basis to certify businesses, similar to what it currently does with the DGS certification.

**Social Enterprise and Transitional Job Opportunities Preference Program Plan** (Utilization Plan, Chapter 6)

Your Board has adopted a broad definition of "social enterprise" which includes:

> non-profit and for-profit **businesses whose primary purpose is the common good and which, "use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas**, wherein the organization that applies commercial strategies to maximize improvement in human and environmental well-being," which may "include maximizing social impact rather than profits for external shareholders" and has been certified as a social enterprise as provided in this chapter.

DCBA was tasked with recommending modifications to the Transitional Job Opportunities Preference (TJOP) program ordinance and developing a social enterprise certification.

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[1] Top Five Object Codes by LSBE spend are: Consultant services ($22m); environmental services ($10m); building construction services ($8m); building maintenance ($7m); office furniture ($6m)

Based on the above definition, it was determined that SE is an umbrella designation under which TJOP falls. Accordingly, it is recommended that the former TJOP ordinance be amended to create a new Social Enterprise Preference (SEP) program ordinance. Under the new program, TJOPs will be certified as social enterprises and receive the same incentives as LSBEs and DVBEs.[2]

In addition to certifying TJOP enterprises, under the new SEP program, DCBA will certify businesses with social missions, that: permanently employ individuals with barriers to employment (homeless, ex-incarcerated, etc); are certified green; provide housing for homeless and at-risk; deliver health and mental health services; and provide other social services. This will be the first SE Certification program in the nation.

**Marketing and Outreach** (Utilization Plan, Chapter 7)

Marketing and outreach will be essential to the success of this program. DCBA will extensively market the new program to increase awareness of the incentives that are available to certified businesses and growing the list of eligible and qualified vendors. DCBA will continue to engage the LSBE, DVBE and SE communities through town halls and stakeholder meetings. Additionally, DCBA will educate County departments about the new program.

**Contracting and Procurement Changes** (Utilization Plan, Chapter 8)

In order to reach the 25/3 utilization goal, the DCBA recommends several changes to the County's contracting and procurement policies and procedures for your Board's consideration, including:

**Increase Price Preference**

DCBA recommends that your Board adopt the recommendations outlined in the Chief Executive Officers' August 19, 2015 report and increase the current 8% price preference to 15%. Pursuant to the CEO's report, analysis revealed the LSBE preference percentage over low bid was approximately $208,834 from 2012-15; therefore, an increase to 15% would not result in a significant financial impact to the County. Additionally, with only 27 DVBEs an increase in the preference percentage would similarly not result in significant financial impact. Currently there are 19 known SE firms; any preference applied would only result in negligible financial impact to the County.

**Changes to Preference Cap**

In your Board's January 12, 2016 motion, DCBA was directed to request Board consideration of ordinance amendments to remove the $50,000 cap on price preferences.

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[2] Of note, DVBEs and SEs will not qualify for prompt payment at this time since workgroup members were concerned about the increased workload to staff processing these invoices. DVBE and SE awards will be monitored to determine whether prompt payment can be extended to those groups in the future.

Based on the workgroup's assessment, DCBA recommends that the County raise the cap on preferences from $50,000 to $150,000 instead of removing the cap all together and monitor the impact of the increase. While there may be a limit on the size and type of contract that an LSBE can submit a bid, DVBEs and SEs have no employee/revenue size limitations and could potentially bid on much larger contracts than LSBEs.

For example, 15% on a $5m contract would be $750,000; aggregated over several contracts, this could result in significant fiscal impact to the County.

**Increase Departmental Delegated Authority**

The County workgroups assessed the feasibility of increasing delegated authority. DCBA recommends that departmental delegated authority be increased from $5,000 to up to $25,000 with two bids to LSBEs, DVBEs and/or SEs. All purchases made under this authority will be routed through ISD for review and approval. Next year, DCBA will assess the impact of this policy and determine whether to recommend an increase or decrease in the delegated authority amount.

**Subcontract Dollar Tracking**

It is clear that many of the prime contractors performing work for the County may be subcontracting portions of that work to LSBEs, DVBEs and perhaps even SEs; however, the County currently lacks a system to track the prime contractor's expenditures to subcontractors. Additionally, existing contracts do not have provisions requiring prime contractors to track and report on this information.

DCBA recommends that it lead a workgroup dedicated to examining the most effective means of tracking LSBE, DVBE and SE subcontractor data.

**Annual Reporting** (Utilization Plan, Chapter 10)

DCBA will submit an annual report detailing the progress of the County's LSBE, DVBE and SE utilization. Initially, departments will submit to DCBA "mini-utilization plans" customized to each department's contract awards. This will help identify what expenditures may be available to LSBEs, DVBEs and SEs. Each year thereafter, departments will submit scorecards demonstrating their utilization progress. If departments do not meet their goals, DCBA will work with them to submit a corrective action plan to achieve departmental goals. DCBA will monitor each department's progress and assist them with meeting goals.

**Ordinance Changes**

In order to implement the above policy and procedural changes, the LSBE, DVBE and TJOP ordinances will need to be amended. Based on feedback received from the working groups, these recommended changes include, but are not limited to the following:

- LSBE, DVBE, and Social Enterprise Ordinances
  - Raise price preference from 8-15%
  - Raise cap on preference from $50,000 to $150,000 for LSBE and DVBE

- Social Enterprise Ordinance
  - Change name from "Transitional Job Opportunities Preference Program" to "Social Enterprise Preference Program"
  - TJOP becomes a subset of "Social Enterprise"
    - Does not eliminate TJOP incentives; codifies certification process for transitional employers
  - Expand certification to any entity that has been in operation for at least one year providing transitional or permanent employment to an underemployed or difficult to employ workforce and/or providing social, environmental or human justice services
  - Implement $150,000 cap on price preference

**Resource Requirements** (Utilization Plan, Chapter 11)

Additional resources and staffing will be needed for DCBA to implement the County's Utilization Plan. Also, ISD, as the chief purchasing agent for the County, will need additional resources and staffing to enhance existing software and implement new purchasing policies. It is important to note that other departments may experience an increase in workload as well.

**Next Steps**

DCBA is working with County Counsel to revise appropriate ordinances. Revised ordinances and recommendations will be submitted under separate cover no later than Wednesday, June 1, 2016. Following your Board's consideration of and action on the recommendations in the Utilization Plan, County Counsel will finalize the ordinances in accordance with the Board's direction and forward the ordinances to DCBA and the Executive Office for placement on your Board's agenda for introduction.

DCBA thanks the various County departments and their staffs for the extensive work and effort to complete this project. This report would not have been possible without their efforts.

DCBA appreciates the opportunity to update your Board on the status of the County's Utilization Plan. 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 at (213) 974-9750 or via e-mail at bstiger@dcba.lacounty.gov .

c: Chief Executive Office
County Counsel
Internal Services Department
Community Development Commission
Public Works
Community and Senior Services
Department of Public Social Services

# A Four-Year County Small Business and Social Enterprise Utilization Plan

**Prepared May 24, 2016**

LOS ANGELES COUNTY
CONSUMER & BUSINESS AFFAIRS

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# I – Executive Summary

The County of Los Angeles (County) Board of Supervisors (Board) finds it beneficial to promote the interests of Local Small Business Enterprises (LSBEs), Disabled Veteran Business Enterprises (DVBEs), and Social Enterprises and facilitate their increased participation in the County's total purchases and contracts or subcontracts for purchase of goods or services.

## Board Motion

On January 12, 2016, the Board approved a Motion (Board Motion), as amended, that designated the Department of Consumer & Business Affairs (DCBA)[1] as the Lead Department for implementing a "A Four-Year County Small Business and Social Enterprise Utilization Plan" (Utilization Plan) and re-launching the County's Small Business Advocate Program. This document is the recommended Utilization Plan, designed to achieve the Board's procurement goals to: a) increase LSBE utilization from 2.39% in FY 2014-15 to 25% by 2020; b) increase DVBE utilization from 0.02% to 3% by 2020; and c) develop a social enterprise certification that increases the inclusion of social enterprises in County purchasing and procurement. The Social Enterprise program is a new initiative that expands and builds on the success of the Transitional Job Opportunity Program (TJOP).

*The Board has set procurement goals to:*

- *Increase LSBE utilization from 2.39% in FY 2014-15 to 25% by 2020*
- *Increase DVBE utilization from 0.02% to 3% by 2020*
- *Increased inclusion of Social*

The benefits of this Board motion are significant; the County can encourage:

- Establishment of new businesses
- Growth of existing small businesses
- Creation of new local and disadvantaged worker employment opportunities
- Achievement of economic (housing and employment), social, health, and environmental goals through innovation and private sector partnerships

[1] Note: The County's Community Business Enterprise (CBE) program is also under DCBA.

## Stakeholder Involvement in Developing the Utilization Plan

Given the rapid time line, DCBA retained KH Consulting Group (KH), a certified LSBE, to assist in preparing the Utilization Plan. KH worked with more than 50 County departmental representatives, serving on the County Inter-Department Work Group (CIWG). KH facilitated more than 27 two-hour meetings with CIWG to develop the Action Plans. In addition, KH reviewed the proposed changes with the County's Small Business Commission and departmental leadership. As further input, DCBA and KH facilitated three Business Forums with LSBE associations, DVBEs, and Social Enterprise organizations. KH also conducted an online survey of the business community, described next.

### KH Business Survey

The KH Business Survey was distributed through WebVen and Planet Bid; KH also reached out to organizations that work with small businesses, disabled veteran businesses, chambers of commerce, and non-profit associations, requesting them to forward the survey link to their membership. Because on this targeted distribution, the KH Business Survey participants are primarily businesses with an intrinsic interest in working with the County; otherwise, they would not have taken the time to complete the survey.

In total, ***2,271 individuals responded. Of these, 894 had businesses in Los Angeles County with revenues totaling $3.86 trillion in revenues.*** The businesses' median revenue was $400,000, which fell within the LSBE and Microbusiness thresholds. At least 96% of the respondents qualify as small businesses and 85% as Microbusinesses.

***KH Business Survey***

*96% qualify as small businesses.*

*61% are well-established businesses, having been in business for more than 11 years.*

*Only 8.2% have been in business for 2 years or less.*

Approximately 58% had their principal offices located in Los Angeles County; 21% of these principal offices were in Unincorporated Areas. 90% were for-profit firms; the others were not-for-profit, B-Corporations, or Low Profit Limited Liability Companies (L3Cs). KH received 1,152 written comments – an indicator of the respondents' interest and frustrations in doing business with the County. The KH Business Survey results are highlighted throughout the report and summarized in Appendix A.

## Definitions

The Board Motion directed DCBA to assess the current definition of "small business" and determine its applicability to current County procurement needs. The CIWG reviewed definitions used in other jurisdictions and concluded that using the definitions for Small Business Enterprises (SBEs) and Disabled Veterans Business Enterprises (DVBEs) established by the State of California, Department of General Services (DGS) were optimal for consistency. In addition, by certifying with DGS, SBEs with principal offices located in Los Angeles County have broader opportunities with both the State and County. If the State changes its definition, it is recommended that the County should follow for consistency.

### County's Local Small Business Enterprise (LSBE) Preference Program, Including Microbusinesses

To be eligible to participate in the County's LSBE Preference Program, a business must be certified as a Small Business Enterprise (SBE) with California's DGS and have been certified by DCBA's Small Business Services (SBS) as holding a principal office located within the County for at least the previous 12 months. DGS defines a small business[2] as:

- An independently owned and operated business that is not dominant in its field of operation
- A business with 100 or fewer employees, based on the company's Quarterly Wage and Withholding Report
- A manufacturer with 100 or fewer employees
- Having average annual gross receipts of $14 million or less, over the last three tax years
- Having its principal office located in California
- Having its officers domiciled in California

DGS further defines "Microbusinesses" as small businesses that have average annual gross receipts of less than $3.5 million for the previous three years, or manufacturers with 25 or fewer employees, including its affiliates.

### County's Disabled Veterans Business Enterprise (DVBE) Preference Program

To be eligible for the County's DVBE Preference Program, a firm must be either:

[2] Source: http://www.dgs.ca.gov/pd/Programs/OSDS/SBEligibilityBenefits.aspx and further detail: http://www.documents.dgs.ca.gov/pd/Website%20Setup%20Documents%20(Word%20Docs%20and%20PDFs)/SBRegulations.pdf

- A certified Service Disabled Veteran Owned Small Business (SDVOSB) by the U.S. Department of Veterans Affairs (VA) or
- A certified DVBE by the State of California, DGS, Office of Small Business & Disabled Veteran Business Enterprise Services (OSDS)

Reliance on DGS is similar to the County's approach for LSBEs. DGS defines a "disabled veteran" as a veteran of the U.S. military, naval, or air service that must have a service-connected disability of at least 10% or more and who resides in California. To be certified as a DVBE by DGS, a business must meet the following requirements:

- At least 51% owned by one or more disabled veterans
- Daily business operations must be managed and controlled by one or more disabled veterans

Unlike the LSBE program, the County does not require the DVBE to be local, although DGS requires the DVBE to reside in California. The VA's SDVOSB program is national in breadth; California residency is not required.

## County's New Social Enterprise Preference Program

Los Angeles County is home to approximately 10.17-million residents with approximately 18.4% individuals living below the poverty line. The purpose of the Social Enterprise initiative is to enhance the economic and environmental sustainability of Los Angeles County, including the financial well-being of residents who are vulnerable and face challenges in being gainfully employed and housed.

The County has rooted its LSBE and DVBE preference programs in already-established State preference programs. This approach simplifies the certification process for the County and provides an extra layer of support when issues arise with program implementation.

In contrast, ***the County of Los Angeles is quite possibly the first jurisdiction in the nation to develop a Social Enterprise***

***certification and preference program and certainly is among the first in California.*** Although the State is in the process of developing a Social Enterprise preference program with SB 1219, it has not yet been finalized and, therefore, a precedent has not yet been set.

The County's Utilization Plan proposes minimum requirements for Social Enterprises. Each certified Social Enterprise must:

- Provide services in at least one of the Social Enterprise categories (described next)
- Define its services and demonstrate that it meets the criteria defined in the Social Enterprise categories
- Be a business that is either:
  - For-profit
  - Non-profit organizations (501(c)(3))
- Have been in business for one year as a Social Enterprise

The Social Enterprise categories are: employment for economic sustainability; housing for the homeless and at-risk; health and mental health services; social services; and environmental sustainability. The first four Social Enterprise categories must define the populations they serve or employ, including numbers of past and planned participants. Target populations include:

- People who are homeless
- People who are formerly incarcerated
- People out of work for extended time periods
- Emancipated youth
- At-risk youth
- Individuals with a physical, cognitive, or mental disabilities
- Individuals with addictions
- Low-income seniors
- Low-income children and families
- Veterans
- GAIN/CalWORKS participants

The environmental sustainability category will be consistent with the requirements of the California Green Business Program (CGBP) (http://www.greenbusinessca.org/) in DGS. In addition, the business would have to be certified by a city within Los Angeles County.

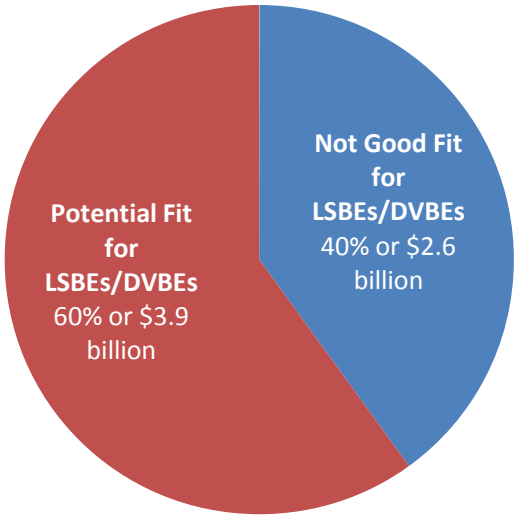
## Procurement & Contracting Opportunities

The County purchases approximately $6.2 billion from its supply chain of businesses.[3] The Utilization Plan sought to answer the question: "25% of how much?"

***Not all County procurement and contracting opportunities are good fits for LSBEs or DVBEs.*** Examples of "not good fits" are telecommunications; USC/UCLA contracts with the County Medical Centers; utilities (water, natural gas, and electricity); inter-departmental transfers; payments to cities; and internal services (e.g., ISD). Although some expenditures are easy to identify as solely handled by non-LSBE and non-DVBE enterprises, other types of purchases and contracting made by County departments vary widely, even in identical Object Codes. Therefore, it is not possible to develop an accurate assessment of how much of County contract and procurement expenditures are eligible for purchase from LSBEs or DVBEs without detailed analyses from departments.

***On the basis of the initial macro-analysis, it appears that approximately 60% (or $3.9 billion) of the expenditures may be potential fits for LSBEs and DVBEs.*** As the County and its departments expand tracking of contracting and procurement activities with LSBEs and DVBEs, these estimates should be refined further.

**$6.2 billion of County Expenditures**




## Objectives and Action Highlights

Chapter II outlines the Board Motion and the Utilization Plan's chapters that address each component of the Board motion. Table I-1 is a list of the objectives in this Utilization Plan; each objective has an Action Plan in the body of the report. The Action Plans outline action steps, assigned lead and support departments, and target completion dates. Some of the target launch and completion dates are tied to the Ordinance timeline

[3] Note: This does not include the approximate $15 billion in encumbered, non-procurement payments to trust (child care), Workers' Compensation, etc.

and implementation cannot begin until the Ordinances are in effect. Collectively, these objectives should position the County in achieving the Board's target procurement goals.

***Overall Goal:*** *Identify goals and objectives and outline action steps to attain procurement goals of 25% for LSBEs and 3% for DVBEs by 2020 in the County of Los Angeles.*

**Table I-1: Utilization Plan's Objectives and Highlights, by Chapter**

| Chapter and Objective # | Utilization Plan Highlights |
|---|---|
| **CHAPTER III – SIZE OF VENDOR OPPORTUNITIES** | |
| No objectives are written for this chapter. | As already discussed under "Procurement & Contracting Opportunities," this chapter discusses the need for departments to increase their understanding of what types of contracting and procurement opportunities are "best fits" for LSBEs and DVBEs. It also discusses the overall "size of the procurement pie." |
| **CHAPTER IV – LOCAL SMALL BUSINESS ENTERPRISES (LSBEs)** | |
| IV.1: Beginning July 2016, promote multiple certification options and maximum inclusiveness among certifying entities, including but not limited to Federal, State, and LAMTA | Approximately 1,282 small businesses are currently certified as LSBEs in the County. This small number does not reflect the potential number of LSBEs; many qualifying small businesses may currently be doing business with the County, but have not gone through the LSBE certification process. That said, the numbers are still low. The Utilization Plan addresses how to grow the size of the LSBE vendor pool by being more inclusive of certifications of other jurisdictions, including LAMTA. The emphasis is on ***inclusiveness***.<br><br>In addition, DCBA should track a subset of LSBEs – Microbusinesses – to determine if the County should offer special initiatives to make it easier for Microbusinesses to do business with the County. |
| **CHAPTER V – DISABLED VETERANS BUSINESS ENTERPRISES (DVBEs)** | |
| V.1: Identify goals and objectives and outline action steps to attain procurement goals of 3% for DVBEs by 2020 in the County of Los Angeles | As of January 12, 2016, 27 firms were certified DVBEs in the County. DVBEs are a State and national program. Therefore, the County has an opportunity to increase the number of certified DVBEs by reaching out to other jurisdictions in California and major cities in other states and inviting their disabled veteran businesses to register and become |

| Chapter and Objective # | Utilization Plan Highlights |
|---|---|
| | certified with the County. |
| **CHAPTER VI – SOCIAL ENTERPRISES** | |
| VI.1: On May 24, 2016, recommend changes to the TJOP Ordinance with broader Social Enterprise implications for Board consideration | The goal of the Social Enterprise program is to enhance the quality of life of Los Angeles County residents, particularly the 18.4% individuals living below the poverty line, through economic and environmental sustainability. The County is in many ways a pioneer in launching the proposed County Social Enterprise initiative. County Counsel has drafted a Social Enterprise Ordinance for the Board's consideration. If approved, DCBA would monitor progress.<br><br>As already discussed, four of the five focus areas of the Social Enterprise program are focused on specific at-risk or vulnerable populations in the County: finding employment for economic sustainability, providing housing for the homeless and at-risk, delivering health and mental health services, and providing social services. The fifth focus area – environmental sustainability – differs in that it certifies businesses that use green practices. The Utilization Plan has an objective to have at least one department embark on a set-aside pilot for Social Enterprises that could then be expanded to other departments.<br><br>If successful, these Social Enterprise initiatives should have a long-term impact on reducing the cost of the County's social services. |
| VI.2: Once the Board adopts the Social Enterprise Ordinance, implement a Social Enterprise certification program and monitor progress made annually through June 2020 | |
| VI.3: By June 2017, build on the local green business certification initiatives in place in cities in Los Angeles County and pilot a program with the unincorporated areas | |
| VI.4: Beginning June 2017, pilot a Social Enterprise set-aside initiative | |
| **CHAPTER VII – MARKETING & OUTREACH** | |
| VII.1: **Branding** – Develop a Small Business Utilization messaging strategy for reaching out to LSBEs, DVBEs, and Social Enterprises | Marketing and outreach are important for growing the LSBE, DVBE, and Social Enterprise vendor pool. It requires DCBA to implement a targeted marketing campaign to advertise the benefits of being a County certified LSBE and DVBE, such as the price preference in County solicitations for goods and services, small business liaison and concierge services, and the 15-day prompt payment program for LSBEs.<br><br>The marketing and outreach initiatives involve five components: |
| VII.2: **Identify audiences** – Stratify the LSBE and DVBE businesses to develop a targeted approach for rapidly increasing the numbers of certified LSBEs and DVBEs | |
| VII.3: **External marketing and education** – Launch a marketing and education campaign for LSBEs, | |

| Chapter and Objective # | Utilization Plan Highlights |
|---|---|
| DVBEs, and Social Enterprises to learn how to become certified, identify bid opportunities, and prepare competitive bids | ▪ Branding & communication channels<br>▪ Market segmentation (identify audiences)<br>▪ External marketing and education for LSBEs, DVBEs, and Social Enterprises<br>▪ Internal departmental marketing and education<br>▪ Progress monitoring<br><br>In addition, the Action Plan acknowledges the need for focusing initial efforts on firms that have had some experience in governmental procurement and contracting, but may not be certified with the County. DCBA should also work with businesses that may have not pursued governmental contracting and procurement, but need a better understanding of how the system works, how to be more tactical on what to bid, and how to respond. |
| VII.4: **Internal Departmental Education** – Prepare information for departmental procurement staff to readily learn how to identify and use LSBEs, DVBEs, and Social Enterprises in the purchase of goods and services | |
| VII.5: **Monitoring pilots and progress** – Monitor effectiveness of marketing and outreach efforts on a quarterly basis | |
| **CHAPTER VIII – PROCUREMENT & CONTRACTING** | |
| VIII.1 By July 2016, request Board consideration of implement higher price preference and revised cap for all eligible County procurement and contracting | Based on the January 12, 2016, Board Motion, the following procurement and contracting changes are recommended :<br><br>▪ 15% price preference with a cap of $150,000 for LSBEs, DVBEs, and Social Enterprises<br>▪ Increasing the delegated authority of departments up to $25,000 with two bids for LSBEs, DVBEs, and Social Enterprises<br>▪ Piloting a set aside procurement approach for LSBEs or DVBEs<br><br>On the basis of input from the business community, there is an outcry for simplifying contract terms, which the County will assess the feasibility of.<br><br>In addition, other governmental jurisdictions have made progress in achieving higher LSBE and DVBE targets by providing incentives for Primes to use them as subcontractors. The County currently does not track these relationships but should consider doing so. Many in the business community are upset when a Prime recruits them to be part of a bid and then never uses the recruited business after the Prime wins the contract. The County needs to address these abuses in the bidding process. The County currently lacks the systems to track subcontractor arrangements. |
| VIII.2 By July 2016, request Board consideration of implementing the necessary changes to permit awards up to $25,000 with two bids for LSBEs, DVBEs, and Social Enterprises | |
| VIII.3 By July 2017, complete evaluation of a pilot set-aside procurement approach | |
| VIII.4 By May 2017, evaluate contract term simplification for LSBEs, DVBEs, and Social Enterprises | |
| VIII.6: By June 2018, launch a pilot project that provides incentives for Primes to use LSBEs, DVBEs, and Social Enterprises as subcontractors | |

| Chapter and Objective # | Utilization Plan Highlights |
|---|---|
| **CHAPTER IX – TECHNOLOGY & MEASUREMENTS** | |
| IX.1 By December 2017, implement a data reporting system for use by departments as well as DCBA in planning, implementing, and monitoring of LSBE, DVBE, and Social Enterprise utilization | The County will require a data reporting system for planning, implementing, and monitoring the Utilization Plan targets for LSBEs and DVBEs and participation rates of Social Enterprises.<br><br>During the course of preparing the Utilization Plan, the Auditor-Controller and other departments identified inconsistencies in the use of the Object Codes. As departments implement the Utilization Plan, they will need to gain a better understanding of Object Codes and how to assess what contracting and purchasing opportunities might be targeted opportunities for LSBEs, DVBEs, and Social Enterprises.<br><br>The Utilization Plan efforts should be transparent and posted on the County's Open Data website.<br><br>ISD has approximately 73,000 vendors registered on WebVen; however, not all vendors have maintained current information. While conducting the KH Business Survey, between 19,000 and 20,000 emails bounced back as "undeliverable." This finding has implications for not only LSBEs and DVBEs, but also for the County procurement in general, since it wants to have the best possible vendor pool to ensure it is receiving competitive bids for goods and equipment and responsive proposals for services. |
| IX.2 By June 2017, increase consistency in assigning Object Codes for similar commodities and services purchased by County departments | |
| IX.3 By January 2017, pilot approaches to track payments to LSBE, DVBE, and Social Enterprise subcontractors | |
| IX.4 By June 2017, post on the County's Open Data website, the total contract dollars expended with LSBEs, DVBEs, and Social Enterprises for the purchase of commodities and services | |
| IX.5 By December 2017, establish a means to regularly purge WebVen database | |
| **CHAPTER X – ANNUAL REPORTING & AWARD RECOGNITION** | |
| X-1: Have each department develop Mini-Utilization Plans with tactics to achieve their respective goals of 25% for LSBEs and 3% for DVBEs | To achieve the Board's LSBE and DVBE utilization goals requires the efforts of every department. Departments know best what they need in terms of services, goods, and equipment and, in turn, what services, goods, and equipment might be identified as opportunities for LSBEs and DVBEs. Therefore, each department should develop a Mini-Utilization Plan, building off of this County-wide Utilization Plan. In this way, a department can identify LSBE/DVBE opportunities, monitor progress toward the targets, and make adjustments as needed each year.<br><br>DCBA would aggregate the results across the departments and report to the Board via an |
| X-2: Implement an annual scorecard that summarizes the County's overall progress and economic and business impact in working toward achievement of the goals of 25% for LSBEs and 3% for DVBEs | |
| X-3: By June 2017, develop a County department recognition award program with annual awards and celebrations | |

| Chapter and Objective # | Utilization Plan Highlights |
|---|---|
| | annual scorecard format.<br>The County should recognize those departments that have made good progress through a recognition award program, patterned after a successful program at the State level. |

## Resource Requirements

Chapter XI outlines resource requirements to launch and sustain the Utilization Plan initiatives. Implementing this Utilization Plan will increase departmental workload in a number of ways, affecting both the administrative and operations workforces. There will be incremental workload increases associated with implementing and tracking pilot efforts, such as set-aside contracting and subcontractor payment tracking. A more pressing need is the ongoing workload associated with planning for, managing, certifying, and monitoring the increase in participation of LSBEs, DVBEs, and Social Enterprises.

Initially, current staff will have to absorb some of the planning workload, as it will not be possible to hire additional staff quickly enough to support the impact of upcoming procurement decisions. It is also advantageous for departments to assign staff members who already comprehend the specific contracting and procurement needs of the department.

The most likely variables in assessing the additional workload include the size and complexity of a department's budget; the number and experience of LSBEs, DVBEs, and Social Enterprises contracted with; and the number of contracts (and the number of service contracts) administered.

# II – Background to the Utilization Plan

This chapter presents background information regarding how the "A Four-Year County Small Business and Social Enterprise Utilization Plan" was developed. Subsequent chapters focus specifically on the Local Small Business Enterprise (LSBE) program, Disabled Veteran Enterprise (DVBE) program, and a new Social Enterprise (SE) program, expanding on the success of the Transitional Job Opportunity Program (TJOP). The Plan also contains recommendations for initiatives, pilots, and changes to procurement and contracting practices, requirements, and technology, as well as discussing the needs for an improved means for monitoring progress made.

## Board of Supervisors' Motion

On January 12, 2016, the County of Los Angeles (County) Board of Supervisors (Board) approved a Motion (Board Motion), as amended, that designated the Department of Consumer & Business Affairs (DCBA) as the Lead Department for implementing a "County Small Business and Social Enterprise Utilization Plan" (Utilization Plan) and re-launching the County's Small Business Advocate Program.[4] DCBA's mission is to promote *"…a fair and vibrant marketplace"* by serving *"…consumers, businesses, and communities through education, advocacy and complaint resolution."* DCBA also works with the Small Business Commission (SBC), appointed by the Board.

### Targets Set

The County purchases an estimated $6.2 billion from its supply chain of businesses.[5] Approximately 1,282 small businesses are currently certified as LSBEs and 27 firms are certified DVBEs in the County. These small numbers may not reflect the actual numbers of LSBEs and DVBEs since some may not have gone through the certification process. That said, the numbers are still low and the Board, per the January 12, 2016, Board Motion, has set procurement goals to:

- Increase LSBE utilization from 2.39% in FY 2014-15 to 25% by 2020
- Increase DVBE utilization from 0.02% to 3% by 2020
- Increase Social Enterprise utilization

[4] Note: The County's Community Business Enterprise (CBE) program is also under DCBA.
[5] Note: This does not include the approximate $15 billion in encumbered, non-procurement payments to trust (child care), Workers' Compensation, etc.

## Utilization Plan Focus

DCBA retained KH Consulting Group (KH) to provide consulting assistance in preparing the Utilization Plan (this document) in response to the Board Motion. On the basis of the Board Motion, KH identified three priority areas to be addressed during the planning effort:

1) **Certification process –** Develop a more flexible or contract-specific local business certification process for LSBEs, DVBEs, and Social Enterprises; the improved certification process should:

   - Interface with the County's vendor certification software
   - Promote multiple certification options and maximum reciprocity among certifying entities, including but not limited to Federal, State, and Los Angeles County Metropolitan Transportation Authority (LAMTA)
   - Centralize the certification process with modifications to the Transitional Job Opportunities Preference Program (TJOP)
   - Allocate resources to enhance existing technical assistance provided to businesses seeking to certify and provide goods and services as certified business entities
   - Assess the need to implement industry standard vendor certification software and data management

2) **Procurement and contracting** – Develop a four-year Utilization Plan (this document) to attain procurement goals of 25% for LSBEs and 3% for DVBEs by 2020 in the County by:

   - Detailing a process for future County contracts to evaluate their applicability to programs for certified or qualified but not yet certified LSBEs, DVBEs, and Social Enterprises to determine the County's total available expenditure for these programs
   - Analyzing procurement and contracting data to assess the feasibility of implementing policies and procedures to regularly report the industrial classification of businesses, the occupational categories of employees engaged on contracts, and the nature or type of goods and services purchased by County agencies
   - Tracking, monitoring, and reporting the County's small business and Social Enterprise utilization performance and incentivizing departmental excellence and best practices in achieving procurement and contracting goals
   - Establishing departmental guidelines and procedures along with a monitoring process to increase the County's delegated authority ceiling to $25,000 with two bids for LSBEs, DVBEs, and Social Enterprises
   - Increasing the bid price reduction preference for LSBEs, DVBEs, and participants in the TJOP from 8% to 15%
   - Proposing amendments to remove the $50,000 cap on price preferences

- Designing a two-year set aside pilot program, including an assessment of an achievable set-aside contracting goal

3) **Outreach –** Replicate and build on ISD's outreach efforts from 2014 to increase the number of certified LSBEs in Los Angeles County and are already registered with the State through such efforts as:

- Coordinating with the State's Department of General Services (DGS) to obtain and confirm valid contact information for all State-certified SBEs that are headquartered in Los Angeles
- Implementing a targeted marketing campaign to advertise the benefits of being a County certified LSBE, including the cost preference in all County solicitations for goods and services, the 15-day prompt payment program, and small business liaison and concierge services[6]
- Reviewing the State's definition of small business to determine whether it is aligned with the County's business composition and procurement needs
- Assessing the feasibility of an independent County LSBE certification and determining what definition of "small business" the certification would use
- Developing an independent County, unincorporated areas, or more flexible contract-specific LSBE, DVBE, and Social Enterprise certification process(es)
- Analyzing procurement and contracting data to assess the feasibility of implementing policies and procedures to regularly report the industrial classification of businesses, the occupational categories of employees engaged on contracts, and the nature and/or type of goods and services purchased by County departments

## A Rapid, But Inclusive Approach

KH's role is best described as the "strategic navigator" designing the process to obtain feedback, facilitating meetings, analyzing and negotiating alternatives, and preparing drafts of the Utilization Plan for internal and external stakeholders to critique. KH's work began in mid-March 2016; the Utilization Plan was delivered to the Board on May 24, 2016.

### Stakeholder Involvement

Despite the quick turnaround time, KH involved a breadth of stakeholders to provide input and assist with the development of the Utilization Plan:

[6] Reference Board Policy 3.035 on the "Small Business Payment Liaison and Prompt Payment Program" and the County Fiscal Manual.

- ***County departmental leadership*** – DCBA and KH met with County department leadership to review our work plan for developing the Utilization Plan and to solicit their departmental participation on County Inter-departmental Work Groups (CIWGs). The involved departments included:

  Affordable Housing Coordinating Committee
  Auditor-Controller
  County Bioscience Taskforce
  County Counsel
  Department of Business & Consumer Affairs
  Department of Children & Family Services (DCFS)
  Department of Community & Senior Services (DCSS)
  Department of Health Services (DHS)
  Department of Mental Health (DMH)
  Department of Public Health (DPH)
  Department of Public Social Services (DPSS)
  Department of Public Works (DPW)
  Internal Services Department (ISD)
  Office of the Assessor
  Office of the Chief Executive Officer (CEO)
  Prop 47 Jobs and Services Taskforce
  Registrar-Recorder

- ***County Inter-departmental Work Groups (CIWGs)*** – DCBA scheduled a series of weekly CIWG meetings over a five week period, convening more than 27 two-hour meetings. DCBA and more than 50 County representatives participated in the CIWG. KH facilitated the CIWG and sub-group work sessions to develop the Action Plans in this Utilization Plan. KH then had the CIWG present the Action Plans as drafts for further input from the County department leadership on April 27, 2016.
- ***County of Los Angeles Small Business Commission (SBC)*** – DCBA introduced the Board's motion to the SBC and arranged to have KH present the preliminary Action Plans to obtain their advice and guidance on April 20, 2016.
- ***Forums with small business, DVBE, and Social Enterprise businesses and organizations*** – On May 9, 2016, DCBA and KH facilitated three forums, which more than 40 businesses, chambers of commerce, associations, and other organizations attended. The attendees' were impressed with the Board's initiatives and targets for LSBEs and DVBEs. The purpose of the forums was to solicit feedback regarding the draft action plans to achieve the targets.
- ***Broader business community input through the online KH Business Survey*** – KH conducted an online survey to solicit input regarding businesses' perceptions of doing business with the County. In total, KH received 2,271 responses. The KH Business Survey covered such topics as current certifications completed, the County's certification process, qualifications for bidding, services provided, experiences and barriers to bidding on County RFPs and RFBs, and expected responses to the Minimum Wage Ordinance. KH also collected information regarding their location, years in business, status (LSBE, DVBE, Social Enterprise, etc.), structure and workforce, and industry

(NAICS).[7] In addition, KH received 1,152 open-ended responses. Appendix A contains the KH Business Survey results. This survey has also been a useful tool for making large numbers of organizations and businesses aware of the County's new directions and interests regarding LBEs, DVBEs, and Social Enterprises.

In addition, KH reviewed County reports and documents; analyzed vendor outreach, procurement, contracting, and certification data on LSBEs, DVBEs, and Social Enterprises; collected information on other jurisdictions' SBE, DVBE, and Social Enterprise programs; developed and reviewed policy and certification options; interviewed opinion leaders; reviewed County Ordinances and implementation guidelines; and reviewed definitions used in other jurisdictions for certification purposes (State of California, Federal Government, and local governments).

### Objectives, Action Plans, and Time Lines

The aim of all of these efforts was to develop objectives and Action Plans to address the Board Motion and time line. The collaborative process was also important for: a) improving communications across County departments and with the Los Angeles business community and b) instilling support and commitment to the proposed changes and pilot programs. The Action Plans contain:

- Objectives that are specific and measurable with defined, realistic outcomes and timeframes for their achievement
- Action steps and milestones with their timing specified
- Assigned accountability (who is responsible for implementation)

DCBA and County departments can use the Action Plans to monitor and manage their LSBE, DVBE, and Social Enterprise efforts.

***When a specific date is identified by law, a Board Motion, etc., KH has entered the exact date. Otherwise, KH has entered the target months with the anticipated completion on the last day of the month.*** As much as possible, these months align with quarters, which also align with such other key milestones as the County's fiscal year-end (June) or the calendar year-end (December).

### Additional Requirements for Successful Implementation

Monitoring the Utilization Plan also required a review of the ability of the County's information technology to capture needed data about LSBEs, DVBEs, and Social Enterprises working in Los Angeles County. The Utilization Plan includes a framework with metrics for annual reporting on progress made, by County department and across the County. The Utilization Plan also identifies the additional resources needed to enhance

[7] NAICS Code Listing: http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2007

existing technical assistance provided to businesses and achieve the target business utilization goals, including reporting of achievement by County department.

## Board Motion Items

KH analyzed the Board Motion to ensure the Utilization Plan addressed all of the issues raised. Table II-1 identifies the chapter in this Utilization Plan that addresses the Board Motion items.

**Table II-1: Board of Supervisor's Motion (January 12, 2016) – Items to be Addressed in the Utilization Plan**

| Board Motion Item | January 12, 2016, Board Motion Requirements | Progress and Status | Utilization Plan Chapter |
|---|---|---|---|
| 7.6 | Develop a four-year Action Plan for attaining procurement goals of 25% for LSBE and 3% DVBE by 2020 | ▪ Utilization Plan submitted to the Board on May 24, 2016 | ▪ Utilization Plan (this document) |
| 7.6a | Board Motion Notes:<br>▪ p.4, 6a – include comprehensive analysis of the number of local vendors by industry, required County staffing and consultant support needed | | ▪ Chapter III, "Size of Vendor Opportunities"<br>▪ Chapter X, "Resource Requirements" |
| 7.6b | ▪ p.5, 6b – assess how many are certified to provide goods and services in procurement categories and how many more will be needed | | ▪ Chapter IV, "LSBEs"<br>▪ Chapter V, "DVBEs"<br>▪ Chapter X, "Annual Reporting"<br>▪ Appendices B, C, D |
| 7.6c | ▪ pp.5-6, 6c – analyze LSBE utilization by department and identify departmental or funding impediments to attaining the goals | | ▪ Chapter X, "Annual Reporting & Award Recognitions" |
| 7.7.a | Provide a report detailing a process by which future County contracts will be evaluated for their applicability to programs… to determine the County's total available expenditures | ▪ Included in Utilization Plan<br>▪ Recommend departments develop Mini-Utilization Plans for achieving targets<br>▪ Recommend budget tie-in at a departmental level | ▪ Chapter X, "Annual Reporting" |
| 7.7.b | Request Board consideration of proposed policy revision to change delegated authority ceiling to $25,000 | ▪ Outlines acceptance of two bids for purchases up to $25,000 for LSBEs, DVBEs, | ▪ Chapter VIII, "Procurement & Contracting" |

| Board Motion Item | January 12, 2016, Board Motion Requirements | Progress and Status | Utilization Plan Chapter |
|---|---|---|---|
| | | and Social Enterprises<br>▪ Requires no contract<br>▪ To be processed through ISD<br>▪ Request Board approval<br>▪ Ensure that contracts funded in whole or part with Federal or State funds are not included if they prohibit such an award process | |
| 7.7.c | Request Board consideration of proposed policy revision to change preference to 15% | ▪ Ordinance drafted<br>▪ Request Board approval<br>▪ Ensure that contracts funded in whole or part with Federal or State funds are not included in the preference if such preferences are prohibited or at a different level | ▪ Chapter VIII, "Procurement & Contracting" |
| 7.7.d | Request Board consideration to eliminate cap | ▪ Presents subsequent analysis that a cap should be set, but be raised from $50,000 to $150,000<br>▪ After two years, assess whether the cap should be increased or eliminated<br>▪ Ordinance drafted<br>▪ Request Board approval | ▪ Chapter VIII, "Procurement & Contracting" |
| 7.7.e | Establish departmental procedures for $25,000 delegated authority | ▪ Underway by ISD | ▪ Chapter VIII, "Procurement & Contracting" |
| 7.7.f | Design a two-year set aside pilot program for Board consideration<br>p. 6, 7f – include an assessment of an achievable set-aside contracting goal based on prior experience at similar agencies and the availability of potentially responsive vendors | ▪ Utilization Plan contains the parameters for a set aside program:<br>o Calls for a working group to develop guidelines<br>o Considers geographical areas that LSBEs or DVBEs could bid on for County-wide contracts<br>o Considers LSBEs, DVBEs, and Social Enterprises Master Agreement as set | ▪ Chapter VIII, "Procurement & Contracting" |

| Board Motion Item | January 12, 2016, Board Motion Requirements | Progress and Status | Utilization Plan Chapter |
|---|---|---|---|
| | | asides for specific services<br>o Works to identify and solicit Board approval for identified approaches<br>o To be implemented at the departmental level initially<br>▪ $25,000 with two bids is a form of set-aside | |
| 7.7.g | Request enhanced resources to enhance technical assistance to businesses seeking certification | ▪ The Utilization Plan outlines resource needs by objective and programmatic area | ▪ Chapter XI, "Resource Requirements" |
| 7.7.h | Request Board consideration of guidelines for posting results of County's achievement of goals | ▪ Posting on Open Data proposed<br>▪ Targeted to be posted starting June 2017 | ▪ Chapter X, "Annual Reporting & Award Recognitions" |
| 7.7.i | Request Board consideration of options to incentivize best practices in achieving procurement and contracting goals | ▪ The Utilization Plan outlines a process for tracking progress, including an annual Scorecard, combined with an award recognition program | ▪ Chapter X, "Annual Reporting & Award Recognitions" |
| 8 | Develop plan for Social Enterprise that includes pilot SE certification and procurement goals and in targeted industries by 6/30/2020 | ▪ Social Enterprises included in Utilization Plan for procurement set asides, 15% preference, and cap increases<br>▪ No goal established for Social Enterprises until the initial two-year pilot of the certification program completed | ▪ Chapter VI, "TJOP and Social Enterprise Programs" |
| 9 | Draft Ordinances relevant to certification of TJOP | ▪ Expanded TJOP to include Social Enterprises<br>▪ County Counsel has drafted a Social Enterprise Ordinance | ▪ Chapter VI, "TJOP and Social Enterprise Programs" |
| 10.a.i | Establish a workgroup to develop policies and procedures regarding certification and tracking of subcontractors | ▪ Included in Utilization Plan | ▪ Chapter VIII, "Procurement & Contracting"<br>▪ Chapter IX, "Technology & Measurements" |
| 10.a.ii | Workgroup also to design a two-year pilot program | | |
| 10.b | Commence a two-year pilot program to capture subcontract dollars | | |
| | Replicate ISD outreach to increase SB certified businesses | ▪ In progress at DCBA<br>▪ Included in Utilization Plan | ▪ Chapter VII, "Marketing & Outreach" |

| Board Motion Item | January 12, 2016, Board Motion Requirements | Progress and Status | Utilization Plan Chapter |
|---|---|---|---|
| 11 | Replicate ISD outreach efforts to increase number of LSBEs | ▪ Included in Utilization Plan | ▪ Chapter IV, "LSBEs"<br>▪ Chapter VII, "Marketing & Outreach" |
| 6 | Future report to the Board on an analysis of the efficacy of the preference and other aspects of the Ordinance | ▪ Capacity to track included in Utilization Plan | ▪ Chapter X, "Annual Reporting & Award Recognitions" |

## County Opportunities for LSBEs and DVBEs

Governments use many acronyms, so for clarity, the following terms are used in this Utilization Plan and are business opportunities for LSBEs, DVBEs, and Social Enterprises. The County[8] issues:

- ***Request for Information (RFI).*** A market survey is used to: a) solicit information or interest level from potential vendors, b) gather information on new developments/technology in certain industries, and c) identify project price estimates for budgeting purposes. It does not result in contract awards.
- ***Invitation for Bid (IFB)/Request for Bid (RFB).*** A solicitation that results in one or multiple contracts where: a) project requirements are well defined and price is the only discriminator and b) the award goes to lowest responsive and responsible bidder(s).
- ***Request for Quote (RFQ).*** An informal solicitation process for commodities under $10,000 where: a) project requirements are well defined and price is the only discriminator and b) the award goes to lowest responsive and responsible bidder.
- ***Request for Proposals (RFP).*** A solicitation process for goods or services that results in one or multiple contracts and is: a) based on best response, b) awarded based on predetermined evaluation criteria, and c) not solely determined by cost; cost may not be a factor. The solicitations for these contracts are subject to Proposition A due to Living Wage evaluation.
- ***Request for Statements of Qualifications (RFSQ)/Request for Qualifications (RFQ).*** A solicitation process for services that: a) is based on predetermined set of qualifications that all vendors must meet, b) identifies a qualified pool of contractors, c) identifies services that can

[8] Definitions prepared by County of Los Angeles, Internal Services Department (ISD).

be sub-categorized so that pool of qualified vendors can be specialized under a larger umbrella, d) are solicited from all qualified vendors at the time services are required and work/purchase order is awarded based on price or other categories, e) are able to be left open so that vendors can be qualified throughout the term of the Master Agreements, and f) contain terms and conditions that are identical for all qualified vendors.

# III – Size of Vendor Opportunities in County of Los Angeles

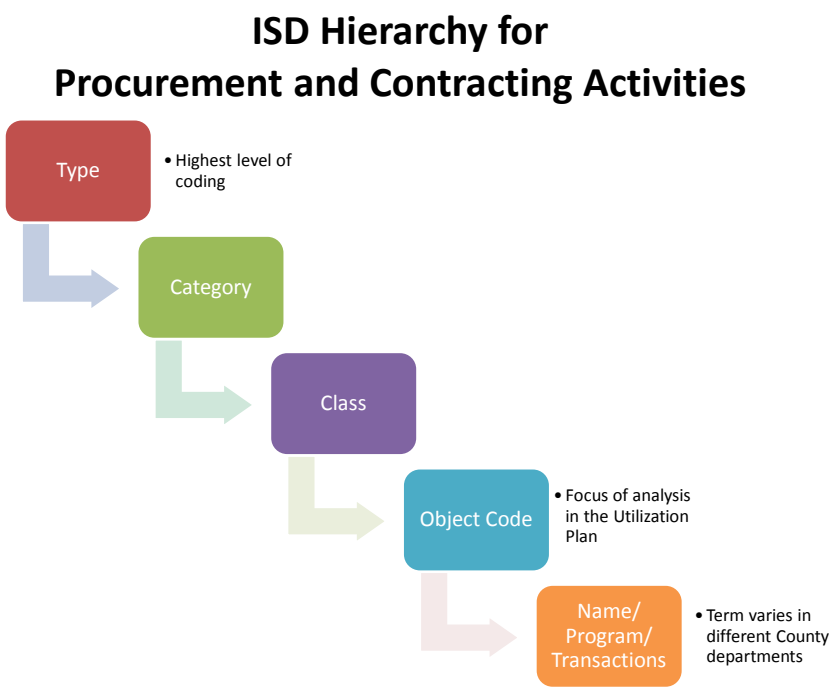
## Background

The Board passed a Board Motion in January 2016, with the aggressive goals to:

***Overall Goal:*** *Identify goals and objectives and outline action steps to attain procurement goals of 25% for LSBEs and 3% for DVBEs by 2020 in the County of Los Angeles.*

To achieve this goal requires that the County increase the pool of qualified and certified LSBEs and DVBEs and identify procurement and contracting opportunities where they can be competitive.

The key strategy is for each County department to identify which of the goods, equipment, and services that they purchase are opportunities for LSBEs and DVBEs to bid on. To do this analysis will require departments to review their prior expenditures for goods, services, and equipment. Such expenditures are assigned an expenditure object number. An expenditure object is a chart of accounts elements that classifies expenditures into groups. As shown in the graphic, the County has a hierarchy of codes that it uses for procurement and contracting activities. The Object Code is the fourth-level of detail in the hierarchy.




The specific definition for each object category is listed below:

- Salaries and Employee Benefits (1000) – An object of expense reflecting the County's cost for employee compensation
- Services and Supplies (2000) – An object of expense reflecting the purchase of good or services within the year

- Other Charges (5500) – An object of expense that reflects costs not directly associated with the daily expenses of running an operation
- Capital Assets (Equipment (6030), Land (6006), Buildings & Improvements (6014), Infrastructure (604A)) – Expenditures of the acquisition of capital assets related to equipment, land, building and improvements, and infrastructure[9]

Chapter VII outlines a marketing and outreach effort to increase the vendor pool size of LSBEs and DVBEs. Chapter X describes how departments can develop Mini-Utilization Plans, by Object Code, to analyze their spending patterns and achieve their targets. In addition:

- Appendix C displays the top 50 Object Codes (procurement and contracting) activities in County department; some of the Object Codes exceed the 25% targets for LSBEs, while many do not but do indicate some procurement activity by LSBEs.[10]
- Appendix D provides similar data for DVBEs.

This chapter deals with defining the starting point in FY 2015-2016 for:

- Defining "what part of the pie" is available to LBSE and DVBE firms – obtaining baseline data of County purchases for goods, equipment and services
- Identifying how many LSBEs and DVBEs are currently registered and certified with the County

## Baseline of Procurement & Contracting Expenditures

The CIWG sought to answer the question: "25% of how much?" Although some expenditures are easy to identify as solely handled by non-LSBE and non-DVBE enterprises (e.g., payments to cities), other types of purchases made by County departments vary widely, even in identical Object Codes. Therefore, it is not possible to develop an accurate assessment of how much of County contract expenditures are eligible for purchase from small businesses without detailed analyses from departments. Chapter X outlines the recommended approach to develop more accurate estimates at the departmental level.

[9] County of Los Angeles, Officer of the Auditor-Controller, "Expenditure Object Glossary," FY 2016-17 Recommended Budget Glossary.

[10] The Object Code is a classification standard in ECAPS, the County's enterprise financial system; departments assign an Object Code to their financial transactions in ECAPS. The Medical Centers are not in ECAPS.

Nevertheless, for the purposes of this Utilization Plan, it has been helpful to develop a *high-level* estimate that identified several categories of expenditures that were not likely candidates for services or supplies provided by LSBEs. To that end, this analysis focuses on actual contracting expenditures for FY 2015 which totaled $6.2 billion.[11]

Of this amount, approximately 2.4% was awarded directly to LSBEs, indicating a significant gap that needs to be closed to reach the 25% goal. The County has many Object Code expenditures, however, that should be deducted from the total contracting dollars spent. For example, it is unlikely that the County would ever shift from large contracted enterprises that provide such services as telecommunications, USC/UCLA contracts with the County Medical Centers, U.S. postage, and utilities (water, natural gas, and electricity), as displayed in Table III-1.

**Table III-1: Large Object Code Awards That Are Unlikely Candidates for LSBE and DVBE Firms**

| Object Code | Large Awards that are Unlikely Candidates for LSBE and DVBE Firms | Object Code Expenditures |
|---|---|---|
| 3066 | Prescription Drugs & Medicines | $179,364,624 |
| 391L | Medical School Affiliation Agreement (UCLA/USC) | $165,828,510 |
| 5229 | Electricity | $116,421,213 |
| 3970 | Health Services-Ancillary Services | $49,167,766 |
| 5228 | Water | $42,817,915 |
| 5237 | AT&T | $39,114,090 |
| 5230 | Natural Gas | $31,592,710 |
| 3202 | Postage (U.S. Postal Service or Pitney Bowes) | $25,629,824 |
| | Totals | **$649,936,652** |

Simply removing those obvious Object Codes from the "pie" reduces the initial pie by $650 million.[12]

[11] Note: The State of California realized some of these limitations when it launched its program and exempted some departments from participating in the early stages of its SBE program.

[12] The financial statistics for awards and payments represent translation codes (i.e., document codes) used by departments for awards and payments for services and commodities. The accuracy of the statistics is dependent on how well departments categorize their financial transaction in ECAPS.

There are other Object Codes that also should be dropped to establish a baseline for measuring Object Codes that LSBEs and DVBEs are most competitive to bid on. Although there are some large DVBEs, most are also small businesses and, thus, this analysis applies to most DVBEs as well.

In this manner, we can begin to set multi-year target estimates. An analysis of FY 2014-2015 expenditures was conducted. The County reported these expenditures in two separate categories: Services and Supplies, and Not Services and Supplies. Table III.2 summarizes the results of that high-level analysis. ***On the basis of our initial analysis, a total of about $3.9 billion of expenditures seem to be eligible for LSBE and DVBE participation.***

**Table III.2: Procurement "Pie" Summary**

| Description | To Be Included | To be Excluded | Total |
|---|---|---|---|
| **Services and Supplies** | | | |
| Object Codes with Small Business Participation | $1.7 billion | $750 million | $2.5 billion |
| Object Codes Without Small Business Participation | $1.7 billion | $505 million | 2.2 billion |
| **Total** | $3.4 billion | $1.3 billion | $4.7 billion |
| **Not Services and Supplies** | | | |
| Object Codes with Small Business Participation | $475 million | $30 million | $505 million |
| Object Codes Without Small Business Participation | $6 million | $960 million | $970 million |
| **Total** | $475 million | $1 billion | $1.48 billion |
| **Grand Total** | **$3.9 billion** | **$2.3 billion** | **$6.2 billion** |

The departments must have a target that is achievable. Applying a 25% target to expenditures that are not eligible for small business participation means that departments must exceed the target for expenditures that are eligible. Assuming these rough $2.9 billion estimates are approximately correct but are not excluded amount from the pie, departments would need to reach 40% LSBE participation in the eligible categories. It is not likely that that target could be reached.

Appendix B provides additional details about this analysis of FY 2014-2015 County expenditures. This framework should help County departments when they prepare their Mini-Utilization Plans, as outlined in Chapter X, and establish annual targets, by Object Code.

Thus, 25% of that $3.9 billion target is $975 million. To achieve that goal by 2020, it will be imperative for the County to expand its pool of LSBEs. Otherwise, it is faced with the implausible goal that almost $900,000 would need to go to each LSBE that year. A discussion of the potential pool of small vendors in the County follows and is further elaborated on in Chapter IV on LSBEs, Chapter V on DVBEs, and Chapter VII on marketing and outreach.

### Current Vendor Pool

The County has a vendor pool of 73,000 registered on WebVen; LSBEs, DVBEs, and TJOPs represent a small percent – less than 2%. Vendors can self-report their size and revenues. Based on this information, ISD reports that there are many self-identified small businesses that have not been certified.

**Table III.3: Vendor Profiles in WebVen**

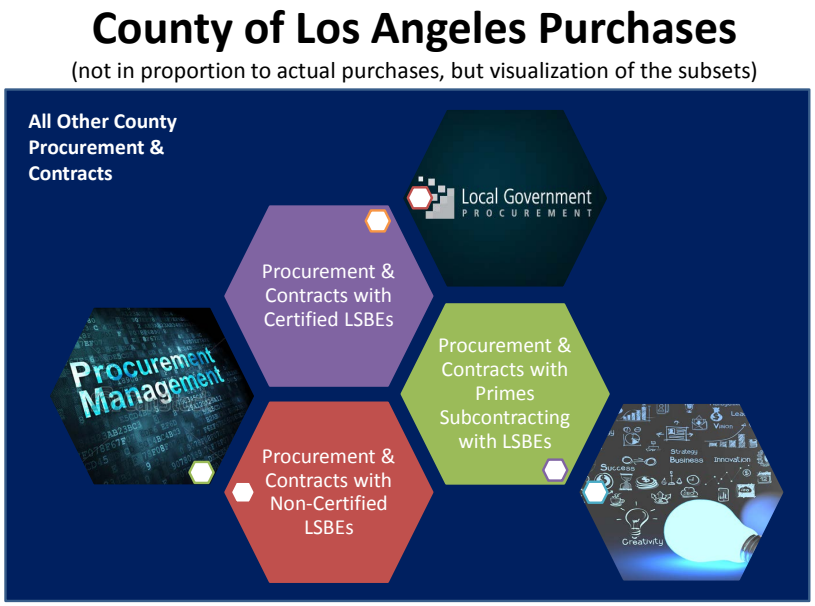
| Types of Vendors | Total Number | % of Total Number | Dollars | % of Total Dollars | # Commodity Agreements | # Percent |
|---|---|---|---|---|---|---|
| **Total Number of Registered Vendors in WebVen** | **73,000** | **100%** | **$6.6 billion** | **100%** | **998** | **100%** |
| Certified LSBEs | 1,282 | 1.8% | $160 million | 2.4% | 58 | 5.8% |
| **Certified DVBEs** | 27 (2015)<br>100 (2016) | <.01% | $4.7 million | <.01% | NA | NA |
| Certified TJOPs | 19 | <.01% | NA | <.01% | NA | NA |
| Self-reported SBEs in WebVen that are not certified as LSBEs | 20,859[13] | 28.6% | NA | NA | NA | NA |
| Social Enterprises | Not known at this time | NA | NA | NA | NA | NA |

Source: "Report Back on the Evaluation of Existing Preference Programs in Purchasing and Contracting Activities (Item 3, Agenda of May 12, 2015, Prepared by the County of Los Angeles, Office of the Chief Executive Office, August 19, 2015.

[13] Note: These businesses self-reported their revenues and number of employees in WebVen. Their reported revenues and employee size meets DGS's definition for a SBE. The information may be dated or erroneous, but provides an indicator of the number of potential LSBEs that are already registered with the County. If only 20% of the self-reported WebVen vendors apply and qualify as LSBEs, that would be an additional 4,172 firms.

**County WebVen Vendor Pool, Including LSBEs and DVBEs**

As indicated, approximately 73,000 firms[14] are registered on WebVen with the County; however, WebVen does not routinely purge and update its database, resulting in a database with vendors that are no longer in business or that have changed email addresses or other contact information, etc. While conducting the KH Business Survey, approximately 36% (between 19,000 and 20,000 of the 53,000 surveys distributed via WebVen) were returned as undeliverable.




Among the County's vendors are certified LSBEs (both performing as Primes and subcontractors), small businesses and certified SBEs that are not currently certified as LSBE by the County (but also performing as Primes and subcontractors), DVBEs, and Social Enterprises.

- ***Certified LSBEs.*** In 2015, the County had approximately 1,282 small businesses certified as LSBEs; WebVen includes a number of small businesses that provide goods, equipment, and services that are not currently certified.
- ***Certified DVBEs.*** In 2015, the County had approximately 27 certified DVBEs. Chapter V, "DVBE," outlines DCBA's efforts since January to increase the size of the DVBE pool.

***Needless to say, these numbers of LSBEs and DVBEs are insufficient for the County to achieve its targets.*** An important strategy is the marketing and outreach campaign to let qualifying small businesses know of the value and importance of becoming certified as LSBEs. Such outreach will be an important factor in assisting County departments in reaching their target LSBE participation rates, as discussed in Chapter VII, "Marketing & Outreach."

[14] Approximately 53,000 of these registered vendors have provided email addresses.

***Based on the KH Business Survey, there are eligible firms interested in being certified with the County.*** Out of 2,179 respondents, 85% or, 1,852 of the respondents report that their businesses qualify as SBEs. In addition, nearly 60% indicated they were Microbusinesses, just less than one-half (46%) were certified LSBEs, and another 12% identified themselves as DVBEs.

On another question, 90% indicated that they are interested in getting certified with the County (66% needed more information and 26% had the needed information). In total 940 firms provided contact information to obtain such additional information.

***KH Business Survey***

*85% or 1,852 respondents report that their businesses qualify as SBEs.*

**LSBE/DVBE Subcontractors Working for Prime Contractors**

As discussed in Chapter IX under "Technology and Measurements," the County does not have the ability to currently track LSBE or DVBE subcontractors working for Prime contractors at this time. DCBA prepared a Board report (March 11, 2016) regarding efforts to track LSBE subcontractors that perform work on behalf of Job Order Contracts (JOC) contractors. Departments can learn from and begin to address the challenges they face in tracking subcontractors from this JOC initiative.

The State of California, CalTrans, and LAMTA were able to achieve their targets more quickly by tracking and incentivizing Prime contractors to use LSBEs and DVBEs as subcontractors. The State of California offers a price preference for Primes who include SBEs. Chapter VIII, "Procurement & Contracting," outlines a pilot program to track LSBE/DVBE subcontractors working with Primes.

**Social Enterprises**

The County also has a large number of non-profit organizations that provide goods, equipment, and services, but are not currently certified or identified in terms of who they are, other than through the TJOP program. A report from the CEO on the TJOP program indicates that there are approximately 19 qualifying firms. Social Enterprises are discussed further in Chapter VI, including the need and related benefits to certify them.

## Potential Vendor Pool Size

### Los Angeles County's Sizeable Business Base

The State of California and Los Angeles County are economic powerhouses:

- California is the world's 8th largest economy[15] and larger than Russia's economy. The Los Angeles/Orange County region produces 36% of California's economic output.
- Los Angeles County has 34% of California's population. If Los Angeles County were a state, it would be the 8th largest state (between Ohio and Michigan) in terms of population in the United States.
- If Los Angeles County were a country, it would be the 20th largest economy in the world.

Approximately two-thirds of the State's firms and establishments have 99 or fewer employees, one of the DGS's indicators of a small business.

**Table III-4: Number of Firms and Establishments by Enterprise Employment Size in California (2013)[16]**

| Enterprise Employment Size | Number of Firms | % of Total Firms | Accumulative % | Number of Establishments | % of Total Establishments | Accumulative % |
|---|---|---|---|---|---|---|
| 0-4 | 440,341 | 21.5% | 21.5% | 441,011 | 19.5% | 19.5% |
| 5-9 | 118,858 | 5.8% | 27.3% | 120,100 | 5.3% | 24.8% |
| 10-19 | 71,915 | 3.5% | 30.8% | 75,369 | 3.3% | 28.1% |
| <20 | 631,114 | 30.8% | 61.6% | 636,480 | 28.1% | 56.2% |
| 20-99 | 61,835 | 3.0% | 64.7% | 78,756 | 3.5% | 59.7% |

[15] State of California, Legislative Analyst Office (LAO), based on World Bank estimates which convert each countries' GDP home currencies to dollars, http://lao.ca.gov/LAOEconTax/Article/Detail/1

[16] Latest SUSB Annual Data by Establishment Industry, U.S. states and totals (2013), U.S. Census, http://www.census.gov/econ/susb/

| Enterprise Employment Size | Number of Firms | % of Total Firms | Accumulative % | Number of Establishments | % of Total Establishments | Accumulative % |
|---|---|---|---|---|---|---|
| **Number of Firms ≤99** | **1,324,063**[17] | | | **1,351716** | | |
| 100-499 | 12,335 | 0.6% | 65.3% | 37,393 | 1.7% | 61.4% |
| <500 | 705,284 | 34.4% | 99.7% | 752,629 | 33.3% | 94.6% |
| 500+ | 5,802 | 0.3% | 100.0% | 121,614 | 5.4% | 100.0% |
| **Totals** | **2,047,484** | 100.0% | | **2,263,352** | 100.0% | |

As discussed in Chapter V, "DVBE," the potential national pool is large. In 2012, the United States 167,052 businesses were identified as disabled veteran-owned businesses. A smaller number of them have become certified as SDVOBs by SBA (6,270 businesses) or DVBEs by DGS (3,927 businesses); some may overlap but there is still substantial room for the County to expand its certified DVBE vendor pool.

***Los Angeles County is home to 37% of the State's business establishments.*** According to the U.S. Census, Los Angeles County is home to 1,046,940 companies, displayed in Table III-5.[18] Of these, 253,227 were employer establishments and 945,941 were non-employer establishments in 2013. On average, the employer establishments employ less than 60 employees. A number of the NAICS codes reflect the kinds of goods and services that the County uses, based on its buy patterns with its Object Codes (✓).

[17] Dun & Bradstreet (D&B) provides a more conservative estimate, indicating that it has identified more than 500,000 employer locations in Los Angeles County. D&B removed certain industries from its data base (e.g., government, education) that would not be qualify as small business or disabled veteran designations and still identified more than 400,000 businesses, using the SBA small business definition.

[18] 2007 Survey of Business Owners, U.S. Census.

**Table III-5: U.S. Census Bureau Business Patterns in Los Angeles County (2013)[19]**

| NAICS Code | Meaning of 2012 NAICS code | Number of Establishments | % of Establishments | Fits County Needs | Number of Paid Employees | Annual Payroll ($1,000)[20] | Average Payroll |
|---|---|---|---|---|---|---|---|
| **00** | **Total for all sectors** | **253,227** | **100.0%** | | **3,799,831** | **194,174,611** | $ 51,101 |
| 54 | Professional, scientific, and technical services | 32,410 | 12.8% | ✓ | 323,290 | 25,967,241 | $ 33,495 |
| 62 | Health care & social assistance | 30,376 | 12.0% | ✓ | 504,700 | 25,112,530 | $ 119,409 |
| 44-45 | Retail trade | 28,442 | 11.2% | | 400,418 | 11,370,414 | NA |
| 42 | Wholesale trade | 23,197 | 9.2% | | 254,488 | 13,950,546 | $ 52,739 |
| 72 | Accommodation & food services | 20,668 | 8.2% | | 377,975 | 7,193,967 | $ 54,251 |
| 81 | Other services (except public administration) | 19,500 | 7.7% | | 157,788 | 4,597,364 | $ 54,818 |
| 53 | Real estate & rental & leasing | 14,117 | 5.6% | ✓ | 83,873 | 4,770,592 | $ 28,396 |
| 71 | Arts, entertainment, & recreation | 12,964 | 5.1% | | 84,267 | 7,357,789 | $ 48,822 |
| 23 | Construction | 12,842 | 5.1% | ✓ | 113,059 | 5,962,575 | $ 80,411 |
| 52 | Finance & insurance | 12,688 | 5.0% | ✓ | 156,838 | 16,294,190 | $ 103,892 |
| 31-33 | Manufacturing | 12,478 | 4.9% | | 358,922 | 19,471,848 | $ 56,879 |
| 56 | Administrative & support & waste management & remediation services | 10,798 | 4.3% | ✓ | 358,379 | 11,458,412 | $ 80,322 |
| 51 | Information | 9,928 | 3.9% | ✓ | 230,459 | 18,531,412 | $ 93,573 |
| 48-49 | Transportation & warehousing | 6,766 | 2.7% | ✓ | 156,665 | 7,648,641 | $ 31,973 |
| 61 | Educational services | 3,750 | 1.5% | | 140,498 | 5,148,305 | $ 36,643 |
| 55 | Management of companies & enterprises | 1,340 | 0.5% | ✓ | 79,129 | 7,404,367 | $ 49,757 |
| 22 | Utilities | 242 | 0.1% | | Estimate 10,000 to 24,999 employees | Withheld[21] | $ 87,315 |
| 21 | Mining, quarrying, & oil & gas extraction | 124 | 0.0% | | 2,873 | 343,063 | $ 19,033 |
| 11 | Agriculture, forestry, fishing & hunting | 117 | 0.0% | | 440 | 14,738 | $ 29,136 |

[19] 2013 County Business Patterns (using 2012 NAICS codes), U.S. Census, http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF

[20] Employment - Paid employment consists of full and part-time employees, including salaried officers and executives of corporations, who were on the payroll in the pay period including March 12. Included are employees on sick leave, holidays, and vacations; not included are proprietors and partners of unincorporated businesses.

[21] Withheld to avoid disclosing data for individual companies; data included in higher level totals.

| NAICS Code | Meaning of 2012 NAICS code | Number of Establishments | % of Establishments | Fits County Needs | Number of Paid Employees | Annual Payroll ($1,000)[20] | Average Payroll |
|---|---|---|---|---|---|---|---|
| 99 | Industries not classified | 480 | 0.2% | | estimate of 240 to 499 employees | 12,431 | NA |

The County recognizes that some industries are not likely candidates to provide goods and services to local governmental agencies, such as local restaurants, boutiques, flower shops, delicatessens, liquor stores, etc. That said, many of them do provide goods and services that fit the County's needs – approximately 120,898 establishments, as shown in Table III-4 and Table III-5. If the County were to tap into 5% of these market segments, it would have more than 6,000 potential firms and 12,000 if it reached 10% of the firms. Three scenarios – 1%, 5%, and 10% -- are shown in Table III-6. In addition, the average size of all of the establishments is under the maximum allowable to qualify as a small business with DGS.

**Table III-6: U.S. Census Bureau Businesses in Los Angeles County That May Have the Capability to Contract with the County of Los Angeles (2013)[22]**

| NAICS Code | Meaning of 2012 NAICS code | # Establish-ments | % of Establish ments | Fits County Needs | Increased # if County Captured More of the Industry Segment | | | Number of Paid Employees | Average Number of Employees |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 1% | 5% | 10% | | |
| 54 | Professional, scientific, and technical services | 32,410 | 12.8% | ✓ | 324 | 1,621 | 3,241 | 323,290 | 10.0 |
| 62 | Health care & social assistance | 30,376 | 12.0% | ✓ | 304 | 1,519 | 3,038 | 504,700 | 16.6 |
| 23 | Construction | 12,842 | 5.1% | ✓ | 128 | 642 | 1,284 | 113,059 | 8.8 |
| 52 | Finance & insurance | 12,688 | 5.0% | ✓ | 127 | 634 | 1,269 | 156,838 | 12.4 |
| 56 | Administrative & support & waste management & remediation services | 10,798 | 4.3% | ✓ | 108 | 540 | 1,080 | 358,379 | 33.2 |
| 51 | Information | 9,928 | 3.9% | ✓ | 99 | 496 | 993 | 230,459 | 23.2 |
| 48-49 | Transportation & warehousing | 6,766 | 2.7% | ✓ | 68 | 338 | 677 | 156,665 | 23.2 |

[22] 2013 County Business Patterns (using 2012 NAICS codes), U.S. Census, http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF

| NAICS Code | Meaning of 2012 NAICS code | # Establish-ments | % of Establish ments | Fits County Needs | Increased # if County Captured More of the Industry Segment | | | Number of Paid Employees | Average Number of Employees |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 1% | 5% | 10% | | |
| 55 | Management of companies & enterprises | 1,340 | 0.5% | ✓ | 13 | 67 | 134 | 79,129 | 59.1 |
| | **Totals** | **117,148** | | | **1,171** | **5,857** | **11,715** | **1,922,519** | **16.4** |

On the KH Business Survey, out of 2,065 respondents, most provided goods, services, or equipment involve Consulting (40%), Construction (34%), and IT (28%).

Chapter VII, "Marketing & Outreach," describes the four stages of development that a small business may have to go through before it is "contract ready" to do business with the County. In addition, Chapter IV, "LSBEs," and Chapter V, "DVBEs," also present tactics for growing the vendor pool of certified LSBEs and DVBEs in the County.

***KH Business Survey***

*The most common goods, services, or equipment provided were consulting services, construction, and IT related.*

# IV – Local Small Business Enterprise (LSBE) Certification

This chapter focuses on growing participation rates of Local Small Business Enterprises (LSBEs), including the certification process for LSBEs. Certification for DVBEs is discussed in Chapter V and for Social Enterprises in Chapter VI.

## Overview of SBE Certification Entities and Process

### State of California Pertinent Certifications

The State of California has three major agencies involved in certification programs that include LSBEs and DVBEs.

**Department of General Services (DGS) Certifications**

All California State agencies are under an Executive Order to conduct 25% of their procurement and contracts with Small Businesses and 3% with DVBEs. To pursue business opportunities with the State, small and disabled veteran owned businesses must get certified with the State of California, Department of General Services (DGS), Office of Small Business & Disabled Veteran Business Enterprise Services (OSDS). DGS defines a small business[23] as:

- An independently owned and operated business that is not dominant in its field of operation
- A business with 100 or fewer employees, based on the company's Quarterly Wage and Withholding Report
- A manufacturer with 100 or fewer employees
- Having average annual gross receipts of $14 million or less, over the last three tax years
- Having its principal office located in California
- Having its officers domiciled in California

***KH Business Survey***

*On a 1-4 scale with "4" being "high,"1,950 respondents believe that:*

*Certification opens up business opportunities (3.1 rating)*

*LA County departments want to work with certified businesses (2.9 rating)*

[23] Source: http://www.dgs.ca.gov/pd/Programs/OSDS/SBEligibilityBenefits.aspx and further detail: http://www.documents.dgs.ca.gov/pd/Website%20Setup%20Documents%20(Word%20Docs%20and%20PDFs)/SBRegulations.pdf

DGS further defines "Microbusinesses" as small businesses that have average annual gross receipts of less than $3.5 million for the previous three years, or manufacturers with 25 or fewer employees, including its affiliates.

Certification affords SBEs and DVBEs a 5% bid preference on State contracts.

**California Public Utilities Commission (CPUC)**

The CPUC relies on the DGS's SBE and DVBE certifications. In addition, CPUC has another certification, which includes SBEs and DVBEs, as part of its Utility Supplier Diversity Program. This program monitors supplier diversity in procurements by participating utilities and oversees a clearinghouse of women; minority; lesbian, gay, bisexual and transgender (LGBT); and DVBEs. Its clearinghouse verifies the status of firms seeking certification as women, minority, or LGBT-owned. As already noted, DGS certifies DVBEs for CPUC.[24]

CPUC indicates that the benefits for certification are two-fold: a) certified business enterprises are identified on a centralized supplier database, which many utility companies use to search for suppliers that help meet the required procurement goals, and b) certification with the Supplier Clearinghouse speeds up the contracting process.

**California Unified Certification Program (CUCP) on behalf of the U.S. Dept. of Transportation (USDOT)**

CUCP issues a Disadvantaged Business Enterprise (DBE) certificate, which includes some small businesses that would qualify per the DGS definition used by the County. The requirements are:

- A business with less than $22.41 million average annual gross receipts over the previous three fiscal years
- 51% owned by socially and economically disadvantaged (SED) individuals
- One or more of the SED owners must control the business management and daily operations
- The SED individuals must be U.S. citizens or lawful permanent residents

Various agencies use the CUCP's DBE certification if they use funds from the U.S. Department of Transportation (USDOT).

[24] Source: California Public Utility Commission (CUPC), General Order 156 http://www.cpuc.ca.gov/General.aspx?id=1720; http://www.thesupplierclearinghouse.com/

## County of Los Angeles LSBE Certification

Los Angeles County has approximately 5,100 small businesses that are certified by the State of California. Of these, 1,280 are certified with the County's LSBE Preference Program. The LSBE program is designed to enhance purchasing and contracting opportunities for small businesses located in the County. To be eligible to participate in the LSBE Preference Program, a business must be certified as a Small Business Enterprise (SBE) with California's DGS and have been certified by DCBA's Small Business Services (SBS) as holding a principal office located within the County for at least the previous 12 months.

The Board established the Prompt Payment Program for LSBEs to be paid within 15-days of receipt of an undisputed invoice for goods or services. The Prompt Payment Program assigns a liaison as a single point of contact to assist LSBEs with any prompt payment issues. LSBEs and DVBEs can participate in the Price Preference calculations of 8% for a maximum of $50,000 in County solicitations for goods and services.[25] Comparatively, in the State of California, certification affords SBEs and DVBEs a 5% bid preference on State contracts.

## Other SBE Certification Approaches

The next SBE certification examples represent two different approaches: a flexible, self-certification approach and a more onerous approach with extensive documentation requirements. It also highlights the City of Los Angeles' certification approach, which has lower dollar thresholds (less than a Microbusiness) than those established in the County of Los Angeles or State of California.

### U.S. Small Business Administration (SBA) Self-Certification

Since 1953, the U.S. Small Business Administration (SBA) has provided assistance and incentives to encourage the use of small businesses and armed forces veterans in Federal contracting and procurement. The SBA defines small businesses based on NAICS Codes, either by employee count or by annual receipts.

- Employee count is defined as the average of all full time, part-time, and contract employees (domestic and international) over the last 12 months.[26]
- Annual receipts are defined as the three fiscal-year average (prorated if applicable) of total or gross income plus the cost of goods sold, including any affiliates, and excludes taxes and capital gains/losses (source).[27]

[25] Board Policy 3.035 on "Small Business Payment Liaison and Prompt Payment Program" http://countypolicy.co.la.ca.us/
[26] Source: https://www.gpo.gov/fdsys/pkg/CFR-2015-title13-vol1/pdf/CFR-2015-title13-vol1-sec121-106.pdf

Other requirements are:

- Is organized for profit
- Has a place of business in the U.S.
- Operates primarily in the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor
- Is independently owned and operated
- Is not dominant in its field on a national basis

Registrants attest to the accuracy of the data and are subject to penalties if any of the data are misrepresented.

**Los Angeles County Metropolitan Transportation Authority (LAMTA) Certification**

The Board has expressed a desire to include LAMTA as one of the certifications for reciprocity with the County. LAMTA has approximately 1,350 SBEs and applies the following requirements:

- SBA Size Standards and less than $22.41 million in gross revenues average over the last 3 years
- Owners' Personal Net Worth of less than $1.32 million
- 51% must be owned by 1 or more individuals
- Owners must be able to demonstrate control

**All firms** must provide extensive documentation, including business license; state of sole proprietorship (if applicable); completed federal tax returns for the last three years; résumés of key principals and personnel; third-party agreements, such as rentals, leases, services, etc.; proof of citizenship or permanent residency; company profile including a description of goods & services; bank disclosure letter & signature card; and statement of personal net worth for qualifying principal only. In addition:

- **Partnerships** must provide partnership agreements and any amendments, profit sharing agreements, buy-out agreements, proof of capitalization, and statement of personal net worth for qualifying principal only.

[27] Source: http://www.dgs.ca.gov/pd/Programs/OSDS/SBEligibilityBenefits.aspx

- **Corporations** must provide copies of their articles of incorporation; bylaws; stockholder options, stock certificates of each holder, stock transfer ledger, and stock voting rights; minutes of the first organizational meeting; statement of foreign corporation designation, if outside U.S.; identification of officers & directors with dates of service; minutes from last annual shareholder's meeting; statement of domestic stock corporation; statement of qualification if incorporated outside of California; proof of capitalization for each shareholder; completed Federal tax returns for qualifying shareholder; and statement of personal net worth for qualifying principal only.

**City of Los Angeles, Bureau of Contract Administration (BCA)**

The City of Los Angeles Bureau of Contract Administration (BCA) has a Small, Local Business (SLB) certification, which defines small business as businesses "with annual receipts, including its affiliates if any, of less than $3 million, and its principal office located within Los Angeles County."[28] Revenues are based on the most recent fiscal year gross income. Certified SLBs get a 10% preference on bids. There are currently 905 certified SLBs on the BCA website.[29]

**Reciprocity versus Inclusiveness**

The Board wants to: *"…promote multiple certification options and maximum reciprocity among certifying entities, including but not limited to Federal, State, and LAMTA."*

Table IV-1 presents an overview of some of the SBE certifications available that the County could consider accepting.

***KH Business Survey***

*1,522 respondents indicate that they have SBE certification with one or more jurisdictions.*

[28] Source: http://bca.lacity.org/site/pdf/cca/SLB_RulesandRegs.pdf
[29] Source: http://bca.lacity.org/index.cfm?nxt=slb&nxt_body=slbindex.cfm

**Table IV-1: Highlights of SBE Certifications in the State of California and Greater Los Angeles Area**

| Jurisdictions & Organizations | Program Title | SBE Requirements & Opportunities | Size Definitions | Uses Others or Used by Others | Database Availability |
|---|---|---|---|---|---|
| **SBE Certification Programs Located within the County of Los Angeles (Not Exhaustive, But Illustrative)** | | | | | |
| Long Beach, City of | SBE<br>VSBE (very small)<br>LSBE | ▪ SBA Size Standards<br>▪ DGS Microbusiness Certificate: $3.5 million or manufacturer with 25 or fewer employees<br>▪ SBA Size Standards and must be located in the City | SBA | DGS | Online (requires login) [30] |
| Los Angeles Department of Water & Power (LADWP) | SBE | Uses other agencies' certifications:<br>▪ City of LA: SLB<br>▪ DGS: Small Business, Microbusiness<br>▪ LAMTA: SBE<br>▪ SBA: 8(a)<br>▪ CUCP: DBE | DGS, SBA, CUCP | LA City, DGS, LAMTA, SBA, CUCP | None since it uses other agencies' certifications |
| Los Angeles, City of | SLB (small local business) | ▪ Revenues < $3 million from previous fiscal year<br>▪ Cooperates with requests for information<br>▪ Principal office must be in LA County | <$3 mil | | Online (requires login) [31] |
| LAMTA | SBE | ▪ SBA Size Standards and < $22.41 million<br>▪ Owners' Personal Net Worth < $1.32 million<br>▪ 51% must be owned by 1 or more individuals<br>▪ Owners must be able to demonstrate control | SBA | | Online (requires login) [32] |
| Pasadena, City of | Local Vendor Small/Micro | ▪ Principal office must be in the City<br>▪ DGS: SB or Microbusiness | DGS | DGS | None |
| Port of Los Angeles | SBE<br>VSBE (very small) | ▪ SBA Size Standards<br>▪ DGS Microbusiness Certificate: $3.5 million or | SBA, DGS | DGS | Online (requires login) [33] |

[30] Link: http://www.planetbids.com/portal/portal.cfm?CompanyID=15810
[31] Link: http://bca.lacity.org/index.cfm?nxt=slb&nxt_body=slbindex.cfm
[32] Link: http://smallbusinessquery.metro.net/pages/naics_lookup.aspx

| Jurisdictions & Organizations | Program Title | SBE Requirements & Opportunities | Size Definitions | Uses Others or Used by Others | Database Availability |
|---|---|---|---|---|---|
| | | manufacturer with 25 or fewer employees | | | |
| Santa Clarita, City of | DBE (only applies for Federally funded projects) | ▪ Must have DBE certificate from a CUCP agency (average 3-year revenues < $23.98 million; owners' net worth <$1.32 million each, excluding value of applicant company & primary residence) | CUCP | CUCP | None since it uses DBE certifications from CUCP |
| **Certification Programs that are National, State, or Regional in Nature, But have Certified Businesses That Include SBE and DVBEs (Illustrative)** | | | | | |
| State of California, Department of General Services (DGS)[34] | SBE, Microbusinesses, DVBE | ▪ **Small business:** Not dominant in the field of operation; principal office located in California; owners domiciled in California; and a business with 100 or fewer employees with an average annual gross receipts of $14 million or less, over the last three tax years or a manufacturer with 100 or fewer employees. Certification period of 1 year.<br>▪ **Microbusiness:** Small business with less than<br>▪ $3,500,000 gross annual receipt or a manufacturer with 25 or fewer employees. Certification period of 2 years.<br>▪ **DVBE:** 51% DV owned and daily business operations managed and controlled by disabled veterans. Certification period of 1 year. | DGS | Various jurisdictions, including County of Los Angeles | Posts list of reciprocity partners[35] |
| California Unified Certification Program | Disadvantaged Business | ▪ A business with less than $22.41 million average annual gross receipts over the | SBA | Agencies that use USDOT | Entered into the CUCP database that |

[33] City of Los Angeles, LABAVN Link: http://www.labavn.org/index.cfm?fuseaction=contract.sub_searches&CFID=1016992&CFTOKEN=914019da9b67be54-43AB0B3F-5056-8E03-788B713E4FEAE184
[34] Resource information: http://www.dgs.ca.gov/pd/Programs/OSDS/GetCertified.aspx Tel: (916) 375-4940
[35] DGS Reciprocity Partner List: www.documents.dgs.ca.gov/pd/smallbus/Recip rocityPartners.pdf

| Jurisdictions & Organizations | Program Title | SBE Requirements & Opportunities | Size Definitions | Uses Others or Used by Others | Database Availability |
|---|---|---|---|---|---|
| (CUCP) on behalf of the U.S. Dept. of Transportation (USDOT) | Enterprise (DBE) | previous three fiscal years<br>▪ 51% owned by socially and economically disadvantaged (SED) individuals<br>▪ One or more of the SED owners must control the business management and daily operations<br>▪ The SED individuals must be U.S. citizens or lawful permanent residents | | funds, such as CalTrans | provides exposure to public agencies and large Prime contractors; online information available[36] |
| California Public Utilities Commission (CPUC)[37] | SBE, DVBE | ▪ Focus on the State and utility contracting opportunities<br>▪ Uses DGS's SBE and DVBE certificates | DGS | DGS | Uses DGS certifications for LSBE and DVBE |
| CPUC, Utility Supplier Diversity Program | Women, Minority and LGBT Owned Business Enterprise (WMLGBTBE) | ▪ Has its own Utility Supplier Diversity Program for women; minority; lesbian, gay, bisexual and transgender (LGBT) business enterprises; and DVBEs<br>▪ 51% woman, minority, or LGBT owned<br>▪ Business whose management and daily operations are controlled by one or more of those individuals<br>▪ Accepts comparable agencies' certifications:<br>o National Minority Supplier Development Council<br>o Women's Business Enterprise National Council | NA, although many will be SBEs; includes DVBEs | Comparable agencies' certifications (see list) | Posts a public version of Utility Diversity supplier database for a 3-year term[38] |

[36] Resource information: http://www.dot.ca.gov/hq/bep/ucp (CalTrans), http://www.californiaucp.org/, http://www.dot.gov/osdbu/disadvantaged-business-enterprise Tel: (916) 324-1700, (916) 324-8760, (866) 810-6346, (916) 324-0990, (916) 324-1862

[37] California Public Utilities Commission (CPUC) Small Business Program http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Supplier_Diversity/SmBizBrochure_v13.pdf

[38] Resource information: www.thesupplierclearinghouse.com Tel: (800) 359-7998

| Jurisdictions & Organizations | Program Title | SBE Requirements & Opportunities | Size Definitions | Uses Others or Used by Others | Database Availability |
|---|---|---|---|---|---|
| | | o National Gay & Lesbian Chamber of Commerce<br>o U.S. Small Business Administration<br>▪ Accepted by more than 20 CPUC-regulated utility companies | | | |
| Coalition of Southern California Public Agencies | SBE | ▪ Administered through NetConnect<br>▪ Self-certification process with random audits | | Various agencies[39] | |
| Women's Business Enterprise National Council (WBENC) | Woman Business Enterprise (WBE) | ▪ 51% of business owned and controlled by one or more women who are U.S. citizens or lawful permanent residents<br>▪ Business management and daily operations are controlled by one or more of the women owners<br>▪ Certification period of 1 year | NA, but includes qualifying SBEs | SBA and various public and private sectors. Fees based, depending on region | Access to a current list of supplier diversity and procurement executives in both the public and private sector; online information available[40] |
| National Minority Supplier Development Council, Inc. (NMSDC) | Minority Business Enterprise (MBE) | ▪ A business physically located in the United States<br>▪ 51% owned by minority group members<br>▪ Management and daily operations controlled by those minority individuals<br>▪ Minority group members are U.S. citizens who are Asian, Black, Hispanic, or Native American | NA, but includes qualifying SBEs | Various agencies.[41] Fees based ($350-$1,200), depending on region | Online information available[42] |

[39] Accepted by Metropolitan Water District of Southern California, City of San Diego, San Diego County Water Authority, Los Angeles Unified School District, Port of Los Angeles, Port of Long Beach, and Los Angeles Community College District among others
[40] Resource information: www.wbenc.org Tel: (202) 872-5515
[41] Accepted by Canadian Aboriginal and Minority Supplier Council (CAMSC) and affiliated councils in the NMSDC network. Accepted and generally required by many of the largest publicly, privately and foreign-owned companies, as well as universities, hospitals and other buying institutions.
[42] Resource information: www.nmsdc.org Tel: (212) 944-2430

| Jurisdictions & Organizations | Program Title | SBE Requirements & Opportunities | Size Definitions | Uses Others or Used by Others | Database Availability |
|---|---|---|---|---|---|
| | | ▪ Certification period of 1 year | | | |
| **Federal Programs (Note: U.S. Small Business Administration (SBA) has a higher size and financial threshold for qualification as a small business.)** | | | | | |
| U.S. Department of Veterans Affairs (VA) | Service Disabled Veteran (SDV) | ▪ A small business 51% owned by a Service Disabled Veteran (SDV) | N.A. | Federal agencies | Online information available[43] |
| SBA | Service-Disabled Veteran-Owned Small Business Concern Program (SDVOB) | ▪ SDV must have a service-connected disability that has been determined by the U.S. Department of Veterans Affairs or U.S. Department of Defense (USDOD) to become a SDVOB<br>▪ SDVOB controls the management and daily operations and holds the highest officer position<br>▪ Eligible to bid on contracts with set-aside exclusively for SDVOB and access to sole source awards<br>▪ Entities awarded Federal contracts | SBA | Federal Agencies | Online information available[44] |
| SBA | 8(a) Business Development Program | ▪ 51% or more owned and controlled by socially and economically disadvantaged (SED) individuals<br>▪ Participants can receive sole-source contracts (up to $4 million for goods and services and $6.5 million for manufacturing<br>▪ Certification period of 9 years | SBA | Federal agencies | Online information available[45] |

[43] Resource information: www.va.gov/osdbu http://www.sba.gov/sdvosb Tel: (800) 949-8387
[44] Resource information: www.va.gov/osdbu http://www.sba.gov/sdvosb Tel: (800) 949-8387
[45] Resource information: http://www.sba.gov/category/navigation-structure/8a-business-development-program Tel: (800) 827-5722

| Jurisdictions & Organizations | Program Title | SBE Requirements & Opportunities | Size Definitions | Uses Others or Used by Others | Database Availability |
|---|---|---|---|---|---|
| SBA | The Historically Underutilized Business Zones (HUBZone) | ▪ A small business whose principal office is located within a HUBZone<br>▪ 51% owned and controlled by U.S. citizens, or a Community Development Corporation, an agricultural cooperative, or an Indian tribe<br>▪ At least 35% of the employees reside in a HUBZone<br>▪ Access to competitive and sole sourcing contracts<br>▪ 3 % participation goal in Federal Prime contracts<br>▪ 10% price evaluation preference in full and open contract competitions<br>▪ Subcontracting opportunities<br>▪ Certification period of 3 years | SBA | Federal agencies | Online information available[46] |
| SBA | Women Owned Small Business (WSOB) | ▪ A small business 51% owned and controlled by one or more women<br>▪ Primarily managed by one or more women<br>▪ The women must be U.S. citizens<br>▪ 5% participation goal in Federal contracts<br>▪ Eligible to bid on contracts that are set-aside for certified WOSBs | SBA | Federal agencies; various agencies and associations;[47] accepted by entities awarded Federal funds | Online information available[48] |

[46] Resource information: http://www.sba.gov/hubzone/ Tel: (800) 827-5722

[47] Accepted by El Paso Hispanic Chamber of Commerce, National Women Business Owners Corporation, U.S. Women's Chamber of Commerce, and Women's Business Enterprise National Council (WBENC)

[48] Resource information: http://www.sba.gov/content/women-owned-small-business-program Tel: (800) 827-5722

## SBE Trends

Some of the trends noted are:

- Small business revenues fluctuate year-to-year, making three-year averages more meaningful. DGS and thus the County of Los Angeles use a three-year average, which recognizes the peaks and valleys that small businesses experience and gives them a longer time period to stabilize and grow their businesses.
- The County offers an advantage over other SBE programs through its more favorable payment terms through its Prompt Payment Program (15 days instead of 30 days).
- Most jurisdictions with similar programs apply a 4% to 10% price bid preference. The County is developing plans to increase its bid preference to 15%.
- A two tiered-incentive system based on size, such as LSBE-Microbusinesses as a subset of LSBEs, is worth exploring for the County, possibly after the initial expansion of its LSBE program and particularly if LSBE-Microbusinesses could benefit from its own set-aside program.

As discussed in subsequent chapters, historical bid data are helpful, but challenging for the County to obtain in some instances because of the volume of information and inability to track some data (e.g., LSBE or DVBE subcontractor participation on Prime contracts).

## Growing the LSBE Vendor Pool

The Board requested that DCBA to develop a more flexible or contract-specific local business certification process for LSBEs, DVBEs, and Social Enterprises. In addition, the Board requested DCBA to reach out to DGS certified SBEs that have principal offices in Los Angeles County, but are not certified as LSBEs. The County undertook such an outreach effort in the past and increased the vendor pool from 655 LSBEs in April 2014 to 1,205 LSBEs in January 2015 – an 84% increase.

***Out of 1,812 respondents on the KH Business Survey, 84% report that their businesses are certified as SBEs.*** Fewer, but still a considerable amount, report that they hold one or more certifications. Of the certifying agencies, 76% were certified with DGS, followed by the County of Los Angeles (35%), and City of Los Angeles (25%).

***KH Business Survey***

*1,950 respondents indicated that it would be useful if the County accepted certifications from other agencies (3.5 rating on a 1-4 scale with "4" being "high")*

Reciprocity typically infers a sharing process for mutual benefit. DCBA and CIWG members report that other jurisdictions have not been receptive to using the County's LSBE certifications as part of reciprocity. The County, however, can accept some other jurisdictions' certifications as a means of being more inclusive. Such inclusiveness will reduce the administrative burden on small businesses.

Therefore, the criteria applied in assessing policy options involved ***inclusiveness*** and ***ease of implementation*** for the County and qualified local small businesses to get certified. In total, CIWG considered six policy options, highlighted in the Table IV-2, and used a 5-point scale to rate them: a "5 rating" indicates the best rating and a "1 rating" indicates the poorest rating.

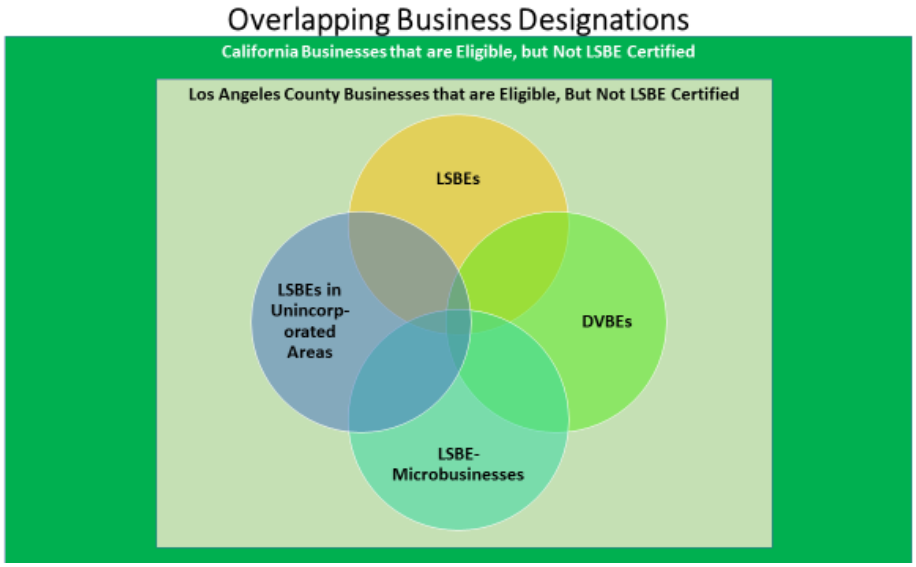
**Table IV-2: Assessment of LSBE Certification Policy Options to Build a Larger Vendor Pool**

| **Policy Options** (Scale: 5=High, 1=Low) | **Criteria 1: Inclusive** | **Criteria 2: Implementation Ease for County** | **Criteria 3: Implementation Ease for LSBEs** | **Overall** |
|---|---|---|---|---|
| **Status Quo:** Continue the current practice of relying on DGS to perform the initial SBE certification with Small Business Services (SBS) verifying that the California SBE has its principal office in Los Angeles County and thus a certified LSBE | 3.0 | 5.0 | 3.0 | 11.0 |
| **Option 1:** Increase LSBE certifications that the County accepts from other jurisdictions that have similar standards and rigor as DGS, starting with LAMTA | 4.0 | 4.5 | 5.0 | 13.5 |
| **Option 2:** Implement a two-tiered LSBE program that differentiates LSBE-Microbusinesses as a subset of LSBEs | 3.0 | 3.0 | 4.0 | 10.0 |
| **Option 3:** Provide a certification designation for LSBEs with principal offices in unincorporated areas of County | 3.0 | 1.5 | 5.0 | 9.5 |
| **Option 4:** Transition to more industry segmentation model, based on LSBE size and industry, similar to the SBA model | 3.0 | 1.0 | 3.0 | 7.0 |
| **Option 5:** Establish an independent County certification for LSBEs | 1.0 | 1.0 | 1.0 | 3.0 |
| **Option 6:** Implement a self-certification program, similar to the U.S. SBA approach | 5.0 | 3.0[49] | 5.0 | 13.0 |

On the basis of this analysis, the status quo is a good foundation to build on with the following considerations:

[49] CIWG rated this option 5.0 for implementing for certification purposes, and rated it 1.0 for subsequent validation; additional resources, time, and costs to monitor; and potential for fraud and protests. The result was an average rating of 3.0.

1. **Accept other SBE certifications from other jurisdictions.** Option 1 is the best for increasing the number of identified and available LSBEs and being most inclusive by having the County accept LSBE certifications from other jurisdictions. The County realizes that other jurisdictions may not want reciprocal arrangements, but that does not preclude the County from recognizing the SBE certifications of other jurisdictions.
2. **Microbusinesses.** Option 2 recognizes that a two-tiered LSBE program with LSBE-Microbusinesses as a subset of LSBEs may be beneficial. For consistency, a Microbusiness should be defined the same as DGS.
3. **Unincorporated areas.** Option 3 for an additional local designation for LSBEs with principal offices in unincorporated areas may be worthwhile, but may not benefit a large number of LSBEs.




4. **Industry-specific SBA designations.** Option 4 – design of small business status based on industry-designations – appears like a longer term possibility, but not something the County is ready to embark on at this stage. Blanket definitions that do not take into account NAICS may not be optimal in the longer term because size of business varies based on type of business and goods and services sold (e.g., in Los Angeles County, an architectural firm with 99 employees is considered large, whereas a construction and project management firm is not considered large until it has 1,000 or more employees). The Federal model has pros and cons, particularly when compared against California's SBE definitions of DGS:

***Pros of SBA Industry Designations***

- Would include more small businesses (approximately 95% of LA County businesses would qualify as small)
- Would make it easier for County departments to achieve targets

***Cons of SBA Industry Designation***

- Different criteria from DGS
- Has higher financial and employee size thresholds than DGS
- May make it harder for smaller LSBEs to compete with larger LSBEs

***Pros of SBA Industry Designations***

- Has greater precision, by industry
- Could attract more small businesses that are already certified by other jurisdictions, such as LAMTA, which use the SBA criteria

***Cons of SBA Industry Designation***

- May require significant resources, time, and costs for departments to provide validation and monitoring against fraud

5. **Separate County SBE certification program.** Given the number of resources needed to establish LSBE certification for the County and the additional burden it would place on small businesses to obtain one more certification, the CIWG considered Option 5 to be less desirable.
6. **Self-certification.** The SBA and Coalition of Southern California Public Agencies (Coalition) currently use self-certification. Jurisdictions, such as LAUSD and LACCD, relied on the Coalition's certification because of a need to grow their SBE vendor pools rapidly. Regarding Option 6, the CIWG had reservations about enforcement, liability exposure for the County, and violators of a self-certification program.

Note: CIWG identified other initiatives that might increase participation rates, such as LSBE (and DVBE) "set aside" programs, similar to ones offered by other governmental agencies. Set-aside programs appear to be inclusive and advantageous for LSBEs, although more challenging for the County to implement. These concepts are discussed later in Chapter VIII on "Procurement & Contracting."

## Objectives and Action Plan – LSBE Certification

This Action Plan acknowledges that other jurisdictions may or may not want to pursue reciprocity for certification with the County. The County, however, wants to be as inclusive as possible to build a viable and large LSBE vendor pool. In addition, the marketing and outreach efforts, outlined in Chapter VII, should complement these efforts.

***Objective IV.1:*** *Beginning July 2016, promote multiple certification options and maximum inclusiveness among certifying entities, including but not limited to Federal, State, and Los Angeles County Metropolitan Transportation Authority (LAMTA).*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Continue to use DGS's SBE requirements as the County's requirements; if DGS increases the threshold for qualifying firms, the County would make the same adjustments | DCBA | ISD,<br>County Counsel | May 24, 2016 |
| *2.* Replicate the 2014-2015 outreach efforts to DGS-certified SBEs that have principal | DCBA | | In progress |

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| offices in Los Angeles County so they can register on WebVen and obtain LSBE status<br>*a.* Confirm valid contact information for DGS-certified SBEs in Los Angeles County<br>*b.* Launch a targeted marketing campaign to promote the benefits of being a County-certified LSBE through email contact, mailing, and follow-up telephone calls | | | |
| *3.* Accept LAMTA SBE certificates for candidates as LSBEs with the following caveats:<br>*a.* Firms must submit a current LAMTA SBE certificate<br>*b.* Firms must demonstrate that their principal offices are located in Los Angeles County<br>*c.* Firms would need to provide their IRS return to demonstrate that their revenues are under the State of California DGS's threshold, currently $14 million in revenues[50] | DCBA | LAMTA | Effective July 1, 2016 |
| *4.* Identify and accept certifications from at least 2 jurisdictions that use DGS certification (e.g., City of Pasadena) or more stringent dollar/size thresholds (e.g., City of Los Angeles) and verify that the businesses have principal offices located in Los Angeles County[51] | DCBA | | December 2016 |
| *5.* Identify and accept certifications on an ongoing basis from other jurisdictions that use the DGS certification or their own rigorous standards<br>*a.* DCBA may need to review these certifications regarding verification that the businesses:<br>*i.* Have their principal offices located in Los Angeles County<br>*ii.* Have revenues and employee sizes that align with DGS requirements (e.g., CUPC's DBEs, 8(a) firms, or HubZones) | DCBA | | March 2017, then ongoing |
| *6.* Reach out to the MBE, WBE, and LGBT certifying organizations and alert them that they should have their qualifying members complete the DGS certification; encourage them to become certified LSBEs | DCBA | Various WBE, MBE LGBT certifying agencies | December 2016; then ongoing |
| *7.* Track and identify LSBE-Microbusinesses as a potential subset of LSBEs, using the | DCBA | | June 2017 |

[50] LAMTA currently uses the SBA guidelines with maximum gross revenues of $22.41 million over the last 3 years.
[51] These jurisdictions align with the County of Los Angeles's approach and would be easy for the County to accept.

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| DGS designation levels | | | |
| *8.* Identify a system to track LSBEs with principal offices in unincorporated areas of the County | DCBA | | June 2017 |
| *9.* Make the County-certified LSBE list available to County departments and other jurisdictions | DCBA | | In progress; ongoing |

## Benefits and Challenges

Growing the vendor pool will be good for County departments (more bidders to solicit bids from and more LSBEs for achieving the targets); good for local businesses, especially LSBEs; and good for the local economy. The County can focus on identified, but not certified, SBEs and use marketing and outreach efforts to encourage them to become certified as LSBEs with the County. This approach should build up the vendor pool more rapidly.

A large LSBE vendor pool will help departments achieve the 25% procurement goal set by the Board. Appendix C contains LSBE data on procurement and contracting activities, by department and Object Code. Table IV-3 displays highlights of the dollar amounts needed to achieve the 3% goal.

**Table IV-3: FY 2014-2015 LSBE Awards Summary (FY 2014-2015)**

| LSBE Success Indicators | Utilization Levels |
|---|---|
| Total $ Awards | $6,524,525,752 |
| Total $ LSBE Awards | $172,876,384 |
| Total % LSBE Awards | 2.6% |
| Average % LSBE Awards | 5.4% |
| $ Needed to meet 25% goal | $1,458,255,054 |

DCBA will require more staff to process the additional SBE certifications, such as LAMTA, because of the need to verify that the businesses meet the DGS standards and have principal offices located in Los Angeles County.

Chapter IX explores technology issues, many of which are critical for implementing these LSBE certification changes:

- Adding designations for LSBEs that are also Microbusinesses
- Adding designations for LSBEs that have their principal offices located in Unincorporated Areas
- Ability of other jurisdictions' SBE listings to interface with the County's vendor certification software

# V – Disabled Veteran Business Enterprises

This chapter focuses on growing the County's participation rates of certified DVBEs in the contracting and procurement of goods, services, and equipment.

## Introduction

### County of Los Angeles DVBE Certification Approach

On October 15, 2013, the Board adopted an Ordinance to create the DVBE Preference Program. The County's DVBE Preference Program is designed to enhance purchasing and contracting opportunities for disabled veteran businesses with the County. Unlike the LSBE program, the DVBE program is national in terms of eligible DVBEs. To be eligible for the Program, a firm must be either:

- A certified Service Disabled Veteran Owned Small Business (SDVOSB) by the U.S. Department of Veterans Affairs (VA) or
- A certified DVBE by the State of California, DGS, OSDS

Reliance on DGS is similar to the County's approach for LSBEs, discussed in Chapter IV. DGS defines a "disabled veteran" as a veteran of the U.S. military, naval, or air service that must have a service-connected disability of at least 10% or more and who resides in California. To be certified as a DVBE by DGS, a business must meet the following requirements: a) at least 51% owned by one or more disabled veterans, and b) daily business operations must be managed and controlled by one or more disabled veterans. In addition to being certified by either the VA or DGS, a firm must be a registered Los Angeles County vendor.

DVBEs, similar to LSBEs, can take advantage of the County's Price Preference calculation of 8% for a maximum of $50,000 in County solicitations for goods and services. In the State of California, certification affords SBEs and DVBEs a 5% bid preference on State contracts.

### Certifying Jurisdictions

In Chapter IV, Table IV-1 presents an overview of some of the certifications available that the County could consider accepting; it also contained information on DVBEs, which is focused on in Table V-2. The VA and SBA established their programs to address veterans' economic

disadvantages with service-connected disabilities, causing them to be statistically less likely to be self-employed in comparison to the general population.

**Table V-1: Highlights of DVBE Certifications in the State of California and Greater Los Angeles Area**

| Jurisdictions & Organizations | DVBE Requirements & Opportunities | Uses Others or Used by Others | Database Availability |
|---|---|---|---|
| State of California, Department of General Services (DGS)[52] | ▪ 51% Disabled veteran owned<br>▪ Daily business operations managed and controlled by disabled veterans<br>▪ Certification period of 1 year | Various jurisdictions, including County of Los Angeles | Posts list of reciprocity partners[53] |
| U.S. Department of Veterans Affairs (VA), Service Disabled Veteran (SDV) | A small business 51% owned by a Service Disabled Veteran (SDV) | Federal agencies | Online information available[54] |
| U.S. Small Business Administration, Service-Disabled Veteran-Owned Small Business Concern Program (SDVOB) | ▪ SDV must have a service-connected disability that has been determined by the U.S. Department of Veterans Affairs or U.S. Department of Defense (USDOD) to become a SDVOB<br>▪ SDVOB controls the management and daily operations and holds the highest officer position<br>▪ Eligible to bid on contracts with set-aside exclusively for SDVOB and access to sole source awards<br>▪ Entities awarded Federal contracts | Federal agencies | Online information available[55] |
| California Public Utilities Commission (CPUC) DVBE program[56] | ▪ Focus on the State and utility contracting opportunities<br>▪ Uses DGS's SBE and DVBE certificates | DGS | Uses DGS certifications for LSBE and DVBE |

[52] Resource information: http://www.dgs.ca.gov/pd/Programs/OSDS/GetCertified.aspx Tel: (916) 375-4940
[53] DGS Reciprocity Partner List: www.documents.dgs.ca.gov/pd/smallbus/ReciprocityPartners.pdf
[54] Resource information: www.va.gov/osdbu and http://www.sba.gov/sdvosb Tel: (800) 949-8387
[55] Resource information: www.va.gov/osdbu and http://www.sba.gov/sdvosb Tel: (800) 949-8387
[56] California Public Utilities Commission (CPUC) Small Business Program
http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Supplier_Diversity/SmBizBrochure_v13.pdf

## Growing the DVBE Vendor Pool

***The potential national pool is large.*** In 2012, the United States had 2.5 million veteran-owned businesses. Of these, 167,052 were identified as disabled veteran-owned businesses. Of these, 6,270 have become certified as SDVOB by SBA; 3,972 businesses are certified DVBEs by DGS. Although some of these certified DVBEs may overlap, there is substantial room for the County to expand its certified DVBE vendor pool.

**Table V-2: Highlights of Veteran and Disabled Veteran Owned Business**

| Description of Veteran Owned Businesses | Number of Businesses | County Target Group | Data Source |
|---|---|---|---|
| United States-Veteran Owned Businesses | 2,675,374 | No | U.S. Census Bureau, 2012[57] |
| United States-Disabled Veteran Owned Businesses | 167,052 | No | U.S. Census Bureau, 2012 |
| SBA Certified SDVOB | 6,270 | Yes | U.S. Census Bureau, 2012 |
| State Certified DVBEs | 3,927 | Yes | DGS, 2016 |
| Known veteran-owned firms in the County | 3,500 | Yes | Dun & Bradstreet, 2016[58] |
| State Certified DVBEs with principal offices located in Los Angeles County | 325 | Yes | DGS, 2016 |
| County Log of DVBEs | 114 | Yes | DCBA, April 2016 |
| County Certified CBEs identified as DVBEs to be certified on WebVen | 43 | Yes | DCBA, April 2016 |
| County Certified DVBEs | 27 | Yes | DCBA, 2015 |

***The County has opportunities to grow its vendor base, building on the State and national pool of DVBEs.*** In 2015, the County had approximately 27 DVBEs that were certified and registered. Since then, DCBA has increased its outreach to DVBEs. Between January 2016 and April 2016, the County had certified 12 out of the 43 DVBEs identified under the County's Community Based Enterprise (CBE) program. (The County's CBE program accepts State certified DVBEs). There is another list of 114 DVBEs included in WebVen that are not yet certified. Beginning July 1, 2016, firms will be able to register as DVBEs in WebVen, which will enable DCBA to sort data by number of registered DVBEs, number of awards, and dollar amounts.

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[57] U.S. Census Bureau, Statistics for Veteran Owners of Respondent Firms by Owner's specific Veteran Characteristics and Gender for the U.S., "2012 Survey of Business Owners"

[58] Dun & Bradstreet, May 2016.

Because the DVBE program is national in scope, the County might be able to include any DVBE, which is registered in another jurisdiction, city or state. Chapter VII on "Marketing & Outreach" elaborates further on how to reach increased numbers of LSBEs, DVBEs, and Social Enterprises to become certified with the County.

Many of the strategies around growing the DVBE vendor pool are similar to the efforts for growing the LSBE vendor pool, but with a concentrated focus on associations and organizations that work with disabled veterans and certify DVBEs.

### State of California DVBE Incentives

In addition to the incentive calculations (similar to the County's price preference program), DGS also permits departments to solicit a minimum of two certified DVBE businesses to obtain price quotes for goods, IT goods and services, and personal services between $5,001 and $249,999, and up to $147,000 for public works.[59]

## Objectives and Action Plan

The County procured 0.02% of its goods, services, and equipment from DVBEs in 2014-2015. The overall DVBE goal is to:

***Objective V-1:*** *Identify goals and objectives and outline action steps to attain procurement goals of 3% for DVBEs by 2020 in the County of Los Angeles.*

The Board requested that the County departments increase DVBE utilization from .02% in FY 2014-2015 to 3.0% in 2020. On the basis of ISD data for FY 2014-2015, progress has been made toward the 3.0% DVBE target:

- The County made $4.7 million in awards to DVBEs out of total awards of $5.0 billion – representing a DVBE award participation level of .09%.
- The County made payments to DVBEs in the amount of $3.5 million out of total expenditures of $4.7 billion – representing DVBE expenditure levels of .07%.

[59] State of California, DGS, DGS Toolkit (revised February 2012) http://www.documents.dgs.ca.gov/pd/events/AdvocateToolKit/ToolKitGlossary.pdf (page 6, GC 14838.5 (a)&(b))

Details of these data are in Appendix D on "DVBE Participation Levels" by Object Names. Table V-3 displays highlights of the dollar amounts needed to achieve the 3% goal.

**Table V-3: FY 2014-2015 DVBE Awards Summary (FY 2014-2015)**

| DVBE Success Indicators | Utilization Levels |
|---|---|
| Total $ Awards | $5,046,865,125 |
| Total $ DVBE Awards | $4,633,858 |
| Total % DVBE Awards | 0.1% |
| Average % DVBE Awards | 0.1% |
| # Unique DVBE Objects | 46 |
| $ Needed to meet 3% goal | $146,772,096 |

To achieve this 3% goal requires that the County increase the pool of qualified and certified DVBEs and identify procurement and contracting opportunities for them to compete, discussed further in Chapter VIII on "Procurement & Contracting."

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Continue to use SBA's Service Disabled Veteran Owned Small Business (SDVOSB) and DGS's DVBE certifications for the County of Los Angeles | DCBA | | In place, ongoing |
| *2.* Conduct outreach efforts to reach VA and DGS-certified DVBEs that have principal offices located in Los Angeles County so they can register on WebVen and obtain LSBE status<br>*a.* Confirm valid contact information for VA and DGS-certified DVBEs in Los Angeles County<br>*b.* Launch a targeted marketing campaign to promote the benefits of being a County-certified DVBE through email contact, mailing, and follow-up telephone calls | DCBA | | In progress, ongoing |
| *3.* Because the DVBE program is national in scope, reach out to and acquire other DVBE lists (e.g., CPUC, LAMTA), other metropolitan areas with DVBE programs, and other states with DVBE programs, vendors,[60] etc.)<br>*a.* Conduct outreach efforts to these DVBEs, building on the lessons | DCBA | CPUC, LAMTA, other cities, other states, published DVBE listings | June 2017; ongoing thereafter |

[60] The County can purchase a listing of 682 DVBEs, including 72 DVBEs in California, at a cost of $2.50 per record from Dun & Bradstreet.

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| learned in the prior action step | | | |
| *4.* Make the County-certified DVBE list available to County departments and other jurisdictions | DCBA | | In progress; ongoing |

Note: LSBE and Social Enterprise initiatives are discussed in Chapters IV and VI, respectively, and Marketing & Outreach is discussed in Chapter VII. All of these efforts should be developed in coordination with the DVBE concepts developed in this chapter.

The technology challenges, such as the interface with the County's vendor certification software, are the same for LSBEs, DVBEs, and Social Enterprises. Chapter IX, "Technology & Measurements," addresses these technology needs for vendor certification software and data management.

# VI – Social Enterprise (SE) and TJOP Plan

Los Angeles County is home to approximately 10,170,292 residents[61] with approximately 18.4% individuals living below the poverty line.[62] The purpose of the Social Enterprise initiative is to enhance Los Angeles County in terms of its economic and environmental sustainability, including the financial well-being of residents who are vulnerable and face challenges in terms of gainful employment and housing.

## Background

### County of Los Angeles Transitional Job Opportunities Preference (TJOP) Program

In February 2007, the Board adopted an Ordinance creating the Transitional Job Opportunities Preference (TJOP) Program (Los Angeles County Code Chapter 2.205). In approving the TJOP, the Board recognized that people who have not worked for an extended period of time face considerable barriers when trying to re-enter the workforce. Transitional employment provides the underemployed or hard-to-employ with short-term or long-term, wage-paying, subsidized, or non-subsidized employment that combines real work, skill development, and supportive services.

Once put in place, the County then realized that transitional workforce employers incur higher overhead costs than other businesses because of the need to provide support services, such as increased supervision, counseling, and training of the hardest to employ population. As a result, such businesses are at a competitive disadvantage in obtaining County contracts, in which estimated cost is a significant factor. Therefore, in June 2012, the Board adopted an Ordinance amending Chapter 2.205 to increase the preference for businesses that provide transition employment services in price or scoring in solicitations for goods or services greater than $5,000 from 5% to 8%.

To date, the County has identified 19 TJOP providers that serve the transitional workforce within the County and State.[63] TJOP represents the first Social Enterprise initiative with procurement incentives in the County.

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[61] Vintage 2015 Population Estimates: Population Estimates, U.S. Census.
[62] 2010-2014 American Community Survey 5-Year Profiles, U.S. Census.
[63] County of Los Angeles CEO Report to the Board of Supervisors: Feasibility of Establishing a Preference Program for Social Enterprises that Employ People Recently Released from Incarceration (Item 3, Agenda of May 12, 2015). August 13, 2015. http://file. lacounty.gov/bos/supdocs/100517.pdf

## California Senate Bill 1219

California State Senate Bill 1219 (SB 1219) is legislation, proposing to amend the existing Small Business Procurement and Contract Act, to expand procurement preference beyond SBEs, Microbusinesses, and DVBEs to include Employment Social Enterprises. SB 1219 defines a Social Enterprise as, *"a nonprofit or for-profit business dedicated to hiring and assisting individuals who face significant barriers to employment and at least 51% of the business' employees have these barriers."* Furthermore, SB 1219 defines *"individuals who face significant barriers to employment to include individuals who have been incarcerated, individuals who are, or have been, homeless, youth and young adults disconnected from school or work, and-individuals with disabilities, including, but not limited to, substance addiction or mental illness."*[64]

On April 25, 2016, SB 1219 was placed on the Senate Appropriations Committee's suspense file.

## County of Los Angeles Social Enterprise Programs and Definitions

### Social Enterprises

The County does not currently provide procurement or contracting preference to Social Enterprises other than TJOP, but is taking steps to develop and implement a pilot program to do so (as later discussed in the Action Plan in this chapter). The County's proposed definition for Social Enterprise is broader than the proposed definition in SB 1219. Specifically, it does not include a requirement that Social Enterprises consist of only agencies that hire and assist individuals with "significant barriers to employment."

On the basis of a Board Motion, the County defines Social Enterprises as a: *"non-profit and for-profit businesses whose primary purpose is the 'common good' and which, 'use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas, wherein the organization that applies commercial strategies to maximize improvement in human and environmental well-being"* that may *"include maximizing social impact rather than profits for external shareholders"* and has been certified as a social enterprise.

[64] State of California, Senate Bill (SB) 1219 definition, https://leginfo. legislature. ca. gov/faces/billNavClient. xhtml?bill_id=201520160SB1219, April 4, 2016.

**Transitional Job Opportunities Preference (TJOP) Program**

In reviewing the TJOP Program, the CIWG is recommending that the current TJOP Program Ordinance be amended to change the name of the program to the Social Enterprise Preference Program and to include the broader definition of Social Enterprises. The following definitions are recommended for inclusion in the County's proposed Ordinance amending the TJOP Program.[65]

- **Transitional [Workforce] Employer** is a "social enterprise that provides transitional jobs"
- **Transitional Job** is "short-term or long-term, wage-paying, subsidized or non-subsidized employment that combines real work, skill development, and supportive services to help a transitional workforce overcome barriers to employment and transition to unsubsidized competitive employment."
- **Transitional Workforce** includes "underemployed or hard-to-employ persons that may be homeless, formerly incarcerated, or those who either have not worked for an extended period of time or face significant barriers to employment."

Moving ahead, the County is interested in not just transitional employment, but also permanent employment, for the target populations.

## Challenges

### Definitions and Organization

County definitions regarding Social Enterprise and elements of the TJOP Program align, but are broader than the State's proposed definition of Social Enterprise in SB 1219. SB 1219 would require that at least 51% of a business's employees have barriers to employment to qualify for Social Enterprise preference. The County does not intend to implement this 51% parameter for Social Enterprise or TJOP programs; to do so would significantly decrease the already small pool of vendors that qualify for either of these designations.

### Unchartered Territory

Historically and as previously discussed in this report, the County has rooted its preference programs for LSBEs and DVBEs in already-established State preference programs. This approach simplifies the certification process for the County and provides an extra layer of support when issues arise with program implementation.

[65] County Code section 2. 205, et. seq.

In contrast, ***the County of Los Angeles is quite possibly the first jurisdiction in the nation to develop a Social Enterprise certification and preference program and certainly is among the first in California.*** Although the State is in the process of developing a Social Enterprise preference program with SB 1219, the precedent has not yet been set. The County is simultaneously the advantages and disadvantages of being a forerunner in any arena. This delicate position increases the need for the County to carefully develop an efficient, effective, fair, and sustainable Social Enterprise program that has the ability to evolve as issues arise and lessons are learned.

## Objectives and Action Plan

### Draft Transitional Job Opportunities Preference (TJOP) Program and Social Enterprise Ordinance

The January 12, 2016, Board Motion instructs the County Counsel, in collaboration with the Chief Executive Officer (CEO) and the Director, DCBA, to *"draft amendments to relevant Ordinances centralizing the certification process, including modifications needed to the TJOP program Ordinance."* [66] To address this item, County Counsel in collaboration with the CEO, DCBA, ISD, and other relevant departments, drafted a proposed Ordinance that "amends Title 2 – Administration of the Los Angeles County Code, relating to the Transitional Job Opportunities Preference Program," taking into consideration findings presented in CEO reports on this subject from August, 2015.[67] The draft Ordinance includes the following proposals:

- Clarification to the program administration and certification
- Expansion of TJOP to encompass "Social Enterprises"
- Inclusion of for-profit businesses, in addition to non-profit organizations

The CIWG has further reviewed the draft Ordinance and has proposed the following revisions:

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[66] County of Los Angeles Board of Supervisors Motion: Item 9

[67] County of Los Angeles CEO Report to the Board of Supervisors: Feasibility of Establishing a Preference Program for Social Enterprises that Employ People Recently Released from Incarceration (Item 3, Agenda of May 12, 2015). August 13, 2015. http://file.lacounty.gov/bos/supdocs/100517.pdf

Report Back in the Evaluation of Existing Preference Programs I Purchasing and Contracting Activities (Item 3, Agenda of May 12, 2015). August 19, 2015. http://file.lacounty.gov/bos/supdocs/100518.pdf

- ***Renaming of the program to be the "Social Enterprise Preference Program"*** – This revision takes into account the County's broad definition of Social Enterprise and allows for expansion of the program to include Social Enterprises in addition to transitional workforce employers.
- ***Identifying transitional workforce employers as a social enterprise*** – This revision is more of a perspective and organizational shift that identifies Social Enterprises as the umbrella designation and transitional workforce employers as a category of Social Enterprises. This revision allows for a variety of other social, environmental, and human justice Social Enterprises to be included for preference in the future.
- ***Placing a cap on price preferences for all Social Enterprises*** – TJOP had no cap placed on its price preference calculations. This revision would place a $150,000 cap to be consistent with LSBE/DVBE recommended caps, as discussed in Chapter VIII, "Contracting & Procurement."

***Objective VI.1: By May 24, 2016, recommend changes to prepare the Transitional Job Opportunity Preference (TJOP) Ordinance with broader Social Enterprise implications for Board consideration***

| Action Plan Tasks | Lead Collaborators | Support | Target Completion |
|---|---|---|---|
| *1.* Draft Ordinance that amends the County Code related to the TJOP Program and permits a broader classification of Social Enterprise initiatives | ▪ County Counsel[68]<br>▪ CEO<br>▪ DCBA | | In progress; draft due to the Board May 24, 2016 |
| *2.* Solicit input | ▪ DCBA | ▪ Relevant County departments | In progress; May 12, 2016 |
| 3. Submit Ordinance to the Board for consideration | ▪ County Counsel<br>▪ CEO<br>▪ DCBA | | May 24, 2016; implementation planned for July 1, 2016 |

[68] County Counsel has been identified as the Lead in the various tasks of this action plan because it has been instructed to draft the amendments to relevant ordinances and deliver the ordinances, approved as to form, to DCBA for presentation to the Board for consideration. That said, the revision and finalization process is a collaborative effort that requires the involvement of a number of County departments, including DCBA, ISD, and several others.

## Social Enterprise Certification Program

### Involved County Departments/Committees/Taskforces

The County has multiple departments, committees, and taskforces, which currently work with organizations that are Social Enterprises, such as:

- Affordable Housing Coordinating Committee
- County Bioscience Taskforce
- County-wide Sustainability Council
- Department of Children & Family Services (DCFS)
- Department of Community & Senior Services (DCSS)
- Department of Health Services (DHS)
- Department of Mental Health (DMH)
- Department of Public Health (DPH)
- Department of Public Social Services (DPSS)
- Department of Public Works (DPW)
- Internal Services Department (ISD)
- Office of the Chief Executive Officer (CEO)
- Proposition 47 Jobs and Services Taskforce

Collectively, this Utilization Plan refers to these departments, committees, and taskforces, as the "SE departments."

The County does not currently have a Social Enterprise certification process. It has focused on developing a definition for Social Enterprises. In the January 12, 2016, Board Motion, Item Number 8, the Board instructed DCBA and others: *"…to develop by May 31, 2016, a four-year Action Plan beginning July 1, 2016, to pilot social enterprise certification and procurement goals to be achieved in target industries and occupations by June 30, 2020."*[69]

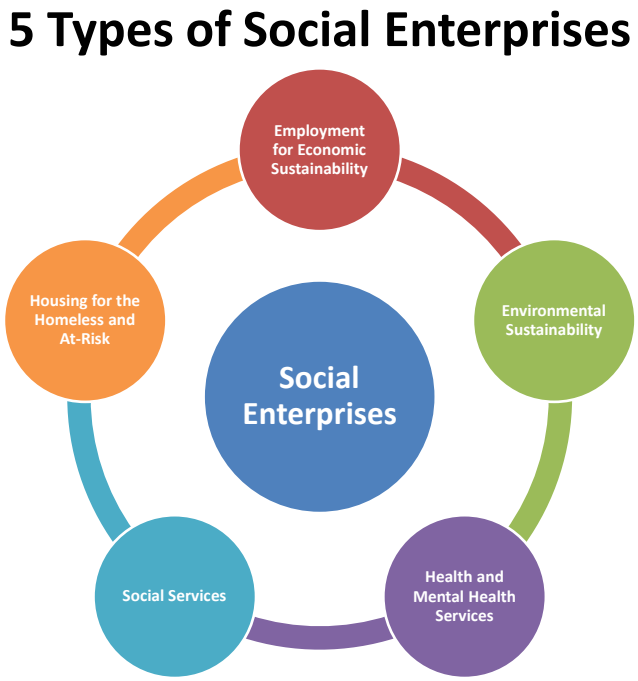
### Current County Initiatives

The County has a number of new initiatives underway that involve Social Enterprises, such as:

- ***Transitional Job Opportunity Program (TJOP)***, started in 2007 with a special interest in both transitional employment opportunities for the target populations
- ***Homeless initiative*** where the County contracts with Primes who will subcontract portions of the work with homeless individuals, recently homeless individuals, or people at risk of homelessness (starting June 30, 2016)

[69] County of Los Angeles Board of Supervisors Motion: Item 8

- ***Proposition 47 Initiative***, where the Board established two task forces to help residents convicted of felonies that are now eligible for reduction to misdemeanors under California's Proposition 47
    - The Los Angeles County Public Defender office has already handled approximately 16,700 petitions that have successfully had their charges reduced. The deadline to apply for downgrading of charges in most cases is November 2017.
    - The other task force consists of County officials, business and labor groups and is focused on developing ways to get ex-offenders into job training programs and connect them with other services.
- Five types of Social Enterprises were explored:
    - Employment for Economic Sustainability
    - Housing for the Homeless and At-Risk
    - Health and Mental Health Services
    - Social Services
    - Environmental Sustainability




**Certification Considerations Explored**

The CIWG discussed the following policy options to consider for the development of a Social Enterprise certification program:

- Do not certify Social Enterprises; continue the TJOP application process
- Establish an independent County certification for Social Enterprises
- Implement a tiered program that differentiates local Social Enterprises, by size
- Provide a certification designation for local Social Enterprises with principal offices in unincorporated areas of Los Angeles County
- Allow the dollars spent with certified local Social Enterprises to count toward departments' LSBE targets

The CIWG also discussed whether the Social Enterprise certification process should:

- Interface with the County's vendor certification software
- Promote multiple certification options and maximum reciprocity among certifying entities, including but not limited to Federal, State, and local agencies
- Consider centralizing the certification process with modifications to the TJOP Program
- Extend the price preferences available for certified LSBEs and DVBEs to certified Social Enterprises for consistency
- Extend LSBE and DVBE benefits to certified Social Enterprises for consistency
- Allocate resources to enhance existing technical assistance provided to businesses seeking to certify and provide goods and services as certified business entities
- Assess the need to implement industry standard vendor certification software and data management

**Proposed Social Enterprise Certification Requirements and Services**

Table VI-1 contains the proposed criteria for a Social Enterprise Certification Program, including five categories of services, for Los Angeles County.

**Table VI-1: Proposed Social Enterprise Basic Requirements and Services**

| Social Enterprises | Description |
|---|---|
| **Basic Requirements** | ▪ Must provide services in at least one of the Social Enterprise categories<br>o Must define its services and demonstrate that it meets the criteria defined in the Social Enterprise categories<br>o Except for Environmental Sustainability Social Enterprises, must define the population it serves and/or employs, including numbers of past and planned participants, and demonstrate that it meets the criteria defined in the Social Enterprise categories; candidate populations can be one or more of the following:<br>▪ People who are homeless<br>▪ People who are formerly incarcerated<br>▪ People who have been out of work for an extended time period, including hard to employ and under-employed<br>▪ Emancipated youth |

| Social Enterprises | Description |
|---|---|
| | ▪ At-risk youth<br>▪ Individuals with a physical, cognitive, or mental disabilities<br>▪ Individuals with addictions<br>▪ Low-income seniors<br>▪ Low-income children and families<br>▪ Veterans<br>▪ GAIN/CalWORKS participants<br>▪ Must be a private enterprise that is either:<br>o For-profit (corporations (including B corporations), partnerships, or sole proprietorships)<br>o Non-profit organizations (501(c)(3))<br>▪ Must have been in business for one year as a Social Enterprise<br>▪ Provide an authorized signature on an "Acknowledgement of Sanctions" form, prepared by the County of Los Angeles (based on the existing form used for CBEs) |
| **Must demonstrate the capability to provide services in at least one of these Social Enterprise categories:** | |
| **Employment for Economic Sustainability**[70] | ▪ Provide short-term or long-term, wage-paying, subsidized or non-subsidized employment that combines real work, skill development, and supportive services to a transitional workforce<br>▪ Must certify that a minimum of 51% of its workers on a County contract or purchase order is, or will consist of at the time of award or contract start, a transitional workforce<br>▪ Includes TJOP providers<br>▪ Includes welfare-to-work programs<br>▪ Includes programs related to the Prop 47 Jobs and Services Taskforce initiative |
| **Housing for the Homeless and At-Risk** | ▪ Provide support services and shelter to people who are homeless or at risk of becoming homeless, including individuals and families who lack permanent, stable, and safe shelter<br>▪ Includes programs related to the Affordable Housing Coordinating Committee initiative |
| **Health and Mental Health Services** | ▪ Operate a clinic that provides physical, behavioral, or population health care services in a manner geared toward improving the health and well-being of Los Angeles County residents, enhancing parity and equitable |

[70] The businesses and transitional workforce may be subject to the County's criminal background check policy and Live Scan (fingerprint) requirements, but this will not necessarily exclude individuals from being employed.

| Social Enterprises | Description |
|---|---|
| | access to care and services<br>▪ Demonstrate they can provide support services for target individuals |
| **Social Services** | ▪ Create, coordinate, or deliver programs and services related to seniors, domestic violence, child care, legal aid, and children and family development to empower them to become self-sufficient<br>▪ Demonstrate they can provide support services for target individuals |
| **Environmental Sustainability**<br>(see proposed pilot details in Objective VI.3) | ▪ Operate consistent with the requirements of the California Green Business Program (CGBP) (http://www.greenbusinessca.org/), including to:<br>o Demonstrate conservation of resources or pollution reduction in facilities design, fixtures, and maintenance, and operations (purchasing and other practices)<br>o Meet CGBP standard requirements<br>o Be certified by a city within Los Angeles County |

Note: "Support services" may include, but are not limited to, such services as counseling; individual case management; pre-employment job readiness training; daily monitoring of participants while on the job; progress monitoring of participants; assistance in acquiring services from other relevant assistance programs; provision of unsubsidized competitive employment opportunities; and assistance in applying for, obtaining, and maintaining unsubsidized competitive employment.

This next Action Plan addresses the Board Motion: *"…to develop by May 31, 2016, a four-year Action Plan beginning July 1, 2016, to pilot social enterprise certification and procurement goals to be achieved in target industries and occupations by June 30, 2020."*

***Objective VI.2:*** *Once the Board adopts the Social Enterprise Ordinance, implement a Social Enterprise certification program and monitor progress made annually through June 2020*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| 1. Develop the Social Enterprise certification process, procedures, forms, and linkage to ISD technology to track certified Social Enterprises | DCBA | SE departments | July 1, 2016 |
| 2. Coordinate the Social Enterprise efforts to be supportive of Proposition 47 initiatives | DCBA | Proposition 47 Task Force,<br>SE departments | June 30, 2016 and ongoing |
| 3. Educate involved departments about the Social Enterprise certification program | DCBA | SE departments PLUS their Small Business | July 1, 2016; ongoing |

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| | | Advocates | |
| 4. Launch and market the Social Enterprise certification program to targeted organizations with the potential to qualify (see Chapter VII on "Marketing & Outreach)<br>a. Compile lists of known vendors that qualify as Social Enterprises as per the description in Table VI-1<br>b. Reach out to these vendors to become certified Social Enterprises<br>c. Expand the lists as appropriate | DCBA | SE departments PLUS their Small Business Advocates | July 1, 2016; ongoing |
| 5. Extend the County's price preference program and cap for LSBEs and DVBEs to certified Social Enterprises | All County departments | ISD<br>DCBA | July 1, 2016 |
| 6. Develop Purchase Order language that would require Social Enterprise vendors to provide outcome measurements at key project milestone points | ISD | County Counsel, DCBA | December 2016 |
| 7. Work with involved County departments to develop appropriate outcome measurements, by type of Social Enterprise initiative, to be monitored | DCBA | SE departments | December 2016 |
| 8. After Year 1, reassess whether the County's prompt payment program for LSBEs and DVBEs should be extended to certified Social Enterprises based on experiences to date | DCBA | SE departments, ISD | June 2017 |
| 9. Monitor the State of California's progress in establishing a Social Enterprise certification program; determine if the County can "piggyback" on it and accept its certifications | DCBA | POL | Ongoing |
| 10. Report to the Board regarding number of certified Social Enterprises and related initiatives and outcomes | DCBA | SE departments | Quarterly in Year 1 through June 2017; bi-annually thereafter |
| 11. Analyze needed enhancements to the Social Enterprise certification program, including marketing/outreach and performance monitoring; refine the program as needed<br>a. Aggregate the outcomes, by type of Social Enterprise initiative<br>b. Perform random checks by touching base with County departments to verify reported outcomes | DCBA | SE departments | June 2017, annual thereafter |
| 12. On the basis of the annual reviews, recommend whether target goals should be set | DCBA | | June 2017, monitor progress annually thereafter |

**Future Considerations**

The proposed Social Enterprise certification process focuses on mission and intent of the contractor or vendor. DCBA's reporting to the Board can become complex, depending on the kinds of information the Board wants to know. Gathering information on some measurements will be easy (e.g., number of certified Social Enterprises, number of certified Social Enterprises doing business with the County, dollar amounts of Social Enterprise contracts, or County departments that have contracted with Social Enterprises). The contracts and purchase orders can even request that the Social Enterprises provide data on the number of individuals served; DCBA can compile such data for reporting to the Board.

Once certified as a Social Enterprise, the outcome measures for the Social Enterprise contractors or vendors would be in how effectively they provide the purchased goods or services, not how effectively they meet their "social" goals. A Social Enterprise that helps employ formerly incarcerated individuals to avoid recidivism by providing janitorial services would be certified on its mission and payroll records, showing formerly incarcerated employees; however, the outcome measurement for the contract or purchase order would be on how well the Social Enterprise completed the janitorial services, not the recidivism rate of its employees. As the County implements the Social Enterprise program, it will have to consider such questions as: What would happen if a Social Enterprise met all of the certification criteria, but performed badly on its social goals? Would it lose its certification even though it met all of the criteria for certification?

The County believes that Social Enterprises benefit society through their market-based, social-benefit efforts. In some cases, the County contract with the Social Enterprise may specify that a certain percent of the employees meet a certain definition; the Social Enterprise would then have to document (with DCBA or another department's verification) they were meeting this requirement.

Other social benefit metrics will be more challenging, but more meaningful in terms of the economic and social benefits to the County and targeted populations served (e.g., length of time participants are in program, retention rates for those employed, number of at-risk individuals transitioning to permanent employment, number of individuals at risk of becoming homeless who are no longer at risk, number of individuals no longer relying on County social services, etc.). Such social benefits are beyond anything that can be tracked in a contract or purchase order.

**Social Enterprise Certification Program for Green Businesses**

***County departments are currently involved in more than 300 environmental policies and initiatives.*** Several County departments have especially robust programs, including:

- ISD's County Office of Sustainability (COS), which is responsible for greening the County's facilities, particularly through energy efficiency programs and policies, and running several County-wide energy efficiency programs

- DWP's County capital projects and related sustainability programs
- The Department of Regional Planning (DRP) efforts on incorporating sustainable planning into the County's Planning Code
- The Department of Parks & Recreation various sustainability activities in its open spaces

The COS Environmental Initiatives Division (EID) works internally with County departments and represents the County locally and statewide to promote energy efficiency, sustainability, climate Action Planning, legislative review and advisement, and environmental programs and policies. COS, and EID more specifically, will be instrumental to achieving the following objective.

During the Summer 2015, the Board amended the Countywide Sustainability Policy (Board of Supervisors Policy No. 3.045) to better coordinate these efforts and created a Sustainability Council. The Council's role is to cohesively implement the Board's sustainability policies by developing a "County Sustainability Program Framework."

In March 2016, Supervisor Kuehl made a motion to create a Chief Sustainability Officer position within the Chief Executive Office to ensure that the County *"…truly becomes more environmentally sustainable and to weave an ethos of environmental sustainability into everything we do as a County."* The Chief Sustainability Officer is to facilitate the adoption and implementation of a Countywide Sustainability Plan.

***The proposed County Social Enterprise Certification Program's environmental sustainability focus differs from the other social enterprises.*** The California Green Business Network is a nonprofit organization that oversees programs operated by Chambers of Commerce, cities, and counties throughout California. Public agencies and the utilities that serve them are more receptive to work with such businesses. To be certified as a green business, an enterprise must demonstrate that it is environmentally friendly by conserving resources and preventing pollution in both their facilities (fixtures and maintenance) and operations (purchasing and other practices). The California Green Business Program[71] initially certifies businesses as "green" in terms of how they conduct their operations. As of April 2016, more than 3,000 California-based businesses are certified as green. Similar to the LSBE program, the Green Certification requires certification at the State level, combined with verification at the local level. The City of Los Angeles and City of Santa Monica are the first two cities in Los Angeles County to have contracted with compliance inspectors and auditors who go on site to verify compliance.

[71] www.greenbusinessca.org

ISD's COS has as part of its mission to coordinate energy, environmental, and sustainability programs ***within County operations, the County, and the region.*** The California Green Business Program has County and regional benefits in terms of environment change, greenhouse gas mitigation, and sustainability.

***Objective VI.3:*** *By June 2018, build on the local green business certification initiatives in place in cities in Los Angeles County and pilot a program with the unincorporated areas*

Note: A LSBE or DVBE could also obtain a Social Enterprise certificate as a green business, but will not be able to request double preferences.

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| 1. Coordinate with new Chief Sustainability Officer; brief the individual about this Action Plan and tasks | DCBA | Chief Sustainability Officer | September 2016 |
| 2. Accept local green business certifications approved by cities within the County, starting with the City of Los Angeles and City of Santa Monica, as Social Enterprises with an environmental sustainability focus<br>a. Business California Green Certification in the State of California may be confirmed and verified through the following website: http://greenbusinessca.org/ | DCBA | | December 2016 |
| 3. Encourage other large cities in Los Angeles County (e.g., Pasadena, Glendale, Long Beach) to adopt green business certifications with site inspections | ISD COS/EID | DCBA | December 2017 |
| 4. Consider a pilot program for businesses and industries in unincorporated areas to get certified (e.g., high energy users air, water, solid waste, or pollution prevention) Note: DGS has no certified green businesses in the County's Unincorporated Areas as of April 2016.<br>a. Define funding source to start a program in the County<br>b. Join the California Green Business Program through www.greenbusinessca.org<br>c. Decide what sectors to start with and expand on later; define rebate and incentive programs for businesses to participate | ISD COS/EID | DCBA | TBD; If pursued, pilot would begin December 2108 |
| 5. Monitor the number of certified green businesses through the existing California Green Business Program, which tracks businesses through its website | DCBA | | June 2017; annual thereafter |

### Pilot Social Enterprise Set-Aside Initiative

It is recommended that, County departments pilot a Social Enterprise set-aside initiative, building on the work in Chapter VIII, "Procurement & Contracting," on LSBE set asides. One form of a set aside that County departments can use Master Agreements; Master Agreements can be set up for Social Enterprises in one or more of the service categories. Enterprises on Master Agreements are "contract-ready" to do business with the County. The lead time is shorter for businesses to be selected to perform given task orders.

Opportunities to submit qualifications for such Master Agreements can be posted on WebVen. To make it easier for Social Enterprises, County departments might explore reciprocity of such Master Agreements with each other so that Social Enterprises do not have the onerous task of submitting their qualifications to multiple departments.

Some options include:

- Identify the lead department for a Master Agreement for a specific service. For example, DPH might be the lead on public health services offered through certified Social Enterprises. Any department could use this Master Agreement.
- Establish one solicitation for Social Enterprises where they submit qualifications for one or more services. Any department could then use Social Enterprises on this Master Agreement.

***Objective VI-D:*** *Beginning June 2017, pilot a Social Enterprise set-aside initiative*

| Action Plan Tasks | Lead Collaborators | Support | Target Completion |
|---|---|---|---|
| *1.* Solicit one department involved in Social Enterprises to pilot a set-aside program | DCBA | Pilot SE department TBD | December 2016 |
| *2.* Develop the parameters for a Social Enterprise set-aside program pilot | DCBA | Pilot SE department | March 2017 |
| *3.* Implement Social Enterprise set-aside pilot | Pilot SE department | ISD | June 2017 |
| *4.* Monitor use of the set-aside program and identify lessons learned for potential expansion for other Social Enterprise set-aside pilots | DCBA | Pilot SE department | June 2018; annually thereafter |

# VII – Marketing and Outreach

## Purpose

The overall Board objective being addressed in this chapter is to: ***Implement a targeted marketing campaign to advertise the benefits of being a County certified LSBE and DVBE***, including the price preference in all County solicitations for goods and services, Small Business Advocates and concierge services, and the 15-day prompt payment program for LSBEs. This chapter is designed to develop a coordinated, unified effort to identify, educate, register, and use LSBEs, DVBEs, and Social Enterprises so that departments can achieve their respective goals of 25% for LSBEs and 3% for DVBEs.

## Background

### Small Business Services (SBS)

Within DCBA, the Small Business Services (SBS) team administers the LSBE, CBE, and DVBE business programs and operates the Procurement Technical Assistance Center (PTAC). PTAC provides free counseling services, workshops, and training to small businesses on selling goods and services to and guidance on certifying with the County, State, and Federal governments. PTAC services the Los Angeles County region. SBS offers:

- Small Business Concierge services to assist prospective business owners to successfully open small businesses in the unincorporated areas of Los Angeles County
- Small Business Saturdays, a free, informative workshop series to help prospective business owners in Los Angeles County
- Routine training events and expos that introduce small business owners to contracting with government agencies and networking with potential customers and other small businesses

The County currently has several initiatives to reach out and identify LSBEs and DVBEs, who might be interested in being vendors for the County. Examples of these types of efforts are:

- ***Networking Conferences*** – DCBA hosts networking events several times a year.
- ***Websites*** – ISD, DPW, and DCBA have websites that provide information regarding certification and vendor opportunities that interested vendors can access.

- ***Social media*** – DCBA increases awareness about contracting and procurement matchmaking opportunities with the County and other State and Federal contactors through Facebook and Twitter, including a Small Business-specific Twitter handle. DCBA highlights businesses that register with the County with the hashtag #LACountyCertified. The Architecture & Engineering Division (AED) group within DPW uses Twitter to communicate opportunities.
- ***Association events*** – DCBA attends many business-focused events and staffing information tables at Board events and conferences held by other organizations, such as chambers of commerce.

Table VII-1 displays a list of DCBA's outreach efforts during a recent three-month period.

**Table VII-1: DCBA Outreach Efforts and Business Concierge Services (January 2016-March 2016)**

| Date | Event Title | Hosted By | Participation | # of Attendees |
|---|---|---|---|---|
| **DCBA Hosted Events or Events where SBS Participated** | | | | |
| January 13, 2016 | Business Connections Event | DCBA | Speaker/Exhibitor | 140 |
| January 29, 2016 | Getting on the GSA Schedule Workshop | DCBA | Workshop | 21 |
| February 9, 2016 | Contracting Connections Event | DCBA & DPW | Speaker/Exhibitor | 250 |
| February 25, 2016 | GSA's Industry Day | General Services Administration (GSA) | Speaker/Exhibitor | 55 |
| February 25, 2016 | SBA LA County SB Day | Small Business Administration (SBA) | Speaker/Training Workshop | 39 |
| February 29, 2016 | Boyle Heights Chamber of Commerce Small Business Expo | Boyle Heights Chamber of Commerce | Speaker/Exhibitor | 50 |
| March 1, 2016 | NASA/JPL SDVOSB Industry Day | NASA/JPL | Speaker/Exhibitor | 500 |
| March 30, 2016 | USC SBDO Women's Business Summit | USC | Exhibitor | 50 |
| | **Total Participants** | | | **1,105** |
| **DCBA Business Concierge Services** | | | | |
| January 23, 2016 | Small Business Saturday Workshop | DCBA | Speaker | 35 |
| February 24, 2016 | SBI BizFed Stakeholder meeting | DCBA | Speaker | 12 |
| February 27, 2016 | Small Business Saturday Workshop | DCBA | Speaker | 12 |
| March 26, 2016 | Small Business Saturday Workshop | DCBA | Speaker | 13 |
| | **Total Participants** | | | **72** |

### Challenges and Limitations

Much of the information made available to targeted small businesses is passive in nature (e.g., website information) and is not designed to solicit collection of information about the businesses. Identifying and developing a database of targeted small businesses has not been prioritized. There is also no shared County-wide database of targeted small businesses, except for WebVen which does not have the most up-to-date information on businesses.

***KH Business Survey***

*66%or 1,340 respondents are interested in being certified with the County, but need more information.*

### Small Business Commission (SBC)

The Board also appoints Small Business Commissioners (SBC) to provide them with ongoing advice and support to help businesses grow and do business with the County. Even prior to the Board's motion, SBC has had a keen interesting in increasing and monitoring small business participation in County contracts. Therefore, SBC will be an important advisor for the Board and DCBA regarding progress made and needed adjustments for improving LSBE and DVBE utilization rates.

### LSBE Vendor Database Update

As discussed in Chapter IV, ISD and SBS conducted a targeted outreach effort to more than 3,000 State-certified small businesses that cited that they were headquartered in Los Angeles County. As a result of this outreach, the number of LSBEs increased from 655 LSBEs in April 2014 to 1,205 LSBEs in January 2015 – an 84% increase. During this same time period, the dollar amounts awarded to LSBEs increased from $113 million in FY 2013-2014 to $160 million in FY 2014-2015 – a 40% increase.[72] SBS has an ongoing effort—Grow the List—that continues to educate small businesses on the benefits of being County certified.

[72] "Report Back on the Evaluation of Existing Preference Programs in Purchasing and Contracting Activities (Item 3, Agenda of May 12, 2015, Prepared by the County of Los Angeles, Office of the Chief Executive Office, August 19, 2015, page 21 and Exhibit 1 and Exhibit 2.

## Objectives and Action Plans

The Marketing & Outreach strategies cluster in five areas:

1. Branding & Communication Channels
2. Market Segmentation (identify audiences)
3. External Marketing and Education for LSBE, DVBE, and Social Enterprise
4. Internal Departmental Marketing and Education
5. Progress Monitoring

### Branding and Communication Channels

The LSBE, DVBE, and Social Enterprise outreach initiative requires branding through logos and slogans. Developing the brand will involve:

- Identifying what marketing and outreach efforts are currently taking place in the County
- Cataloging and developing a database of organizations or agencies that "touch" LSBEs, DVBEs, and Social Enterprises
- Assessing the effectiveness of the "branding" efforts

Some of the ideas discussed with branding and catering the message involve:

***KH Business Survey***

*1,950 respondents were less positive about the County making it easy for small businesses to learn about bid opportunities (2.3 rating on a 1-4 scale with "4" being "high").*

***Effective Branding***

- An overall campaign motto of "Small Business? Go Big with LA County." This message will be modified as necessary to connect to our different audiences
- Consider a more "user-friendly" name for the entire LSBE, DVBE, and Social Enterprise programs
- Create a wordmark or logo for use on outreach materials

***Catering the Message***

- External branding, using specific LSBE, DVBE, and Social Enterprise channels ("Small Business? Go Big with LA County)
- Internal branding: County departments and agencies ("Go Big, Buy Small")

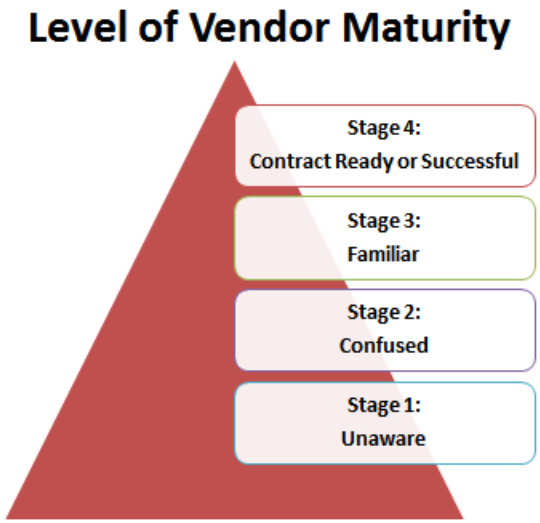
***Objective VII.1: Branding –*** *Develop a Small Business Utilization messaging strategy for reaching out to LSBEs, DVBEs, and Social Enterprises*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Develop an effective message and County-wide "brand" for this initiative | DCBA | DCBA<br>Small Business Advocates | July 1, 2016 |
| *2.* Cater the message to different audiences, internal County departments, and agencies, partnerships, general public and business communities | DCBA | DCBA<br>Small Business Advocates | September 2016 |
| *3.* Develop marketing lists based on target audiences | DCBA | | July 1, 2016, ongoing |

## Market Segmentation (Identify Audiences)

***Multi-tier approach based on readiness of firms to do business with the County.*** The County will want to use a multi-tier approach in reaching out to businesses. As illustrated in the diagram and elaborated on further in Table VII-2, there are at least four stages of vendor readiness, beginning with:

- Tracking LSBEs and DVBEs that are contract ready and may have been successful already in winning County contracts (Stage 4)
- Assisting enterprises that are already registered in the Los Angeles County Vendor Registration (WebVen) and appear to qualify as LSBEs or DVBEs, but still need to take the necessary steps to become certified (Stage 2 and Stage 3)

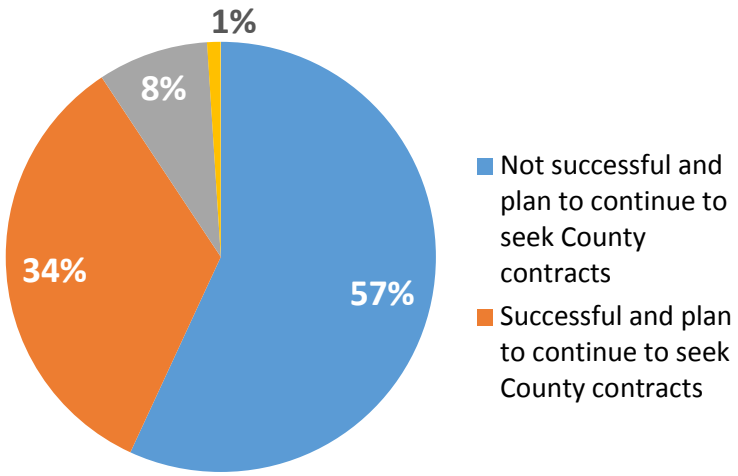


- The County currently has small businesses and DVBEs registered on WebVen, but not certified as LSBEs or DVBEs in the County. For example, the Department of Health Services (DHS) works with many medical practices and the Department of Public Works (DPW) works with architectural firms that qualify as LSBEs, but are not certified. These firms would be categorized as Stage 3 in the "Level of Vendor Maturity" diagram.

***KH Business Survey***

*Firms that are at Stage 4 – "Contract Ready" – include 660 businesses, reporting that they have been successful and plan to continue to seek County contracts.*

- Working with organizations, associations, and chambers to reach small businesses and disabled veteran business enterprises that are not currently registered with WebVen or certified so they know how to become certified and registered in the County (Stage 1 enterprises)
- The aim is to increase the number of LSBEs and DVBEs who are certified and registered so they are "contract ready" to work on County contracts or to be matched via piloted set-aside programs.




On the KH Business Survey, out of 1,942 respondents:

- Nearly two-thirds (65%) of the respondents indicate that they have not been successful in contracting with the County of Los Angeles.
- The majority plan, however, to continue to seek out opportunities to do so.
- Another 34% have been successful and continue to pursue work with the County. Only 1% of the businesses have given up.

**Table VII-2: Level of Contract Readiness – Vendor Life Cycle – A Conceptual Model**

| Contract Readiness | Status in LA County System WebVen Registered | Certified LSBE/DVBE | Vendor Activity and Reflected Needs | DCBA Support/Action |
|---|---|---|---|---|
| **Stage 4: Contract Ready – Successful** | Yes | Yes | ▪ Actively Bids<br>▪ Successful<br>▪ Realizes benefits of SBU program<br>▪ Embraces program<br>▪ Business grows and prospers | ▪ Maintain relationship<br>▪ Provide program updates/status<br>▪ Listen and provide feedback to enterprises<br>▪ Recognize success |
| **Stage 3: Familiar** | Yes (complete & accurate) | Maybe or In Progress | ▪ Occasionally bids<br>▪ Not routinely successful<br>▪ Needs more practice in responding, understands how system works<br>▪ Not tactical in what to bid on | ▪ If not certified, apply for certification status<br>▪ Ensure WebVen registration completed<br>▪ Educate; provide program updates/status<br>▪ Listen and provide feedback to enterprises<br>▪ Track in database; measure progress |
| **Stage 2: Confused** | Maybe (may not be complete or accurate) | Not Sure | ▪ Testing the process; first time in the system<br>▪ Has identified services or products needed by the LA County<br>▪ Not practiced in responding | ▪ Provide PTAC services<br>▪ Educate on how to overcome barriers<br>▪ Refer to support organizations<br>▪ Listen and provide feedback to enterprises<br>▪ Track in database; measure progress |
| **Stage 1: Unaware** | No | No | ▪ Never bid in LA County - inactive<br>▪ No LA County or government contracting experience | ▪ Offer concierge services<br>▪ Identify and invite them to events<br>▪ Introduce program benefits<br>▪ Help vendors get started |

***Objective VII.2: Identify audiences –*** *Stratify the LSBE and DVBE businesses to develop a targeted approach for rapidly increasing the numbers of certified LSBEs and DVBEs*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Develop a County-wide, shared, and accessible database for marketing to and reaching LSBEs, DVBEs, and Social Enterprises[73] | DCBA | ISD | In progress; ongoing |
| 2. Contact the 892 businesses that said they would like more information about how to do business with the County of the KH Business Survey | DCBA | | September 2016 |
| *3.* Identify eligible LSBE, DVBE, and Social Enterprise businesses already on WebVen; partner with County departments that work with these firms and encourage them to get certified (Stage 3 vendors) | DCBA | ISD, Small Business Advocates, County departments | September 2016 |
| *4.* Coordinate these outreach efforts with the Action Plans in Chapter IV for LSBEs to reach out to other SBE certifying agencies and jurisdictions, starting with the DGS list | DCBA | Other LSBE certifying agencies | In progress; see Chapter IV |
| *5.* Coordinate these outreach efforts with the Action Plan in Chapter V for DVBE to reach out to other DVBE certifying agencies and jurisdictions | DCBA | Other DVBE certifying agencies | In progress; see Chapter IV |
| *6.* Identify organizations and associations that work with LSBEs, DVBEs, and Social Enterprises;[74] inform them about benefits of getting certified; investigate feasibility of forming a relationship where organizations commit to featuring the County message on their websites, social media accounts, newsletters, etc. (Stage 1 and Stage 2) | DCBA | External Organizations & Associations | July 1, 2016; ongoing |
| *7.* Work with departments to identify and attract industries, services, goods, or equipment where they need larger pools of LSBEs, DVBEs, and Social Enterprises | DCBA | County departments | June 2018 |

[73] For example, the County of Los Angeles can coordinate with the State's Department of General Services (DGS) and any other jurisdictions that the County of Los Angeles recognize their certifications to obtain and confirm valid contact information for all State-certified SBEs that are headquartered in Los Angeles.
[74] Examples include Small Business Development Centers, American Legions, organizations in favor of Ban the Box, organizations etc.

## External Marketing and Education

### Value Proposition

The County should develop and promote the value proposition of why small businesses would want to become certified LSBEs ("*What's in it for me?*"); for example, part of the value proposition is:

- Access to outreach and networking workshops, seminars, conferences, business expositions, and vendor fairs
- Notification of and online access to County open bids through the WebVen website at http://camisvr.co.la.ca.us/webven/
- Heightened visibility with County procurement officers and inclusion in the County's vendor database used by all County departments
- Price preference program
- Prompt payment
- DCBA's PTAC and small business concierge services
- Potential new benefits as a result of this Utilization Plan and discussed in Chapter VIII on "Procurement & Contracting:"
  - Raised cap on departmental delegated authorities to $25,000 with two bids
  - Small business set-aside programs

The education program on how to do business with the County should cover information on how to:

- Become certified: www.osb.lacounty.gov/Certifications.htm
- Register with WebVen: http://camisvr.co.la.ca.us/webven/
- Understand the process of preparing responses to RFPs, RFBs, RFQs, etc.
- Review County procurement procedures, including County forms, price preferences, prompt payment program, etc.
- Conduct oral presentations when in finals

***KH Business Survey***

*892 respondents provided contact information to get more information from the County about LSBE, DVBE, and Social Enterprise certification and bidding.*

***KH Business Survey***

*Out of 1,988 respondents, 47% indicate that they are not aware of County opportunities/contracts.*

*29% said they did not know how bids are awarded. 23% lacked knowledge in submitting bids.*

- Request debriefings if fail to win a bid or contract

**Communications, Marketing, and Advertising Plan**

The County uses a variety of communication channels to reach businesses, including networking events, websites, WebVen, association events, trade shows, and community events. For the County to leverage its efforts, it should partner with other governmental agencies, associations, and organizations that have access to networks of businesses. Many organizations have databases of small businesses, DVBEs, and Social Enterprises that might be interested in become certified by the County, some of these organizations include:

***KH Business Survey***

*63% report that they have used services provided by the SBA, followed by the County's Small Business Services (38%) and SCORE services (35%).*

- ***Government agencies:*** California Secretary of State, DGS, Assessor, tax agencies
- ***Businesses:*** Utilities, Banks, Business Investment Districts
- ***Trusted advisers:*** Attorneys, accountants, banks, insurance brokers, etc.
- ***Associations/others:*** Universities, community colleges, chambers of commerce, entrepreneur associations, unions, sports leagues, etc.
- ***Other networks:*** Supply Chain Analysis of suppliers, trade journals, distributors, etc.

***Objective VII.3: External marketing and education –*** *Launch a marketing and education campaign for LSBEs, DVBEs, and Social Enterprises to learn how to become certified, identify bid opportunities, and prepare competitive bids*

The Action Plan outlines the various delivery systems that the County will use to reach LSBEs, DVBEs, and Social Enterprises and their respective organizations and associations.

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| 1. ***Collateral materials:*** Include, but not limited to, fact sheets, FAQ document, a how-to registration guide, brochures, posters, etc. | DCBA | | July 1, 2016, ongoing |
| 2. ***Education programs:*** Include a variety of programs, such as in-person workshops on how to get certified, guided webinars and videos, using the County's Learning Management System (Learning Net), etc. | DCBA | | June 2017 |
| 3. **Website content**: Establish a common portal for LSBEs, DVBEs, and Social Enterprises to access information within the County. The portal should include | DCBA | County-wide Communications | June 2017 |

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| eligibility requirements, collateral materials and videos on how to register/get certified with the County, other DCBA services, etc.[75]<br>*a.* Encourage County Departments to have Small Business Utilization information on their websites and current bid opportunities similar to DPW and the Department of Community & Senior Services (CSS) | | | |
| 4. ***Videos and Public Service Announcements (PSAs)***: Develop video PSAs to promote LSBEs, DVBEs, and Social Enterprises to do work with the County | DCBA | DCBA, Board offices | September 2016 |
| *5.* ***Earned media****:* Pitch to business publications, mainstream media, and niche media to gain publicity about the Small Business Utilization program | DCBA<br>Small Business Advocates | | July 1, 2016, ongoing |
| *6.* ***Paid advertising****:* If funding is available, pursue advertising across appropriate online and media formats | DCBA | | June 2017 |
| *7.* ***Social media***: Develop programs that use Social Media platforms such as Facebook, Twitter, and Instagram, to increase awareness and participation in the Small Business Utilization program | DCBA | | July 1, 2016, ongoing |
| *8.* ***Business outreach events***: Continue to host and attend events of partner organizations**.** | DCBA | Partner organizations | In progress, ongoing |

Once DCBA tackles this initial outreach, it may want to focus some of its efforts on Microbusinesses and on businesses located in unincorporated areas.

### Internal Departmental Education

***Objective VII.4: Internal Departmental Education*** *– Prepare information for departmental procurement staff to readily learn how to identify and use LSBEs, DVBEs, and Social Enterprises in the purchase of goods and services*

As discussed in Chapter X, each department should develop a Mini-Utilization Plan on how it will achieve the targets for LSBEs and DVBEs. Departmental procurement staff and Small Business Advocates will need to understand the changes outlined in this Utilization Plan and the new

[75] The portal could look something like the County's pages for the Aliso Canyon gas leak or El Niño.

Ordinances pertaining to LSBEs, DVBEs, and Social Enterprises, such as the revised price preference calculations; delegated authorities; vendor opportunities by Object Code; etc.

In addition, departments can help with marketing and outreach. For example, DPW will likely reach out to organizations in the construction industry to identify potential new LSBEs and DVBEs. Many DCBA marketing and outreach events may be attended by County departmental representatives. In other instances, initial follow-up and responses to initial inquiries from LSBEs and DVBEs will likely be at the departmental level.

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* County departments integrate the "message" and "brand" with their own departmental communications to identify, capture, and use LSBEs, DVBEs, and Social Enterprises in their procurement and contracting of goods, equipment, and services | DCBA | Small Business Advocates | September 2017 |
| *2.* Train department procurement staff on new County utilization programs and applications | ISD | DCBA | July 1, 2017, ongoing |
| *3.* Develop common messages about LSBE, DVBE and Social Enterprise initiatives | DCBA | Small Business Advocates | July 1, 2016 |
| *4.* Develop the Small Business Utilization (SBU) Advocate program so that:<br>*a.* Small Business Advocates have the authority and support necessary to lead the SBU program within their departments<br>*b.* Ensure consistency of the Small Business Advocates' roles and responsibilities across all departments<br>*c.* Departmental SBU Small Business Advocates can ensure development and implementation of the departmental Mini-Utilization Plans, described in Chapter X | DCBA; County departments | Small Business Advocates | In progress |
| *5.* Develop a program that incentivizes departments to improve their SBU percentages and share successes with other departments (e.g., a highly publicized County-wide award recognition for departments doing a great job with utilization) – See Chapter X, "Annual Reporting & Award Recognitions" for more details | DCBA | Small Business Advocates, Small Business Commission (SBC) | September 2017 |
| *6.* Track and report on small business success stories | DCBA | | In progress, ongoing |

## Monitoring Progress

***Objective VII.5: Monitoring pilots and progress –*** *Monitor effectiveness of marketing and outreach efforts on a quarterly basis*

Chapter X discusses in greater detail how DCBA will prepare an annual report with scorecards to document progress made each year. The County should simultaneously monitor the effectiveness of its marketing and outreach activities.

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* For County Departments, conduct quarterly review meetings to monitor progress and share successes and best practices | DCBA | Small Business Advocates | Quarterly, starting September 2016 |
| *2.* Recognize departments that make strides in achieving the targets. Note: This Action Step complements the proposed County Agency Recognition Awards (CARA), described in Chapter X.<br>*a.* As part of the award recognition, the County should post statistics/scoreboard<br>*b.* Award recipients should be featured in County Digest or other publications | See Chapter X for further elaboration | | June 2017, annual thereafter |

# VIII – Contracting and Procurement Changes

## Contracting and Procurement Changes

This chapter addresses what is necessary in terms of objectives and action steps for Contracting and Procurement to attain procurement goals of 25% for LSBEs and 3% for DVBEs by 2020 in the County. To achieve the 25% LSBE and 3% DVBE goals, the County will need to pursue multiple objectives.

- ***Increasing eligible vendors:*** Only if the eligible vendor pool increases dramatically during the next 3 to 5 years will it be possible to attain the goals. Chapters IV, V, and VII on LSBEs, DVBEs, and "Marketing & Outreach" address a central need to increase the pool of County-certified vendors
- ***Changing procurement and contracting:*** Combined with the increase in the vendor pool will be changes to the procurement and contracting processes that will increase the success of LSBEs, DVBEs, and Social Enterprises in competing for County contracts. Strategic and evidence-based decision-making will be necessary to identify the combination of procurement and contracting changes that will be required.

The County will begin by implementing changes – in some cases County-wide and in others on a pilot basis – and measuring their impacts. Those changes include:

- Higher price preference and changes to the cap
- Increase authority to award up to $25,000 with two bids for LSBEs, DVBEs, and Social Enterprises
- Bid opportunities where only LSBEs, DVBEs, and Social Enterprises can participate (set asides)

## Objectives and Action Plans

All County departments and many County employees are involved in contracting and procurement. Pursuant to State law, ISD serves as the County Purchasing Agent and must work in accordance with Federal, State, and County laws. In addition to the Small Business Advocates identified as a result of the Board motion in January 2016, the County has a contracting managers' network and a materials managers' network that represent the various County departments.

### Offer Higher Price Preference, Combined with Revised Cap

For ISD to produce historical data that might shed light on the positive or negative impacts that price preferences and caps have on making LSBE and DVBE firms more competitive would be a labor-intensive undertaking. The current price preference provides for the award to the lowest bidding LSBE that is not the lowest overall bidder when its price falls within the lesser of 8% or $50,000 of the lowest bid among all responsive, responsible bidders. The preference also applies to the price component of RFPs.

Local preferences are prohibited for contracts funded in whole or part with Federal funds. Construction contracts, in alignment with State of California regulations, apply a 5% preference.[76] On the basis of the CIWG discussions, the County should consider implementing an immediate increase of the price preference to 15% for eligible contracts.

***KH Business Survey***

*1,950 respondents know the County offers an 8% Price Preference for LSBEs and DVBEs on applicable solicitations and contracts (3.0 rating on a 1-4 scale with "4" being "high").*

The workgroup discussed the fiscal impact of eliminating the cap. Currently, for all contracts with an initial "low bid" of $625,000, an LSBE receives the benefit of a full 8% preference. With the planned preference increase to 15%, it will be important to change the cap; otherwise, contracts as small as $335,000 would "trip" the upper limit of the benefit. While it might be assumed that there is an upper limit on the size of contracts that a small business might be qualified to compete for, the same is not true for DVBEs; they can be large enterprises. Entirely eliminating the cap on the preference will expose the County to significant financial risk and increased expenditures, particularly for large contracts. Table VIII.1 presents information about the potential impact of cap limits.

[76] State of California, Government Code, Section 1483, enacted in 1973 http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=14001-15000&file=14835-14843

**Table VIII.1: Potential Cap Impact**

| Percent Preference | Proposed Cap | 100% of Preference Applies to Contracts up to… |
|---|---|---|
| 8% | $50,000 | $625,000 |
| 15% | 50,000 | $333,000 |
| 15% | $93,750 | $625,000 |
| 15% | $100,000 | $666,667 |
| **15%** | **$150,000** | **$1,000,000** |
| **15%** | **$200,000** | **$1,333,333** |

The CIWG proposes that the Board raise the cap to $150,000 for LSBEs and DVBEs and establish a $150,000 cap for Social Enterprises. In this fashion, the County is: a) being consistent across all programs and b) increasing both the preference percentage (to 15%), and the size of the contract to which the total preference applies (to $1,000,000). This simultaneous action is an important first step. Data collected will allow the County to better understand how effective the preference is as a tool to increase LSBE, DVBE, and Social Enterprise utilization without exposing the County to potentially hundreds of thousands of dollars of additional aggregated costs if the cap is totally eliminated. The analysis will permit additional fine-tuning of the preference/cap incentive.

***Objective VIII.1:*** *By July 2016, request Board consideration of implementing a higher price preference and revised cap for all eligible County purchases*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| 1. Draft and finalize County Ordinance changes | County Counsel | ISD/DCBA | May 2016 |
| 2. Submit for consideration to the Board | County Counsel<br>DCBA | ISD | May 2016 |
| *3.* Design measurement approach to evaluate impact of change | DCBA | Departments | July 2016 |
| *4.* Prepare outreach to inform vendors in Los Angeles County, including County-certified LSBEs, DVBEs, and Social Enterprises of changes to preference | DCBA | DCBA/Public Information Assistant | See Marketing and Outreach Action Plan |
| *5.* Evaluate impact and assess whether increases or decreases to cap authorization should be recommended, focusing on procurement of goods[77] | DCBA | ISD | May 2017 |

[77] Price preference for services differs because the County is purchasing the best value versus the lowest bid.

### Increase Authority to Award up to $25,000 with Two Bids for LSBEs, DVBEs, and Social Enterprises

Current County policy allows departments to award to an LSBE any eligible contract valued at up to $5,000 with only one bid, so long as guidelines are followed.

Effective upon completion of the necessary policy changes, the departments may issue awards between $5,000 and $25,000 to LSBEs with a total of two bids from LSBEs, DVBEs, or Social Enterprises. ISD will process the awards to:

- Ensure the award is consistent with the LSBE, DVBE, and Social Enterprise justifications
- Ensure checks and balances are in place
- Identify patterns when a department is overly reliant on a particular vendor to identify the need to rotate vendors

Note: The use of this delegated authority is voluntary and available for departments that would like to use it to achieve their LSBE and DVBE targets.

Moreover, funding providers, such as Federal and State agencies, have also established guidelines that prohibit offering preference programs because these programs tend to increase reimbursable program costs. To ensure compliance with these guidelines, County departments will need to be cognizant of funding sources and ensure using preferences when selecting vendors does not compromise compliance with these provisions. In addition, departments should consult funding providers or County Counsel when they are uncertain whether preference programs are permitted. Some funding providers may disallow all expenses where a preference program was used. Therefore, even departments that provide services to other departments with these restrictions could be affected. For example, the Auditor-Controller's contract monitoring staff members, who audit programs paid for with Federal funds, may not be able to use the preference program for purchases of supplies or equipment used in their audits, because these costs would ultimately be recovered through the Auditor-Controller's staff's billing rate/overhead rate.

***Objective VIII.2:*** *By July 2016, request Board consideration of implementing the necessary changes to permit awards up to $25,000 with two bids for LSBEs, DVBEs, and Social Enterprises.*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Draft and clear policy and process changes for handling increased delegated authority of $25,000; incorporate new policy into training | ISD | Auditor/Controller | May 2016 |
| *2.* Review guidelines for current authority to ensure that they are appropriate for | ISD, | | May 2016 |

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| higher delegated authority | Auditor/Controller | | |
| 3. Produce regular reports to the Board that includes identifiable procurements and contracts issued under the new two-bid delegated authority policy; supply copy of the report to DCBA | ISD | | June 2017, ongoing |
| 4. Update associated ISD and Board policies as needed | ISD | | July 2017 |
| 5. Monitor the delegated authority level; determine if it might be raised, based on County and DGS experiences | A-C<br>ISD | | July 2017 |

**Offer Bid Opportunities Where Only LSBEs, DVBEs, and Social Enterprises Can Participate (Set Asides)**

Implementing set-aside procurement opportunities requires significant analysis. Among the issues to be addressed before expanding pilot approaches are:

- What commodities and services currently purchased by the County can be provided by an appropriately sized pool of LSBEs, DVBEs, and Social Enterprises?
- How might raising the Board-delegated authority to award set-aside contracts for services impact County-wide use of this tool?
- How might the implementation of set-aside procurements affect the number of County-certified businesses?
- Which Departments are most likely to be successful in managing this procurement approach?
- What guidelines are appropriate for the use of this tool?

There are several approaches that might be implemented. Small businesses are often unwilling to bid on contracts in which they must travel to any location in the County – providing that level of coverage makes it unprofitable for them. Departments may want to consider a small business set-aside where the County is geographically split, and responders can bid on one or more locations. In this fashion, several small businesses can be successful in providing services County-wide. Examples might include landscaping, or graffiti removal. Other departments might explore Master Agreements for repetitive services offered only to LSBEs, DVBEs, and Social Enterprises.

***KH Business Survey***

*Out of 1,988 respondents, 46% find it difficult to compete with large companies.*

The recommended pilot to be implemented initially will be to develop set-aside contracts to assist DCBA in expanding the LSBE, DVBE, and Social Enterprise pool

through outreach efforts. This mirrors a similar program undertaken at LAMTA, and generates two benefits: providing an opportunity to identify and address the policy and other barriers that have prevented set asides in the past, and assisting the County in expediting the implementation of this utilization strategy. From that initial effort, guidelines will be prepared and a second pilot program or set of contracts will be launched.

***Objective VIII.3:*** *By July 2017, complete evaluation of pilot set-aside procurement approach*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| 1. Establish a Work Group to identify potential set-aside approaches applicable to selected departments | DCBA | Work Group | June 2016 |
| 2. Identify legal issues, County policy, or other guidelines that affect the issuance of the initial set-aside procurement | County Counsel, County departments | ISD | June 2016 |
| 3. Research best practices in set-aside programs | Work Group | County departments | July 2016 |
| 4. Solicit Board consideration of changes needed to implement pilot approaches | DCBA | ISD, Work Group, Involved County department(s) | December 2016 |
| 5. Develop target approaches for second pilot set-aside contract | Work Group | Work Group | September 2016 |
| 6. Solicit Board of Supervisor approvals necessary to implement pilot approaches | Pilot Department(s) | DCBA, ISD, County Counsel, Work Group | December 2016 |
| 7. Implement pilot program | DCBA Pilot Department(s) | | January 2017 |
| 8. Analyze impact of initial set-aside procurements on utilization of LSBEs and DVBEs | DCBA | Work Group | July 2018 |
| 9. Assess feasibility of expansion of pilot set aside program | DCBA | | July 2019 |

**Future Considerations**

The Board has a policy that requires solicitations greater than $10,000 to be advertised. This policy can still apply for set-asides or delegated authorities, but the advertisements should clearly state that they are a LSBE, DVBE, or Social Enterprise set-aside or that the maximum bid must be under $25,000.

After the County has some experience with increased LSBE and DVBE participation levels, it should consider incorporating practices used with other large jurisdictions, such as:

- ***Federal Acquisition Regulations (FAR) Part 13—Simplified Acquisition Procedures (SAP).***[78] The Federal Government has long-standing, simplified acquisition procedures that may provide insights for the County in developing simplified procedures for LSBEs, DVBEs, and Social Enterprises. The Federal Acquisition Regulations (FAR) Part 13—Simplified Acquisition Procedures (SAP) – were designed to:
    - Reduce administrative costs
    - Improve opportunities for small, small disadvantaged, women-owned, veteran-owned, HUBZone, and service-disabled veteran-owned small business concerns to obtain a fair proportion of Federal government contracts (i.e., get a "foot in the door")
    - Promote efficiency and economy in contracting
    - Avoid unnecessary burdens for agencies and contractors

  The simplified acquisition procedures apply to the acquisition of supplies and services, including construction, research and development, and commercial items. The aggregate amount cannot exceed the simplified acquisition threshold of $7 million ($13 million for some specific acquisitions described in FAR 13.500(c)), including options.

  The Federal guidelines also address acquisitions of supplies or services that have an anticipated dollar value not exceeding $150,000 (or $300,000 for acquisitions in some specific areas outlined in FAR 2.101) and are reserved exclusively for small business concerns as set asides. The ***Federal contracting officer may make an award to a small business concern*** under 8(a) Program, HUBZone Program, DVBEs under the Service-Disabled Veteran-Owned Small Business (SDVOSB) Program, and Women-Owned Small Business (WOSB) Program.

- ***State of California.*** DGS has "Simplified Acquisition Procedures" that may be used for contracts up to $100,000[79] As noted in Chapter V, "DVBEs," DGS permits departments to solicit a minimum of two certified DVBE businesses to obtain price quotes for goods, IT goods and services, and personal services between $5,001 and up to $249,999.00, and up to $147,000 for public works.

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[78] Source: Federal Acquisition Regulations (FAR) Part 13—Simplified Acquisition Procedures https://www.acquisition.gov/far/html/FARTOCP13.html
[79] State of California, DGS, Statewide SB/DVBE Advocate Toolkit (revised February 2012) http://www.documents.dgs.ca.gov/pd/events/AdvocateToolKit/ToolKitGlossary.pdf

DGS has also issued the "Emergency Acquisitions Guide (Guide, 2015)"[80] to address how to obtain goods and services expeditiously in the event of an emergency or disaster. The Guide emphasizes that: *"Whenever possible departments should attempt to procure goods and services with CA certified Small Business and Disabled Veterans Business Enterprises"* (Guide, 2015, page 13).

## Other LSBE, DVBE, and Social Enterprise Support

On the KH Business Survey, 1,988 respondents answered the question pertaining to barriers to doing business with the County of Los Angeles. In terms of contracting, respondents identified such barriers as the amount of time required to complete the paperwork (35%), too many regulations (19%), insurance and bonding (13%), narrow specifications (11%), contract terms (10%), and long lead times (8%).

CIWG discussed a variety of options for reducing barriers for small businesses doing business with the County.

***KH Business Survey***

*35% identified the amount of time required to complete the paperwork as a barrier to bidding, along with other issues.*

### County of Los Angeles Contracting Requirements

Departments have reported complaints, reinforced by the comments on the KH Business Survey conducted as part of this planning effort, that the contract terms required for all County vendors are particularly onerous for small businesses. They fall into two principal categories:

- ***Cost and risk related.*** The County's insurance requirements, coupled with broad insurance and indemnification thresholds, are often difficult and expensive for small businesses to meet. When performance bonds are required of construction small-business contractors, it can be an added burden that limits the ability of the small business to seek bonded work with other clients.
- ***Social responsibility related.*** The County requires a variety of assurances of its contractors, including paying staff salaries when they are called to jury duty for small businesses with more than 10 employees and ensuring that all contractors have paid property taxes.

These terms are included in a contract of more than 26 pages of small type that can be intimidating to small businesses, especially those owned by people for whom English is a second language. A long-term solution might call for an on-line, interactive capability that walks vendors through the boilerplate language. If it were possible to store the responses of the vendors, then businesses that win multiple contracts with the County could simply attest that the answers have not changed, responding only to the items that have changed.

[80] http://www.documents.dgs.ca.gov/pd/eProcurement/DGSEmergencyAcquisitionsGuide.pdf

Furthermore, by accepting even the smallest Purchase Order by the County, a small business is required to adhere to all elements of the standard County contract, including indemnification and insurance requirements. Unless small businesses expect significant repeat business from the County, the costs of insurance will vastly exceed the revenues associated with a $25,000 award. The County will need to address this potential barrier, assessing what level of assumed risk may be acceptable, and for what kinds of small contracts awarded to small businesses.

***Objective VIII.4:*** *By May 2017, evaluate contract term simplification for LSBEs, DVBEs, and Social Enterprises*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Review the KH Survey results to identify most critical barriers | DCBA | | June 2016 |
| *2.* Evaluate options and make recommendations for changes to boilerplate contract language for targeted awards. | DCBA | ISD<br>County Counsel<br>Risk Management | September 2016 |
| *3.* Review the Federal and California simplified acquisition policies and procedures and identify means for further streamlining of contracting and procurement when contracting with LSBEs, DVBEs, and Social Enterprises | DCBA | ISD,<br>Auditor-Controller<br>County Counsel | June 2017 |

**Future Considerations**

The County should explore including practices used with other large jurisdictions, such as the Federal Acquisition Regulations (FAR) Part 13—Simplified Acquisition Procedures (SAP) of the DGS's "Simplified Acquisition Procedures," already discussed.

**Benefits**

The benefits of streamlined acquisition procedures and simplified solicitation documents, forms, and terms and conditions are multiple.

***Benefits to County***

- Reduced administrative costs and paperwork for processing and issuing routine contracts and amendments
- Increased vendor participation that will promote competition and lower costs for the County
- Exposure of enterprises that are new to County departments

***Benefits to Businesses***

- Reduced administrative costs and paperwork for submitting bids and proposals
- Additional business opportunities for LSBEs, Microbusinesses, and DVBEs in County government contracting and procurement
- Ability to understand the rules and policies that govern particular purchases and contracted services

### LSBEs, DVBEs, and Social Enterprises as Subcontractors

The State of California, CalTrans, and LAMTA were able to achieve their targets more quickly by tracking and incentivizing the use of LSBEs and DVBEs as subcontractors to Primes.

The County currently does not have the systems in place to track such information. Chapter IX, "Technology & Measurement" (Action Plan IX.3) describes the initial approach for such a tracking mechanism, which builds on the approaches of some jurisdictions that require Prime contractors to submit their plans to use SBEs and DVBEs at the time of the submission of their proposals. The Prime verifies that the subcontractors are certified by the needed jurisdiction. The Primes are also responsible for reporting at the end of the project that they used the subcontractors as planned.

***To achieve its targets, it will be helpful for the County to develop programs that incentivize businesses for increasing LSBE and DVBE participation in County contracting and procurement activities.*** For example, at the State level, DGS has a Non-Small Business Preference (NSB) program, which offers a preference to non-small businesses that commit to at least 25% small business participation in their bid response. The small business subcontractors must be certified at the time the bid or proposal is submitted. Application of the NSB preference may result in the firm being awarded the contract. The NSB cannot be used to displace the low bid of a certified small business bidder in the State of California.

At the Los Angeles Community College District (LACCD), the RFP specifications indicate the Prime contractors' prior track record in using LSBEs and DVBEs will be weighed as part of the evaluation of the firm qualifications. This approach places a premium on firms that effectively use LSBEs and DVBEs and motivates Primes to perform better in using LSBEs and DVBEs to improve their track records.

***KH Business Survey***

*1,950 respondents were less optimistic about Prime contractors adhering to their commitments to use the LSBE or DVBE firm once they won the contract (2.2 rating on a 1-4 scale with "4" being "high").*

***KH Business Survey***

*1,950 respondents indicate that most firms only participate with certified businesses to comply with bid or proposal requirements (3.2 rating on a 1-4 scale with "4" being "high").*

Consistent with the State's program, the County may want to identify and provide guidelines for offering incentives to Prime contractors to increase their use of LSBEs, DVBEs, or Social Enterprises as subcontractors.

***Objective VIII.6:*** *By June 2018, launch a trial approach that provides incentives for Primes to use LSBEs, DVBEs, and Social Enterprises as subcontractors*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Based on findings from the pilot technology approach to tracking the use of LSBE, DVBE, and Social Enterprises as subcontractors, develop County-wide recommendations on vendor subcontractor tracking (See Chapter IX) | DCBA | ISD, Auditor Controller | June 2017 |
| *2.* Develop programs to support potential subcontractors who are eligible for certification in becoming certified as LSBEs, DVBEs, or Social Enterprises | DCBA | | June 2017 |
| *3.* Identify two departments to participate in a trial procurement for up to 3 contracts with inclusion of LSBE, DVBE, or Social Enterprises as subcontractors | DCBA | Pilot departments | June 2018 |
| *4.* Develop solicitation approach to pilot | Pilot departments | DCBA, County Counsel | September 2018 |
| *5.* Evaluate program success | DCBA | | June 2019 |

**Challenges**

***The departments have reported that the tracking, contract monitoring, and compliance of LSBE and DVBE subcontractor usage will be a major challenge, given the current systems and technology in place.*** Chapter IX, "Technology & Measurement," discusses the difficulty of getting data associated with planned and actual subcontractor revenues from County contracts. As those barriers are addressed, and contractors are regularly reporting on subcontractor usage, incentives such as awarding extra points to firms who have demonstrated use of LSBEs, DVBEs, and Social Enterprises in previous contracts can be considered.

# IX – Technology and Measurements

This chapter addresses what is necessary in terms of information technology needed for capturing information about LSBEs, DVBEs, and Social Enterprises working in the County, including:

- Tracking and monitoring utilization, by County department
- Capturing subcontract dollars using third-party software (by January 1, 2017)
- Development of metrics for evaluating progress, along with guidelines and procedures for posting the results vis-à-vis the County's utilization goals, by County department

## Assessment of Current Technology and Existing Metrics

An assessment was conducted regarding data availability to regularly report the industrial classification of small businesses in the County, and the nature or type of goods and services purchased by County agencies.

### Data Availability and Gaps

**Purchase Data Availability**

As described in Chapter III, there are differences in the ways services and commodities are purchased that affect what data are available for each. Table IX-1 describes the differences and implications.

**Table IX-1: Differences and Implications in the County's Commodities and Services Procurement System**

| What is Purchased | Procurement System[81] | Available Data | Gaps/Issues |
|---|---|---|---|
| **Commodities Procurements** | ▪ eCAPS<br>▪ eCAPS Procurement Module | ▪ Awards – Counts and dollar amounts<br>▪ Bid amounts recorded in the system associated with awards<br>▪ Payments – Counts and dollar amounts<br>▪ Vendors – Certified LSBE status | ▪ Data reliability problems: Object Codes may not be consistently applied across the County and departments manage subdivisions of the Object Codes to gather more specific information. Those codes are department-specific.<br>▪ Non-certified SBEs not tracked |

[81] Not all of the hospital facility procurement offices in DHS use ECAPS for commodity procurements

| What is Purchased | Procurement System[81] | Available Data | Gaps/Issues |
|---|---|---|---|
| | | ▪ Preference awards<br>▪ County Financial Categories for awards and payments (i. e. , Object Codes) | ▪ The existing system infrastructure that tracks LSBE vendors to be modified to track DVBE and Social Enterprises as of July 1, 2016 |
| **Services Procurements** | ▪ eCAPS<br>▪ Contract Management Systems | ▪ Awards – Counts and dollar amounts<br>▪ Payments – Counts and dollar amounts<br>▪ Vendors - Certified LSBE status<br>▪ Preference awards<br>▪ County Financial Categories for awards and payments (i. e. , Object Codes) | ▪ eCAPS Procurement not used<br>▪ Pre-award system largely paper driven<br>▪ No tracking of subcontractors – only Primes<br>▪ No identification of whether LSBEs or DVBEs included in bids as subcontractors<br>▪ No tracking of subcontractor payments<br>▪ Non-certified SBEs not tracked<br>▪ Some departments' contract management systems may track some of the needed data |

The County recognizes that including LSBE subcontractor payment amounts will be important, yet there is currently no way to track whether LSBE subcontractors were included in the proposals, and how much subcontractors are paid, which will reflect whether LSBEs were used as anticipated. Information on LSBE and DVBE subcontractors will help departments reach their targets.

Program improvements to eCAPS scheduled to be completed in early July will permit both the tracking of LSBE, TJOP, and DVBE data, and capturing information on preference programs, as the programs are further defined. Such information is needed for tracking and monitoring utilization outcomes.

**Vendor Data Availability**

The County uses eCAPS and WebVen systems to track vendor information.

- **eCAPS** is the system that hosts the County's master vendor table.
- **WebVen** is the system where vendors register to be added to the County's master vendor table in eCAPS. On WebVen, vendors manage their profiles, which contain contact information, NIGP codes for the commodities and services provided, size, and whether they are County-certified LSBEs. Their WebVen data about size is not verified. To bid on a County Contract, vendors must register in WebVen.

WebVen interfaces with eCAPS, and there is a data set that cross-walks NIGP codes to County Object Codes. WebVen includes information about more than 73,000 vendors. The KH Survey was distributed to approximately 53,000 of the WebVen vendors who had provided email addresses. Between 19,000 and 20,000 of them returned as undeliverable, indicating that WebVen has at least 27% of its vendors not receiving notifications of procurement and contracting opportunities. Therefore, the County's vendor pool may not be as robust as it desires it to be overall. There is no program to actively manage WebVen and purge vendors who are no longer in business or have invalid emails.

There are non-County databases with small business information. The Federal Government and the State of California certify small businesses, but do not use a consistent definition of "small." The Federal Government uses NAICS codes to identify vendor categories, and does not track to NIGP or County Object Codes. The County has reached out to small businesses listed in those databases with headquarters located in Los Angeles, as discussed in Chapter IV. In addition, the Los Angeles Economic Development Corporation (LAEDC) gathers information on businesses in Los Angeles, and has estimated that there are more than 200,000 small businesses here; however, the County does not know how many of them provide services or goods purchased by the County.

## Objectives and Action Plans

The objectives and Action Plans focus on key tasks for developing the systems for successfully planning, measuring, and tracking success vis-a-vis the targets and Utilization Plan; these tasks are:

- Task 1 – Develop an application for reporting progress
- Task 2 – Identify programs suited to LSBEs, DVBEs, and Social Enterprises
- Task 3 – Monitor utilization performance
- Task 4 – Develop a utilization tracking system, including posting County payments to LSBEs, DVBEs, and Social Enterprises to the Open Data site

### Reporting Utilization

*Task 1 – Develop an application for LSBE, DVBE, and Social Enterprise reporting*

The ambitious targets associated with this Utilization Plan require participating departments to have access to reports about award and expenditure data so they can plan and track actual progress in much greater detail than is currently available. Further, with the implementation of additional preference programs (e.g., DVBE and Social Enterprise), it is anticipated that DCBA will be called on to provide reports for these

programs, similar to the current reports for the LSBE program. To date, the reporting of awards and expenditures supporting the formulation of this Utilization Plan has been done on an *ad-hoc* basis from the current WebVen/eCAPS systems. Moving forward and for the long term, that method of reporting will not be able to meet the needs of departments and DCBA in a timely manner.

***Objective IX.1:*** *By December 2017, implement a data reporting system for use by Departments and DCBA in planning, implementing, and monitoring LSBE, DVBE, and Social Enterprise utilization*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| 1. Until a data reporting system is put in place, have ISD continue to provide DCBA *ad-hoc* reports as DCBA requires until the application has been implemented | ISD | DCBA | In place; ongoing until new systems put in place |
| 2. Evaluate requirements for a system based on departmental and DCBA data needs | ISD, Auditor Controller | DCBA Departments | April 2017 |
| 3. Review technical options to address data needs | ISD, Auditor Controller | DCBA | June 2017 |
| 4. Install system; train departments in system use | ISD, Auditor Controller | DCBA Departments | December 2017 |

It would also be advantageous for the County to offer WebVen registered vendors with access to vendors interested in subcontracting. Such information would make it easier for businesses to connect with Primes; the site could also provide a DCBA link for businesses to obtain help with becoming certified.

**Identification of Programs Suited to LSBEs, DVBEs, and Social Enterprises:**

***Task 2 –*** *Detail a process for future County contracts to evaluate their applicability to programs for certified or qualified but not yet certified LSBEs, DVBEs, and Social Enterprises to determine the County's total available expenditure for these programs*

To achieve the objectives outlined in the Board Motion, each County department must establish and meet targets for acquiring its goods and services from LSBEs, DVBEs, and, Social Enterprises, both as Prime contractors and as subcontractors. The targets will be developed in consultation with DCBA, and reflect each department's anticipated procurements and contracts, as well as the availability of LSBEs, DVBEs, and Social Enterprises to compete. Actions described in earlier chapters outline ways to increase the number of County-registered LSBEs, DVBEs, and, Social Enterprises – increasing the pool of potential vendors.

There are several steps to developing targets for LSBE, DVBE, and Social Enterprise contracting, described in Table IX-2:

**Table IX-2: Steps in Developing LSBE, DVBE, and Social Enterprise Contracting Targets**

| Steps in Developing Departmental Contracting Targets | Data and Technology Challenges and Issues |
|---|---|
| **LSBEs as Primes** | |
| 1. Identify where the types of products and services used by the department intersects with the types of products and services offered by small businesses in Los Angeles | ▪ Imperfect "crosswalk" between information about purchases (County Object Codes) and information about goods/services provided by small businesses that are not County certified (NAICS codes) |
| 2. Assess how many of those small businesses are or could be persuaded to become County-certified LSBEs and DVBEs | ▪ WebVen data reliability regarding business size<br>▪ Unproven effectiveness of any newly launched programs to increase size of LSBE and DVBE pool<br>▪ Inconsistent information in databases maintained by LAEDC, SBA, and State of California |
| 3. Project the need for those goods and services over a time period of 1 to 3 years | ▪ Historical trend data available, but may not be reliable indicators of future purchases<br>▪ Guidelines for qualifying reliable indicators should be developed and implemented County-wide |
| **LSBEs as Subcontractors** | |
| 4. Evaluate contracts due to expire over the next 1 to 3 years to determine how much direct and ancillary work performed under the contract could be performed by LSBEs, DVBEs, and Social Enterprises | ▪ No information available about subcontractor expenditures in current contracts across all County departments<br>▪ No capacity to track actual payments to subcontractors<br>Note: In 2011, DPW used a program called *B2Gnow* that tracked subcontractor payment data for a limited number of contracts. It is no longer being used. |

In support of Task 2, the following initiatives must take place:

- ***Identify contracts and Object Code-level expenditures to project potential expenditures for LSBE, DVBE, and Social Enterprise programs*** (also discussed in Chapter X). Although an initial high-level assessment of the eligible expenditures has been completed, integrating the identification of such expenditures into the budget planning process will enhance the potential success of these

programs. During the budgeting process, County Departments prepare budget estimates for "020 expenditures" by Object Code. In addition to simply listing previous year actual and budget proposed figures, departments could indicate whether each Object Code would be eligible for the programs and the LSBE, DVBE, or Social Enterprise utilization goal for that Object Code. Standard reasons for exclusion might be included (e.g., pre-existing multi-year contract in place, sole source, County departmental work, large vendors only can do the work (utilities, water, and power), etc.) In that fashion, departments will conduct year-to-year assessments of their contract expenditures, adding eligibility when multi-year contracts expire, and building on success in the expansion of eligible LSBEs, DVBEs, and Social Enterprises that have the capacity to compete for contracts. Chapter X describes the departmental Mini-Utilization Plans, which covers this item.

- ***Increase consistency of Object Code identification for similar expenditures across departments.*** More consistent use across County departments of Object Codes for commodities and services will be necessary to develop effective contracting and procurement strategies for utilization of LSBEs, DVBEs, and Social Enterprises.

***Objective IX.2:*** *By June 2017, increase consistency in assigning Object Codes for similar commodities and services purchased by County departments*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Reissue Policy Guidelines about Object Code standards | Auditor/Controller | Departments/ DCBA | June 2016 |
| *2.* Conduct periodic assessment of compliance with standards | Auditor/Controller | Departments/ DCBA | Ongoing |

## Monitoring Utilization Performance

***Task 3 –*** *Track, monitor, and report the County's LSBE, DVBE, and Social Enterprise utilization performance*

The County currently can track and report LSBE utilization by department. Flexible IT programming, projected to be available in July 2016, will permit TJOP and DVBE monitoring going forward. Historical trend information will not be available. DCBA will need a software solution to produce routinely a standard report to update the Board on DVBE and Social Enterprise utilization, discussed in greater detail in Task 4.

It is not possible with the current systems to track, monitor, or report on the use of LSBEs and DVBEs as Tier 1 and Tier 2 subcontractors. A B2G now solution was used for certain DPW construction projects. The County can investigate its viability, along with other software solutions, for use with both construction and non-construction services.

***Task 3 requires the County to track payments to subcontractors.*** Until a more comprehensive means of monitoring subcontractor expenditures – an enterprise solution – is developed, the County will explore interim mechanisms. DCBA has been implementing a manual process for Job Order Contracts (JOC), requiring a Prime vendor to declare at the beginning of the contract its intention to use LSBEs, as well as the anticipated expenditures for those services. When the contract is closed out, the Contract Manager gathers actual expenditures. Lessons learned from this approach will inform potential expansion of these efforts. In addition, there are several County departments with Contract Management systems that may be able to track subcontractor expenditures. Assessing the potential for broader use of the application used by DPW in 2011 will also be considered.

It will be important for departments to be able to track and report subcontractor information. The County does not, and will not, pay subcontractors. The County's relationship is with, and will remain with, the Prime contractors, who are responsible to complete the contracted work. Because of that, the County does not have direct access to data about what is paid to subcontractors. It must rely on reports generated by the Prime contractors. The first step to be taken by the County is to be able to request information from the Prime contractors about its use of and payments to subcontractors. Therefore, it will be important to develop and include language in services and supplies contracts that require the Prime contractor to report regularly on anticipated and actual Tier 1 subcontractor payments. Without that requirement, departments will not be able to monitor subcontractor payments by the vendors.

Unfortunately, subcontractors are not currently required to be registered in WebVen. Therefore, there is no way for departments to know whether a subcontractor named in those reports is a certified LSBE, DVBE, or Social Enterprise, thereby being able to recognize the County's true "Indirect" LSBE expenditures. If subcontractors were required to register in WebVen, the County would benefit in two ways. First, the County would now have in its WebVen database information about contractors previously invisible to it – namely those subcontractors who had not previously registered in WebVen. It would thus gain direct access to vendors who might be interested in bidding on County contracts as Prime contractors – expanding the pool of potential vendors. Secondly, it would allow DCBA to offer support to subcontractors in navigating the State and County certification process, potentially expanding the pool of LSBEs, DVBEs, and Social Enterprises.

After contract language is developed, departments must assess which types of service contracts include subcontractors, and design a mechanism to capture the following data:

***For contracts awarded:***

- Name of Prime Contractor
- Name(s) of Subcontractor(s)
- Certified LSBE and DVBE status of Prime contractor and subcontractor(s)
- Dollar amount of award
- Estimated dollar amount to be paid to subcontractor(s)

***For contracts completed:***

- Actual amount paid to Prime contractor
- Actual amount paid to each LSBE and DVBE subcontractor(s)

It is recommended that the data be compiled and reported semi-annually in March and September of each year.

***Objective IX.3:*** *By January 2017, pilot approaches to track payments to LSBE, DVBE, and Social Enterprise subcontractors*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Establish departmental working group to develop a subcontractor tracking approach | DCBA | ISD<br>Participating Departments | July 2016 |
| *2.* Conduct department-level assessment to determine what systems currently in place (e. g., Contract Management Systems) or proposed to be installed are tracking or can track subcontractor payments | Subcontractor Workgroup, DCBA | ISD | September 2016 |
| *3.* Compile information on which types of service contracts currently use subcontractors | Subcontractor Workgroup, DCBA | Departments | September 2016 |
| *4.* Identify pilot departments that can develop reports with the required information for a subset of their contracts | Subcontractor Workgroup, DCBA | Departments | January 2017 |
| *5.* Evaluate data gathered and develop recommendations about future direction, including:<br>▪ Criteria for contracts to be tracked for subcontractor expenditures<br>▪ Best practices in gathering, compiling and reporting data | DCBA | Contractor, Work Group | January 2018 |

The County may consider developing an enterprise system with links to eCAPS, to capture intended expenditures with LSBEs, DVBEs, and Social Enterprises. When contracts are awarded, and encumbrances related to those contracts are entered into eCAPS, it may be possible for departments to identify planned subcontractor expenditures at that time. The County will then need to determine how and whether it will be

possible to record actual expenditures that were paid by the Prime vendors to subcontractors. Among the issues that would need to be addressed include:

- Feasibility and added workload associated with encumbrance inputting
- Feasibility and added workload associated with invoice processing to capture those data at the Departmental and Auditor/Controller level
- Necessity for and approach to validating subcontractor payments
- Departmental understanding of and adherence to new procedures associated with this effort.

In addition, it will be important to regularly purge WebVen database to support improved capacity to establish the size of the vendor pool, including LSBEs, DVBEs, and Social Enterprises.

***Objective IX.4:*** *By December 2017, establish a means to regularly purge and update the WebVen database*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Develop parameters for defining inactive vendors | ISD/ Auditor Controller | DCBA | November 2016 |
| *2.* Develop mechanism to regularly alert of the plan to move inactive vendors off the active list, and notify them when such actions are taken[82] | ISD | DCBA | December 2016 |
| *3.* Test and implement the system | ISD | DCBA | January 2017 |

### Utilization Tracking System

***Task 4 –*** *Develop a system to track the utilization and success of small business initiatives*

***Achieving the goals of 25% LSBEs and 3% DVBEs will require evidence-based decision-making***, which requires identifying the approaches and efforts that impact the success of targeted businesses in successfully competing for County contracts. There are two key areas to address:

1. How can we increase our pool of qualified LSBEs, DVBEs, and Social Enterprises? (Discussed in Chapters IV, V, VI, and VII)
2. How can we support LSBEs, DVBEs, and Social Enterprises so that they successfully compete? (Discussed in Chapter VII)

[82] Given that many vendors have not updated their contact information on WebVen, such notification may be challenging.

The County will be using a combination of improvements and changes to its data gathering and implementing new analytic approaches to address the other questions. Questions to be explored using this approach could include:

- What outreach efforts are most effective in attracting competitive small businesses to become County-certified?
- What level of price preference would be most effective in ensuring County acquisition of quality goods and services at a fair price while encouraging LSBEs, DVBEs, and Social Enterprises to successfully compete?
- What is the most effective approach to set asides?
- What approaches to incentives and monitoring will ensure targeted levels of LSBEs, DVBEs, and Social Enterprises are used as sub-contractors?

All of these tasks will require the development of a database capability focused on LSBE, DVBE, and Social Enterprise participation in County contracting that does not yet exist. The existing reporting capability is designed to produce quarterly reports; additional ad-hoc reports, such as those requested for the analyses conducted during this utilization planning process, can be generated on request. A robust tool that can be used by departments during their planning process, as well as by DCBA in its support efforts, will be essential to meeting the targeted goals.

***Therefore, the County should consider using advanced predictive analytics to enhance the effectiveness of efforts to increase County utilization of LSBEs, DVBEs, and Social Enterprises***. Advanced analytics can be used to provide more complete answers to key questions such as:

- What goods and services will be needed over the next 3 to 5 years in identified departments?
- What small businesses in Los Angeles County provide the goods and services needed by the County?
- What incentives are most effective in encouraging those small businesses to become certified?
- What incentives are most helpful in allowing small businesses to successfully compete for and complete County contracting opportunities?

Providing broad visibility regarding program success relating to enhanced use of LSBEs, DVBEs, and Social Enterprises will encourage continued focus on the objectives of the program. As pilot efforts are completed and best practices adopted, additional information can be included on the site. Chapter X on “Annual Reporting & Recognition,” also discusses this need.

***Objective IX.5:*** *By June 2017, post on the County’s Open Data website, the total contract dollars expended with LSBEs, DVBEs, and Social Enterprises for the purchase of commodities*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Identify report parameters to be included in calculation, based on scorecards presented in Chapter X | DCBA | ISD | June 2017 |
| *2.* Develop report refinements and enhancements | DCBA | ISD | Quarterly |

# X – Annual Reporting and Award Recognitions

In addition to this County Utilization Plan, departments need to develop departmental Mini-Utilization Plans and DCBA will prepare quarterly and annual reports, using scorecards, of progress made, combined with an annual award program for recognizing departmental accomplishments. This chapter builds on the tasks outlined for in Chapter IX, "Technology & Measurements."

## Objectives and Action Plans

### Departmental Mini-Utilization Plans to Increase LSBE and DVBE Participation Rates

Each department should develop a Mini-Utilization Plan on how it will achieve its goals for LSBE, DVBE, and Social Enterprise outreach and procurement. In developing the Mini-Utilization Plans, County departments may find it useful to analyze "products" and "services" already procured with or potentially could be procured with LSBEs, DVBEs, and Social Enterprises, as also discussed in prior chapters. Such an approach will involve:

- Market segmentation of products and services that are logical candidates for LSBE, DVBE, and Social Enterprise organizations
- Outreach to targeted LSBEs, DVBEs, and Social Enterprises
- Solicitation for bids from LSBEs, DVBEs, and Social Enterprises in high product/service areas
- Supply chain analysis of targeted products or services (Object Codes)

County departments know best what goods, equipment, and services they need and, thus, are in the best position for understanding what opportunities might exist in their respective departments for LSBEs and DVBEs. Therefore, each department should develop a Mini-Utilization Plan to analyze how it can achieve the target goals. A good starting point is based on current purchasing and contracting patterns, by Object Code. This approach is a major undertaking that, for most departments, would require staff time to accomplish.

Table X-1 illustrates what information might be contained in the template, based on CWTAPs data. Departments would follow these steps:

1. Download prior year actuals (first five columns)
2. Contact the Auditor-Controller for help to cross-reference how many payments were made to LSBEs or DVBEs in the prior year
3. Add the upcoming Fiscal Year approved budget
4. Determine what amounts of the budget are not likely candidates for LSBEs or DVBEs, considering prior year accruals

a. Note: The County should develop a coding system to indicate why certain Object Codes are not candidates for LSBEs or DVBEs, such as multi-year contractual commitments or other constraints (e.g., only large firms can provide the service, such as utilities)

5. Determine what percentage of the remaining budgeted amounts LSBEs or DVBEs could realistically win

This template would help departments determine how best to achieve their Utilization Goals. Their planned and actuals could be submitted to DCBA, which could then aggregate and track County-wide. Although the template displays Object Codes, most departments will have to look at the contracting and procurement activity underlying each Object Code to understand opportunities to reallocate targeted dollars in terms of transactions, programs, etc.

**Table X-1: Departmental Template for Mini-Utilization Plan for Increasing LSBE and DVBE Participation Levels**

| ISD Object Code Groups | Object Code and Description | FY 2015 (Prior Year Actual) | % of FY 2015 $ with LSBEs | FY 2017 Budget | Limitations on LSBE or DVBE Eligibility in FY 2017 | FY 2017 LSBE Utilization Goal |
|---|---|---|---|---|---|---|
| 20C - Clothing & Personal Supplies | 2024 - Badges, ID Cards & Emblems | $1,126 | | | | |
| | 2040 - Clothing-Uniforms & Accessories | $42,069 | 15.1% | | | |
| | 20C - Clothing & Personal Supplies | **$43,195** | | **$60,000** | | $10,000 |
| 20D - Communications | 2084 - Mail Service | $25,050 | | | | |
| | 2089 - Radio Systems Parts | $79,324 | | | | |
| | 20D – Communications | **$104,374** | | **$106,000** | | $0 |
| 20G - Insurance | 2290 - Insurance Premiums-CEO Risk Management | $1,523 | | | Multi-year commitment | |
| | 2302 - Other Insurance Premiums | $3,146 | | | Only large firms | |
| | 20G – Insurance | **$4,669** | | **$5,000** | | $0 |
| 20J - Maintenance - Equipment | 2392 - Medical Equipment Maintenance | $2,601 | | | Not eligible | |
| | 2397 - Office Equipment Maintenance | $120,820 | | | Multi-year commitment (2018)[83] | |
| | 2410 - Refrigeration Equipment & Accessories | $1,335 | | | Multi-year commitment | |
| | 20J - Maintenance - Equipment | **$16,756** | | **$122,000** | | |
| 20K - Maintenance-- | 2662 - Air Conditioning/Heating Equipment & | $38,318 | | | | |

[83] Could indicate year when a multi-year contract might end.

| ISD Object Code Groups | Object Code and Description | FY 2015 (Prior Year Actual) | % of FY 2015 $ with LSBEs | FY 2017 Budget | Limitations on LSBE or DVBE Eligibility in FY 2017 | FY 2017 LSBE Utilization Goal |
|---|---|---|---|---|---|---|
| Buildings & Improvements | Supplies | | | | | |
| | 2663 - Alterations & Improvements-ISD | $587,144 | | | Not eligible; County service-ISD | |
| | 2664 - Alarm System Maintenance | $39 | | | Insufficient contracting opportunity | |
| | 2665 - Alterations & Improvements-Other Than ISD | $990 | | | | |
| | 2672 - Building Maintenance | $13,499 | | | Multi-year commitment | |
| | 2682 – Custodial | $87,362 | | | Establish set-aside (100%) | $90,000 |
| | 2699 - Flooring Supplies | $3,809 | | | | |
| | 2708 - Grounds Maintenance-ISD | $11,410 | | | Not eligible; County service-ISD | |
| | 2709 - Grounds Maintenance-Other Than ISD | $18,283 | | | | |
| | 2778 - Sewer Maintenance | $9,946 | | | Only large firms | |
| | 2810 - Waste & Rubbish Removal | $30,091 | | | Multi-year commitment | |
| | 20K - Maintenance--Buildings & Improvements | **$800,893** | | **$800,000** | | **$0** |
| *Etc.* | *Etc.* | *Etc.* | *Etc.* | *Etc.* | *Etc.* | *Etc.* |
| | **Totals**<br>**Progress Toward LSBE Target** | **$10,509,000** | **$199,700**<br>**1.9%** | **$11,560,000** | | **$578,000**<br>**5.0%** |

This template shows a combined LSBE/DVBE Mini-Utilization Plan. Departments may choose to develop two Mini-Utilization Plans: one for LSBEs and the other DVBEs. As part of the templates, each department should fill in a scorecard regarding what they anticipate they can achieve in terms of the LSBE and DVBE targets. Table X-2 is an illustration of such a scorecard.

**Table X-2: Illustration of Departmental-Level Scorecard**

| Departmental Target Planning | FY 2014 | Base Year FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Target FY 2020 |
|---|---|---|---|---|---|---|---|
| LSBE-% of Total Expended | 2.0% | 3.0% | 6.0% | 9.0% | 15.0% | 20.0% | 25.0% |
| LSBE-$ Expended | $ 494,700 | $ 765,000 | $ 1,575,900 | $ 2,434,766 | $ 4,179,681 | $ 5,740,095 | $ 7,390,372 |
| DVBE-% of Total Expended | 0.0% | 0.0% | 0.1% | 1.0% | 2.0% | 2.5% | 3.0% |
| DVBE-$ Expended | $0 | $0 | $ 13,133 | $ 270,530 | $ 557,291 | $ 717,512 | $ 886,845 |
| **Total Procurement Dollars** | **$24,735,000** | **$25,500,000** | **$26,265,000** | **$27,052,950** | **$27,864,539** | **$28,700,475** | **$29,561,489** |

Table X-3 displays how these numbers would roll up to a Countywide scorecard.

**Table X-3: Illustration of County Scorecard Scenario, Consisting of a Roll-up of the Departmental-Level Scorecards**

| County Target Planning | FY 2014 | Base Year FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Target FY 2020 |
|---|---|---|---|---|---|---|---|
| LSBE-% of Total Expended | 1.7% | 2.4% | 5.0% | 12.0% | 18.0% | 22.0% | 25.0% |
| LSBE-$ Expended | $ 102,238,000 | $ 148,800,000 | $ 319,300,000 | $ 789,309,600 | $1,219,483,332 | $1,535,194,017 | $1,796,874,815 |
| DVBE-% of Total Expended | 0.02% | 0.02% | 0.05% | 1.00% | 2.00% | 2.50% | 3.00% |
| DVBE-$ Expended | $ 1,202,800 | $ 1,240,000 | $ 3,193,000 | $ 65,775,800 | $ 135,498,148 | $ 174,453,866 | $ 215,624,978 |
| **Total Procurement Dollars** | **$6,014,000,000** | **$6,200,000,000** | **$6,386,000,000** | **$6,577,580,000** | **$6,774,907,400** | **$6,978,154,622** | **$7,187,499,261** |

When a department cannot develop sufficient tactics to achieve the County targets for LSBEs and DVBEs, it will have to document the reasons for why it will fall short for DCBA to include in the annual report to the Board.

***Objective X-1:*** *Have each department develop Mini-Utilization Plans with tactics to achieve their respective goals of 25% for LSBEs and 3% for DVBEs*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Request the Board to have each department develop a Mini-Utilization Plan, that builds on this plan to achieve their respective goals | DCBA | Office of the CEO, Small Business Advocates | July 2016 |
| *2.* Develop a template for the departmental Mini-Utilization Plans; train departments in how to use it | DCBA | Small Business Advocates | September 2016 |
| *3.* Identify two groups of departments to roll out the Mini-Utilization Plans in Year 1, recognizing that some of the larger departments may need more time (e.g., DHS has 9 expenditure accounts to review) | DCBA | Small Business Advocates | September 2016 |
| *4.* Review department Mini-Utilization Plans for Group 1, including progress toward target goals; provide status update to the Board | DCBA | Small Business Advocates | December 2016 |
| *5.* Review department Mini-Utilization Plans for Group 2, including progress toward target goals; provide status update to the Board | DCBA | Small Business Advocates | March 2017 |
| *6.* Have DCBA summarize each department's progress vis-à-vis their Mini-Utilization Plans each year; have departments use progress made to adjust their Mini-Utilization Plans, based on lessons learned across departments | DCBA, All Departments | Small Business Advocates | July 2017, annual thereafter |

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| 7. Achieve the Board's procurement goal of 25% for LSBEs and 3% for DVBEs | All departments | | June 2020 |

## Annual Utilization Plan Report

DCBA should prepare an annual report in a scorecard format, consisting of two Scorecard parts, discussed next.

### Report Contents

DCBA's annual report for the Board should contain:

- **I. Executive Summary**
- **II. Highlights of Progress Made**
  - **a. Marketing & Outreach Efforts**
  - **b. Pilot Projects**
  - **c. LSBE, including Certification**
  - **d. DVBE, including Certification**
  - **e. Social Enterprises, including Certification**
  - **f. Procurement & Contracting, including Technology and Measurements**
- **III. Analysis of Scorecards**
  - **a. Utilization Plan Scorecard – LSBE and DVBE Annual Scorecard, by County Department**
  - **b. Utilization Plan Scorecard – Economic & Business Impact Factors**
- IV. **Opportunities for Further Improvement and Recommendations**
- V. **LSBE AND DVBE Utilization Plan Scorecard – Departmental Summary**

The first part of the annual report should be based on the departmental Mini-Utilization Plans and contain an overview of progress made toward the 2020 targets.

### LSBE/DVBE Scorecards

The "Base Year" percentages are from the more detailed report in the Appendix C, "Table C-2: FY 2014-2015 LSBE Awards, by County Department." The percentages are based on the total amount of $6.5 billion, as reported in the Board Motion. ***Adjustments will need to be***

***made if the Board considers the need for a more clearly defined "pie"*** – that is, Object Codes most suited for LSBEs and DVBEs – as the base for calculating improvements, as discussed in Chapter X.

Moreover, during the course of the Utilization Plan development, the Office of the Auditor Controller identified the need to validate the reasonableness of the Object Code categories to ensure commodities can reasonably be purchased from LSBE/DVBE and Social Enterprises. When performing this validation, the Auditor-Controller identified an initial issue that departments may be misusing Object Codes that otherwise should be eliminated from being open to small businesses. The Auditor-Controller will need time to analyze and identify any erroneously posted payments; the Auditor-Controller will work with departments to ensure payments are coded properly in the future.

Scorecards would be prepared for tracking expenditures with LSBEs and DVBEs, by departments. Some departments may not be able to achieve the 25% target and, thus, the revised target should be indicated. Similarly, other departments may be able to achieve higher levels of LSBE and DVBE participation rates to offset the other departments. The Scorecards could highlight and color-code those departments that are:

- On track in terms of achieving their targets (highlighted in green)
- Lagging but making progress (highlighted in yellow)
- Failing to make progress (highlighted in orange)

As discussed in Appendix C, the awards data reflect encumbered funds that may be expended in one or more years and may not even be fully expended. ***In going forward, the best metric to use would be expenditures – actual dollars spent in a given year (Accounts Payable), by department, including total dollars and dollars spent with LSBEs, DVBEs, and Social Enterprises.*** Given the brief lead-time for preparing the Utilization Plan, ISD was not able to prepare such reports in time for submission to the Board, but can do so in going forward.

Given these caveats, Table X-3 displays how the Annual Scorecard, by County department, might look like once the County has further refined the data.

**Table X-3: Sample LSBE and DVBE Annual Scorecard, by County Department**

| County Department | LSBE: $Awards as % Total Awards | | | | | | DVBEs: $Awards as % Total Awards | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Base Year FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Target FY 2020 | Base Year FY 2015 | FY 2015 | FY 2017 | FY 2018 | FY 2019 | Target FY 2020 |
| AC - Auditor-Controller ND | 0.0% | | | | | | 0.0% | | | | | |
| AD - Alternate Public Defender | 0.3% | | | | | | 0.0% | | | | | |
| AN - Animal Care And Control | 1.9% | | | | | | 0.0% | | | | | |
| AO - Chief Executive Office | 0.4% | | | | | | 0.0% | | | | | |
| AR - Museum Of Art | 0.0% | | | | | | 0.0% | | | | | |
| AS - Assessor | 1.4% | | | | | | 0.0% | | | | | |
| AU - Auditor-Controller | 0.1% | | | | | | 0.0% | | | | | |
| AW - Agriculture Comm/Wts & Measures | 10.7% | | | | | | 0.0% | | | | | |
| BH - Beaches & Harbors | 3.5% | | | | | | 0.0% | | | | | |
| BS - Board Of Supervisors | 2.0% | | | | | | 0.4% | | | | | |
| CA - Consumer and Business Affairs | 0.5% | | | | | | 0.0% | | | | | |
| CB - CEO - Budget & Ops Management Branch | 3.7% | | | | | | 0.0% | | | | | |
| CC - County Counsel | 4.9% | | | | | | 0.2% | | | | | |
| CD - Child Support Services | 2.1% | | | | | | 0.0% | | | | | |
| CF - CEO - Facility Asset Management (FAM) | 0.0% | | | | | | 0.0% | | | | | |
| CH - Children & Family Services | 1.3% | | | | | | 0.0% | | | | | |
| CP - Capital Projects | 2.0% | | | | | | NA | | | | | |
| CS - Community and Senior Services | 0.1% | | | | | | 0.0% | | | | | |
| DA - District Attorney | 12.0% | | | | | | 0.1% | | | | | |
| EB - Employee Benefits | 0.0% | | | | | | 0.0% | | | | | |
| FR - Fire Department | 5.7% | | | | | | 0.1% | | | | | |
| FS - Federal / State Disaster Aid | 0.0% | | | | | | 0.0% | | | | | |
| GJ - Grand Jury | 12.9% | | | | | | 0.0% | | | | | |
| DHS – Department of Health Services | 1.3% | | | | | | 0.0% | | | | | |
| HM - Human Resources Department | 0.1% | | | | | | 0.3% | | | | | |
| IB - Insurance Budget | 0.0% | | | | | | 0.0% | | | | | |
| IO - Chief Information Officer | 0.1% | | | | | | 0.0% | | | | | |
| IS - Internal Services Department | 6.3% | | | | | | 0.6% | | | | | |

| County Department | LSBE: $Awards as % Total Awards | | | | | | DVBEs: $Awards as % Total Awards | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Base Year FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Target FY 2020 | Base Year FY 2015 | FY 2015 | FY 2017 | FY 2018 | FY 2019 | Target FY 2020 |
| JD - Judgments & Damages | 0.0% | | | | | | 0.0% | | | | | |
| ME - Department of Medical Examiner - Coroner | 6.3% | | | | | | 0.0% | | | | | |
| MH - Mental Health | 0.2% | | | | | | 0.0% | | | | | |
| MV - Military & Vets Affairs | 31.2% | | | | | | 0.0% | | | | | |
| NH - Museum of Natural History | 0.0% | | | | | | 0.0% | | | | | |
| OE - CEO - Office of Emergency Management | 1.7% | | | | | | 0.0% | | | | | |
| OM – Ombudsman | 100.0% | | | | | | NA | | | | | |
| OS - Regional Park & Open Space District | 0.0% | | | | | | 0.0% | | | | | |
| PB - Probation Department | 3.3% | | | | | | 0.2% | | | | | |
| PD - Public Defender | 13.4% | | | | | | 0.0% | | | | | |
| PF - Project & Facility Development | 0.0% | | | | | | 0.1% | | | | | |
| DPH – Department of Public Health | 0.4% | | | | | | 0.1% | | | | | |
| PK - Parks & Recreation Department | 11.7% | | | | | | 0.0% | | | | | |
| PL - Public Library | 4.8% | | | | | | 0.1% | | | | | |
| PW - Public Works Department | 14.5% | | | | | | 0.1% | | | | | |
| RE - Rent Expense | 0.3% | | | | | | 0.2% | | | | | |
| RP - Regional Planning Department | 15.8% | | | | | | 0.0% | | | | | |
| RR - Registrar Recorder | 1.3% | | | | | | 0.1% | | | | | |
| SC - Superior Court & County Clerk | 0.1% | | | | | | 0.0% | | | | | |
| SH - Sheriff | 6.9% | | | | | | 0.2% | | | | | |
| SS - Public Social Services Department | 0.8% | | | | | | 0.0% | | | | | |
| TC - Trial Courts | 0.1% | | | | | | 0.0% | | | | | |
| TT - Treasurer & Tax Collector | 11.5% | | | | | | 0.0% | | | | | |
| Juvenile Court | NA | | | | | | 0.5% | | | | | |
| **Overall, Based on $6.5 billion Expenditures** | **2.6%** | | | | | **25%** | **.03%** | | | | | **3%** |
| **Overall, Based on $3.7 billion Expenditures** | **4.7%** | | | | | **25%** | **.09%** | | | | | **3%** |

**Utilization Plan Scorecard – Economic & Business Impact Factors**

The second part of the annual report should contain a Scorecard that indicates economic and business impact factors regarding the Utilization Plan efforts. A template is displayed in Table X-4.

**Table X-4: Sample County of Los Angeles Utilization Plan Scorecard – Economic & Business Impact Factors**

| Economic & Business Impact | At Time of Board Motion FY 2014 | Base Year FY 2015 | FY 2016 | | FY 2017 | | FY 2018 | | FY 2019 | | Target FY 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Actual | % Change | Actual | % Change | Actual | % Change | Actual | % Change | |
| **Certifications** | | | | | | | | | | | |
| # Vendors in WebVen | 73,000 | 73,000 | | | | | | | | | 100,000 |
| # Certified LSBEs | 1,282 | 1,282 | | | | | | | | | 12,000 |
| # Certified DVBEs | 27 | 100 | | | | | | | | | 1,000 |
| # Certified Social Enterprises/TJOPs | 19 | 19 | | | | | | | | | TBD |
| **Awards** | | | | | | | | | | | |
| $ Total Awards | $6.6 bil | $6.2 bil | | | | | | | | | |
| $ Awards LSBEs | NA | $172.9 mil | | | | | | | | | $1 bil+ |
| $ Awards DVBEs | $3.5 mil | $4.7 mil | | | | | | | | | |
| $ Awards Social Enterprises/TJOPs | TBD | TBD | | | | | | | | | NA |
| **Expenditures** | | | | | | | | | | | |
| $ Total Expenditures | $6.6 bil | $6.5 bil | | | | | | | | | |
| $ Total Expenditures Eligible for LSBE/DVBE Firms | NA | $3.7 bil | | | | | | | | | |
| $ Expended LSBEs | $172.9 mil | NA | | | | | | | | | $1 bil+ |
| $ Expended DVBEs | NA | $3.5 mil | | | | | | | | | |
| $ Expended Social Enterprises/TJOPs | TBD | TBD | | | | | | | | | NA |
| **Progress Toward Target Goals Based on Expenditures** | | | | | | | | | | | |
| % Expended LSBEs versus Total Expenditures | 1.7% | 2.4% | | | | | | | | | 25% |
| % Expended LSBEs versus Total Eligible Expenditures | NA | 4.7% | | | | | | | | | |

| Economic & Business Impact | At Time of Board Motion FY 2014 | Base Year FY 2015 | FY 2016 | | FY 2017 | | FY 2018 | | FY 2019 | | Target FY 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Actual | % Change | Actual | % Change | Actual | % Change | Actual | % Change | |
| % Expended DVBEs versus Total Expenditures | .02% | .02%[84] | | | | | | | | | 3% |
| % Expended DVBEs versus Total Eligible Expenditures | NA | .09% | | | | | | | | | |
| % Expended Social Enterprises versus Total Expenditures | TBD | TBD | | | | | | | | | NA |
| % Expended Social Enterprises versus Total Eligible Expenditures | NA | TBD | | | | | | | | | NA |

***Objective X-2:*** *Implement an annual scorecard that summarizes the County's overall progress and economic and business impact in working toward achievement of the goals of 25% for LSBEs and 3% for DVBEs*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Refine the scorecards and populate them with the metrics to track progress to date; focus on annual actual expenditure metrics | DCBA | Small Business Advocates | July 2016, annual thereafter |
| *2.* Post the scorecards on the County websites with infographics to make them user friendly | DCBA | County Departments | September 2017; annual thereafter |

## County Recognition Awards

The State Agency Recognition Awards (SARA) honors State departments for outstanding achievements in SBE and DVBE advocacy and contracting success.[85] The County should embark in developing its own program. Awards could be given to recognize departments that have:

- Achieved the County target of 25% for LSBEs
- Achieved the County target of 3% for DVBEs
- Shown steady progress toward the achievement of their targets

[84] Is 7% based on ISD furnished data in Appendix D, which has an expenditure base of $4.7 billion for DVBEs in FY 2014-2015.
[85] Link to State of California, SARA: http://www.dgs.ca.gov/pd/Home/SARA2015.aspx

- Demonstrated greatest improvements toward moving toward the achievement of their targets
- Implemented best practices or innovative approaches for achieving their targets
- Used collaboration to achieve excellent contracting and procurement outcomes
- Served as exceptional Small Business Advocates
- Identified high-performing LSBEs and DVBEs
- Leveraged the benefits of working with Social Enterprises, resulting in better economic, social, health, employment, and environmental outcomes

***Objective X-3:*** *By June 2017, develop a County department recognition award program with annual awards and celebrations*

| Action Plan Tasks | Lead | Support | Target Completion |
|---|---|---|---|
| *1.* Design and implement a County recognition program with an award ceremony to recognize departments that have made progress as per the Utilization Plan and achieving the targets | DCBA | County Departments | First award ceremony in September 2017 to recognize accomplishments in FY 2016-2017; annual thereafter |
| *2.* Post the departmental award recipients on the County websites | DCBA | Small Business Advocates, County Departments | September 2017; annual thereafter |

# XI – Resource Requirements

Pursuing this initiative in an effective manner will require devoting significant resources, not only in DCBA, but also in other County Departments, as discussed next.

## Impact on Departmental Workload

Implementing this Utilization Plan will increase departmental workload in a number of ways, affecting both the administrative and operations workforces. There will be some workload associated with implementing and tracking pilot efforts, such as set-aside contracting and subcontractor payment tracking. Of more significant concern is the ongoing workload associated with planning for and managing the increase in participation of LSBEs, DVBEs, and Social Enterprises. A portion of the work will be able to be contracted out. Some will require overtime to complete. Some will require new staffing.

Initially, current staff will have to absorb some of the planning workload, as it will not be possible to hire additional staff quickly enough to impact upcoming procurement decisions; assigned staff members must already fully comprehend the specific contracting needs of the department. It is likely that other priorities will be deferred in the short term.

For the longer term, it is possible to group the workload into four areas.

- ***Planning*** – that is, assessing which parts of a Department's procurement will be most likely to generate successful opportunities for LSBEs, DVBEs, and Social Enterprises to compete. The output of this planning phase will inform the level of additional departmental workload that will be required during the next 2 to 5 years. Specifically:
    - Which goods and services are most likely to be strong candidates for LSBE, DVBE, and Social Enterprise contractors?
    - Will additional contracts be required?
    - How many?
    - Does the current pool of County LSBEs, DVBEs, and Social Enterprises offer the services or goods being contracted for?
    - If not, how can that pool be expanded?
    - What incentives are most likely to be effective in increasing LSBE, DVBE, and Social Enterprise participation?
    - What must be done to implement those incentives?

The planning impact on departmental workload will vary based on a variety of factors: the resources a department currently has, the number of contracts issued, complexity of the contracts, number of contracts involving multiple funding sources, the dollar amount of the contracting and procurement activities, etc.

***Each year, the results of the above planning process will inform the level of additional support within each department that will be required to perform the next two steps. In Year 2 through Year 5, as concentrated work is performed to dramatically raise LSBE, DVBE, and Social Enterprise participation, a combined higher level of staffing, contracting, and overtime will be needed than will be the case after the goal has been achieved, several procurement cycles have passed, and patterns develop.*** Departments will need to identify their projected staffing needs, based on the planning process and their experience in initial implementation, and include staffing in their budget and staffing requests to the Office of the CEO. It will be important to make this effort a priority in the evaluation of future staffing requests by the County Budget Office – both for additional positions and for authorization to fill currently vacant positions.

- ***Managing the Procurement Process*** – that is, preparing, issuing and reviewing RFBs, RFPs, RFQs and RFIs, and ensuring that the pool of eligible vendors includes informed LSBEs, DVBEs, and Social Enterprises. Volume makes a difference: ISD currently manages more than 20,000 requisitions for goods and services each year. DPW has calculated the cost to procure a construction contract to run in the thousands of dollars. If the County increases the number of RFPs by 10%, to make it possible for LSBEs to participate, it will represent a significant investment of people and money.

  In addition, the effort to increase the pool of eligible vendors must begin immediately – LSBEs who are not certified will not be able to complete the process to become certified in the window of time available to respond to RFPs or RFBs. DCBA will take the lead in marketing and outreach, educating businesses about the certification process, and monitoring and tracking the number of LSBEs, DVBEs, and Social Enterprises that are certified. As discussed in Chapter VII on "Marketing & Outreach," some departments may want to participate in outreach events, work bidders' conferences to identify potential candidates for certification, etc. These staff members are in addition to DCBA staffing.

- ***Contract Requirements*** – that is, ensuring that new vendors, who are at times unsophisticated, get and stay up to speed on doing business with the County (e.g., how to document compliance with County requirements, how to get adequate insurance, how to prepare complete invoices, or how to manage status reporting). Because the County will need to increase the number of LSBEs, DVBEs, and Social Enterprises five- to tenfold in the next three years, it is likely that literally thousands of businesses will need training, support, and

monitoring during the next five years. DCBA serves as the lead department in this effort, which will ensure consistency; however, departments can help direct potential vendors to DCBA for certification.

- ***Subcontractor Tracking*** – that is, working with prime contractors to gather and validate information about LSBE, DVBE, and Social Enterprise subcontractor payments. A pilot is being undertaken to track payments to LSBEs as JOC contractors, and a separate assessment of software capable of tracking subcontractor payments is being proposed in Action Plan IX-3. Some departments process more than 1,000 invoices monthly. Until a workable system is in place, manual processes will be time consuming.

The most likely variables in assessing the additional workload include the size and complexity of a department's budget; the number and experience of LSBEs, DVBEs, and Social Enterprises contracted with; and the number of contracts (and the number of service contracts) administered.

**Table XI-1: Departmental Workload Associated with Implementing Utilization Plan**

| Implementation Steps | Potential Range of Departmental Needs | Departmental Units Involved | Potential Resources |
|---|---|---|---|
| **Planning** | 0.0 to 0.5 FTEs | Finance<br>Procurement | ▪ Initially, will need to be handled by existing staff and deferring overtime<br>▪ For large departments with complex budgets, the planning will need to be ongoing and informed |
| **Managing the Contract & Procurement Process** | 0.25 to 1.5 FTEs | Procurement | There are two separate areas of activity: a) contract & procurement efforts and b) outreach efforts:<br>▪ ***Contract & Procurement.*** There will likely be a steep gradient of workload – less in the first year as departments begin the work of managing the procurement process and identifying potential contracts. Year 2 through Year 5 will grow substantial workload as both the pool and the pie grow. In addition, ISD charges to departments will increase with an increased number of procurements.<br>▪ ***Outreach***. The need for a larger pool is immediate, so the demand for resources to build the pool will also be immediate and ongoing. While DCBA will take on a large share of the organizing, departmental participation will be needed to identify pools of vendors in their specific opportunities. Some of the workload can be contracted out to organizations with contacts in the |

| Implementation Steps | Potential Range of Departmental Needs | Departmental Units Involved | Potential Resources |
|---|---|---|---|
| | | | SBE/DVBE/Social Enterprise communities. |
| **Contract Management** | 0.0 to 2.0 FTEs | Finance Operations | ▪ Again, there will be less workload immediately and more later, as increasing numbers of new vendors who need more direct management and "handholding" are awarded contracts. Over the long term when the vendor pool stabilizes, the workload may abate. It is likely that a "Congratulations – you are a new vendor with the County" course will need to be developed to train vendors in County requirements.<br>▪ Increasing numbers of invoices requiring prompt payment will be a permanent additional workload. |
| **Subcontractor Tracking** | 0.5 to 2.0 FTEs | Finance Operations | ▪ If County-wide subcontractor tracking is required, there will initially need to be a large manual process developed. It may be possible to outsource the tracking of payments to LSBE, DVBE, and Social Enterprise subcontractors. |

County departments will have to analyze their staffing requirements and work with their CEO budget analysts to refine their budget estimations.

## Workload Highlights, By Action Plan Objective

In addition, launching and sustaining the initiative will require significant DCBA and ISD resources. Table IX-1 displays an initial assessment of the kinds of initial resources required, by Action Plan objective.

**Table XI-2: Resources Requirements for Implementing the Action Plans**

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| **CHAPTER IV – LOCAL SMALL BUSINESS ENTERPRISES (LSBEs)** | | | |
| IV.1: Beginning July 2016, promote multiple certification options and maximum inclusiveness among certifying entities, including but not limited to Federal, State, and LAMTA | Significant:<br>▪ Requires intensive work effort to grow the LSBE vendor pool during the next two years<br>o Increased workload required for a more inclusive LSBE | ▪ Ongoing validation of LSBEs will be needed<br>▪ Once the enlarged LSBE vendor pool is developed, much of the work will switch to marketing and outreach to sustain the pool | ▪ Additional DCBA staffing resources needed |

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| | certification program<br>o Enhancement of existing technical assistance provided to businesses seeking to certify and provide goods and services as certified business entities<br>o Identification of other jurisdictions, which have SBE certification programs that meet DGS standards and rigor<br>▪ May be an opportunity to contract with outside LSBEs or associations involved with small businesses to help during the initial ramp up | | |
| **CHAPTER V – DISABLED VETERANS BUSINESS ENTERPRISES (DVBEs)** | | | |
| V.1: Identify goals and objectives and outline action steps to attain procurement goals of 3% for DVBEs by 2020 in the County of Los Angeles | Medium:<br>▪ Requires intensive work effort to grow the DVBE vendor pool during the next two years<br>o Identification of other jurisdictions, which have SBE certification programs that meet DGS standards and rigor<br>▪ May be an opportunity to contract with outside DVBEs or associations involved with small businesses to help during the initial ramp up | ▪ Ongoing validation of DVBEs will be needed, but the work effort is not extensive<br>▪ Once the enlarged DVBE vendor pool is developed, much of the work will switch to marketing and outreach to sustain the pool | ▪ Additional DCBA staffing resources needed and can coordinate efforts with Objective VII.2-Marketing & Outreach) |
| **CHAPTER VI – SOCIAL ENTERPRISES** | | | |
| VI.1: On May 24, 2016, prepare recommendations for amendments to the TJOP | Minimal:<br>▪ County Counsel/ISD/ DCBA workload revising, preparing, and delivering | ▪ None other than any future amendments to the Ordinance | ▪ None |

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| Ordinance with broader Social Enterprise implications for Board consideration | Ordinance | | |
| VI.2: Once the Board adopts the Social Enterprise Ordinance, implement a Social Enterprise certification program and monitor progress made annually through June 2020 | Significant:<br>▪ DCBA and other County workload for:<br>▪ Designing and implementing a Social Enterprise certification program<br>▪ Enhance existing technical assistance provided to businesses seeking to certify as Social Enterprises<br>▪ Marketing the Social Enterprise certification program<br>▪ Training staff in new program and related policies and procedures | ▪ Contract monitoring standards and<br>▪ Performance tracking/outcomes management | ▪ Additional DCBA staffing resources needed |
| VI.3: By June 2017, build on the local green business certification initiatives in place in cities in Los Angeles County and pilot a program with the unincorporated areas | Medium:<br>▪ ISD or Chief Sustainability Officer's workload in piloting a local green business certification initiative<br>▪ Training staff in new program policies and procedures<br>▪ Developing and including new contract language, as needed | ISD or Chief Sustainability Officer's workload for:<br>▪ Ongoing marketing and relationship-building activities<br>▪ Potential expansion into unincorporated areas<br>DCBA workload for:<br>▪ Social Enterprise certification<br>▪ Ongoing monitoring of participation | ▪ None at this time |
| VI.4: Beginning June 2017, pilot a Social Enterprise set-aside initiative | Medium:<br>▪ Pilot SE department in the development and implementation of the pilot Master Agreement<br>▪ Training staff in pilot program policies and procedures | ▪ Ongoing monitoring of pilot | ▪ None anticipated at this time |
| **CHAPTER VII – MARKETING & OUTREACH** | | | |
| VII.1: Branding – Develop a Small Business Utilization messaging | Medium:<br>▪ Initial development of the brand and | ▪ Once developed, less labor intensive | ▪ FTEs needed |

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| strategy for reaching out to LSBEs, DVBEs, and Social Enterprises | message will take time<br>▪ Opportunity to retain a LSBE or DVBE firm to develop the brand and campaign | | |
| VII.2: Identify audiences – Stratify the LSBE and DVBE businesses to develop a targeted approach for rapidly increasing the numbers of certified LSBEs and DVBEs | Significant (See Objectives IV.1-LSBE and V.1-DVBE):<br>▪ Requires intensive work effort to grow the LSBE vendor pool during the next two years<br>▪ May be an opportunity to contract with outside LSBEs, DVBEs, or associations involved with DVBEs and small businesses to help during the initial ramp up | ▪ Ongoing outreach to LSBEs and DVBEs needed | ▪ See Objective IV.1-LSBEs<br>▪ See Objective V.1-DVBEs |
| VII.3: External marketing and education – Launch a marketing and education campaign for LSBEs, DVBEs, and Social Enterprises to learn how to become certified, identify bid opportunities, and prepare competitive bids | ▪ Significant in the first two years while growing the LSBE and DVBE vendor pools | ▪ Ongoing in educating local businesses on how to do business with the County and become certified and registered in WebVen<br>▪ Can shift focus to helping businesses to grow and thrive, combined with economic development initiatives in unincorporated areas | ▪ Additional DCBA staffing resources needed<br>▪ Will wait to determine if an advertising campaign/ budget is viable |
| VII.4: Internal Departmental Education – Prepare information for departmental procurement staff to readily learn how to identify and use LSBEs, DVBEs, and Social Enterprises in the purchase of goods and services | ▪ Significant in the first two years as departments learn about the best ways to achieve their LSBE and DVBE targets | ▪ Will become less intensive once the departments are on board and have integrated the LSBE and DVBE initiatives into the way they conduct business | ▪ Additional DCBA staffing resources needed |
| VII.5: Monitoring pilots and progress – Monitor effectiveness of marketing and outreach efforts on a quarterly basis | Medium:<br>▪ More pilots to monitor in the first two years<br>▪ Will identify and share lessons learned | ▪ Should become simpler once the technology enhancements for writing customized reports are prepared | ▪ Incorporated into other objectives, listed above |

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| | for subsequent roll outs | | |
| **CHAPTER VIII – PROCUREMENT & CONTRACTING** | | | |
| VIII.1 By July 2016, request Board consideration of implementing a higher price preference and revised cap for all eligible County procurement and contracting | Minimal:<br>▪ Training staff in new policies<br>▪ Developing and including new contract language | ▪ No significant additional workload or additional staffing<br>▪ ISD production of information reports to be analyzed by DCBA to track expenditures<br>▪ Potential LSBE/DVBE reporting system functionality to track cost, effectiveness<br>▪ TBD – potential additional cost when preference leads to contract awards up to 15% higher than non-LSBE, DVBE, or Social Enterprise bidder | ▪ None |
| VIII.2 By July 2016, request Board consideration of implementing the necessary changes to permit awards up to $25,000 with two bids for LSBEs, DVBEs, and Social Enterprises | Minimal:<br>▪ Training staff in new policies | ▪ No significant additional workload by departments.<br>▪ Some additional workload auditing departmental implementation<br>▪ Reduction in time spent soliciting multiple bids offset by researching fair prices, ensuring fair distribution among LSBEs. | ▪ None |
| VIII.3 By July 2017, complete evaluation of a pilot set-aside procurement approach | Minimal:<br>▪ County Counsel/ISD/DCBA workload identifying and addressing policy barriers<br>▪ County workload in developing guidelines, developing new bid documents<br>▪ Development and award of contract | ▪ Increase in contracts bid and administered will generate increased workload, as described earlier | ▪ TBD |
| VIII.4 By May 2017, evaluate contract | Minimal: | ▪ TBD, depending how extensive the | ▪ None at this time; |

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| term simplification for LSBEs, DVBEs, and Social Enterprises | ▪ Workgroup time spent identifying, analyzing, and designing potential changes | simplification endeavor is<br>▪ Once simplified, may reduce workload for County departments<br>▪ Potential increase in assumption of risk by County if Board makes changes in current policies | may need additional staffing resources, depending on the work scope |
| VIII.6: By June 2018, launch a pilot project that provides incentives for Primes to use LSBEs, DVBEs, and Social Enterprises as subcontractors | ▪ Place responsibility on Prime<br>▪ County department will need to verify use of LSBE and DVBE subcontractors<br>▪ Significant, unless the County obtains software to track Primes' use of subcontractors | ▪ Software to track Primes and use of LSBE and DVBE subcontractors | ▪ None at this time; may need additional staffing resources and software, depending on outcome of the pilot project (see IX.3) |
| **CHAPTER IX – TECHNOLOGY & MEASUREMENTS** | | | |
| IX.1 By December 2017, implement a data reporting system for use by departments as well as DCBA in planning, implementing, and monitoring of LSBE, DVBE, and Social Enterprise utilization | Significant:<br>▪ Developing *ad-hoc* reports as needed by departments<br>▪ Tracking and identifying needs; developing functional specifications<br>▪ Evaluating, assessing, and purchasing software package<br>▪ Installing, programming, and testing software<br>▪ Training staff in use of software | This tool will be central to ongoing success of initiative. As staff become proficient in its use, it will simplify many of the analytic tasks required to plan and monitor program success. Specific resources needed are for:<br>▪ Software management and upgrades<br>▪ Training and help-desk functions<br>▪ User time developing and analyzing reports from system | ▪ In progress |
| IX.2 By June 2017, increase consistency in assigning Object Codes for similar commodities and services purchased by County departments | Minimal:<br>▪ Reissuing standards<br>▪ Responding to questions | ▪ If on-line tools are developed to support consistent use of Object Codes, additional resources will be needed.<br>▪ Consistency of data will be helpful in reducing time spent to plan and | ▪ None at this time; may require Auditor-Controller to do training and bulletins for |

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| | | monitor program success | departments regarding Object Codes |
| IX.3 By January 2017, pilot approaches to track payments to LSBE, DVBE, and Social Enterprise subcontractors | Medium:<br>▪ Identifying and managing manual or automated payment tracking<br>▪ Making required changes to Contract Management software, if possible<br>▪ Designing reports and training staff in data gathering, validation, and report preparation | ▪ The County has literally thousands of contracts managed, and semi-annual preparation and validation of data will generate significant workload in all departments' Contracting and Procurement units.<br>▪ If the County decides to implement a single software package for use County-wide, initial costs will increase; depending on the user-friendliness of the software, the ongoing resources required may diminish. | ▪ None at this time; may need additional staffing resources and software, depending on outcome of the pilot project (See VIII.6) |
| IX.4 By June 2017, post on the County's Open Data website, the total contract dollars expended with LSBEs, DVBEs, and Social Enterprises for the purchase of commodities and services | Minimal:<br>▪ Developing reporting criteria<br>▪ Analyzing reports to ensure data relevance<br>▪ Automating queries and updates | ▪ County will evaluate whether changes and additions will improve transparency, and develop new reporting information. A new data reporting system may present an alternate means of populating the Open Data site. | ▪ None |
| IX.5 By December 2017, establish a means to regularly purge WebVen database | Medium:<br>▪ Researching and designing criteria for purging<br>▪ Programming system to meet criteria<br>▪ Managing initial effort; responding to Vendor questions and problems | ▪ Once the system has gone through its initial purge, regular ongoing maintenance will require minimal resources to respond to questions and problems by vendors | ▪ None planned |
| **CHAPTER X – ANNUAL REPORTING & AWARD RECOGNITION** | | | |
| X-1: Have each department develop Mini-Utilization Plans with tactics | Medium:<br>▪ Researching transactions, programs, and | ▪ Will be most challenging in the first year, but will require time and | ▪ To be done as part of the |

| Action Plan # | Resources Required - Initial | Resources Required - Ongoing | Staffing/ $ Needed |
|---|---|---|---|
| to achieve their respective goals of 25% for LSBEs and 3% for DVBEs | expenditures under the Object Codes to identify LSBE and DVBE contracting and procurement opportunities | attention in subsequent years during the budgeting process | departmental budgeting cycle |
| X-2: Implement an annual scorecard that summarizes the County's overall progress and economic and business impact in working toward achievement of the goals of 25% for LSBEs and 3% for DVBEs | Medium:<br>▪ Each department will update their scorecards<br>▪ DCBA will prepare a County-wide scorecard summaries | ▪ Should become simpler once the technology enhancements for writing customized reports are prepared | ▪ Additional DCBA staffing resources needed |
| X-3: By June 2017, develop a County department recognition award program with annual awards and celebrations | Medium:<br>▪ Will require time to design the award program so it is fair and transparent<br>▪ Will require an event planner for the award ceremony | ▪ Once the program is designed, will require annual review of eligible departments for awards and the planning for the award ceremony | ▪ Additional DCBA staffing resources needed |

## DCBA Workload

DCBA will need additional resources during the launch of this initiative. There will be significant work in:

- Coordinating working groups outlined in this Utilization Plan
- Developing and implementing assessment plans for pilot programs being launched
- Outreaching to LSBEs, DVBEs, and Social Enterprises to increase the potential pool of vendors available for bidding
- Designing and managing the certification process for Social Enterprises
- Coordinating input into functional specifications for analytic tools being developed
- Expanding support to LSBEs, DVBEs, and Social Enterprises who must navigate certification processes
- Monitoring areas of success and developing recommendations about changes to increase participation to meet Board goals
- Assisting departments as requested in developing plans

To launch this effort, DCBA will need additional positions to focus on:

- Supporting efforts to expand the pools of certified LSBEs, DVBEs, and Social Enterprises
- Planning and developing monitoring tools and reports
- Supporting the launch of pilot efforts
- Evaluating and modifying pilot efforts to maximize their impact

These resources will be supplemented by contract staffing for such efforts as Marketing “sales” outreach and software systems (e.g., tracking subcontractor data).

## Appendix A – KH Business Survey Results

KH Consulting Group (KH) conducted an online survey to solicit input from the business community regarding the Utilization Plan. The KH Business Survey was distributed through WebVen and Planet Bid; KH also reached out to organizations that work with small businesses, disabled veteran businesses, chambers of commerce, and non-profit associations, requesting them to forward the survey link to their membership. Therefore, the KH Business Survey results are focused on businesses that have a heightened interest in working with the County; otherwise, they would not have taken the time to complete the survey.

In total, ***2,271 individuals responded. Of these, 894 had businesses in Los Angeles County, totaling $3.86 trillion in revenues.*** 14 businesses reported revenue highs of between $3.4 trillion and $100 million in revenues. In contrast, 382 businesses had revenues under $100,000 per year. The median revenue of $400,000 fell within the LSBE thresholds. Most of the KH Business Survey respondents meet the DGS definition for a small business: 96% report revenues of $14 million or less and 97% report having 99 or fewer employees. In terms of DGS's definition for Microbusinesses, 85% qualify with reported revenues of $3.5 million or less; 70% report having fewer than 10 employees.

Approximately 58% had their principal offices located in Los Angeles County; 21% of these principal offices were in Unincorporated Areas. 90% were for-profit firms; the others were not-for-profit, B-Corporations, or Low Profit Limited Liability Companies (L3Cs). KH received 1,152 written comments – an indicator of the respondents' interest and frustrations in doing business with the County. The KH Business Survey results are summarized next.

***KH Business Survey***

*96% qualify as small businesses.*

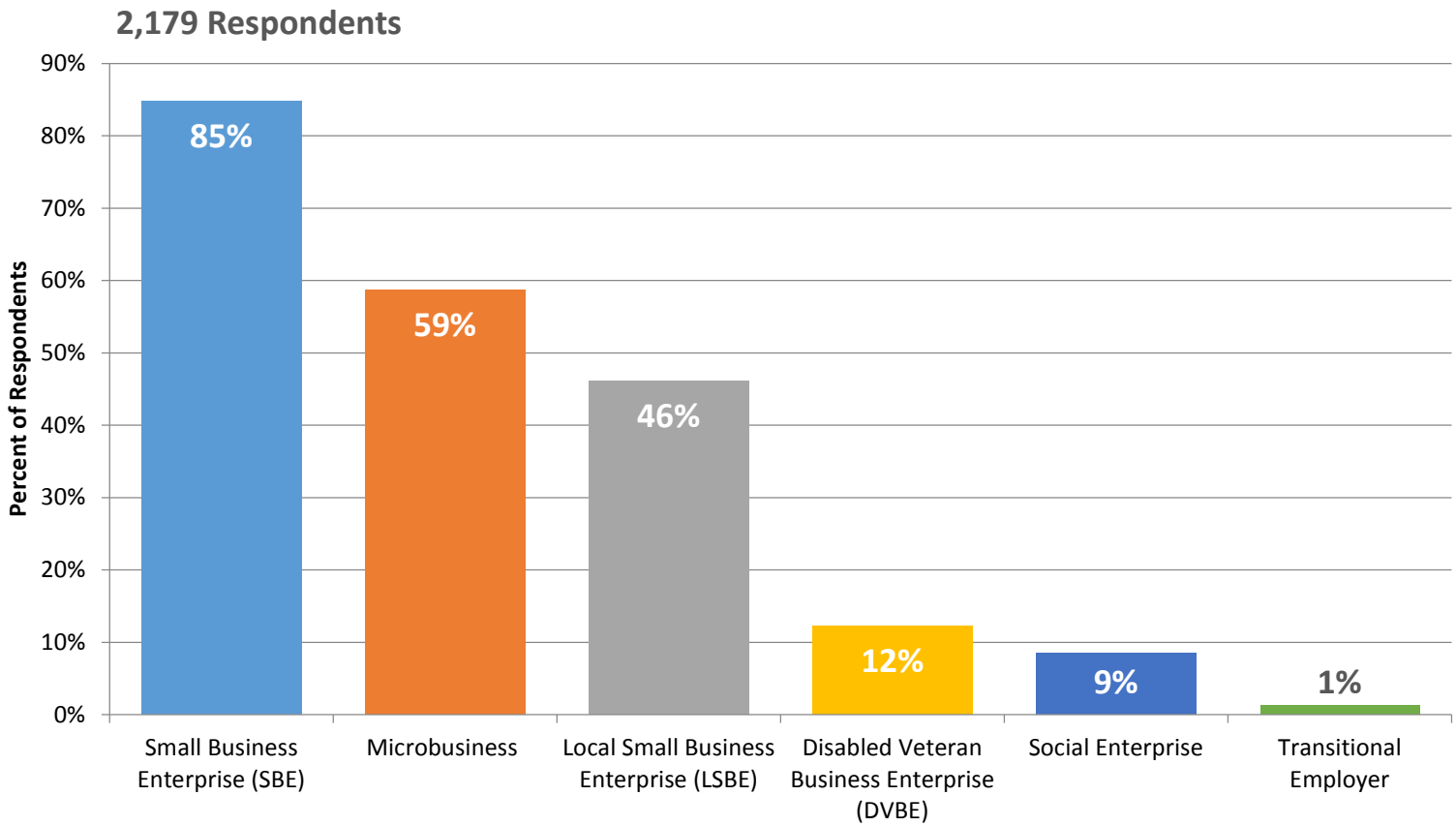
*61% are well-established businesses, having been in business for more than 11 years.*

*Only 8.2% have been in business for 2 years or less.*

# Business Qualification

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**85% of the respondents report that their businesses qualify as SBEs; nearly 60% as Microbusinesses; and just less than one-half (46%) to be LSBEs.**



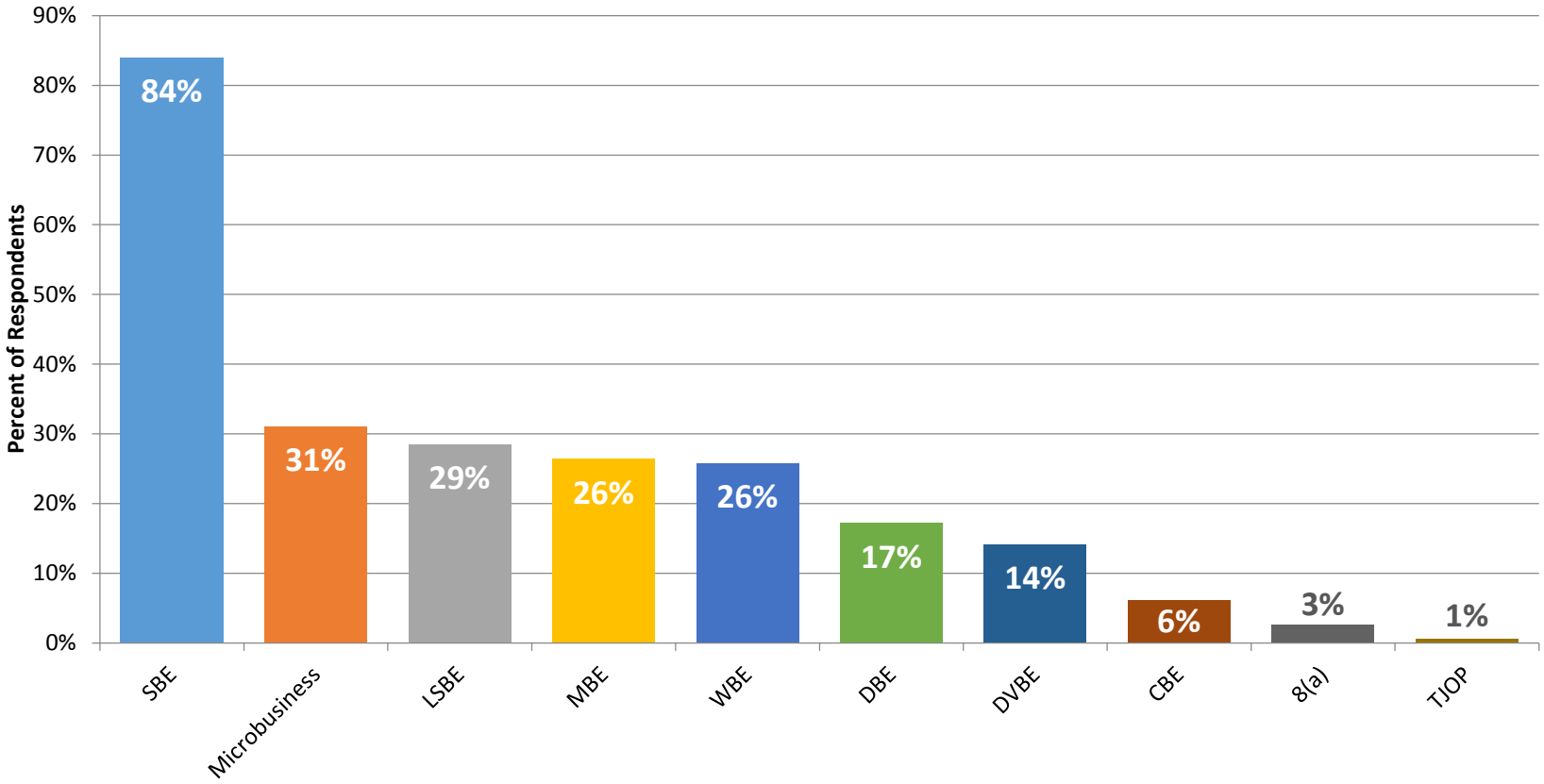

***Question asked: Whether certified or not, indicate if your business qualifies for any of the following designations. (Check all that apply.)***

# Business Certification

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**84% report that their businesses are certified as SBEs. Fewer, but still a considerable amount, report that they hold one or more certifications.**

**1,812 Respondents**



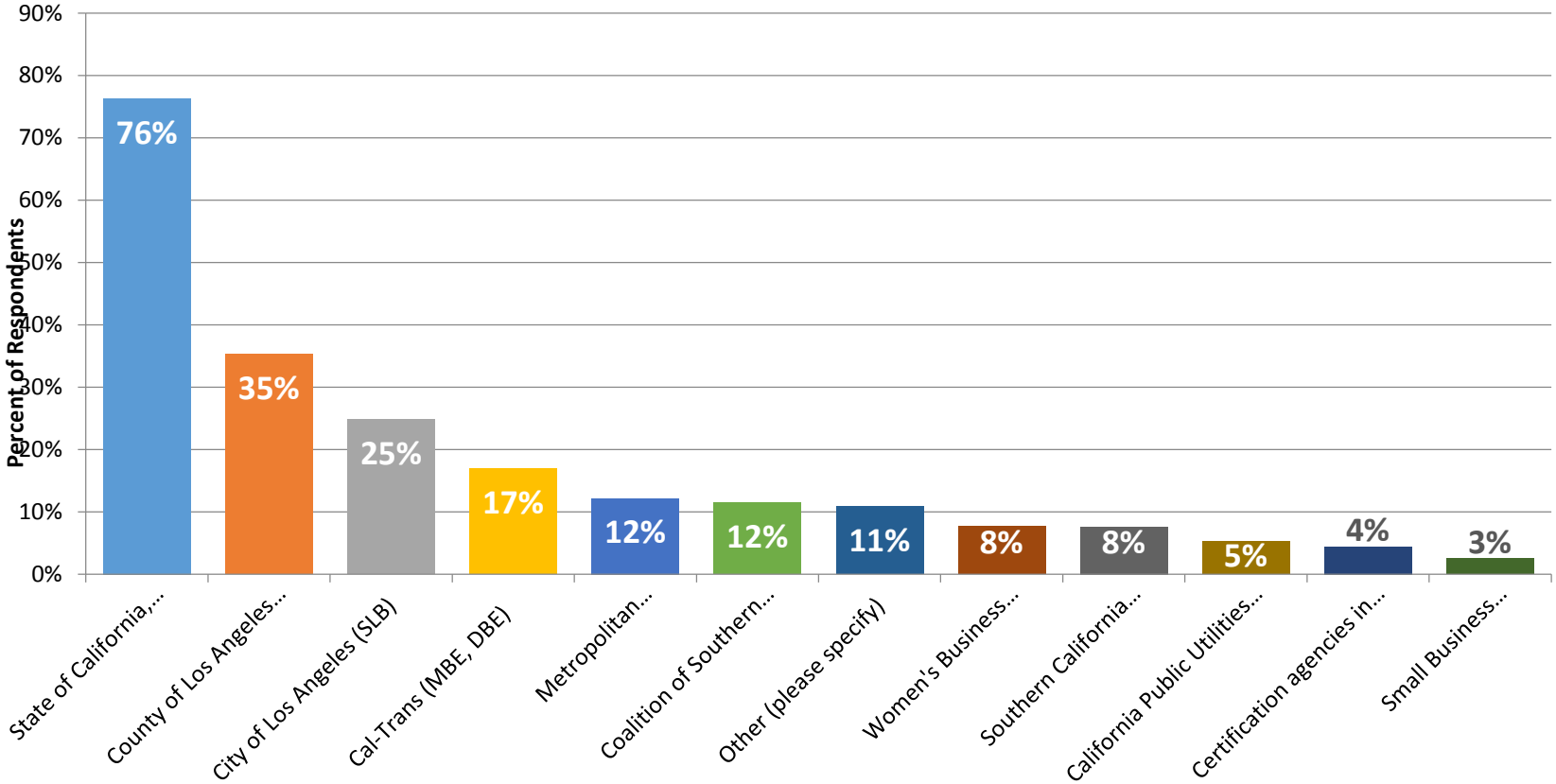

***Question asked: Please indicate if your business has any of the following certifications. (Check all that apply.)***

# Certifying Organizations

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**76% report that their businesses are certified with the State of California; more than one-third (35%) report that they are certified with the County of LA.**

**1,855 Respondents**

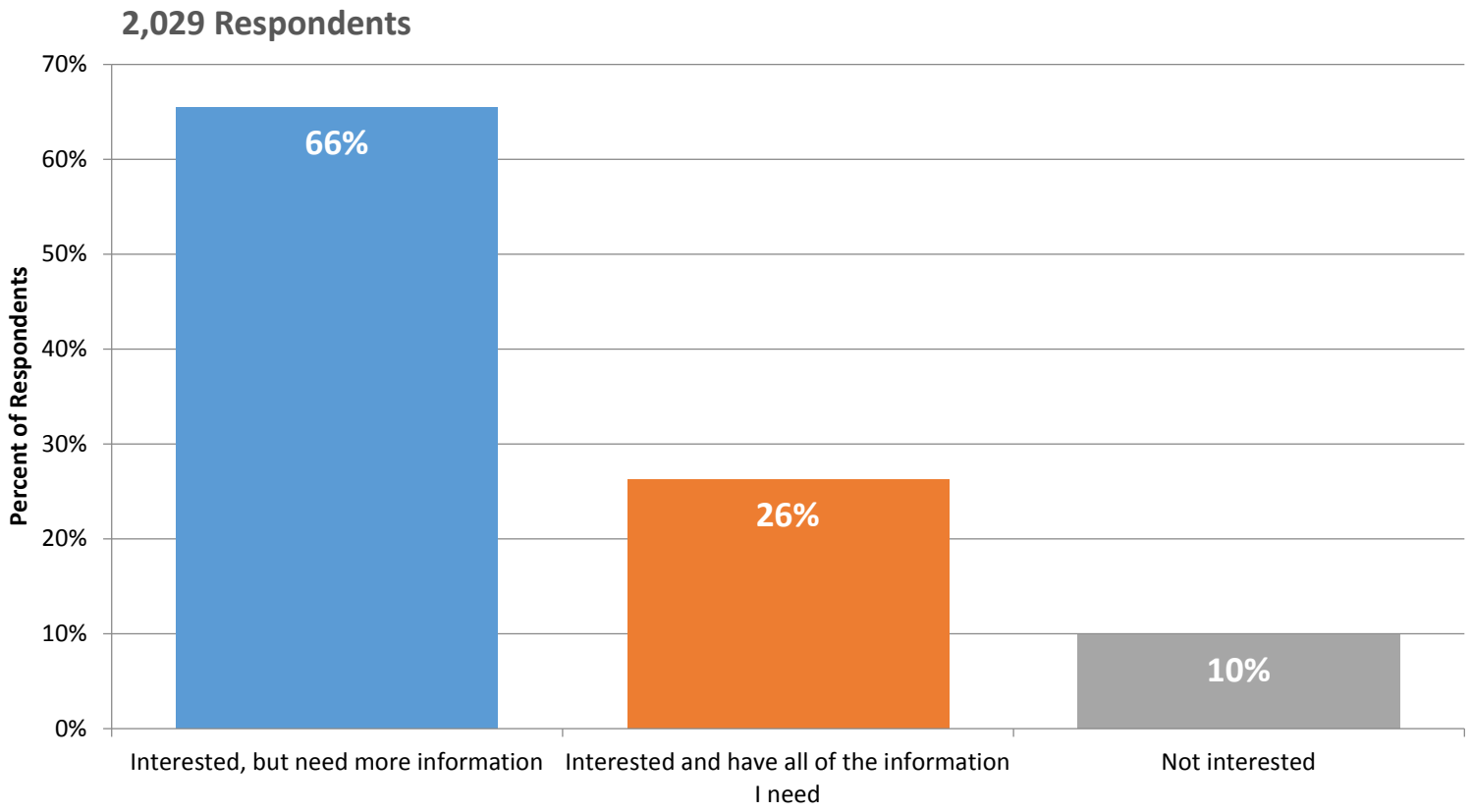



***Question asked: Please indicate which organizations have certified your business. (Check all that apply.)***

# Interest in County Certification

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**More than 90% indicate that they are interested in getting certified with the County.**

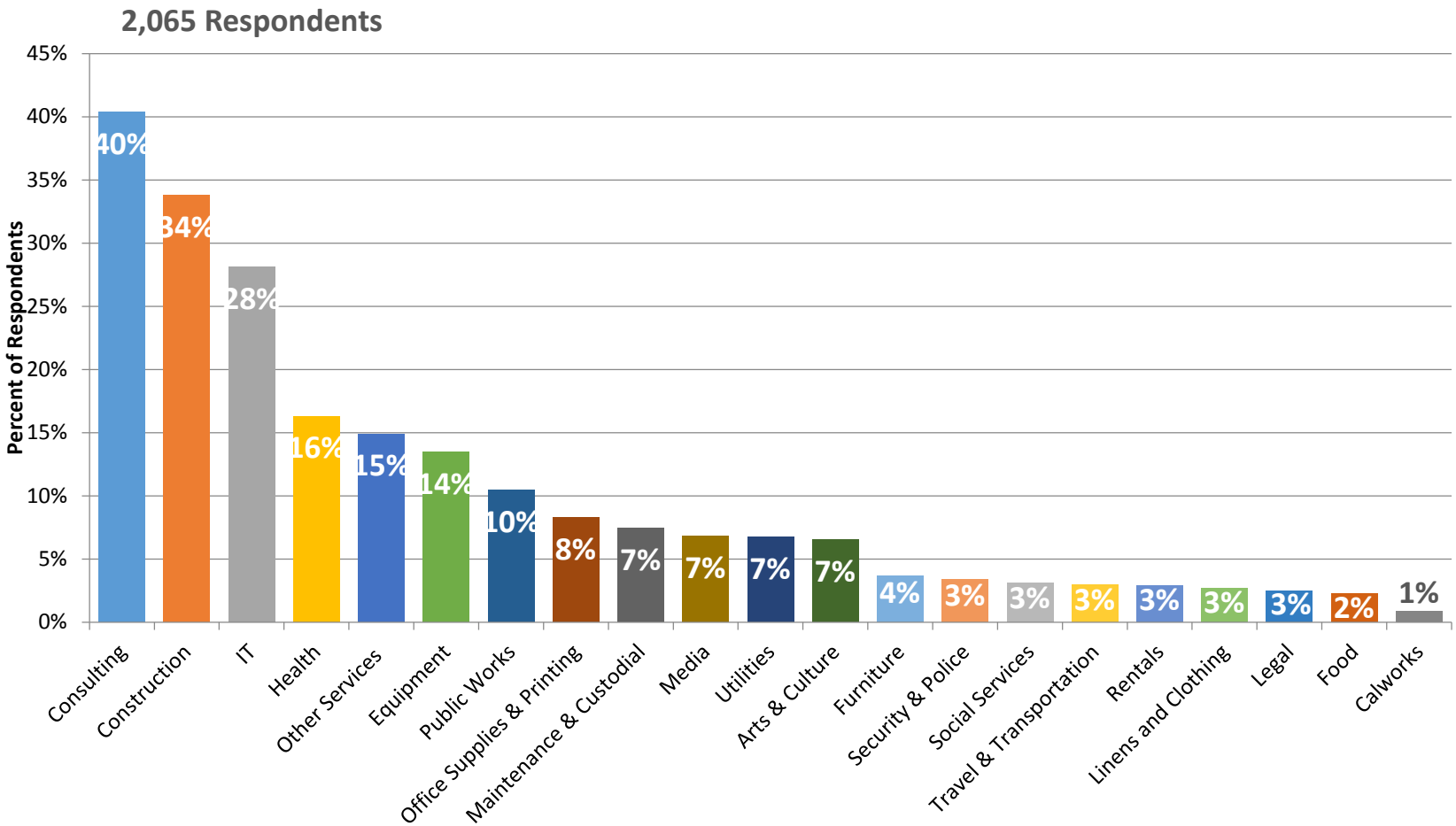



***Question asked: Are you interested in getting certified by LA County? (Check all that apply.)***

# Goods/Equipment/Services Provided

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**The most frequently provided goods, services, or equipment involve Consulting, Construction, and IT.**



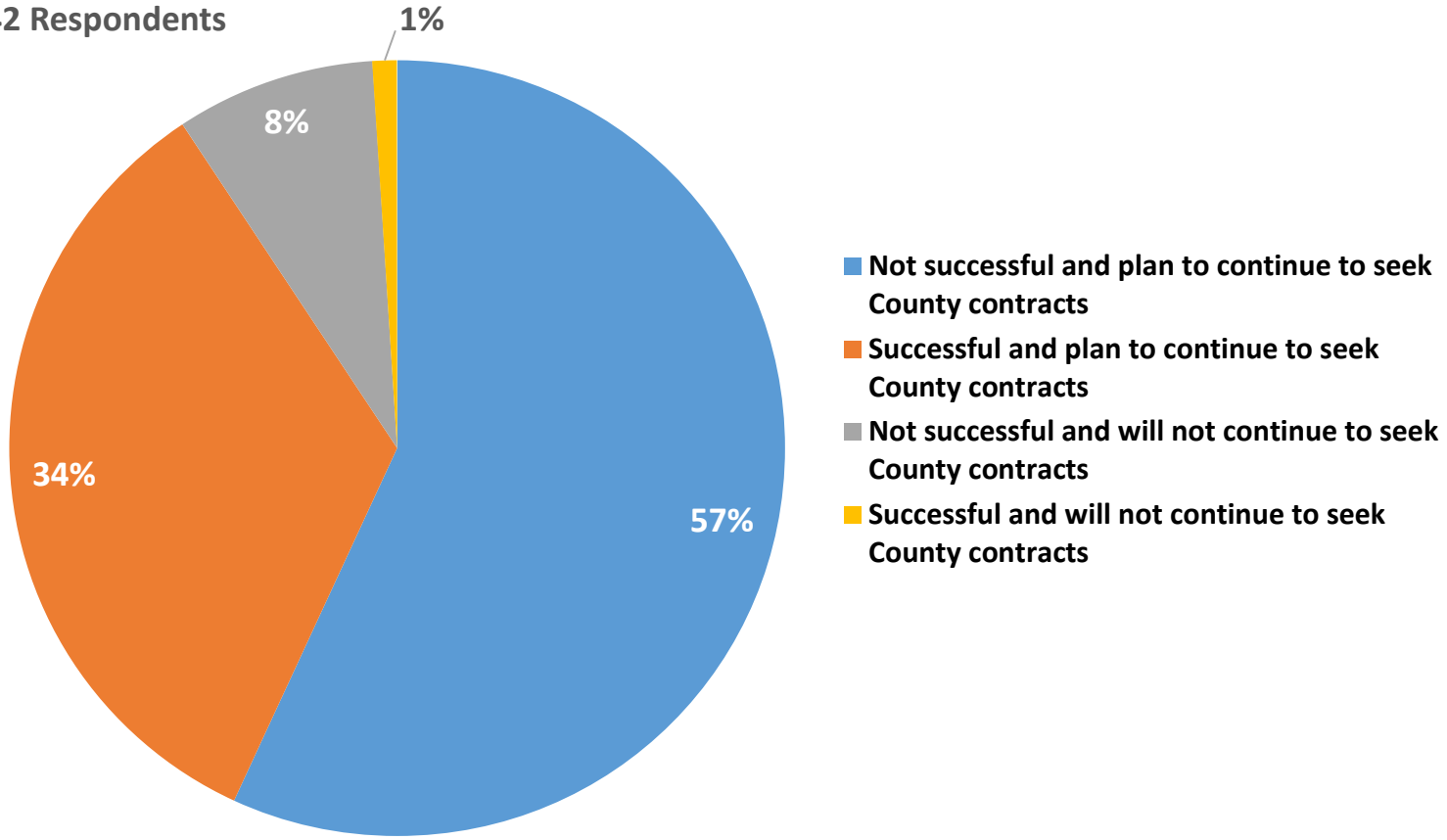

***Question asked: The County of Los Angeles spends more than $6 billion on goods, equipment, and services each year. Please check any items that your business can provide. (Check all that apply.)***

# Contracting & Procurement Success

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**Nearly two-thirds (65%) of respondents indicate that they have not been successful in contracting with the County of Los Angeles, but the majority plan to continue to seek out opportunities to do so.**

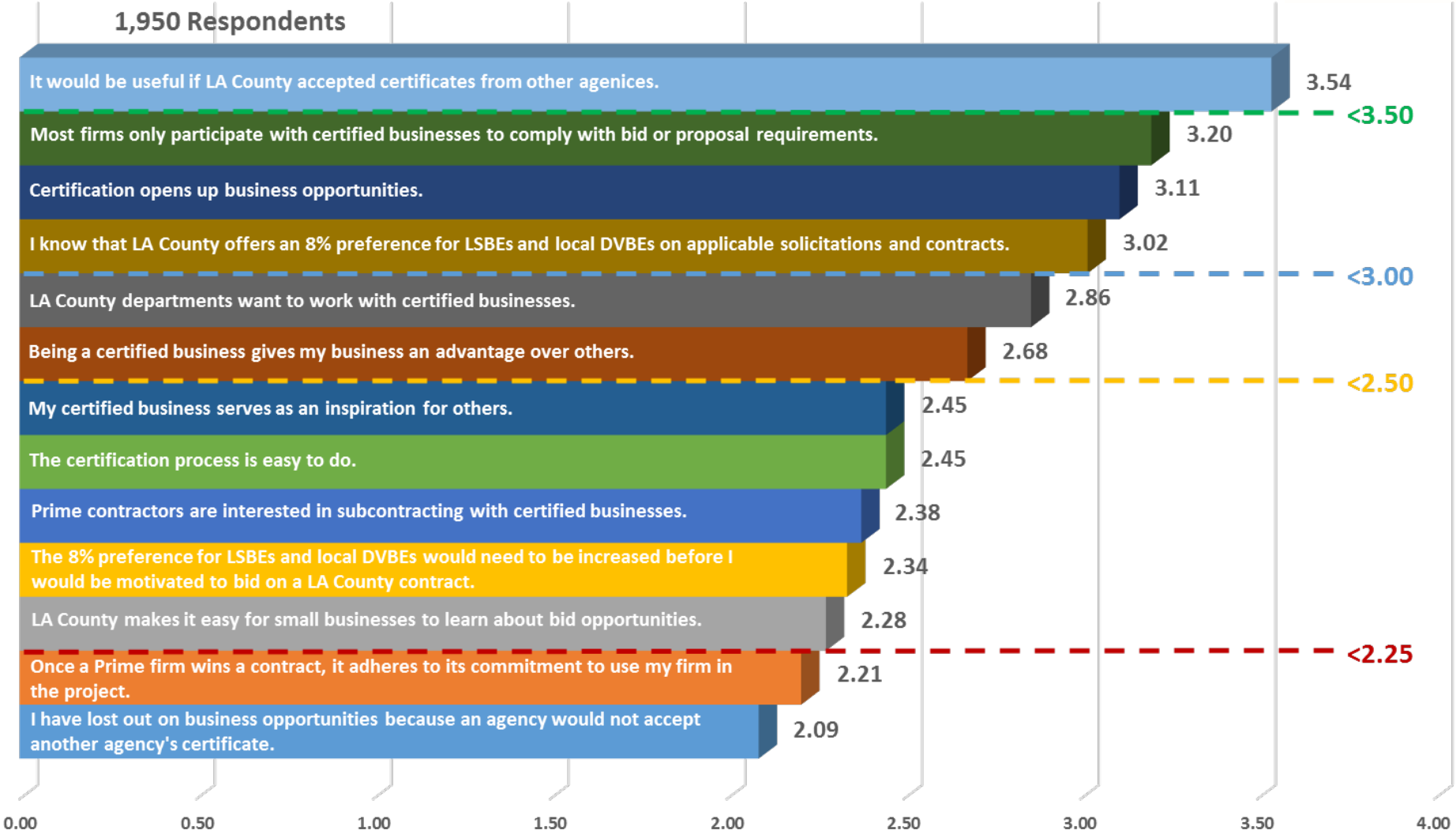
**1,942 Respondents**




***Question asked: If you bid on a LA County contract this year, please indicate [your success].***

# Doing Business with the County

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS




*Agreement Statements on a scale of 1-4 with "4" being "Strongly Agree."*

# Barriers to Doing Business with the County

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**47% indicate that they are not aware of County opportunities/contracts.**
**46% find it difficult to compete with large companies.**

**1,988 Respondents**

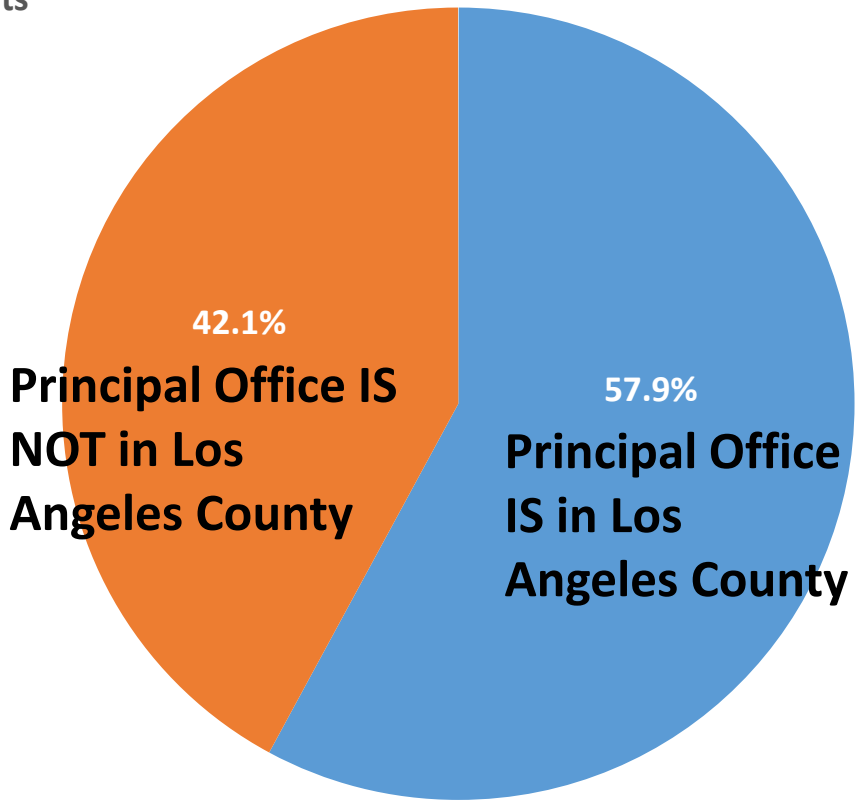
| Barriers to Doing Business with the County | Response Percent | Response Count |
|---|---|---|
| Not aware of the opportunities/contracts | 46.9% | 932 |
| Difficult to compete with larger companies | 45.7% | 908 |
| Too much time and paperwork involved | 34.7% | 689 |
| Not enough knowledge to know how bids are awarded | 28.3% | 562 |
| Not enough knowledge to submit bids | 23.1% | 459 |
| Not enough contracts/money procured by the County in my field | 20.4% | 405 |
| Too many regulations | 18.7% | 371 |
| Low pricing | 17.0% | 338 |
| Slow payment | 14.5% | 288 |
| Less profitable than the private sector | 13.1% | 261 |
| Insurance and bonding | 12.5% | 248 |
| Specifications too narrow to compete | 11.3% | 224 |
| Contract terms | 10.1% | 201 |
| Long lead time | 8.2% | 164 |
| Insufficient capability | 3.9% | 77 |
| Other (please specify) | 18.3% | 363 |

# Location of Principal Office:

## Los Angeles County

**58% have their principal offices in Los Angeles County.**

**1,911 Respondents**




***Question asked: Is your principal office in Los Angeles County?***

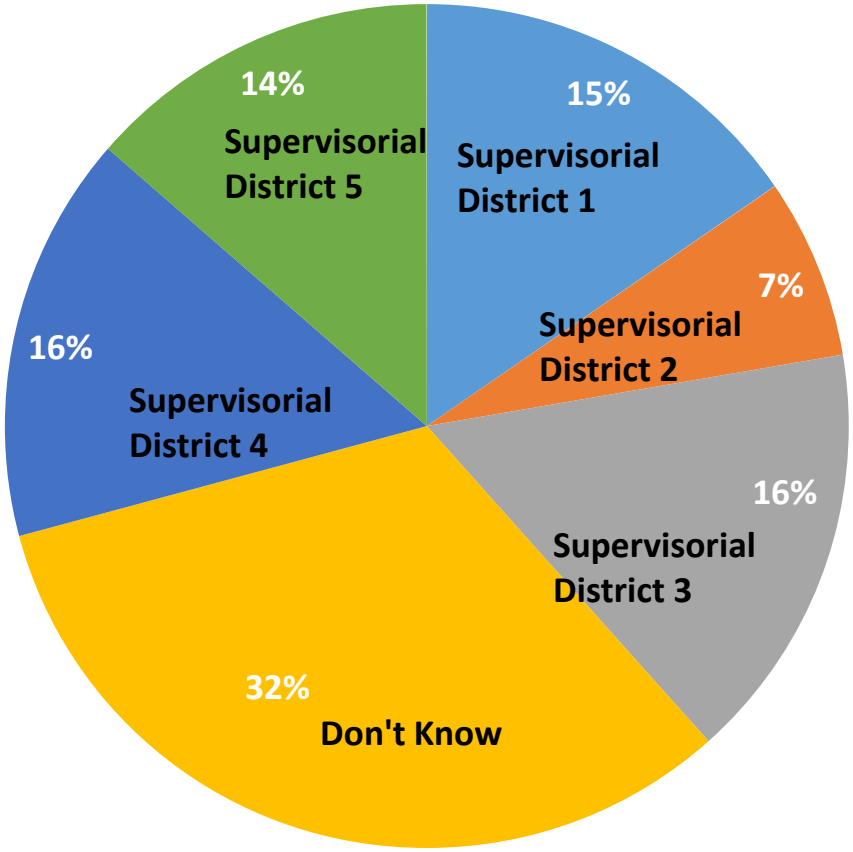
# Location of Principal Office:

## Supervisorial District

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**Survey respondents are distributed fairly evenly across LA County Supervisorial Districts. Nearly one-third do not know the Supervisorial District in which their business is located.**

**1,586 Respondents**



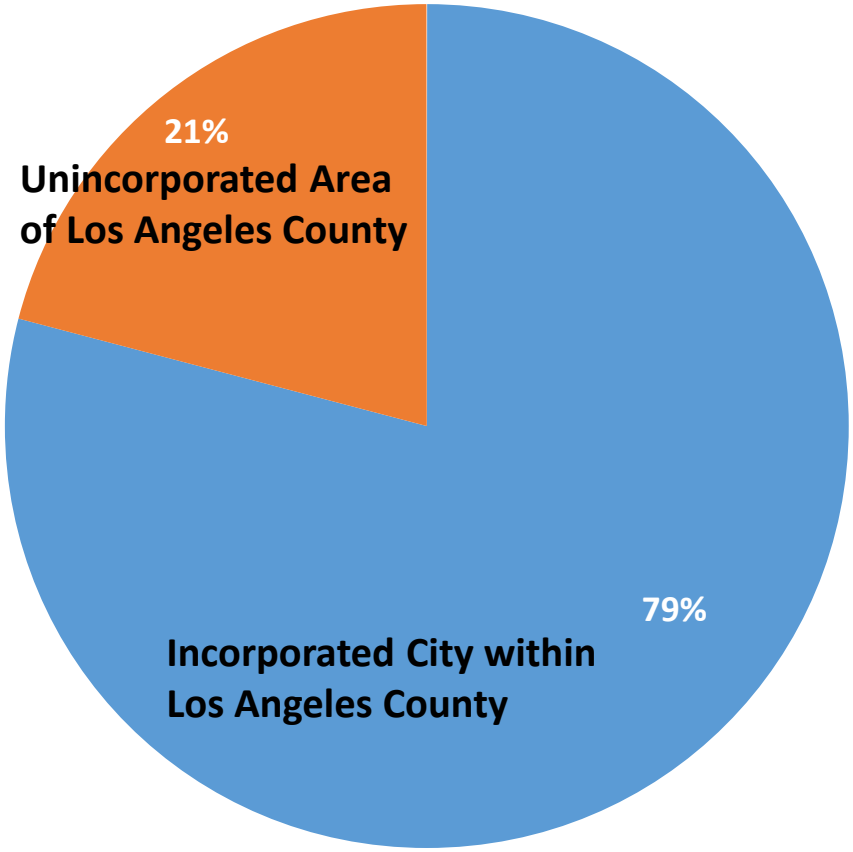

***Question asked: Indicate in which Supervisorial District your principal office is located.***

# Location of Principal Office:
## Unincorporated vs. Incorporated

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**79% indicate that they are located in an incorporated area within Los Angeles County.**

**1,232 Respondents**



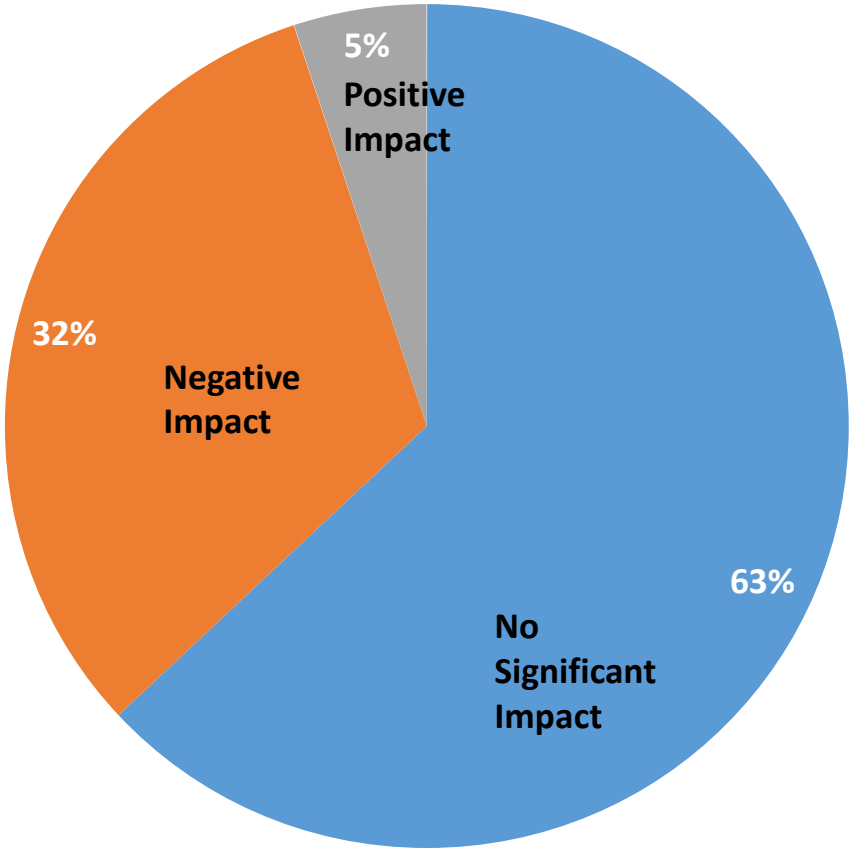

***Question asked: Please indicate where your principal office is located.***

# Minimum Wage Impact

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**Nearly two-thirds of respondents indicated that they foresee no significant impact of a minimum-wage increase on their business.**

**778 Respondents**

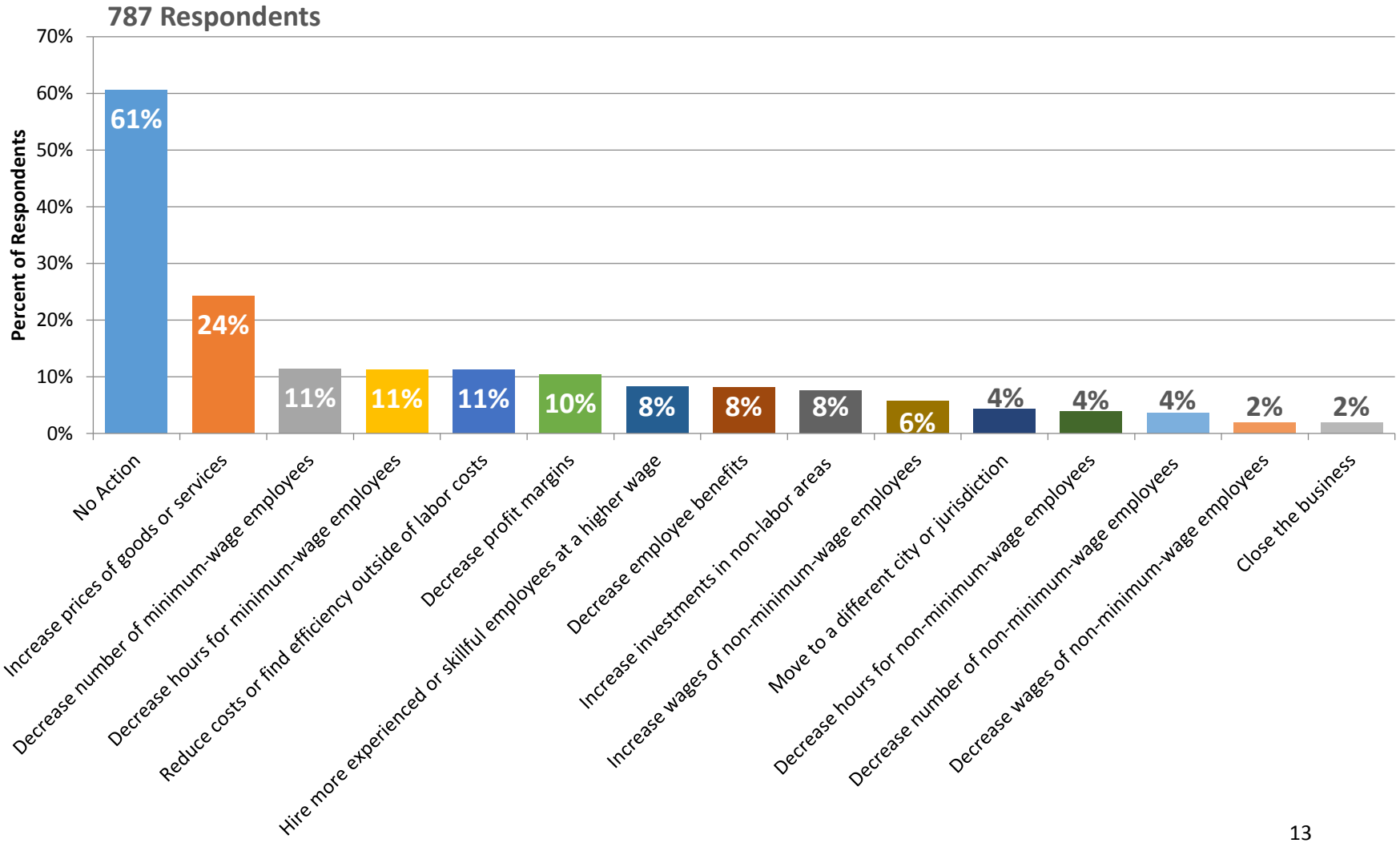



***Question asked: Do you foresee the minimum wage increase having an impact on your business?***

# Expected Response to Minimum Wage Increase

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**61% indicate that they will take no action in response to a minimum-wage increase.**





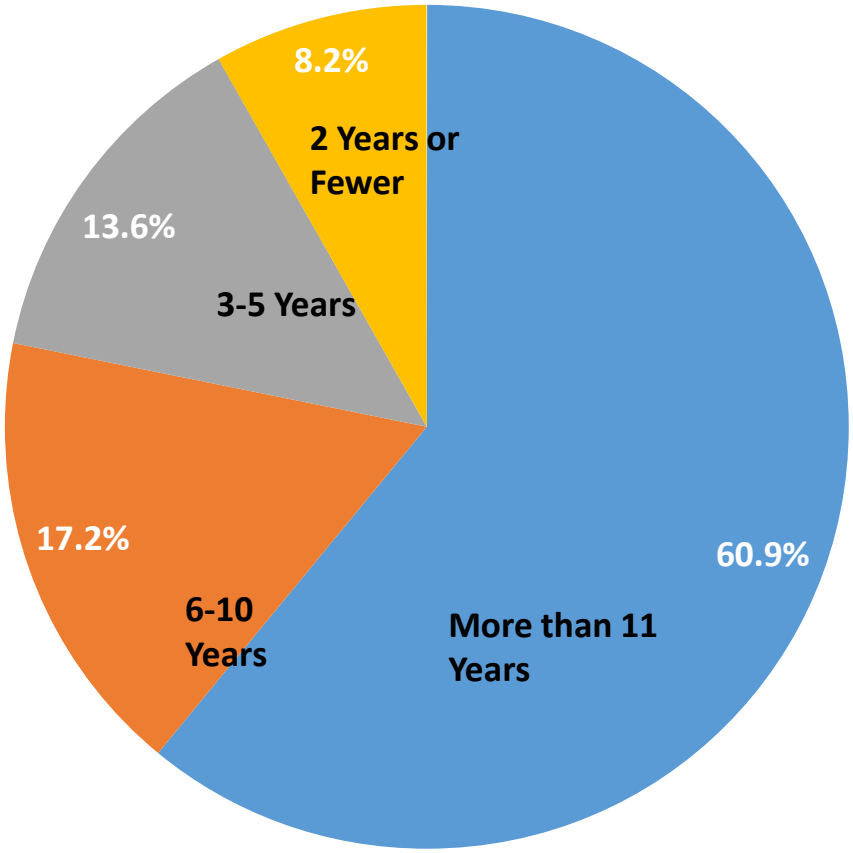

***Question asked: What actions do you expect to take in response to the minimum wage increase? (Select all that apply.)***

# Years in Business

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**Nearly two-thirds indicate that their businesses are well-established, having been in business for more than 11 years.**

**1,809 Respondents**

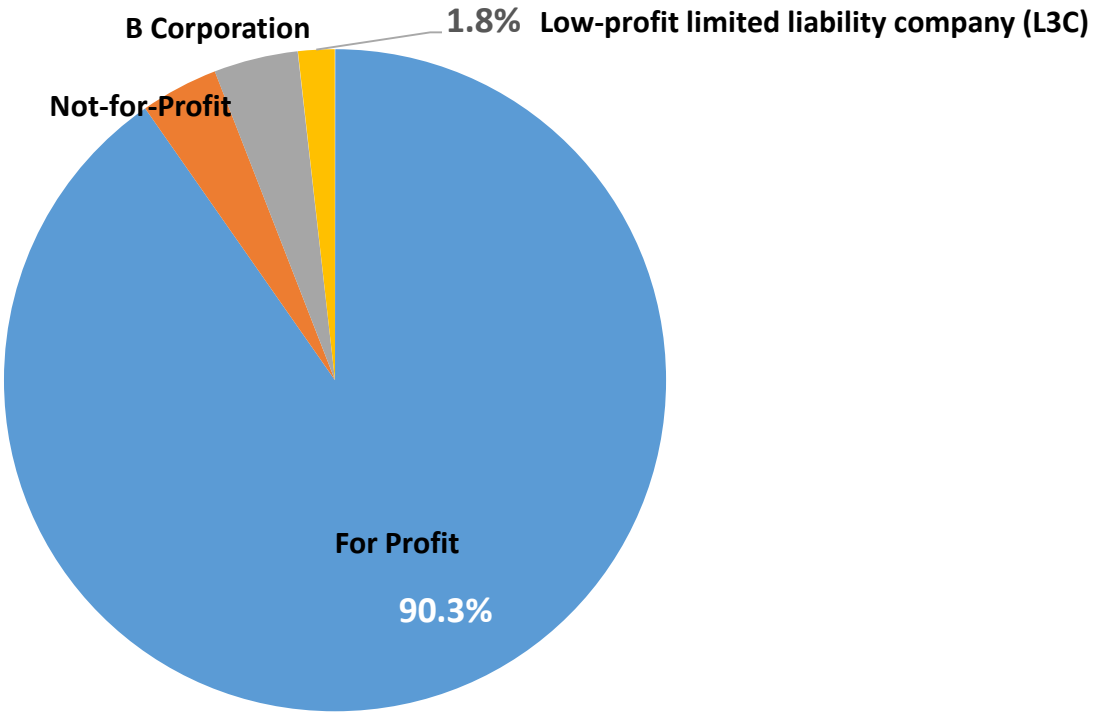



***Question asked: Please indicate the number of years that your business has been in operation.***

# Business Status

**90% indicate that their businesses are For Profit.**

**1,798 Respondents**



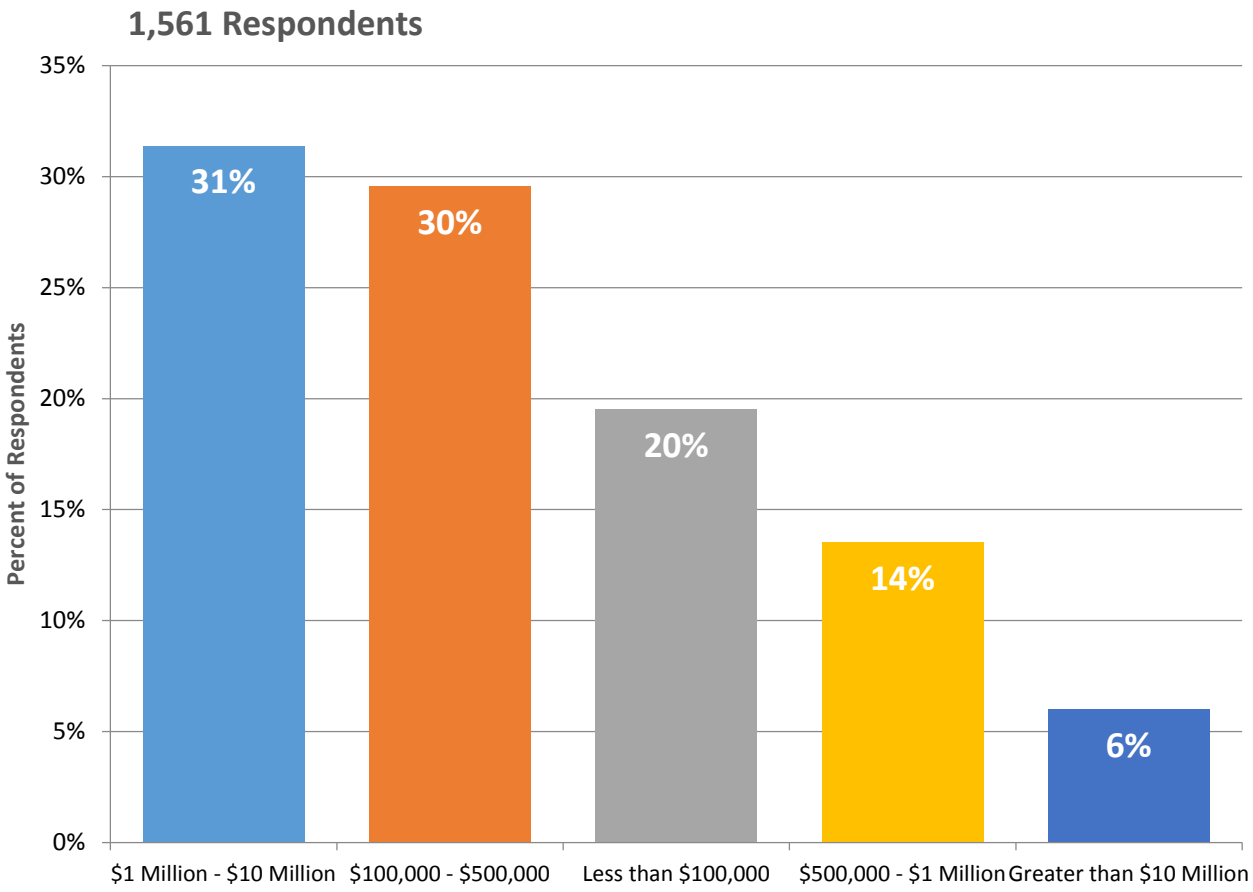

***Question asked: Please indicate the status of your business.***

# Gross Revenue

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**96% of respondents report revenues of $14 million or less.**

**85% of respondents report revenues of $3.5 million or less.**

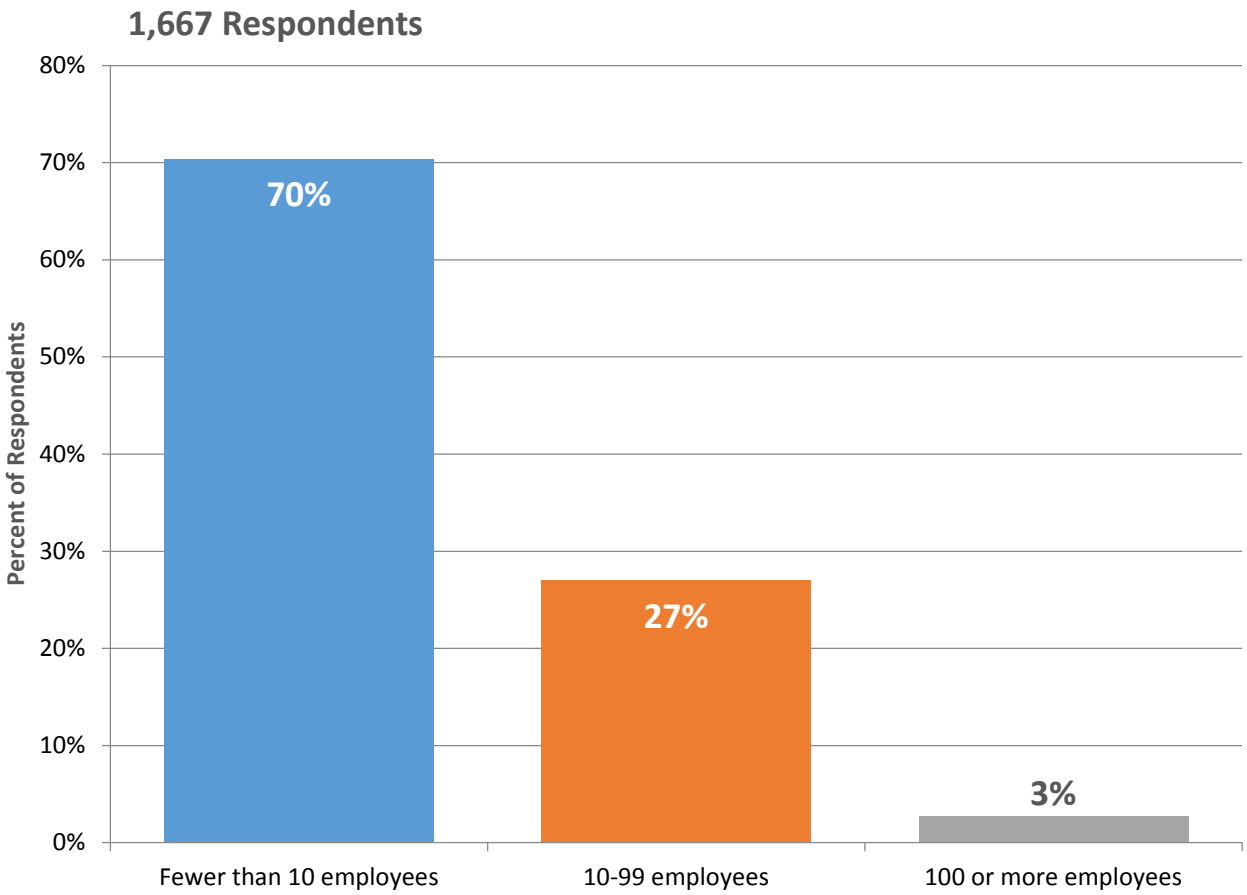



***Question asked: Please indicate your business's gross revenue for the most recent fiscal year.***

# Full-Time/Part Time Employees

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**97% report having 99 or fewer employees.**
**70% report having fewer than 10 employees.**

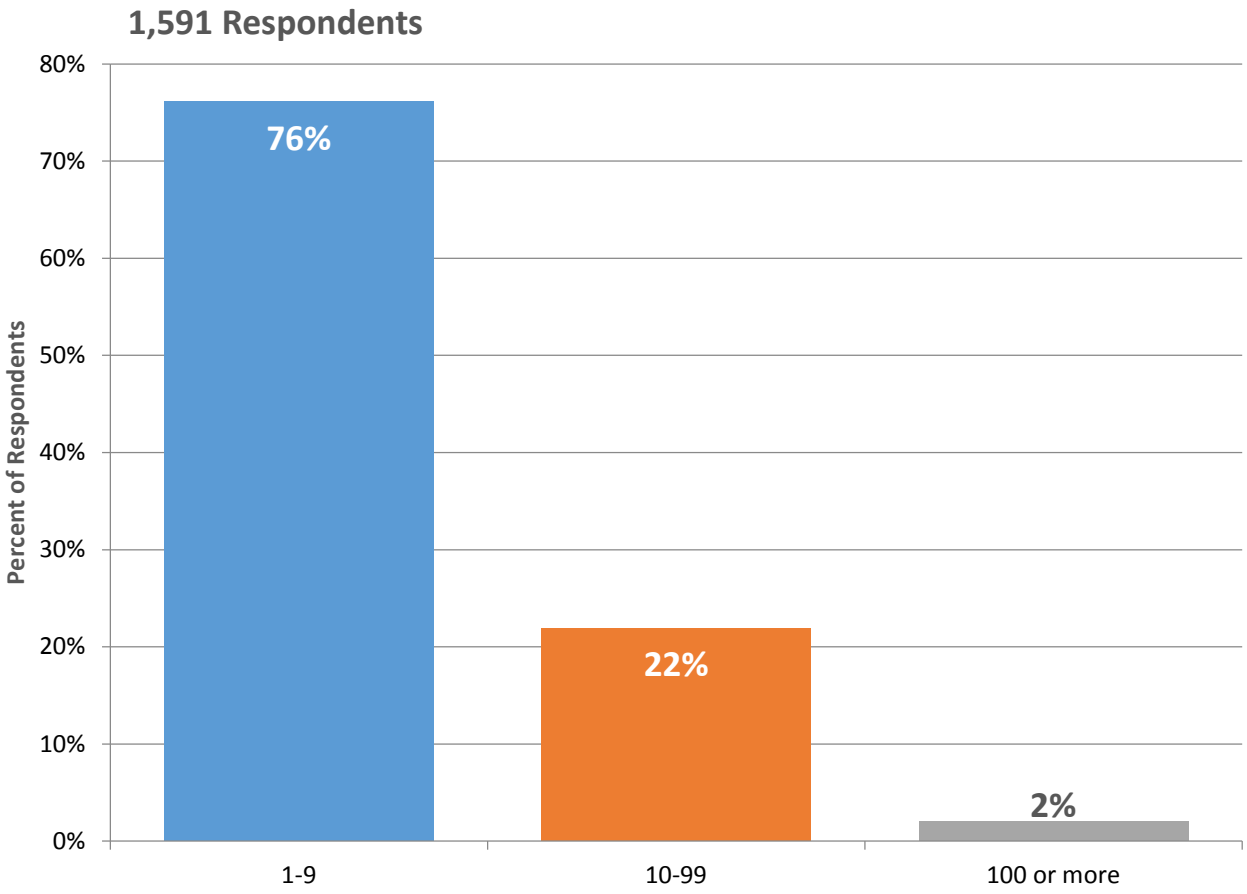



***Question asked: Please indicate the number of full- and part-time employees in your business in December 2015.***

# Number of Contractors

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**76% have fewer than 10 contractors.**

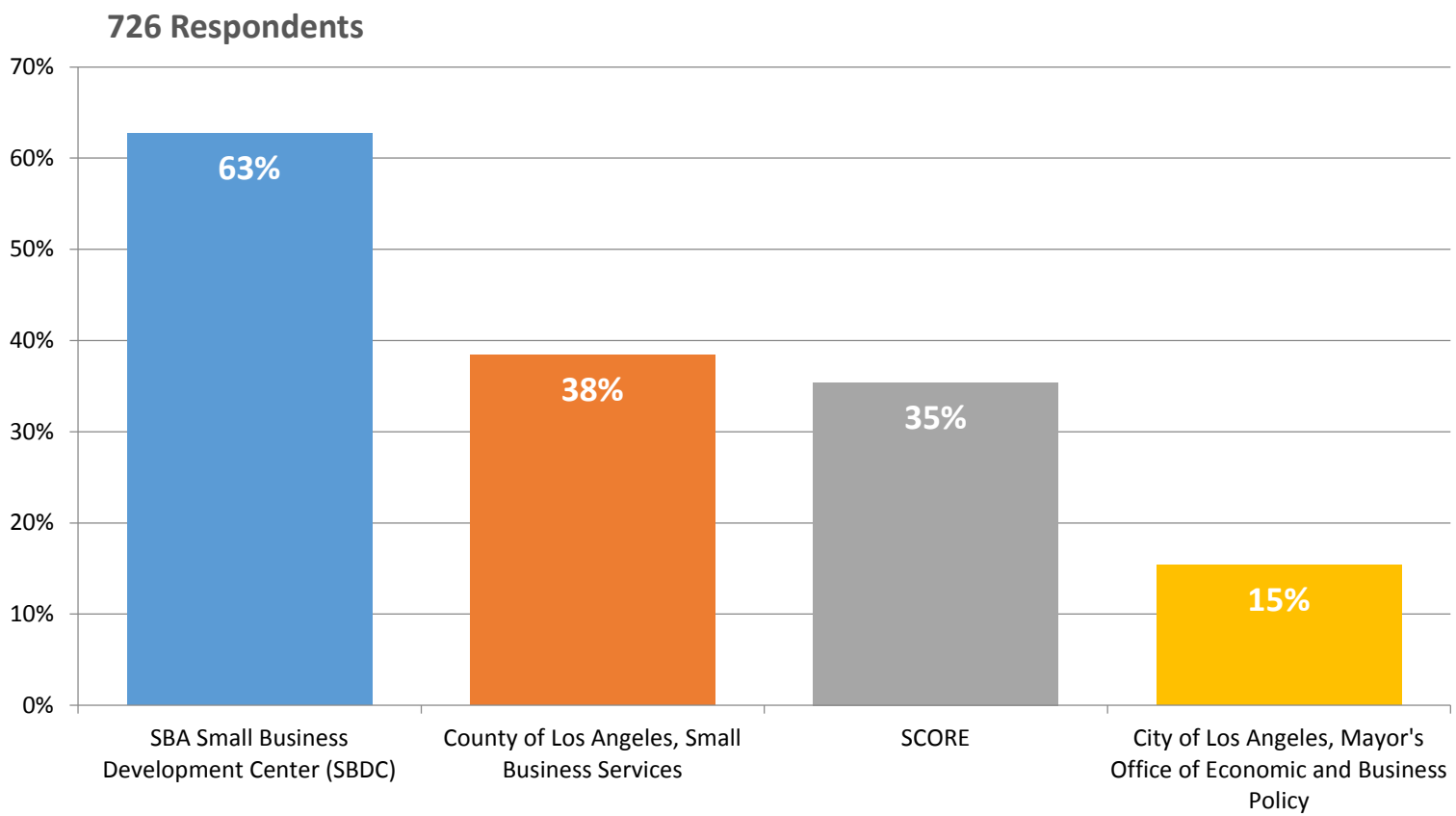



***Question asked: Please indicate the number of contractors that your business used last year.***

# Small Business Services Used

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**63% report that they have used services provided by the SBA, followed by the County of LA Small Business Services (38%) or SCORE services (35%).**

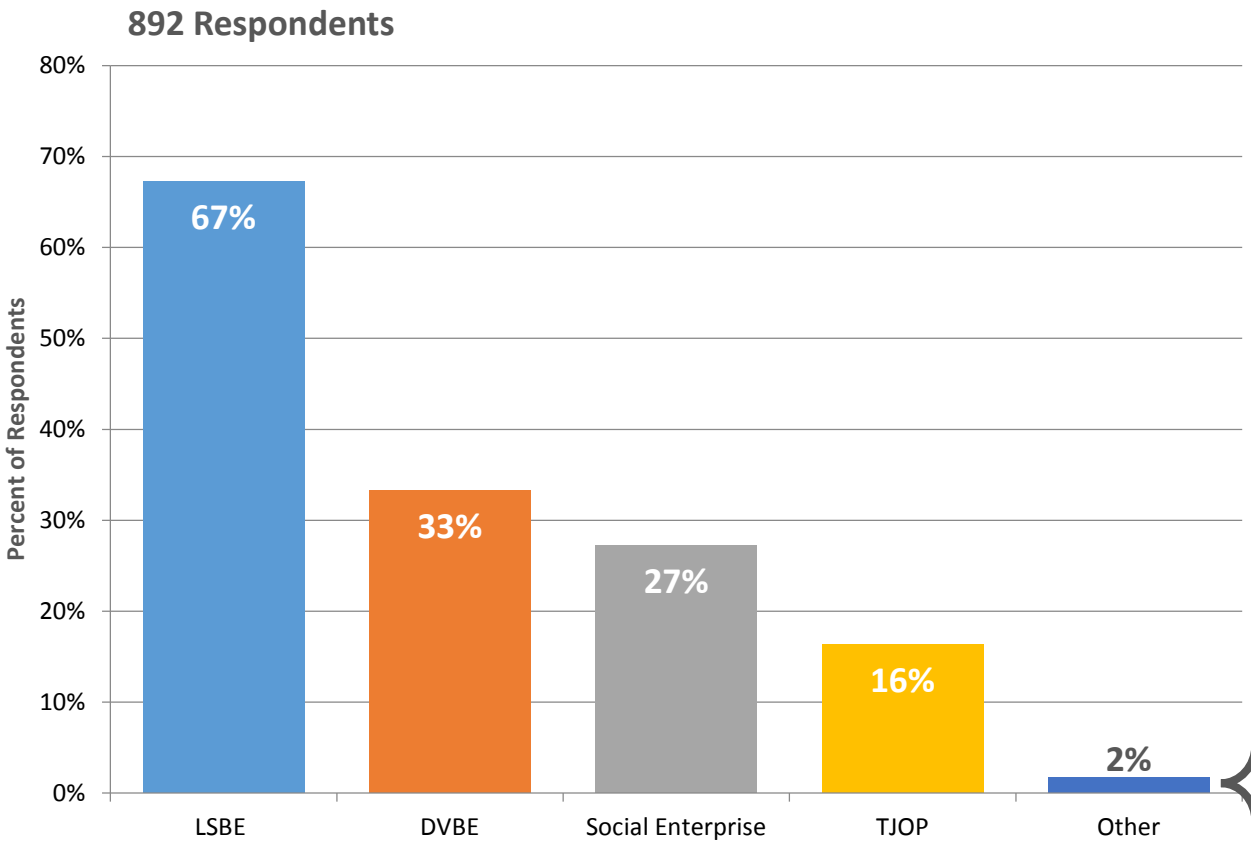



***Question asked: Have you used any of the services available through these organizations? (Check all that apply.)***

# Additional Information Desired

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

**67% indicate interest in receiving information regarding the County's LSBE program.**




**Information about:**

- WBE
- Opportunities to Work with the County
- SBE
- Microbusiness
- MBE
- Assistance for Out of County Businesses
- Bidding Process

***Question asked: Indicate if you would like to receive further information regarding any of the following topics. (Check all that apply.)***

# Appendix B – Analysis of Size of Vendor Opportunities

Appendix B presents the macro-analysis that went into determining the potential vendor opportunities, by Object Code, in the County for LSBEs and DVBEs. This analysis will require further refinement by the Auditor-Controller and others in the coming months.

## Services and Supplies Expenditures

Some of the Object Codes that included small business purchases spent less than 0.7% on small businesses. ***Approximately one-half of those codes, listed in Table B-1 and totaling approximately $750 million, have been initially determined to be not likely to be provided by small businesses***.

**Table B-1: Services and Supplies Object Codes with less than 1% LSBE Participation - NOT Included in Pie**

| Object Name | Certified LSBEs[86]($000s) | Not Certified ($000s) | Object Code Expenditures ($000s) | % |
|---|---|---|---|---|
| 3066 **- Prescription Drugs &** Medicines | $2 | $177,433 | $177,435 | 0.00% |
| 391L - Medical School Affiliation Agreement | $0 | $167,684 | $167,685 | 0.00% |
| 3954 - Medical Services-PPP | $1 | $79,824 | $79,824 | 0.00% |
| 3999 - Info Tech-Outsourced Services | $161 | $71,143 | $71,304 | 0.23% |
| 3970 - Health Services-Ancillary Services | $5 | $52,667 | $52,672 | 0.01% |
| 3088 - Prosthetic Devices, Hearing Aids, Etc. | $0 | $40,869 | $40,869 | 0.00% |
| 3202 - Postage | $63 | $25,684 | $25,746 | 0.24% |
| 3063 - Clinical Lab Reagents & Tests | $5 | $20,809 | $20,813 | 0.02% |
| 3971 - Computers, Personal-Noncapital | $71 | $18,573 | $18,644 | 0.38% |
| 3782 - Personnel Services | $31 | $16,199 | $16,230 | 0.19% |
| 3642 - Election-Related Services | $10 | $15,927 | $15,936 | 0.06% |
| 4194 - Photocopy Machine Rentals | $2 | $12,563 | $12,565 | 0.02% |

[86] The vendor base used for the statistics includes all vendors who have a Business Type designation of Procurement (Proc) or LSBE in their vendor profi5les in ECAPS.

| Object Name | Certified LSBEs[86]($000s) | Not Certified ($000s) | Object Code Expenditures ($000s) | % |
|---|---|---|---|---|
| 2083 - Cellular Phone Charges | $41 | $12,249 | $12,290 | 0.33% |
| 4691 - Library Materials & Supplies | $5 | $11,550 | $11,556 | 0.05% |
| 5098 - Auto Service | $1 | $3,327 | $3,328 | 0.02% |
| 4550 - Permit & License Fees | $1 | $3,109 | $3,110 | 0.02% |
| 4535 - Election Supplies & Equipment | $7 | $2,667 | $2,674 | 0.28% |
| 3740 - Medical Consultants | $8 | $2,614 | $2,622 | 0.31% |
| 3280 - Publications & Periodicals | $19 | $2,569 | $2,588 | 0.73% |
| 2691 - Elevator & Escalator Parts | $11 | $2,556 | $2,567 | 0.42% |
| 4556 - Promotional Services | $8 | $2,474 | $2,483 | 0.34% |
| 3717 - Legal Services | $1 | $1,801 | $1,803 | 0.08% |
| 3990 - Internet Access Provider Services | $2 | $1,441 | $1,443 | 0.10% |
| 2076 - County Telephone | $4 | $1,101 | $1,105 | 0.33% |

## Object Codes That Did Not Include Small Business Participation

***Of the approximately 250 Object Codes that had no awards to small businesses in FY 2014-2015, approximately 40 Object Codes, totaling approximately $500 million, are similarly not likely to be productive.*** These are listed in Table B-2

**Table B-2: Services and Supplies Object Codes with no LSBE Participation - NOT Included in Pie**

| Object Name | Object Code Expenditures: No Expenditures with LSBEs ($000s) |
|---|---|
| 3338 - CHP Out of Plan (OOP) Medical Services | $174,226 |
| 5229 - Electricity | $113,187 |
| 5228 - Water | $45,361 |
| 5237 - AT&T | $39,114 |
| 5230 - Natural Gas | $31,936 |
| 4076 - Museum Associates (County Contribution) | $22,997 |
| 2290 - Insurance Premiums-CAO Risk Management | $17,278 |

| Object Name | Object Code Expenditures: No Expenditures with LSBEs ($000s) |
|---|---|
| 4077 - Natural History Museum Foundation (Co Contribution) | $15,014 |
| 3940 - County Social Service Programs | $13,864 |
| 5226 - Sewage Disposal | $5,841 |
| 5238 - Verizon | $4,784 |
| 3357 - County Insurance Program-Admin Charges | $4,108 |
| 3355 - County Insurance Program-TPA Fees | $4,018 |
| 4021 - GASB 51 Commercial Software Over $1 Million | $3,146 |
| 5242 - Communications - Other | $2,207 |
| 5222 - Utilities | $2,205 |
| 3339 - Out of Plan (OOP) Medical Services | $1,570 |
| 2302 - Other Insurance Premiums | $1,102 |
| 3358 - Employee Insurance Administration | $797 |
| 3828 - Sheriffs Services | $600 |
| 3958 - Medi-Cal Administrative Activities (MAA) Fees | $352 |
| 5224 - Heat-Light-Power | $255 |
| 5233 - Energy Conservation | $231 |
| 3610 - Credit Reports | $216 |
| 5227 - Utility Relocation | $186 |
| 3535 - Coroner's Services | $89 |
| 3919 - ISD Equipment Maintenance Contract Charges | $76 |
| 5236 - Fuel Oil | $63 |
| 2342 - Jury Per Diem Fees | $48 |
| 2007 - Civic Center Parking Fee | $42 |
| 2343 - Jury Mileage/Transportation-Sc | $39 |
| 5231 - Fuel | $30 |
| 2312 - Property-Insurance | $27 |
| 5317 - Public Works-Infrastructure Improvement Cont | $23 |

| Object Name | Object Code Expenditures: No Expenditures with LSBEs ($000s) |
|---|---|
| 3340 - Bank Fees-Credit/Debit Cards | $19 |
| 3516 - Agricultural Commissioner Services | $6 |
| 5234 - Propane | $5 |
| 3809 - Registrar Recorder | $0 |

***The balance of the expenditures, totaling approximately $3.4 billion should be further explored for small business participation.***

### "Other" Expenditures

In 2015, the County spent more than $1.4 billion against Object Codes in payments not related to "services and supplies," such as payments to governments, capital expenditures, benefits payments, etc.

## Object Codes That Included Small Business Participation

Approximately $505 million of that total had small business participation. Of those expenditures, about $30 million included less than 0.5% LSBE participation. Their overall LSBE participation was 0.3%. Table B-3 lists those which are not likely to generate LSBE participation levels that will help to meet the 25% target set for LSBEs.

**Table B-3: Other Object Codes with less than 1% LSBE Participation - NOT Included in Pie**

| Object Name | Certified LSBEs | Not Certified | Object Code Expenditures | % |
|---|---|---|---|---|
| 6043 - Medical-Major Moveable Equipment | $69,192 | $27,559,152 | $27,628,345 | 0.3% |
| 6033 - Aircraft & Airport Equipment | $269 | $1,302,105 | $1,302,376 | 0.0% |
| 6050 - Computers, Mainframe | $5,940 | $1,181,357 | $1,187,298 | 0.5% |
| 5506 - Board & Care | $600 | $459,455 | $460,055 | 0.1% |
| 5612 - Specialized Care Incentives & Assistance Program | $731 | $285,721 | $286,452 | 0.3% |

***The balance, or approximately $475 million, might be eligible for small business participation.***

### Object Codes That Did Not Include Small Business Participation

The vast majority of the Object Codes in this section are by definition not eligible for LSBE participation. For example, approximately $160 million in almost 100 of the Object Codes represents payments to other governmental agencies. About the same amount is spent for such items as Worker's Compensation, Long-Term Disability, Blue Cross HMO, etc. Almost $91 million is spent on Non-Profit Organizations within this category.

***It is easier to identify expenditure areas that might be eligible for LSBE participation. Approximately $6.5 million for the following expenditures might be considered, listed in Table B-4.***

**Table B-4: Other Object Codes with less than 1% LSBE Participation - INCLUDED in Pie**

| Object Name | Object Code Expenditures ($000s) |
|---|---|
| 6065 - Consultant Services-Construction Management | $4,089 |
| 6061 - Consultant Services-Geotech/Soils Test | $2,367 |
| 6073 - Soil Report | $116 |
| 6059 - Consultant Services-Site Planning | $98 |
| 6062 - Consultant Services-Material Testing | $72 |
| 6054 - Telecommunications Equipment Installation | $55 |
| 6063 - Consultant Services-Cost Estimating | $36 |
| 6024 - Construction-Consultants | $15 |
| 6028 - Telecomm Equipment-Affixed to Building | $6 |

***Hence, a total of about $3.9 billion of expenditures seem to be eligible for Small Business participation.*** This framework should help County departments when they prepare their Mini-Utilization Plans, as outlined in Chapter X, and establish annual targets and plans, by Object Code.

Thus, 25% of that $3.9 billion target is $975 million. To achieve that goal by 2020, it will be imperative for the County to expand its pool of LSBEs. Otherwise, it is faced with the unrealistic thought that almost $900,000 would need to go to each LSBE that year.

## Appendix C – LSBE Participation Levels

The statistics in Appendix C represent financial transactions from the County's enterprise financial system, called eCAPS.[87] The Object Code is a classification standard in eCAPS; departments assign an Object Code to their financial transactions in eCAPS. The vendor base used for the statistics includes all vendors who have a Business Type designation of Procurement (Proc) or LSBE in their vendor profiles in eCAPS.

The financial statistics for awards and payments represent translation codes (i.e., document codes) used by departments for awards and payments for services and commodities. The accuracy of the statistics is dependent on how well departments categorize their financial transaction in eCAPS.

***Noted Limitations:*** During the course of the Utilization Plan development, the Office of the Auditor - Controller identified the need to validate the reasonableness of the Object Code categories to ensure commodities can reasonably be purchased from LSBE/DVBE and Social Enterprises. When performing this validation, the Auditor-Controller identified an initial issue that departments may be misusing Object Codes that otherwise should be eliminated from being open to small businesses. The Auditor-Controller will need time to analyze and identify any erroneously posted payments; however, the Auditor-Controller also pointed out that most of these amounts are immaterial for purposes of this initial macro-analysis. The Auditor-Controller will work with departments to ensure payments are coded properly in the future.

*For purposes of this Utilization Plan, the County generated award data as a starting point. A better indicator of utilization rates in a given year is actual dollars spent (Accounts Payable) with LSBEs and DVBEs. Such reports should be generated in going forward.*

Given these limitations, the data displays in Appendix C and Appendix D are starting points and illustrative of the kinds of Object Codes and data that departments should focus on. The awards data reflect encumbered funds that may be expended in one or more years and may not even be fully expended. In going forward, ***the best metric to use would be actual dollars spent in a given year (Accounts Payable), by department, including total dollars and dollars spent with LSBEs,***

[87] Note: The Medical Centers are not in ECAPS.

***DVBEs, and Social Enterprises.*** As discussed in Chapter IX, "Technology & Measurements," the County will require technological solutions for tracking and monitoring utilization rates.

## Top 50 Awards for Goods, Services, and Equipment, Including LSBE Participation Levels

Table C-1 displays the top 50 awards for goods, services, and equipment in the County, by Object Code. It then identifies what percent of the Object Code dollars were awarded to certified LSBEs, ranked in relationship to the 25% target. Overall:

- 8 commodities are higher than the 25% target goal (in green).
- 13 commodities are at or above the 25% target goal (in blue).
- Other commodities have procurement activity that includes certified LSBEs (in white).
- Other areas have negligible activity (in yellow).
- A few services can only be provided by large organizations, as already discussed, such as telecommunications, USC/UCLA contracts with the County Medical Centers, U.S. postage, and utilities (water, natural gas, and electricity) (in grey).

**Table C-1: Top 50 Object Code Expenditures for Goods, Services, & Equipment with LSBEs and Other Vendors**[88]

| Top Object Code Awards | Dollars to Certified LSBEs | % Dollars to Certified LSBEs | Dollars to Not Certified LSBEs | Object Code Total | Difference From 25% |
|---|---|---|---|---|---|
| 2694 - Fencing Materials | $1,807,179 | 88% | $255,741 | $2,062,919 | 63% |
| 2776 - Roofing Materials | $851,144 | 85% | $144,499 | $995,643 | 60% |
| 4490 - Machine Shop Tools & Accessories | $972,434 | 83% | $192,896 | $1,165,330 | 58% |
| 3801 - Public Works Department | $569,042 | 75% | $192,540 | $761,581 | 50% |
| 4102 - Publications & Legal Notices | $920,216 | 68% | $426,815 | $1,347,030 | 43% |
| 3268 - Office Furniture | $6,080,546 | 54% | $5,084,589 | $11,165,135 | 29% |
| 4872 - Video Equipment & Supplies | $1,728,532 | 53% | $1,531,638 | $3,260,170 | 28% |
| 2754 - Plumbing Supplies | $1,202,765 | 51% | $1,149,421 | $2,352,186 | 26% |
| 2141 - Bedding, Mattress, & Bath Accessories | $2,341,697 | 46% | $2,767,103 | $5,108,801 | 21% |
| 2156 - Furniture-Furnishings | $808,364 | 42% | $1,123,947 | $1,932,311 | 17% |

[88] Does not include Service Contracting.

| Top Object Code Awards | Dollars to Certified LSBEs | % Dollars to Certified LSBEs | Dollars to Not Certified LSBEs | Object Code Total | Difference From 25% |
|---|---|---|---|---|---|
| 3559 - Building Inspection Services | $5,198,764 | 39% | $8,002,339 | $13,201,103 | 14% |
| 3557 - Environmental Services | $10,353,449 | 37% | $17,409,368 | $27,762,817 | 12% |
| 3530 - Building Construction Services | $8,055,370 | 35% | $15,261,129 | $23,316,499 | 10% |
| 3278 - Printing Supplies | $705,582 | 34% | $1,365,773 | $2,071,355 | 9% |
| 2668 - Builder's Supplies | $1,868,830 | 32% | $4,021,877 | $5,890,708 | 7% |
| 4150 - Temporary Equipment Rentals | $5,796,046 | 30% | $13,370,352 | $19,166,398 | 5% |
| 3855 - Transcription Services | $736,553 | 28% | $1,927,444 | $2,663,997 | 3% |
| 2690 - Electrical Supplies & Accessories | $1,919,012 | 28% | $5,038,356 | $6,957,367 | 3% |
| 2673 - Building Maintenance-Job Order Contracts | $7,057,697 | 27% | $18,613,379 | $25,671,076 | 2% |
| 3804 - Radiology Services | $2,100,277 | 26% | $5,914,438 | $8,014,715 | 1% |
| **2709 - Grounds Maintenance-Other Than ISD** | **$2,553,995** | **25%** | **$7,812,016** | **$10,366,011** | **0%** |
| 3262 - Printing-Custom Forms, Labels, Cards | $3,396,575 | 21% | $12,496,012 | $15,892,587 | -4% |
| 4786 - Printing Services | $556,095 | 20% | $2,220,110 | $2,776,205 | -5% |
| 4570 - Public Works-Infrastructure Charges | $1,298,232 | 20% | $5,261,823 | $6,560,054 | -5% |
| 5316 - Public Works-Infrastructure Maintenance Cont | $5,313,568 | 16% | $28,927,158 | $34,240,726 | -9% |
| 4774 - Police Supplies & Minor Equipment | $1,197,174 | 15% | $6,555,218 | $7,752,392 | -10% |
| 3802 - Purchasing Services | $1,231,271 | 13% | $7,890,869 | $9,122,140 | -12% |
| 3240 - Office Supplies-General | $2,040,069 | 13% | $13,356,919 | $15,396,988 | -12% |
| 2364 - Automotive Repair Parts | $794,246 | 11% | $6,556,688 | $7,350,934 | -14% |
| 2082 - Media Related Services | $952,974 | 11% | $7,979,394 | $8,932,369 | -14% |
| 3972 - Printers/Peripherals, Personal | $1,301,363 | 10% | $11,185,009 | $12,486,372 | -15% |
| 4020 - Computers, Departmental-Software | $4,536,541 | 10% | $39,162,054 | $43,698,595 | -15% |
| 3580 - Consultant Services | $22,514,388 | 10% | $199,625,407 | $222,139,795 | -15% |
| 2122 - Food (Institutional Use Only) | $5,091,188 | 10% | $45,784,145 | $50,875,333 | -15% |
| 3265 - Computers, Personal-Accessories & Supplies | $1,300,697 | 10% | $11,831,821 | $13,132,518 | -15% |
| 2040 - Clothing-Uniforms & Accessories | $1,199,925 | 10% | $11,083,494 | $12,283,418 | -15% |
| 2672 - Building Maintenance | $3,827,603 | 9% | $38,130,990 | $41,958,593 | -16% |
| 3709 - Laboratory Services | $1,502,952 | 8% | $16,181,353 | $17,684,305 | -17% |

| Top Object Code Awards | Dollars to Certified LSBEs | % Dollars to Certified LSBEs | Dollars to Not Certified LSBEs | Object Code Total | Difference From 25% |
|---|---|---|---|---|---|
| 4565 - Public Works Internal Service Fund Charges | $2,189,981 | 8% | $24,917,140 | $27,107,122 | -17% |
| 2810 - Waste & Rubbish Removal | $732,641 | 7% | $9,258,154 | $9,990,795 | -18% |
| 3974 - Telecomm Equipment-Noncapital | $1,357,970 | 7% | $17,533,687 | $18,891,657 | -18% |
| 3996 - Info Tech-Consulting Services | $3,165,452 | 7% | $43,107,543 | $46,272,995 | -18% |
| 3977 - Telecomm Equipment Maintenance | $745,873 | 6% | $12,757,486 | $13,503,358 | -19% |
| 3081 - Hospital & Surgical Minor Equipment | $596,021 | 5% | $10,733,541 | $11,329,561 | -20% |
| 2400 - Other Equipment Maintenance | $1,532,039 | 5% | $29,580,691 | $31,112,730 | -20% |
| 3968 - Public Health Contract Services | $2,792,053 | 4% | $73,657,259 | $76,449,312 | -21% |
| 3973 - Computers, Personal-Maintenance & Support | $750,206 | 4% | $19,962,656 | $20,712,862 | -21% |
| 2388 - Automotive Contracts | $359,153 | 1% | $26,906,748 | $27,265,901 | -24% |
| 3738 - Medical | $584,125 | 1% | $53,915,860 | $54,499,985 | -24% |
| 3983 - Computer, Mainframe-Application Software | $377,251 | 1% | $41,057,757 | $41,435,008 | -24% |
| 5120 - Fuel, Oil, Grease & Lubricants-Vehicles | $327,669 | 1% | $37,077,931 | $37,405,600 | -24% |
| 3969 - Computers, Personal-Software | $281,934 | 1% | $48,099,516 | $48,381,450 | -24% |
| 4422 - Building Rentals | $767,807 | 0% | $358,795,690 | $359,563,497 | -25% |
| 3080 - Hospital & Surgical Accessories | $181,800 | 0% | $97,866,168 | $98,047,967 | -25% |
| 3999 - Info Tech-Outsourced Services | $130,900 | 0% | $65,779,951 | $65,910,851 | -25% |
| 3063 - Clinical Lab Reagents & Tests | $74,175 | 0% | $29,897,535 | $29,971,709 | -25% |
| 3825 - Security Guard Contract | $44,378 | 0% | $61,878,542 | $61,922,920 | -25% |
| 3998 - Info Tech-Application Maintenance | $30,464 | 0% | $42,878,013 | $42,908,477 | -25% |
| 3910 - Nursing Services | $21,523 | 0% | $35,844,022 | $35,865,545 | -25% |
| 3970 - Health Services-Ancillary Services | $12,647 | 0% | $49,155,119 | $49,167,766 | NA |
| 3642 - Election-Related Services | $9,700 | 0% | $22,233,113 | $22,242,812 | -25% |
| 3954 - Medical Services-PPP | $666 | 0% | $77,489,853 | $77,490,520 | -25% |
| 3088 - Prosthetic Devices, Hearing Aids, Etc. | $186 | 0% | $41,029,941 | $41,030,127 | -25% |
| 4057 - Mental Health Contract Services | $0 | 0% | $995,439,896 | $995,439,896 | -25% |
| 3338 - CHP Out of Plan (OOP) Medical Services | $0 | 0% | $174,226,495 | $174,226,495 | -25% |
| 4056 - Substance Abuse Contract | $0 | 0% | $153,668,935 | $153,668,935 | -25% |

| Top Object Code Awards | Dollars to Certified LSBEs | % Dollars to Certified LSBEs | Dollars to Not Certified LSBEs | Object Code Total | Difference From 25% |
|---|---|---|---|---|---|
| 3965 - Community and Senior Services (CSS) | $0 | 0% | $67,774,732 | $67,774,732 | -25% |
| 3691 - Custodial Contracts | $0 | 0% | $44,234,283 | $44,234,283 | -25% |
| 4062 - CalWORKS Career Education | $0 | 0% | $39,864,249 | $39,864,249 | -25% |
| 3595 - Physician Services | $0 | 0% | $37,297,599 | $37,297,599 | -25% |
| 3350 - Collection Services | $0 | 0% | $36,218,624 | $36,218,624 | -25% |
| 4063 - CalWORKS Welfare to Work | $0 | 0% | $35,826,665 | $35,826,665 | -25% |
| 3399 - Contract Law Firm Fees | $0 | 0% | $34,840,150 | $34,840,150 | -25% |
| 4080 - Probation Services | $0 | 0% | $25,973,136 | $25,973,136 | -25% |
| 391M - Dietary Services | $0 | 0% | $24,584,121 | $24,584,121 | -25% |
| 4076 - Museum Associates (County Contribution) | $0 | 0% | $23,098,911 | $23,098,911 | -25% |
| 3956 - Child Care Program Services | $0 | 0% | $19,662,062 | $19,662,062 | -25% |
| 3082 - I.V. Solutions/Sets | $0 | 0% | $18,670,825 | $18,670,825 | -25% |
| 3066 – Prescription Drugs & Medicines | $2,215 | 0% | $179,362,408 | $179,364,624 | NA |
| 391L - Medical School Affiliation Agreement (UCLA/USC) | $254 | 0% | $165,828,257 | $165,828,510 | NA |
| 5229 - Electricity | $0 | 0% | $116,421,213 | $116,421,213 | NA |
| 5228 - Water | $0 | 0% | $42,817,915 | $42,817,915 | NA |
| 5237 - AT&T | $0 | 0% | $39,114,090 | $39,114,090 | NA |
| 5230 - Natural Gas | $0 | 0% | $31,592,710 | $31,592,710 | NA |
| 3202 - Postage (U.S. Postal Service) | $62,828 | 0% | $25,566,996 | $25,629,824 | NA |

## LSBE Awards, By County Department

Most departments have multiple budgets and, thus, their departmental budgets show up as different line items in ISD's database. For example:

- The Office of the Auditor-Controller has 3 budget groups: AC for Auditor-Controller ND, AU for Auditor-Controller, and NT for Non-Departmental/Auditor-Controller Tax Division.
- The Department of Public Health has: PG for Substance Abuse Prevention and Control, PH for Public Health Programs, PP for Office of AIDS Programs & Policy, PR for Antelope Valley Rehabilitation Center, and PS for Children's Medical Services.

- The Office of the CEO has: AO for Chief Executive Office, CB for CEO-Budget & Operations Management Branch, CF for CEO-Facility Asset Management (FAM), and OE for CEO-Office of Emergency Management.
- The Department of Health Services has multiple budgets: HA for Health Agency, HC - Health Services for Integrated Correctional Health Services, HD for Antelope Valley Cluster (Hi-Desert), HE for Online Real-Time Centralized Health Information Database, HG for LAC+USC Healthcare Network, HH for MetroCare Network, HJ for Juvenile Court Health Services, HK for Southwest Cluster (MLK Jr MC), HO for ValleyCare Network, HP for Office Of Managed Care, and HS for Health Services.

During the course of the preparation of the Utilization Plan, some departments requested that their numbers be "rolled up," which KH manually did. In the future, the County will have to generate these reports in formats that are useful to departments.

Table C-2 displays awards made to LSBEs and others, by County department, in FY 2014-2015. The awards are an indicator of commitments made, which may cover one or more years. Table C-2 also indicates the dollar award amount that would be needed for each 1% increase in LSBE participation levels. Similar analysis of LSBE expenditures, by County department, would also be beneficial.

**Table C-2: FY 2014-2015 LSBE Awards, by County Department (FY 2014-2015)**

| County Departments | # Certified LSBE Objects | $ Awards with Certified LSBEs | % of $ Awards with Certified LSBEs | $ Value of 1% Total Awards | $ Value of Gap to 25% LSBE Awards | $ Awards with Not Certified | $ Total Awarded |
|---|---|---|---|---|---|---|---|
| AC - Auditor-Controller ND | | | 0.0% | $500,742 | $12,518,556 | $50,074,226 | $50,074,226 |
| AD - Alternate Public Defender | 3 | $1,303 | 0.3% | $4,809 | $118,932 | $479,638 | $480,941 |
| AN - Animal Care And Control | 12 | $79,170 | 1.9% | $42,027 | $971,498 | $4,123,500 | $4,202,669 |
| AO - Chief Executive Office | 12 | $34,798 | 0.4% | $91,483 | $2,252,279 | $9,113,510 | $9,148,308 |
| AR - Museum Of Art | | | 0.0% | $234,068 | $5,851,689 | $23,406,755 | $23,406,755 |
| AS - Assessor | 16 | $234,297 | 1.4% | $164,198 | $3,870,665 | $16,185,552 | $16,419,849 |
| AU - Auditor-Controller | 14 | $7,949 | 0.1% | $112,437 | $2,802,973 | $11,235,740 | $11,243,689 |
| AW - Agric Comm/Wts & Measures | 39 | $523,421 | 10.7% | $48,887 | $698,751 | $4,365,268 | $4,888,690 |
| BH - Beaches & Harbors | 36 | $414,649 | 3.5% | $116,892 | $2,507,653 | $11,274,557 | $11,689,206 |
| BS - Board Of Supervisors | 38 | $619,071 | 2.0% | $302,677 | $6,947,856 | $29,648,637 | $30,267,708 |
| CA - Consumer and Business Affairs | 8 | $11,181 | 0.5% | $24,338 | $597,278 | $2,422,655 | $2,433,837 |
| CB - CEO - Budget & Ops Management Branch | 2 | $2,201,493 | 3.7% | $591,832 | $12,594,305 | $56,981,699 | $59,183,193 |
| CC - County Counsel | 17 | $119,128 | 4.9% | $24,426 | $491,519 | $2,323,461 | $2,442,588 |

| County Departments | # Certified LSBE Objects | $ Awards with Certified LSBEs | % of $ Awards with Certified LSBEs | $ Value of 1% Total Awards | $ Value of Gap to 25% LSBE Awards | $ Awards with Not Certified | $ Total Awarded |
|---|---|---|---|---|---|---|---|
| CD - Child Support Services | 20 | $79,305 | 2.1% | $38,270 | $877,446 | $3,747,701 | $3,827,006 |
| CF - CEO - Facility Asset Management (FAM) | 1 | $24,011 | 0.0% | $1,766,046 | $44,127,150 | $176,580,636 | $176,604,647 |
| CH - Children & Family Services | 78 | $1,899,243 | 1.3% | $1,470,432 | $34,861,564 | $145,143,985 | $147,043,228 |
| CP - Capital Projects | 11 | $5,595,181 | 2.0% | $2,812,000 | $64,704,823 | $275,604,834 | $281,200,014 |
| CS - Community and Senior Services | 16 | $89,221 | 0.1% | $740,933 | $18,434,105 | $74,004,085 | $74,093,306 |
| DA - District Attorney | 45 | $1,165,446 | 12.0% | $97,152 | $1,263,357 | $8,549,765 | $9,715,210 |
| EB - Employee Benefits | | | 0.0% | $524,051 | $13,101,282 | $52,405,128 | $52,405,128 |
| FR - Fire Department | 99 | $4,695,087 | 5.7% | $828,902 | $16,027,459 | $78,195,095 | $82,890,182 |
| FS - Federal / State Disaster Aid | | | 0.0% | $299 | $7,487 | $29,947 | $29,947 |
| GJ - Grand Jury | 1 | $17,000 | 12.9% | $1,319 | $15,984 | $114,937 | $131,937 |
| DHS – Department of Health Services[89] | 226 | $ 14,479,794 | 1.3% | $11,521,428 | $288,035,693 | $1,137,662,979 | $1,152,142,773 |
| HM - Human Resources Dept | 8 | $114,171 | 0.1% | $1,232,755 | $30,704,701 | $123,161,318 | $123,275,489 |
| IB - Insurance Budget | | | 0.0% | $344,003 | $8,600,085 | $34,400,340 | $34,400,340 |
| IO - Chief Information Officer | 3 | $4,137 | 0.1% | $75,870 | $1,892,608 | $7,582,845 | $7,586,982 |
| IS - Internal Services Dept | 151 | $25,545,310 | 6.3% | $4,053,773 | $75,799,010 | $379,831,971 | $405,377,281 |
| JD - Judgments & Damages | | | 0.0% | $296,089 | $7,402,225 | $29,608,901 | $29,608,901 |
| ME - Dept of Medical Examiner - Coroner | 30 | $328,435 | 6.3% | $52,057 | $972,999 | $4,877,301 | $5,205,736 |
| MH - Mental Health | 52 | $2,204,131 | 0.2% | $10,529,652 | $261,037,158 | $1,050,761,023 | $1,052,965,154 |
| MV - Military & Vets Affairs | 14 | $86,756 | 31.2% | $2,780 | NA | $191,258 | $278,014 |
| NH - Museum Of Natural History | | | 0.0% | $150,140 | $3,753,500 | $15,014,000 | $15,014,000 |
| OE - CEO - Office of Emergency Management | 3 | $211,352 | 1.7% | $127,417 | $2,974,078 | $12,530,369 | $12,741,721 |
| OM - Ombudsman | 1 | $4,900 | 100.0% | $49 | NA | | $4,900 |
| OS - Regional Park & Open Space District | 1 | $12,996 | 0.0% | $393,088 | $9,814,216 | $39,295,853 | $39,308,849 |
| PB - Probation Department | 72 | $2,356,615 | 3.3% | $717,483 | $15,580,468 | $69,391,717 | $71,748,332 |
| PD - Public Defender | 14 | $459,505 | 13.4% | $34,310 | $398,253 | $2,971,528 | $3,431,033 |

[89] Consolidation of HG - LAC+USC Healthcare Network, HH - MetroCare Network, HJ - Juvenile Court Health Services, HK - Southwest Cluster (MLK Jr MC), HO - ValleyCare Network, HP - Office Of Managed Care, HR - Rancho Los Amigos National Rehabilitation Center, and HS - Health Services.

| County Departments | # Certified LSBE Objects | $ Awards with Certified LSBEs | % of $ Awards with Certified LSBEs | $ Value of 1% Total Awards | $ Value of Gap to 25% LSBE Awards | $ Awards with Not Certified | $ Total Awarded |
|---|---|---|---|---|---|---|---|
| PF - Project & Facility Development | | | 0.0% | $2,236 | $55,888 | $223,553 | $223,553 |
| DPH – Department of Public Health[90] | 77 | $ 4,011,428 | 1.4% | $2,970,562 | $74,264,041 | $293,044,736 | $297,056,164 |
| PK - Parks & Recreation Department | 116 | $5,878,232 | 11.7% | $501,269 | $6,653,484 | $44,248,632 | $50,126,864 |
| PL - Public Library | 43 | $1,321,886 | 4.8% | $272,621 | $5,493,642 | $25,940,226 | $27,262,112 |
| PW - Public Works Department | 81 | $64,716,236 | 14.5% | $4,464,011 | $46,884,035 | $381,684,847 | $446,401,083 |
| RE - Rent Expense | 3 | $1,006,278 | 0.3% | $3,982,469 | $98,555,438 | $397,240,584 | $398,246,862 |
| RP - Regional Planning Department | 5 | $277,813 | 15.8% | $17,538 | $160,625 | $1,475,941 | $1,753,753 |
| RR - Registrar Recorder | 19 | $435,804 | 1.3% | $345,560 | $8,203,190 | $34,120,173 | $34,555,978 |
| SC - Superior Court & County Clerk | 1 | $3,744 | 0.1% | $57,890 | $1,443,497 | $5,785,220 | $5,788,964 |
| SH – Sheriff | 142 | $23,464,951 | 6.9% | $3,402,106 | $61,587,692 | $316,745,622 | $340,210,573 |
| SS - Public Social Services Department | 21 | $6,709,098 | 0.8% | $8,746,365 | $211,950,032 | $867,927,421 | $874,636,519 |
| TC - Trial Courts | 2 | $13,766 | 0.1% | $138,105 | $3,438,861 | $13,796,739 | $13,810,505 |
| TT - Treasurer & Tax Collector | 23 | $1,427,894 | 11.5% | $124,629 | $1,687,838 | $11,035,034 | $12,462,927 |
| HE - Online Real-Time Centralized Health Information Database: Identified as activity that is not a candidate for LSBEs | | | 0.0% | $155,350 | $3,883,759 | $15,535,036 | $15,535,036 |
| **Totals** | | **$172,876,384** | **2.6%** | **$65,245,258** | **$1,458,268,632** | **$6,351,649,369** | **$6,524,525,752** |
| **Potential Progress Toward Target, Based on Re-Sizing the "Pie"** | | | 4.7% | | | | **$3,700,000,000** |

[90] Consolidation of PG - Substance Abuse Prevention and Control, PH - Public Health Programs, PP - Office of AIDS Programs & Policy, PR - Antelope Valley, Rehabilitation Center, and PS - Children's Medical Services.

## Top 5 Object Codes, By County Department, Including LSBE Participation Levels

Table C-3 can provide guidance to departments regarding their top five Object Codes for which they use LSBEs.

**Table C-3: FY 2014-2015 Top Five Object Codes for LSBEs, by County Department**

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| AC - Auditor-Controller ND | NA | | 0.0% | | |
| AD - Alternate Public Defender | 3240 - Office Supplies-General | $762 | 2.4% | $30,832 | $31,593 |
| AD - Alternate Public Defender | 3280 - Publications & Periodicals | $271 | 100.0% | | $271 |
| AD - Alternate Public Defender | 2024 - Badges, ID Cards & Emblems | $270 | 100.0% | | $270 |
| AN - Animal Care And Control | 3974 - Telecomm Equipment-Noncapital | $40,005 | 87.3% | $5,802 | $45,807 |
| AN - Animal Care And Control | 4520 - Animal Equipment & Supplies | $19,316 | 5.7% | $322,303 | $341,619 |
| AN - Animal Care And Control | 3278 - Printing Supplies | $8,816 | 43.4% | $11,499 | $20,316 |
| AN - Animal Care And Control | 3262 - Printing-Custom Forms, Labels, Cards | $4,891 | 18.7% | $21,290 | $26,181 |
| AN - Animal Care And Control | 4472 - Barrels, Drums, & Pails | $3,074 | 87.3% | $447 | $3,521 |
| AO - Chief Executive Office | 3268 - Office Furniture | $15,476 | 56.9% | $11,721 | $27,196 |
| AO - Chief Executive Office | 4912 - Moving & Transport Services | $9,682 | 37.6% | $16,079 | $25,761 |
| AO - Chief Executive Office | 4634 - Photographic Equipment & Supplies | $3,085 | 5.6% | $51,559 | $54,643 |
| AO - Chief Executive Office | 3240 - Office Supplies-General | $1,532 | 2.3% | $66,549 | $68,081 |
| AO - Chief Executive Office | 3990 - Internet Access Provider Services | $1,511 | 100.0% | | $1,511 |
| AR - Museum Of Art | NA | | 0.0% | | |
| AS - Assessor | 4015 - Computers, Departmental-Maintenance/Support | $98,194 | 26.6% | $270,509 | $368,702 |
| AS - Assessor | 4020 - Computers, Departmental-Software | $63,532 | 9.6% | $595,894 | $659,426 |
| AS - Assessor | 3268 - Office Furniture | $14,541 | 5.2% | $266,432 | $280,972 |
| AS - Assessor | 3580 - Consultant Services | $13,725 | 49.5% | $13,982 | $27,707 |
| AS - Assessor | 3971 - Computers, Personal-Noncapital | $11,696 | 37.0% | $19,917 | $31,613 |
| AU - Auditor-Controller | 2156 - Furniture-Furnishings | $2,689 | 75.9% | $855 | $3,544 |
| AU - Auditor-Controller | 3240 - Office Supplies-General | $1,263 | 3.6% | $34,159 | $35,421 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| AU - Auditor-Controller | 3182 - Miscellaneous Expense | $1,244 | 60.1% | $825 | $2,069 |
| AU - Auditor-Controller | 3557 - Environmental Services | $792 | 100.0% | | $792 |
| AU - Auditor-Controller | 2090 - Sound Systems-Parts & Accessories | $749 | 46.2% | $873 | $1,622 |
| AW - Agric Comm/Wts & Measures | 4914 - Weed Abatement Services | $235,485 | 29.8% | $554,695 | $790,180 |
| AW - Agric Comm/Wts & Measures | 3712 - Laboratory Tests | $87,130 | 83.7% | $16,995 | $104,125 |
| AW - Agric Comm/Wts & Measures | 2709 - Grounds Maintenance-Other Than ISD | $70,000 | 65.9% | $36,194 | $106,194 |
| AW - Agric Comm/Wts & Measures | 3240 - Office Supplies-General | $26,724 | 41.6% | $37,442 | $64,166 |
| AW - Agric Comm/Wts & Measures | 4020 - Computers, Departmental-Software | $22,105 | 66.7% | $11,029 | $33,134 |
| BH - Beaches & Harbors | 4150 - Temporary Equipment Rentals | $98,541 | 77.0% | $29,441 | $127,982 |
| BH - Beaches & Harbors | 2690 - Electrical Supplies & Accessories | $87,469 | 91.8% | $7,806 | $95,275 |
| BH - Beaches & Harbors | 3240 - Office Supplies-General | $65,375 | 57.5% | $48,346 | $113,721 |
| BH - Beaches & Harbors | 4545 - Park/Recreation Equipment & Supplies | $38,305 | 21.4% | $140,475 | $178,781 |
| BH - Beaches & Harbors | 4555 - Promotional Materials | $29,211 | 2.4% | $1,169,166 | $1,198,377 |
| BS - Board Of Supervisors | 4102 - Publications & Legal Notices | $283,731 | 66.4% | $143,489 | $427,221 |
| BS - Board Of Supervisors | 3262 - Printing-Custom Forms, Labels, Cards | $72,585 | 28.5% | $182,502 | $255,087 |
| BS - Board Of Supervisors | 4872 - Video Equipment & Supplies | $68,512 | 75.4% | $22,330 | $90,842 |
| BS - Board Of Supervisors | 3580 - Consultant Services | $50,214 | 0.4% | $12,404,679 | $12,454,893 |
| BS - Board Of Supervisors | 3971 - Computers, Personal-Noncapital | $28,396 | 6.0% | $447,545 | $475,941 |
| CA - Consumer and Business Affairs | 3240 - Office Supplies-General | $8,593 | 24.7% | $26,225 | $34,818 |
| CA - Consumer and Business Affairs | 3268 - Office Furniture | $1,382 | 38.5% | $2,210 | $3,592 |
| CA - Consumer and Business Affairs | 4786 - Printing Services | $480 | 100.0% | | $480 |
| CA - Consumer and Business Affairs | 2090 - Sound Systems-Parts & Accessories | $272 | 100.0% | | $272 |
| CA - Consumer and Business Affairs | 2690 - Electrical Supplies & Accessories | $210 | 100.0% | | $210 |
| CB - CEO - Budget & Operations Management Branch | 3580 - Consultant Services | $2,200,000 | 10.9% | $17,920,872 | $20,120,872 |
| CB - CEO - Budget & Operations | 4555 - Promotional Materials | $1,493 | 2.6% | $56,468 | $57,961 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| Management Branch | | | | | |
| CC - County Counsel | 6038 - Computers, Midrange/Departmental | $42,401 | 100.0% | | $42,401 |
| CC - County Counsel | 3998 - Info Tech-Application Maintenance | $24,806 | 23.3% | $81,701 | $106,507 |
| CC - County Counsel | 3240 - Office Supplies-General | $21,746 | 19.5% | $89,660 | $111,406 |
| CC - County Counsel | 3278 - Printing Supplies | $15,506 | 39.6% | $23,685 | $39,191 |
| CC - County Counsel | 3268 - Office Furniture | $5,785 | 32.6% | $11,985 | $17,771 |
| CD - Child Support Services | 3268 - Office Furniture | $21,068 | 28.0% | $54,127 | $75,194 |
| CD - Child Support Services | 3265 - Computers, Personal-Access & Supplies | $10,836 | 63.9% | $6,115 | $16,951 |
| CD - Child Support Services | 3985 - Computer, Mainframe-Access & Supplies | $10,275 | 39.0% | $16,096 | $26,371 |
| CD - Child Support Services | 3182 - Miscellaneous Expense | $8,328 | 24.6% | $25,499 | $33,826 |
| CD - Child Support Services | 2397 - Office Equipment Maintenance | $5,000 | 2.9% | $168,376 | $173,376 |
| CF - CEO - Facility Asset Management (FAM) | 2673 - Building Maintenance-Job Order Contracts | $24,011 | 1.9% | $1,207,984 | $1,231,995 |
| CH - Children & Family Services | 5608 - Family Preservation Program (FP) | $547,344 | 1.6% | $34,602,123 | $35,149,467 |
| CH - Children & Family Services | 3262 - Printing-Custom Forms, Labels, Cards | $330,505 | 82.2% | $71,582 | $402,087 |
| CH - Children & Family Services | 5620 - Supportive & Therapeutic Options Prgm (STOP) | $320,879 | 82.0% | $70,217 | $391,097 |
| CH - Children & Family Services | 3268 - Office Furniture | $78,219 | 10.1% | $697,691 | $775,911 |
| CH - Children & Family Services | 3182 - Miscellaneous Expense | $75,783 | 39.3% | $116,872 | $192,656 |
| CP - Capital Projects | 6017 - Construction-Contract | $1,987,390 | 1.3% | $145,331,880 | $147,319,270 |
| CP - Capital Projects | 6016 - Construction-Demolition | $1,485,300 | 56.7% | $1,133,313 | $2,618,613 |
| CP - Capital Projects | 6027 - Construction-Misc Expense | $992,204 | 94.0% | $62,959 | $1,055,163 |
| CP - Capital Projects | 6015 - Buildings & Improvements | $421,032 | 2.4% | $16,779,625 | $17,200,657 |
| CP - Capital Projects | 6020 - Construction-Change Order | $367,096 | 3.9% | $9,106,014 | $9,473,111 |
| CS - Community and Senior Services | 3240 - Office Supplies-General | $57,307 | 52.1% | $52,659 | $109,966 |
| CS - Community and Senior Services | 4102 - Publications & Legal Notices | $25,000 | 100.0% | | $25,000 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| CS - Community and Senior Services | 3268 - Office Furniture | $20,399 | 6.4% | $300,151 | $320,550 |
| CS - Community and Senior Services | 4912 - Moving & Transport Services | $20,000 | 41.5% | $28,217 | $48,217 |
| CS - Community and Senior Services | 2162 - Kitchen Appliances & Accessories | $10,014 | 50.3% | $9,899 | $19,913 |
| DA - District Attorney | 3268 - Office Furniture | $788,222 | -96.5% | ($1,605,409) | ($817,187) |
| DA - District Attorney | 3278 - Printing Supplies | $135,398 | 77.5% | $39,351 | $174,750 |
| DA - District Attorney | 4786 - Printing Services | $103,775 | 72.4% | $39,593 | $143,367 |
| DA - District Attorney | 3782 - Personnel Services | $27,419 | 33.7% | $53,857 | $81,276 |
| DA - District Attorney | 4634 - Photographic Equipment & Supplies | $21,684 | 73.8% | $7,688 | $29,372 |
| EB - Employee Benefits | NA | | 0.0% | | |
| FR - Fire Department | 6049 - Vehicles & Transportation Equipment | $1,520,550 | 17.2% | $7,330,778 | $8,851,328 |
| FR - Fire Department | 2388 - Automotive Contracts | $359,153 | 13.2% | $2,355,342 | $2,714,496 |
| FR - Fire Department | 2364 - Automotive Repair Parts | $358,521 | 14.8% | $2,066,091 | $2,424,612 |
| FR - Fire Department | 3530 - Building Construction Services | $339,540 | 49.1% | $351,852 | $691,392 |
| FR - Fire Department | 2387 - Gardening Equipment Maintenance | $231,258 | 56.9% | $175,341 | $406,599 |
| FS - Federal / State Disaster Aid | NA | | 0.0% | | |
| GJ - Grand Jury | 4102 - Publications & Legal Notices | $17,000 | 38.8% | $26,800 | $43,800 |
| HE - Online Real-Time Centralized Health Information Database | NA | | 0.0% | | |
| HG - LAC+USC Healthcare Network | 2672 - Building Maintenance | $1,224,208 | 16.0% | $6,420,118 | $7,644,326 |
| HG - LAC+USC Healthcare Network | 3804 - Radiology Services | $612,680 | 22.7% | $2,085,018 | $2,697,698 |
| HG - LAC+USC Healthcare Network | 3081 - Hospital & Surgical Minor Equipment | $461,978 | 13.3% | $3,016,521 | $3,478,498 |
| HG - LAC+USC Healthcare Network | 2810 - Waste & Rubbish Removal | $427,708 | 41.8% | $595,297 | $1,023,005 |
| HG - LAC+USC Healthcare Network | 3709 - Laboratory Services | $387,289 | 7.0% | $5,139,100 | $5,526,389 |
| HH - MetroCare Network | 3802 - Purchasing Services | $1,019,246 | 38.2% | $1,646,078 | $2,665,325 |
| HH - MetroCare Network | 3804 - Radiology Services | $735,658 | 26.0% | $2,089,388 | $2,825,046 |
| HH - MetroCare Network | 3240 - Office Supplies-General | $267,588 | 21.3% | $988,367 | $1,255,956 |
| HH - MetroCare Network | 3575 - Pharmaceutical Services | $254,310 | 4.9% | $4,908,307 | $5,162,617 |
| HH - MetroCare Network | 6037 - Electronic Equipment | $253,143 | 100.8% | ($1,962) | $251,181 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| HJ - Juvenile Court Health Services | 3738 - Medical | $52,858 | 27.7% | $138,107 | $190,965 |
| HJ - Juvenile Court Health Services | 2156 - Furniture-Furnishings | $39,101 | 100.0% | | $39,101 |
| HJ - Juvenile Court Health Services | 3240 - Office Supplies-General | $11,260 | 26.1% | $31,936 | $43,197 |
| HJ - Juvenile Court Health Services | 2400 - Other Equipment Maintenance | $5,963 | 94.5% | $347 | $6,309 |
| HJ - Juvenile Court Health Services | 2810 - Waste & Rubbish Removal | $4,500 | 17.7% | $20,877 | $25,377 |
| HK - Southwest Cluster (MLK Jr MC) | 6043 - Medical-Major Moveable Equipment | -$22,146 | 99.3% | ($161) | ($22,307) |
| HM - Human Resources Dept | 3268 - Office Furniture | $39,363 | 66.1% | $20,195 | $59,558 |
| HM - Human Resources Dept | 3515 - Advertising Services | $31,479 | 43.0% | $41,737 | $73,216 |
| HM - Human Resources Dept | 3969 - Computers, Personal-Software | $16,590 | 47.9% | $18,026 | $34,616 |
| HM - Human Resources Dept | 3240 - Office Supplies-General | $16,434 | 27.8% | $42,759 | $59,193 |
| HM - Human Resources Dept | 4912 - Moving & Transport Services | $7,648 | 40.8% | $11,110 | $18,758 |
| HO - ValleyCare Network | 3709 - Laboratory Services | $891,102 | 17.2% | $4,297,495 | $5,188,597 |
| HO - ValleyCare Network | 3804 - Radiology Services | $529,129 | 31.3% | $1,162,217 | $1,691,346 |
| HO - ValleyCare Network | 391K - Dental Services | $503,467 | 93.4% | $35,680 | $539,147 |
| HO - ValleyCare Network | 3738 - Medical | $267,947 | 18.9% | $1,149,016 | $1,416,963 |
| HO - ValleyCare Network | 2709 - Grounds Maintenance-Other Than ISD | $192,764 | 54.0% | $163,896 | $356,660 |
| HP - Office Of Managed Care | 3529 - Audit Fees | $19,400 | 100.0% | | $19,400 |
| HP - Office Of Managed Care | 3580 - Consultant Services | $960 | 0.0% | $4,953,508 | $4,954,468 |
| HP - Office Of Managed Care | 3954 - Medical Services-PPP | $666 | 0.0% | $40,237,906 | $40,238,572 |
| HP - Office Of Managed Care | 2397 - Office Equipment Maintenance | $79 | 100.0% | | $79 |
| HR - Rancho Los Amigos National Rehabilitation Center | 2709 - Grounds Maintenance-Other Than ISD | $245,072 | 100.0% | | $245,072 |
| HR - Rancho Los Amigos National Rehabilitation Center | 3804 - Radiology Services | $222,811 | 50.5% | $218,820 | $441,630 |
| HR - Rancho Los Amigos National Rehabilitation Center | 3738 – Medical | $144,882 | 9.3% | $1,414,771 | $1,559,653 |
| HR - Rancho Los Amigos National | 3802 - Purchasing Services | $92,374 | 11.6% | $703,444 | $795,818 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| Rehabilitation Center | | | | | |
| HR - Rancho Los Amigos National Rehabilitation Center | 2392 - Medical Equipment Maintenance | $90,383 | 10.5% | $768,673 | $859,055 |
| HS - Health Services | 3996 - Info Tech-Consulting Services | $1,064,500 | 6.7% | $14,924,186 | $15,988,686 |
| HS - Health Services | 3973 - Computers, Personal-Mainten & Support | $362,929 | 11.8% | $2,721,438 | $3,084,368 |
| HS - Health Services | 3972 - Printers/Peripherals, Personal | $153,959 | 2.9% | $5,130,795 | $5,284,754 |
| HS - Health Services | 3526 - Ambulance Service | $123,380 | 2.8% | $4,217,328 | $4,340,708 |
| HS - Health Services | 4786 - Printing Services | $100,441 | 10.4% | $864,484 | $964,925 |
| IB - Insurance Budget | NA | | 0.0% | | |
| IO - Chief Information Officer | 3240 - Office Supplies-General | $3,151 | 62.8% | $1,870 | $5,022 |
| IO - Chief Information Officer | 3182 - Miscellaneous Expense | $974 | 100.0% | | $974 |
| IO - Chief Information Officer | 5138 - Freight | $13 | 53.8% | $11 | $23 |
| IS - Internal Services Dept | 2673 - Building Maintenance-Job Order Contracts | $6,747,279 | 28.5% | $16,949,910 | $23,697,189 |
| IS - Internal Services Dept | 4020 - Computers, Departmental-Software | $3,974,451 | 78.3% | $1,100,038 | $5,074,489 |
| IS - Internal Services Dept | 3996 - Info Tech-Consulting Services | $1,730,725 | 22.1% | $6,107,301 | $7,838,026 |
| IS - Internal Services Dept | 3530 - Building Construction Services | $1,118,293 | 44.8% | $1,377,945 | $2,496,238 |
| IS - Internal Services Dept | 2690 - Electrical Supplies & Accessories | $973,346 | 28.5% | $2,441,434 | $3,414,779 |
| JD - Judgments & Damages | NA | | 0.0% | | |
| ME - Medical Examiner - Coroner | 3268 - Office Furniture | $82,732 | 25.5% | $241,103 | $323,836 |
| ME - Medical Examiner - Coroner | 4504 - Storage Containers/Structures | $59,510 | 94.3% | $3,597 | $63,107 |
| ME - Medical Examiner - Coroner | 3080 - Hospital & Surgical Accessories | $45,607 | 27.2% | $121,875 | $167,482 |
| ME - Medical Examiner - Coroner | 3738 - Medical | $35,255 | 29.3% | $85,135 | $120,390 |
| ME - Medical Examiner - Coroner | 3530 - Building Construction Services | $24,282 | 31.2% | $53,521 | $77,803 |
| MH - Mental Health | 3268 - Office Furniture | $497,193 | 54.6% | $412,787 | $909,980 |
| MH - Mental Health | 3240 - Office Supplies-General | $402,411 | 55.6% | $321,448 | $723,859 |
| MH - Mental Health | 4020 - Computers, Departmental-Software | $298,380 | 28.0% | $766,515 | $1,064,895 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| MH - Mental Health | 3580 - Consultant Services | $170,343 | 1.6% | $10,294,708 | $10,465,051 |
| MH - Mental Health | 3972 - Printers/Peripherals, Personal | $154,633 | 45.6% | $184,751 | $339,384 |
| MV - Military & Vets Affairs | 5120 - Fuel, Oil, Grease & Lubricants-Vehicles | $29,533 | 94.7% | $1,665 | $31,198 |
| MV - Military & Vets Affairs | 3240 - Office Supplies-General | $27,669 | 63.0% | $16,284 | $43,953 |
| MV - Military & Vets Affairs | 3235 - Office Machines & Related Supplies | $9,145 | 82.6% | $1,927 | $11,072 |
| MV - Military & Vets Affairs | 3985 - Computer, Mainframe-Access & Supplies | $6,274 | 100.0% | | $6,274 |
| MV - Military & Vets Affairs | 2143 - Blinds-Venetian & Vertical | $4,457 | 100.0% | | $4,457 |
| NH - Museum Of Natural History | NA | | 0.0% | | |
| OE - CEO - Office of Emergency Management | 3529 - Audit Fees | $189,247 | 100.0% | | $189,247 |
| OE - CEO - Office of Emergency Management | 4068 - Translation Services | $17,005 | 100.0% | | $17,005 |
| OE - CEO - Office of Emergency Management | 4774 - Police Supplies & Minor Equipment | $5,100 | 100.0% | | $5,100 |
| OM - Ombudsman | 3580 - Consultant Services | -$4,900 | 100.0% | | ($4,900) |
| OS - Regional Park & Open Space District | 4096 - Audit Services Contracts | $12,996 | 100.0% | | $12,996 |
| PB - Probation Department | 3855 - Transcription Services | $736,553 | 100.0% | | $736,553 |
| PB - Probation Department | 3240 - Office Supplies-General | $283,537 | 29.2% | $687,741 | $971,278 |
| PB - Probation Department | 3268 - Office Furniture | $271,965 | 18.2% | $1,218,269 | $1,490,234 |
| PB - Probation Department | 2705 - Glass & Glazing Supplies | $93,729 | 98.3% | $1,585 | $95,313 |
| PB - Probation Department | 3062 - Chemicals-Medical | $90,464 | 100.0% | | $90,464 |
| PD - Public Defender | 6034 - Telecommunications Equipment | $306,817 | 100.0% | | $306,817 |
| PD - Public Defender | 3268 - Office Furniture | $52,315 | 23.3% | $172,258 | $224,572 |
| PD - Public Defender | 4872 - Video Equipment & Supplies | $37,728 | 84.0% | $7,172 | $44,900 |
| PD - Public Defender | 3262 - Printing-Custom Forms, Labels, Cards | $19,636 | 33.6% | $38,825 | $58,461 |
| PD - Public Defender | 3983 - Computer, Mainframe-Application | $18,863 | 100.0% | | $18,863 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| | Software | | | | |
| PF - Project & Facility Development | NA | | 0.0% | | |
| PG - Substance Abuse Prevention and Control | 3265 - Computers, Personal-Accessories & Supplies | $2,715 | 6.2% | $41,200 | $43,915 |
| PG - Substance Abuse Prevention and Control | 2672 - Building Maintenance | $1,992 | 100.0% | | $1,992 |
| PG - Substance Abuse Prevention and Control | 3240 - Office Supplies-General | $1,580 | 5.2% | $28,526 | $30,106 |
| PG - Substance Abuse Prevention and Control | 3225 - Furniture-Health Care | $387 | 100.0% | | $387 |
| PG - Substance Abuse Prevention and Control | 2664 - Alarm System Maintenance | $268 | 100.0% | | $268 |
| PH - Public Health Programs | 3968 - Public Health Contract Services | $2,792,053 | 6.4% | $40,893,979 | $43,686,032 |
| PH - Public Health Programs | 4786 - Printing Services | $268,037 | 99.6% | $1,173 | $269,210 |
| PH - Public Health Programs | 6046 - Office Furniture, Fixtures & Equip. | $231,769 | 100.0% | | $231,769 |
| PH - Public Health Programs | 3278 - Printing Supplies | $84,717 | 46.1% | $98,987 | $183,703 |
| PH - Public Health Programs | 4484 - Furniture-Other Than Office | $57,452 | 100.0% | | $57,452 |
| PK - Parks & Recreation Department | 2709 - Grounds Maintenance-Other Than ISD | $1,665,832 | 23.9% | $5,302,614 | $6,968,446 |
| PK - Parks & Recreation Department | 3580 - Consultant Services | $838,416 | 25.3% | $2,480,759 | $3,319,175 |
| PK - Parks & Recreation Department | 2040 - Clothing-Uniforms & Accessories | $338,496 | 52.9% | $301,304 | $639,800 |
| PK - Parks & Recreation Department | 2673 - Building Maintenance-Job Order Contracts | $286,407 | 38.6% | $455,292 | $741,699 |
| PK - Parks & Recreation Department | 2754 - Plumbing Supplies | $214,358 | 71.1% | $87,274 | $301,632 |
| PL - Public Library | 2663 - Alterations & Improvements-ISD | $399,607 | 42.5% | $540,755 | $940,362 |
| PL - Public Library | 2709 - Grounds Maintenance-Other Than ISD | $351,999 | 68.6% | $161,446 | $513,445 |
| PL - Public Library | 3268 - Office Furniture | $172,763 | 23.1% | $574,034 | $746,797 |
| PL - Public Library | 3985 - Computer, Mainframe-Access & | $138,052 | 48.7% | $145,522 | $283,574 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| | Supplies | | | | |
| PL - Public Library | 3972 - Printers/Peripherals, Personal | $68,543 | 33.4% | $136,501 | $205,044 |
| PP - Office of AIDS Programs & Policy | 2156 - Furniture-Furnishings | $562 | 81.9% | $124 | $687 |
| PR - Antelope Valley Rehab Center | 3262 - Printing-Custom Forms, Labels, Cards | $11,240 | 85.5% | $1,909 | $13,149 |
| PR - Antelope Valley Rehab Center | 2122 - Food (Institutional Use Only) | $5,875 | 1.0% | $611,403 | $617,279 |
| PR - Antelope Valley Rehab Center | 2400 - Other Equipment Maintenance | $4,306 | 18.6% | $18,866 | $23,172 |
| PR - Antelope Valley Rehab Center | 2040 - Clothing-Uniforms & Accessories | $4,142 | 48.3% | $4,429 | $8,572 |
| PR - Antelope Valley Rehab Center | 3280 - Publications & Periodicals | $4,139 | 35.6% | $7,479 | $11,618 |
| PS - Children's Medical Services | 3240 - Office Supplies-General | $44,041 | 18.4% | $195,261 | $239,301 |
| PS - Children's Medical Services | 2397 - Office Equipment Maintenance | $1,156 | 15.1% | $6,508 | $7,664 |
| PW - Public Works Department | 3580 - Consultant Services | $18,099,625 | 19.7% | $73,936,979 | $92,036,604 |
| PW - Public Works Department | 3557 - Environmental Services | $9,289,076 | 38.5% | $14,858,940 | $24,148,016 |
| PW - Public Works Department | 3530 - Building Construction Services | $5,980,459 | 37.8% | $9,861,734 | $15,842,193 |
| PW - Public Works Department | 4150 - Temporary Equipment Rentals | $5,611,094 | 37.9% | $9,184,703 | $14,795,798 |
| PW - Public Works Department | 5316 - Public Works-Infrastr Maintenance Cont | $5,313,568 | 15.5% | $28,927,158 | $34,240,726 |
| RE - Rent Expense | 4422 - Building Rentals | $767,807 | 0.2% | $356,838,509 | $357,606,317 |
| RE - Rent Expense | 3530 - Building Construction Services | $186,369 | 10.3% | $1,622,935 | $1,809,304 |
| RE - Rent Expense | 3182 - Miscellaneous Expense | $52,102 | 25.9% | $148,959 | $201,060 |
| RP - Regional Planning Department | 3580 - Consultant Services | $270,000 | 30.8% | $607,837 | $877,837 |
| RP - Regional Planning Department | 2084 - Mail Service | $5,777 | 7.6% | $70,486 | $76,263 |
| RP - Regional Planning Department | 4786 - Printing Services | $1,068 | 5.4% | $18,857 | $19,926 |
| RP - Regional Planning Department | 3969 - Computers, Personal-Software | $551 | 3.0% | $17,621 | $18,171 |
| RP - Regional Planning Department | 3240 - Office Supplies-General | $417 | 3.2% | $12,499 | $12,916 |
| RR - Registrar Recorder | 3972 - Printers/Peripherals, Personal | $157,025 | 59.3% | $107,669 | $264,694 |
| RR - Registrar Recorder | 4020 - Computers, Departmental-Software | $98,663 | 10.6% | $831,940 | $930,603 |
| RR - Registrar Recorder | 3997 - Info Tech-Application Development | $98,191 | 98.3% | $1,651 | $99,842 |
| RR - Registrar Recorder | 2665 - Alterations & Improve-Other Than | $16,894 | 32.8% | $34,689 | $51,583 |

| Department Name | Object Name | $ Expenditures With LSBE Certified | % of $ Expenditures with Certified LSBEs | $ Expenditures with Not Certified | Object Total |
|---|---|---|---|---|---|
| | ISD | | | | |
| RR - Registrar Recorder | 5120 - Fuel, Oil, Grease & Lubricants-Vehicles | $11,936 | 24.4% | $36,949 | $48,885 |
| SC - Superior Court & County Clerk | 4912 - Moving & Transport Services | $3,744 | 100.0% | | $3,744 |
| SH - Sheriff | 2122 - Food (Institutional Use Only) | $4,932,478 | 12.5% | $34,468,957 | $39,401,435 |
| SH - Sheriff | 2141 - Bedding, Mattress, & Bath Accessories | $2,289,197 | 69.8% | $989,324 | $3,278,521 |
| SH - Sheriff | 3268 - Office Furniture | $2,068,673 | 97.4% | $54,744 | $2,123,417 |
| SH - Sheriff | 2694 - Fencing Materials | $1,756,434 | 98.2% | $32,385 | $1,788,820 |
| SH - Sheriff | 6038 - Computers, Midrange/Departmental | $1,122,313 | 23.9% | $3,579,814 | $4,702,127 |
| SS - Public Social Services Dept | 3262 - Printing-Custom Forms, Labels, Cards | $2,761,518 | 33.1% | $5,576,044 | $8,337,562 |
| SS - Public Social Services Dept | 3268 - Office Furniture | $1,448,355 | 48.3% | $1,552,520 | $3,000,875 |
| SS - Public Social Services Dept | 3265 - Computers, Personal-Access & Supplies | $1,064,893 | 83.6% | $209,585 | $1,274,478 |
| SS - Public Social Services Dept | 3972 - Printers/Peripherals, Personal | $621,432 | 20.5% | $2,402,836 | $3,024,268 |
| SS - Public Social Services Dept | 3974 - Telecomm Equipment-Noncapital | $281,760 | 100.0% | | $281,760 |
| TC - Trial Courts | 4786 - Printing Services | $13,571 | 100.0% | | $13,571 |
| TC - Trial Courts | 3240 - Office Supplies-General | $195 | 30.7% | $439 | $635 |
| TT - Treasurer & Tax Collector | 4560 - Public Administrator-Estate Charges | $550,000 | 72.4% | $209,562 | $759,562 |
| TT - Treasurer & Tax Collector | 4102 - Publications & Legal Notices | $533,048 | 97.8% | $11,787 | $544,835 |
| TT - Treasurer & Tax Collector | 4052 - Data Conversion Services | $200,000 | 100.0% | | $200,000 |
| TT - Treasurer & Tax Collector | 3268 - Office Furniture | $48,472 | 35.5% | $88,180 | $136,651 |
| TT - Treasurer & Tax Collector | 2156 - Furniture-Furnishings | $34,467 | 100.0% | | $34,467 |

# Appendix D – DVBE Participation Levels

Similar to Appendix C, the statistics in Appendix D represent financial transactions from the County's enterprise financial system, called eCAPS.[91] The Object Code is a classification standard in eCAPS; departments assign an Object Code to their financial transactions in eCAPS. The vendor base used for the statistics includes all vendors who have a Business Type designation of Procurement (Proc) or DVBE in their vendor profiles in eCAPS. The financial statistics for awards and payments represent translation codes (i.e., document codes) used by departments for awards and payments for services and commodities. The accuracy of the statistics is dependent on how well departments categorize their financial transaction in eCAPS.

The same caveats, outlined in the introduction to Appendix C, apply to the DVBE statistics.

## DVBE Awards

Table D-1 displays the awards made to DVBEs in FY 2014-2015, by Object Name. The County made $4.7 million in awards to DVBEs out of total awards of $5.0 billion – representing a DVBE award participation level of .09%.

The top 12 Object Names in terms of dollar amounts (above $50,000) included consultant services, including IT consulting, personal computer software, mainframe application software, and IT training; real estate-related services (e.g., building rentals and furniture); building construction; sewer maintenance; and equipment maintenance, including personal computers.

**Table D-1: County Awards Made to DVBEs, by Object Name (FY 2014-2015)**

| Object Name | Certified DVBEs | % of Object Total | Not Certified | Object Total |
|---|---|---|---|---|
| 3580 - Consultant Services | $1,022,494 | 0.46% | $221,117,301 | $222,139,795 |
| 4422 - Building Rentals | $767,807 | 0.21% | $358,795,690 | $359,563,497 |
| 3996 - Info Tech-Consulting Services | $702,962 | 1.52% | $45,570,033 | $46,272,995 |
| 3268 - Office Furniture | $636,204 | 5.70% | $10,528,930 | $11,165,135 |
| 3969 - Computers, Personal-Software | $330,531 | 0.68% | $48,050,919 | $48,381,450 |
| 3530 - Building Construction Services | $204,931 | 0.88% | $23,111,568 | $23,316,499 |

[91] Note: The Medical Centers are not in ECAPS.

| Object Name | Certified DVBEs | % of Object Total | Not Certified | Object Total |
|---|---|---|---|---|
| 3983 - Computer, Mainframe-Application Software | $169,100 | 0.41% | $41,265,909 | $41,435,008 |
| 2400 - Other Equipment Maintenance | $109,717 | 0.35% | $31,003,013 | $31,112,730 |
| 3973 - Computers, Personal-Maintenance & Support | $95,625 | 0.46% | $20,617,237 | $20,712,862 |
| 2156 - Furniture-Furnishings | $82,564 | 4.27% | $1,849,747 | $1,932,311 |
| 3995 - IT Training | $79,220 | 10.41% | $682,044 | $761,264 |
| 2778 - Sewer Maintenance | $66,200 | 64.03% | $37,187 | $103,387 |
| 3265 - Computers, Personal-Accessories & Supplies | $48,215 | 0.37% | $13,084,302 | $13,132,518 |
| 4020 - Computers, Departmental-Software | $43,600 | 0.10% | $43,654,995 | $43,698,595 |
| 2672 - Building Maintenance | $42,220 | 0.10% | $41,916,373 | $41,958,593 |
| 4015 - Computers, Departmental-Maintenance/Support | $40,421 | 0.46% | $8,826,821 | $8,867,242 |
| 2661 - Acoustical Tile, Materials, & Supplies | $40,137 | 26.83% | $109,438 | $149,574 |
| 3801 - Public Works Department | $27,192 | 3.57% | $734,389 | $761,581 |
| 3985 - Computer, Mainframe-Accessories & Supplies | $24,008 | 1.09% | $2,172,753 | $2,196,761 |
| 3971 - Computers, Personal-Noncapital | $20,863 | 0.11% | $18,314,295 | $18,335,158 |
| 5120 - Fuel, Oil, Grease & Lubricants-Vehicles | $15,899 | 0.04% | $37,389,701 | $37,405,600 |
| 3556 - Educational Services | $12,600 | 0.14% | $8,976,367 | $8,988,967 |
| 3970 - Health Services-Ancillary Services | $12,568 | 0.03% | $49,155,198 | $49,167,766 |
| 3557 - Environmental Services | $12,189 | 0.04% | $27,750,628 | $27,762,817 |
| 2750 - Pipe & Tubing | $9,660 | 0.90% | $1,063,875 | $1,073,535 |
| 3080 - Hospital & Surgical Accessories | $9,653 | 0.01% | $98,038,314 | $98,047,967 |
| 2667 - Bricks, Stone, & Other Clay Products | $8,408 | 22.66% | $28,700 | $37,108 |
| 3240 - Office Supplies-General | $7,612 | 0.05% | $15,389,376 | $15,396,988 |
| 3182 - Miscellaneous Expense | $7,346 | 0.08% | $9,735,187 | $9,742,533 |
| 2754 - Plumbing Supplies | $4,525 | 0.19% | $2,347,661 | $2,352,186 |
| 2790 - Steel, Aluminum, & Other Metals | $4,397 | 1.11% | $392,279 | $396,675 |
| 2690 - Electrical Supplies & Accessories | $3,598 | 0.05% | $6,953,769 | $6,957,367 |
| 3854 - Training | $2,800 | 0.06% | $4,898,622 | $4,901,422 |
| 2662 - Air Conditioning/Heating Equipment & Supplies | $2,796 | 0.13% | $2,110,162 | $2,112,957 |
| 2665 - Alterations & Improvements-Other Than ISD | $2,344 | 0.04% | $5,831,170 | $5,833,513 |
| 3782 - Personnel Services | $2,000 | 0.01% | $13,927,159 | $13,929,159 |
| 2785 - Steam/Hot Water Fittings & Supplies | $1,472 | 0.76% | $192,422 | $193,893 |

| Object Name | Certified DVBEs | % of Object Total | Not Certified | Object Total |
|---|---|---|---|---|
| 4912 - Moving & Transport Services | $1,029 | 0.03% | $3,889,033 | $3,890,062 |
| 4484 - Furniture-Other Than Office | $983 | 0.11% | $928,590 | $929,573 |
| 2692 - Electronic Components & Parts | $905 | 0.17% | $523,286 | $524,191 |
| 5138 - Freight | $850 | 0.03% | $3,376,797 | $3,377,647 |
| 4950 - Fire Fighting Supplies-Tools | $654 | 0.01% | $5,130,333 | $5,130,987 |
| 3652 - Engineering Services-Professional | $596 | 0.45% | $131,960 | $132,556 |
| 3974 - Telecomm Equipment-Noncapital | $458 | 0.00% | $18,891,200 | $18,891,657 |
| 3802 - Purchasing Services | $371 | 0.00% | $9,121,769 | $9,122,140 |
| 2685 - Electrical Cables & Wires | $43 | 0.01% | $394,374 | $394,418 |
| 3066 - Prescription Drugs & Medicines | $195 | 0.00% | $179,364,429 | $179,364,624 |
| Remaining Awards - Non Certified Vendors | | | $3,601,942,391 | $3,601,942,391 |
| **Grand Total** | $4,679,959 | 0.09% | $5,039,317,696 | $5,043,997,655 |

The Object Names that had award percentages that exceeded the target of 3% are show in Table D-2.

**Table D-2: Object Name Awards that Meet or Exceed DVBE Target Participation Levels of 3% (FY 2014-2015)**

| Object Name | Certified DVBEs | Certified DVBE as % of Object Total | Not Certified | Object Total |
|---|---|---|---|---|
| 2778 - Sewer Maintenance | $66,200 | 64.03% | $37,187 | $103,387 |
| 2661 - Acoustical Tile, Materials, & Supplies | $40,137 | 26.83% | $109,438 | $149,574 |
| 2667 - Bricks, Stone, & Other Clay Products | $8,408 | 22.66% | $28,700 | $37,108 |
| 3995 - IT Training | $79,220 | 10.41% | $682,044 | $761,264 |
| 3268 - Office Furniture | $636,204 | 5.70% | $10,528,930 | $11,165,135 |
| 2156 - Furniture-Furnishings | $82,564 | 4.27% | $1,849,747 | $1,932,311 |
| 3801 - Public Works Department | $27,192 | 3.57% | $734,389 | $761,581 |

## DVBE Expenditures

Table D-3 displays the expenditures made to DVBEs in FY 2014-2015, by Object Name. The County made payments to DVBEs in the amount of $3.5 million out of total expenditures of $4.7 billion – representing DVBE expenditure levels of .07%.

The top 12 Object Names in terms of dollar amounts (above $50,000) included furniture (office, health care, furnishings, and drapes and curtains); IT (IT consulting, IT training, software, personal and mainframe software, and personal computer maintenance and support); building rentals; building construction services; consulting services; and sewer maintenance. This pattern is similar to the awards made in FY 2014-2015 and displayed in Table D-1.

**Table D-3: County Expenditures to DVBEs, by Object Name (FY 2014-2015)**

| Object Name | Certified DVBEs | % of Object Name | Not Certified | Object Total |
|---|---|---|---|---|
| 3268 - Office Furniture | $834,733 | 5.27% | $15,007,164 | $15,841,897 |
| 3996 - Info Tech-Consulting Services | $538,163 | 1.69% | $31,281,873 | $31,820,036 |
| 4422 - Building Rentals | $383,897 | 0.22% | $175,006,758 | $175,390,655 |
| 3969 - Computers, Personal-Software | $235,605 | 0.51% | $45,650,018 | $45,885,623 |
| 3530 - Building Construction Services | $200,686 | 1.07% | $18,605,042 | $18,805,728 |
| 3225 - Furniture-Health Care | $169,822 | 9.57% | $1,605,555 | $1,775,377 |
| 3983 - Computer, Mainframe-Application Software | $169,100 | 0.44% | $38,413,875 | $38,582,975 |
| 2400 - Other Equipment Maintenance | $109,382 | 0.38% | $28,536,085 | $28,645,467 |
| 2156 - Furniture-Furnishings | $94,945 | 3.47% | $2,639,560 | $2,734,505 |
| 3995 - IT Training | $79,220 | 11.57% | $605,578 | $684,798 |
| 3580 - Consultant Services | $66,248 | 0.04% | $167,791,737 | $167,857,985 |
| 2778 - Sewer Maintenance | $66,200 | 56.00% | $52,010 | $118,210 |
| 3973 - Computers, Personal-Maintenance & Support | $60,137 | 0.26% | $22,689,084 | $22,749,222 |
| 2150 - Drapes & Curtains | $52,304 | 36.95% | $89,239 | $141,543 |
| 2666 - Boiler Maintenance & Supplies | $49,350 | 5.45% | $856,726 | $906,076 |
| 3265 - Computers, Personal-Accessories & Supplies | $48,215 | 0.34% | $14,257,927 | $14,306,143 |
| 4020 - Computers, Departmental-Software | $43,600 | 0.10% | $42,765,794 | $42,809,394 |
| 4015 - Computers, Departmental-Maintenance/Support | $40,421 | 0.41% | $9,812,243 | $9,852,664 |
| 3240 - Office Supplies-General | $31,051 | 0.20% | $15,557,048 | $15,588,099 |
| 3801 - Public Works Department | $27,192 | 3.87% | $676,222 | $703,414 |
| 3985 - Computer, Mainframe-Accessories & Supplies | $24,008 | 0.83% | $2,869,527 | $2,893,535 |
| 2661 - Acoustical Tile, Materials, & Supplies | $21,820 | 16.24% | $112,564 | $134,384 |
| 3971 - Computers, Personal-Noncapital | $20,863 | 0.11% | $18,623,564 | $18,644,426 |
| 2672 - Building Maintenance | $19,434 | 0.08% | $24,899,646 | $24,919,080 |

| Object Name | Certified DVBEs | % of Object Name | Not Certified | Object Total |
|---|---|---|---|---|
| 3557 - Environmental Services | $12,186 | 0.07% | $18,078,682 | $18,090,868 |
| 3854 - Training | $10,550 | 0.19% | $5,429,809 | $5,440,359 |
| 5120 - Fuel, Oil, Grease & Lubricants-Vehicles | $9,699 | 0.03% | $31,175,817 | $31,185,516 |
| 2750 - Pipe & Tubing | $9,660 | 0.89% | $1,076,378 | $1,086,038 |
| 2667 - Bricks, Stone, & Other Clay Products | $8,408 | 21.85% | $30,067 | $38,475 |
| 3182 - Miscellaneous Expense | $7,893 | 0.05% | $14,617,659 | $14,625,552 |
| 3970 - Health Services-Ancillary Services | $5,408 | 0.01% | $52,667,029 | $52,672,437 |
| 2754 - Plumbing Supplies | $4,525 | 0.20% | $2,299,516 | $2,304,041 |
| 2690 - Electrical Supplies & Accessories | $3,598 | 0.06% | $6,255,548 | $6,259,147 |
| 3556 - Educational Services | $2,600 | 0.03% | $8,275,547 | $8,278,147 |
| 4912 - Moving & Transport Services | $2,027 | 0.06% | $3,153,204 | $3,155,230 |
| 3782 - Personnel Services | $2,000 | 0.01% | $16,227,862 | $16,229,862 |
| 2665 - Alterations & Improvements-Other Than ISD | $1,581 | 0.03% | $5,136,845 | $5,138,426 |
| 2785 - Steam/Hot Water Fittings & Supplies | $1,472 | 0.73% | $200,171 | $201,643 |
| 4484 - Furniture-Other Than Office | $983 | 0.09% | $1,142,877 | $1,143,860 |
| 3080 - Hospital & Surgical Accessories | $936 | 0.00% | $85,783,888 | $85,784,824 |
| 2692 - Electronic Components & Parts | $905 | 0.21% | $437,768 | $438,673 |
| 4950 - Fire Fighting Supplies-Tools | $900 | 0.02% | $4,268,221 | $4,269,121 |
| 5138 - Freight | $850 | 0.03% | $3,110,635 | $3,111,485 |
| 3652 - Engineering Services-Professional | $596 | 0.13% | $446,869 | $447,465 |
| 3974 - Telecomm Equipment-Noncapital | $458 | 0.00% | $23,947,529 | $23,947,986 |
| 4470 - Air Compressors & Accessories | $427 | 0.34% | $126,775 | $127,202 |
| 3802 - Purchasing Services | $371 | 0.00% | $8,599,614 | $8,599,985 |
| 3066 - Prescription Drugs & Medicines | $195 | 0.00% | $177,434,604 | $177,434,799 |
| 2685 - Electrical Cables & Wires | $43 | 0.01% | $430,999 | $431,043 |
| Remaining Awards - Non Certified Vendors | | | $3,521,992,927 | $3,521,992,927 |
| **Grand Total** | $3,474,667 | 0.07% | $4,670,751,682 | $4,674,226,349 |

The Object Names that had expenditure percentages that exceeded the target of 3% are shown in Table D-4. This list consists of 10 Object Codes for expenditures, whereas only 7 Object Codes had received awards that exceeded the 3% target last year (shown in Table D-2).

**Table D-4: Object Name Expenditures that Meet or Exceed DVBE Target Participation Levels of 3% (FY 2014-2015)**

| Object Name | Certified DVBEs | % of Object Name | Not Certified | Object Total |
|---|---|---|---|---|
| 2778 - Sewer Maintenance | $66,200 | 56.00% | $52,010 | $118,210 |
| 2150 - Drapes & Curtains | $52,304 | 36.95% | $89,239 | $141,543 |
| 2667 - Bricks, Stone, & Other Clay Products | $8,408 | 21.85% | $30,067 | $38,475 |
| 2661 - Acoustical Tile, Materials, & Supplies | $21,820 | 16.24% | $112,564 | $134,384 |
| 3995 - IT Training | $79,220 | 11.57% | $605,578 | $684,798 |
| 3225 - Furniture-Health Care | $169,822 | 9.57% | $1,605,555 | $1,775,377 |
| 2666 - Boiler Maintenance & Supplies | $49,350 | 5.45% | $856,726 | $906,076 |
| 3268 - Office Furniture | $834,733 | 5.27% | $15,007,164 | $15,841,897 |
| 3801 - Public Works Department | $27,192 | 3.87% | $676,222 | $703,414 |
| 2156 - Furniture-Furnishings | $94,945 | 3.47% | $2,639,560 | $2,734,505 |

## DVBE Awards, by Department

Out of $5.045 billion, DVBEs had $4.6 million in awards in FY 2014-2015, which represent .01% of the total purchases. Overall, 46 Object Codes were used with DVBEs. To achieve the 3% target, County departments need to identify $146.77 million in contracting and procurement opportunities for DVBEs.

**Table D-5: FY 2014-2015 DVBE Awards Summary (FY 2014-2015)**

| DVBE Success Indicators | Utilization Levels |
|---|---|
| Total $ Awards | $5,046,865,125 |
| Total $ DVBE Awards | $4,633,858 |
| Total % DVBE Awards | 0.1% |
| Average % DVBE Awards | 0.1% |
| # Unique DVBE Objects | 46 |
| $ Needed to meet 3% goal | $146,772,096 |

Table D-6 breaks down the DVBE awards further, including dollars award, percent of awards, and value gaps for DVBEs, by department budget code.

**Table D-6: FY 2014-2015 DVBE Awards, by County Department (FY 2014-2015)**

| Department Budget Code | # Certified DVBE Objects | $ Certified DVBE Awards | % Certified DVBE Awards | $ Value of 1% Total Awards | $ Value Gap to 3% LSBE Awards | $ Not Certified DVBE Awards | $ Total Awards |
|---|---|---|---|---|---|---|---|
| Agric Comm/Wts & Measures | 0 | $0 | 0.0% | $39,299 | $117,896 | $3,929,859 | $3,929,859 |
| Alternate Public Defender | 0 | $0 | 0.0% | $5,076 | $15,229 | $507,628 | $507,628 |
| Animal Care And Control | 0 | $0 | 0.0% | $38,716 | $116,147 | $3,871,554 | $3,871,554 |
| Antelope Valley Rehabilitation Center | 0 | $0 | 0.0% | $12,037 | $36,111 | $1,203,708 | $1,203,708 |
| Assessor | 1 | $1,380 | 0.0% | $163,768 | $489,925 | $16,375,445 | $16,376,825 |
| Auditor-Controller | 0 | $0 | 0.0% | $112,229 | $336,686 | $11,222,878 | $11,222,878 |
| Auditor-Controller ND | 0 | $0 | 0.0% | $210,291 | $630,874 | $21,029,135 | $21,029,135 |
| Beaches & Harbors | 0 | $0 | 0.0% | $99,317 | $297,950 | $9,931,681 | $9,931,681 |
| Board Of Supervisors | 5 | $103,253 | 0.4% | $292,973 | $776,665 | $29,194,020 | $29,297,274 |
| CEO - Budget & Operations Mgmt Branch | 0 | $0 | 0.0% | $490,832 | $1,472,496 | $49,083,193 | $49,083,193 |
| CEO - Facility Asset Management (FAM) | 0 | $0 | 0.0% | $226,157 | $678,471 | $22,615,704 | $22,615,704 |
| CEO - Office of Emergency Management | 0 | $0 | 0.0% | $9,226 | $27,678 | $922,593 | $922,593 |
| Chief Executive Office | 0 | $0 | 0.0% | $89,442 | $268,327 | $8,944,250 | $8,944,250 |
| Chief Information Officer | 0 | $0 | 0.0% | $75,903 | $227,708 | $7,590,263 | $7,590,263 |
| Child Support Services | 0 | $0 | 0.0% | $36,688 | $110,063 | $3,668,754 | $3,668,754 |
| Children & Family Services | 0 | $0 | 0.0% | $453,701 | $1,361,103 | $45,370,085 | $45,370,085 |
| Children's Medical Services | 0 | $0 | 0.0% | $7,530 | $22,591 | $753,046 | $753,046 |
| Community and Senior Services | 0 | $0 | 0.0% | $739,438 | $2,218,313 | $73,943,754 | $73,943,754 |
| Consumer and Business Affairs | 0 | $0 | 0.0% | $24,338 | $73,015 | $2,433,837 | $2,433,837 |
| County Counsel | 1 | $5,785 | 0.2% | $24,002 | $66,220 | $2,394,402 | $2,400,187 |
| Department of Medical Examiner – Coroner | 0 | $0 | 0.0% | $46,288 | $138,865 | $4,628,846 | $4,628,846 |
| District Attorney | 2 | $6,584 | 0.1% | $94,829 | $277,903 | $9,476,333 | $9,482,918 |
| Employee Benefits | 0 | $0 | 0.0% | $3,541 | $10,624 | $354,118 | $354,118 |
| Federal / State Disaster Aid | 0 | $0 | 0.0% | $2,517 | $7,552 | $251,746 | $251,746 |
| Fire Department | 2 | $61,284 | 0.1% | $621,995 | $1,804,700 | $62,138,172 | $62,199,456 |
| Grand Jury | 0 | $0 | 0.0% | $1,319 | $3,958 | $131,937 | $131,937 |
| Health Services | 6 | $61,913 | 0.0% | $3,617,631 | $10,790,981 | $361,701,217 | $361,763,129 |

| Department Budget Code | # Certified DVBE Objects | $ Certified DVBE Awards | % Certified DVBE Awards | $ Value of 1% Total Awards | $ Value Gap to 3% LSBE Awards | $ Not Certified DVBE Awards | $ Total Awards |
|---|---|---|---|---|---|---|---|
| Human Resources Dept | 1 | $25,700 | 0.3% | $102,195 | $280,886 | $10,193,840 | $10,219,540 |
| Insurance Budget | 0 | $0 | 0.0% | $339,462 | $1,018,386 | $33,946,199 | $33,946,199 |
| Internal Services Dept | 21 | $2,352,901[92] | 0.6% | $3,958,864 | $9,523,692 | $393,533,535 | $395,886,437 |
| Judgments & Damages | 0 | $0 | 0.0% | $292,087 | $876,262 | $29,208,745 | $29,208,745 |
| Juvenile Court Health Services | 2 | $7,550 | 0.5% | $15,519 | $39,008 | $1,544,385 | $1,551,935 |
| LAC+USC Healthcare Network | 0 | $0 | 0.0% | $3,370,662 | $10,111,987 | $337,066,246 | $337,066,246 |
| Mental Health | 5 | $62,444 | 0.0% | $10,487,479 | $31,399,994 | $1,048,685,503 | $1,048,747,947 |
| MetroCare Network | 2 | 0.0% | 0.0% | $2,048,498 | $9,144,623 | $204,848,920 | $204,849,791 |
| Military & Vets Affairs | 0 | $0 | 0.0% | $2,306 | $6,918 | $230,610 | $230,610 |
| Museum of Art | 0 | $0 | 0.0% | $234,068 | $702,203 | $23,406,755 | $23,406,755 |
| Museum of Natural History | 0 | $0 | 0.0% | $150,140 | $450,420 | $15,014,000 | $15,014,000 |
| Office of AIDS Programs & Policy | 0 | $0 | 0.0% | $502,890 | $1,508,670 | $50,289,010 | $50,289,010 |
| Office of Managed Care | 0 | $0 | 0.0% | $469,115 | $1,407,346 | $46,911,517 | $46,911,517 |
| Parks & Recreation Department | 0 | $0 | 0.0% | $454,542 | $1,363,627 | $45,454,233 | $45,454,233 |
| Probation Department | 1 | $123,608 | 0.2% | $658,808 | $1,852,815 | $65,757,165 | $65,880,773 |
| Public Defender | 0 | $0 | 0.0% | $30,171 | $90,512 | $3,017,062 | $3,017,062 |
| Public Health Programs | 2 | $93,045 | 0.1% | $769,141 | $2,214,377 | $76,821,031 | $76,914,076 |
| Public Library | 1 | $13,701 | 0.1% | $266,682 | $786,344 | $26,654,466 | $26,668,167 |
| Public Social Services Dept | 1 | $60,655 | 0.0% | $4,690,759 | $14,011,623 | $469,015,291 | $469,075,946 |
| Public Works Department | 10 | $245,565 | 0.1% | $3,680,269 | $10,795,241 | $367,781,321 | $368,026,886 |
| Rancho Los Amigos National Rehab Center | 0 | $0 | 0.0% | $345,664 | $1,036,993 | $34,566,444 | $34,566,444 |
| Regional Park & Open Space District | 0 | $0 | 0.0% | $4,842 | $14,526 | $484,184 | $484,184 |
| Regional Planning Department | 0 | $0 | 0.0% | $17,515 | $52,544 | $1,751,451 | $1,751,451 |
| Registrar Recorder | 1 | $43,600 | 0.1% | $345,217 | $992,051 | $34,478,105 | $34,521,705 |
| Rent Expense | 1 | $767,807 | 0.2% | $3,645,082 | $10,167,438 | $363,740,377 | $364,508,184 |

[92] Note: ISD had $971,221 in certified DVBE Consulting Services contracts, and $511,276 in certified DVBE Tech Consulting Services contracts.

| Department Budget Code | # Certified DVBE Objects | $ Certified DVBE Awards | % Certified DVBE Awards | $ Value of 1% Total Awards | $ Value Gap to 3% LSBE Awards | $ Not Certified DVBE Awards | $ Total Awards |
|---|---|---|---|---|---|---|---|
| Sheriff | 10 | $586,972 | 0.2% | $3,055,660 | $8,580,007 | $304,978,993 | $305,565,966 |
| Substance Abuse Prevention and Control | 0 | $0 | 0.0% | $1,589,131 | $4,767,394 | $158,913,125 | $158,913,125 |
| Superior Court & County Clerk | 0 | $0 | 0.0% | $59,520 | $178,560 | $5,951,984 | $5,951,984 |
| Treasurer & Tax Collector | 1 | $2,554 | 0.0% | $123,880 | $369,085 | $12,385,428 | $12,387,982 |
| Trial Courts | 0 | $0 | 0.0% | $138,105 | $414,315 | $13,810,505 | $13,810,505 |
| ValleyCare Network | 6 | $6,683 | 0.0% | $1,081,294 | $3,237,198 | $108,122,679 | $108,129,362 |