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Plan to Achieve 25% Procurement Attainment Goal by Local Small Business Enterprises

On January 12, 2016, the Board of Supervisors (Board) set a goal that by 2020, Local Small Business Enterprises (LSBEs) attain 25%, or approximately \$1 billion, of the County of Los Angeles' (County) approximately \$3.9 billion worth of eligible annual procurement awards (collectively, Goal). The Board also adopted a series of programmatic and policy directives to help achieve this Goal.

Over the past three years, progress has been made to increase the inclusion of LSBEs in the County's procurement efforts. The County's Economic Development Report Card for Fiscal Year 2016/2017 reported that approximately \$246 million in awards was achieved, equating to a 6.54% LSBE utilization rate, up from 4.52% in FY 2015/2016 and 2.39% in FY 2014/2015. In addition, the Department of Consumer and Business Affairs (DCBA) reported that in FY 2017/2018, \$355 million was awarded to LSBEs, equating to a 9.1% attainment rate, and through the first half of FY 2018/2019, \$321 million was awarded to LSBEs, putting the County on track to its highest rate of attainment this fiscal year. Specifically, the Department of Public Works has reported already achieving its 25% department-specific attainment goal.

This growth can be attributed to a targeted effort by County departments to implement the initial recommendations and enhance outreach efforts to LSBEs. Over this past year, DCBA has also expanded procurement technical assistance for certified

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businesses through the Procurement Technical Assistance Center (Center). The success of local businesses being awarded over \$9 million in government contracts over the first half of this fiscal year can be attributed to the assistance provided at the Center. DCBA has also participated in 76 events throughout the County that have reached approximately 7,000 stakeholders thus far in this fiscal year to date.

However, despite these efforts, there is still a significant gap between the County's current LSBE attainment level and the Goal. In order to remedy this, DCBA is working with KH Consulting, whose work led to the establishment of the Goal, to provide further recommendations on how to address existing gaps and improve Countywide policies and procedures. This report is expected to be completed in mid-March.

Achieving the Goal will require a cultural shift across County departments in how the procurement of both goods and services is accomplished. It will also require a dedicated effort to streamline the County's procurement policy, an initiative that will improve the business operations of all County departments and benefit businesses of all sizes. Currently, there are approximately 10 to 18 steps required to procure any goods or services through the Internal Services Department (ISD). While ISD is responsible for the majority of goods procurement, it is the departments within the Health Agency, the Sheriff's Department, and the Department of Public Works that are responsible for the majority of the contracting for services. Contracts for services account for 77% of the County's contracts for which LSBEs are eligible to apply. It will require these and all departments to be invested in this initiative and collectively implement a standardized procurement process for contracts that can be monitored pursuant to best practices. The streamlined collection of data across departments is essential to accurately assess the County's progress and enable the departments to address issues in real-time. ISD should also consider the implementation of a modern end-to-end procurement system to provide all users, especially LSBEs, with a simpler and streamlined experience. Such a system would allow for real-time data transparency as well as improved management of the procurement process across the County.

Externally, there must be a more strategic approach to engaging qualified LSBEs. Stronger partnerships must be developed with local, ethnic, and other affinity-based chambers of commerce, media, houses of worship, and civic organizations with ties to the LSBE community to better understand impediments with the County's technical assistance programs and burdens on LSBEs associated with the County's processes, in order to effectively and efficiently recruit qualified LSBEs. The implementation of a regional certification system should also be considered to streamline the process for LSBE participation.

In summary, a heightened commitment to improving both internal and external processes must be pursued immediately to achieve this Goal by 2020.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

- 1) Reaffirm the Board of Supervisors' (Board) commitment to a 25% attainment goal (Goal) for Local Small Business Enterprises (LSBEs) as part of the County of Los Angeles' (County) overall procurement efforts;
- 2) Instruct the Directors of the Department of Consumer and Business Affairs (DCBA), Internal Services Department (ISD), and the Auditor-Controller, to present their 18-month Implementation Plan (Plan) to achieve this Goal at the Board's April 2, 2019 meeting, and continue to report to the Board on a quarterly basis in writing thereafter on their progress in implementing the Plan. The initial report should include recommendations on pursuing a regional business certification program and marketplace, a modern e-procurement system, and legislative solutions that may be recommended to support the Goal; and
- 3) Instruct the Director of ISD, in collaboration with the Director of DCBA, to incorporate a strategy to streamline the Countywide procurement process and progress updates in the existing quarterly reporting provided by DCBA

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