Implementing a Plan to Achieve the County of Los Angeles’ 25% Procurement Attainment Goal for Local Small Business Enterprises

On March 5, 2019, the Board of Supervisors (Board) reaffirmed its commitment to a goal that by 2020, Local Small Business Enterprises attain 25%, or approximately $1 billion, of Los Angeles County’s (County) approximately $3.9 billion worth of eligible annual procurement awards (collectively, the Goal). This Goal was initially adopted by the Board on July 12, 2016, along with a series of programmatic and policy directives to help achieve this Goal.

In response to the March 5th motion, and guided by discussions with County staff and community stakeholders, the Directors of the Department of Consumer and Business Affairs (DCBA) and the Internal Services Department have identified strategic steps needed to meet the Goal. Specifically, DCBA worked with KH Consulting Group, whose work led to the establishment of the original Goal, to provide a “Midway Evaluation” (Evaluation) that summarized existing gaps and areas to improve Countywide policies and procedures. The Evaluation identified five key areas for improvement:

1. Increasing the pool of certified vendors through regional partnerships and lowering procurement barriers;

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2. Increasing the likelihood of success by certified vendors when competing for contracts;
3. Supporting County departments to reach utilization goals, including establishing an executive-level, cross-departmental steering committee, mandating Management Appraisal and Performance Plan goals for all department heads, and expanding utilization and procurement training for County staff;
4. Better managing metrics and data; and
5. Increasing vendor diversity and Community Business Enterprise utilization.

DCBA worked closely with County departments to analyze the findings embodied within the Evaluation and, in a written report provided to the Board on April 4, 2019, recommended specific Board actions needed to make these efforts successful. These actions fall within four categories:

1. Expressly aligning the County’s procurement and contracting goals with the County’s diversity and inclusivity initiatives;
2. Reducing barriers certified businesses face when they attempt to do business with the County;
3. Fostering transparency and accountability through technology; and
4. Taking a regional approach to procurement.

It is incumbent upon the Board to now take strategic action, in alignment with these four categories, in order to optimize the County’s collective ability to meet the Goal.

WE, THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Direct that the following actions be taken with the objective of meeting the goal that by 2020, Local Small Business Enterprises (LSBE) attain 25% of the County of Los Angeles’ (County) eligible annual procurement awards (collectively, the 25% LSBE Attainment Goal):
1. Direct the Chief Executive Officer (CEO) to approve a one-time Management Appraisal and Performance Plan (MAPP) Goal for the 2019-2020 Fiscal Year that directs all Department Heads to take material steps to support the County’s 25% LSBE Attainment Goal, and instruct the Director of Personnel, in consultation with the Director of the Department of Consumer and Business Affairs (DCBA), Internal Services Department (ISD), and the Auditor-Controller, to provide guidance to Department Heads on how to achieve this in advance of the 2019-2020 MAPP Goal filing deadline;

2. Authorize the Director of DCBA, in collaboration with the Directors of ISD, Department of Public Works, the Initiative on Women and Girls, the Center for Health Equity, and other related County departments, initiatives and agencies, to engage a consultant to conduct outreach to Community Business Enterprises (CBEs), trade organizations, and other groups that represent and work with CBEs, in order to identify business support needs and barriers to soliciting work with the County that is unique to CBEs, and develop programming, such as modified technical assistance, to address the unique needs of and barriers experienced by CBEs;

3. Instruct the Director of Consumer and Business Affairs, in consultation with the Chief Executive Officer, the Directors of Personnel, Internal Services and Public Health (Center for Health Equity), the Executive Director of the Women and Girls Initiative and County Counsel, to develop a “Contracting with Certified Businesses” Training (Training), which will be delivered via the County’s Learning Net, and will be mandatory for departmental executive leadership and procurement and contracting staff Countywide. The Training will teach participants about the County’s priority to utilize certified businesses, strategies that help advance utilization, and the tools available to County staff to increase certified business utilization;
4. Instruct the Director of ISD, in consultation with the CEO, DCBA, Chief Information Officer, the Auditor-Controller, Department of Public Works, the Health Agency, and other departments determined to be appropriate, to ensure coordination in the various County procurement improvement efforts and align the County’s purchasing and contracting policies, procedures, practices, and technology with LSBE utilization efforts; and

5. Authorize the Director of DCBA to enter into a Memorandum of Understanding or Memorandum of Intent with the Los Angeles Area Chamber of Commerce, the City of Los Angeles, and other cities and agencies, and use existing eligible grant resources to establish and launch a regional procurement initiative in order to streamline vendor certification applications across partner agencies; match vendors with contracting opportunities across partner agencies; and allow partner agencies to outreach more effectively to certified vendors about upcoming bid opportunities, and report back in writing bi-annually on this regional procurement initiative.

WE FURTHER MOVE THAT THE BOARD OF SUPERVISORS:

Instruct the Directors of DCBA and ISD, in coordination with other County Departments as deemed appropriate, and in furtherance of the 25% LSBE Attainment Goal, to report back in writing to the Board of Supervisors in 60 days on the following initiatives:

- **Modifications to the Simplified Acquisition Process:** In consultation with the Auditor-Controller, the report should include recommendations on the appropriate implementation guidelines for an updated Simplified Acquisition Process that allows for a maximum acquisition amount of $249,999. The recommendations should consider placing departments in tiers commensurate with a department’s budget for goods and services and other relevant factors, including their history of compliance with contracting and
purchasing policies. The recommendations should also address the timeline for implementation, including phasing of the new maximum amount;

- **Modifications to Bonding and Insurance Requirements**: The report should include an analysis of potential changes to bonding and insurance requirements, developed in coordination with the CEO, to lower the costs and burdens that a certified business faces when attempting to contract with the County, including an evaluation of whether bonding and insurance requirements can be scaled to the size of a contract, and whether certified vendors can acquire bonds or insurance upon award rather than prior to award;

- **Opportunities to Extend Goals to County Special Districts and Agencies**: In consultation with County-related agencies such as the Los Angeles County Development Authority, Water Districts, the Flood Control District, and others, the report should include recommendations on whether certified business utilization goals should be extended to County-related agencies; and

- **Ensuring Adequate Data Collection**: The report should assess efforts to increase data capture related to the County’s utilization goals, progress toward creating automated reports and scorecards to benchmark Countywide and department-specific utilization, and any necessary resources to implement enhanced data gathering and reporting processes. The report should also provide an update on DCBA’s efforts to develop a reporting portal to streamline the way departments transmit information about their compliance with contracting and utilization policies, including but not limited to the reporting requirements identified in Board Policy 5.130 (“Contracting with Community Business Enterprises”).

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