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LOS ANGELES COUNTY

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Second District

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Fifth District

August 20, 2021

To: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

Director

Rafael Carbajal

Chief of Staff
Joel Ayala

From: Rafael Carbajal
Director

REPORT REGARDING LEVERAGING THE COUNTY'S POSITION AS A MARKET PARTICIPANT TO PROMOTE EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

The Equity in County Contracting (ECC) Motion addresses the need to explore strategies which enhance contracting and procurement opportunities for small, local, and emerging businesses, community-based organizations (CBOs), and non-profit entities to foster inclusiveness, diversity, and economic development. Your Board instructed the Director of Los Angeles County (County) Department of Consumer and Business Affairs (DCBA), in consultation with the Chief Executive Officer (CEO), the Director of Internal Services Department (ISD), the Auditor-Controller (AC), and other relevant departments, to report back in 90 days on actionable recommendations and implementation timeline to further the County's goals around procurement equity and economic recovery, specific to small and diverse businesses, including:

- a) The creation of an arms-length technical assistance and capacity building program targeting underserved communities and small and minority owned businesses so they can better access County contracting opportunities, including the evaluation of small business loan products as part of the capacity building;
- b) Recommendations for unbundling particular categories of County contracts, as appropriate, to allow smaller contractors to access new, smaller dollar value contract opportunities;



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- c) Requirements or preference for contractors who expose County clients, including Youth@Work participants, to career opportunities at no cost to the contractors;
- d) A process and possible technology solutions to track and publicly report on all businesses and entities, to which the County awards contracts. These reports should include metrics on local small business enterprises and community business enterprises, disaggregated by ethnicity and gender, where appropriate;
- e) Geographic preferences or evaluation criteria for contracting with small and diverse businesses in underrepresented minority communities; and
- f) Contracting tiers dependent upon dollar value of contract to allow small organizations to access lower dollar value contracts with less onerous legal and bonding/risk management requirements.

This report addresses your Board's directives by providing background on elements of the directive, current programs and processes relevant to the directives, and recommendations to increase equity in the County's procurement for each directive.

A. ARMS-LENGTH TECHNICAL ASSISTANCE AND CAPACITY BUILDING PROGRAM

Background

Doing business with government is often seen as difficult for numerous reasons including a competitive bid process, extensive paperwork, strict rules and regulations, and complex solicitations and procurement processes. These barriers can be particularly burdensome on small and diverse businesses with limited resources, capacity, and technical expertise. As a result, many technical assistance programs have been created to help reduce the cultural, financial, and technical barriers experienced by small and diverse businesses.

Current Programs

DCBA's Office of Small Business (OSB) houses one of the 94 Procurement Technical Assistance Centers (PTAC) in the nation and the only one in the County. PTAC is funded in part through a cooperative agreement with the U.S. Defense Logistics Agency (DLA) and staffed with County employees who function as Small Business Counselors. The PTAC's mission is to provide technical assistance to small businesses located within the County and focus outreach efforts on underserved communities. Since 2018, PTAC has provided over 3,000 hours of one-on-one technical assistance to small, local, and diverse

businesses. During this period, 31 and 46 percent of PTAC clients have self-reported as women-owned and minority-owned, respectively.

Technical assistance includes professional, specialized assistance provided to clients that enables them to identify potential contract opportunities and obtain or perform under contracts, and innovation and technology grants. Small Business Counselors are required to complete up to 40 hours of training each year; they are experienced in government contracting practices and provide a wide-range of services to businesses and nonprofits including training workshops, one-on-one counseling, access to opportunity matching software, contract specifications and proposal reviews, and other information necessary to successfully compete for government contracts.

This direct service model allows DCBA to closely monitor and scrutinize performance, staffing, and client satisfaction. However, PTAC's capacity is limited and highly focused on federal government contracts due to its federal funding source. This leaves a sizeable gap for businesses seeking technical assistance with County contracts. The demand for County contracting technical assistance far exceeds the capacity of the County's PTAC. This challenge combined with limited funding for expansion to meet demand and a program scope that is largely determined by the DLA further exacerbates the unmet needs of potential County vendors.

In addition, DCBA is seeking to implement an Economic Mobility Initiative with American Rescue Plan (ARP) funds. This initiative will aim to target investment in communities with high proportions of disadvantaged businesses and close the gender gap in entrepreneurship to reduce poverty, create jobs, and spur growth and innovation through partnerships with community development financial institutions and CBOs. The Economic Mobility Initiative will include the creation of an entrepreneurship academy, mentorship, technical assistance, capacity building, revolving loan funds and other critical support services.

Recommendations

The County's PTAC operates on a budget of just under \$500,000 and is currently composed of one full-time Small Business Counselor and three part-time counselors. Limited resources and staffing constrain the PTAC's capacity to promptly assist all businesses and organizations seeking technical assistance. Furthermore, the PTACs reliance on DLA funding requires that the PTAC prioritize clients seeking federal government contracting assistance which prevents potential County contractors from receiving the assistance they need when they need it.

OSB is currently in phase 0 of a four-phase transition plan that will move it to the proposed Workforce and Economic Development Department. Phase 1 is scheduled to begin in

October 2021 and will include the transition of OSB and its programs to the Workforce Development, Aging and Community Services Department (WDACS). During this transition, DCBA is committed to ensuring continuity in services and mitigate disruptions to constituents. DCBA will continue to leverage opportunities to assist small businesses, increase their capacity, and support OSB's transition into WDACS. Additionally, DCBA will actively participate in the ECC Access, Technical Assistance, and Capacity Building Action Team, observe what is being recommended to assist CBOs/nonprofits and take these recommendations and further research and analyze them to determine if similar actions can be taken to assist small and emerging business.

B. RECOMMENDATIONS FOR UNBUNDLING PARTICULAR CATEGORIES OF COUNTY CONTRACTS

Background

Contract bundling is the practice of consolidating procurements for goods or services into a single large contract. Bundled contracts simplify the procurement process and facilitate large scale projects where government can hold a single contractor accountable for results. However, one of the most common barriers faced by small businesses in government contracting is the large size of the contracts. Large multi-million-dollar contracts are challenging for small businesses with limited capital, staff, and capacity to effectively perform at that scale. Furthermore, the competitive nature of government contracting often culminates in small business with limited resources at a disadvantage when bidding on large County contracts. As a result, unbundling strategies that aim to divide a large contract into multiple smaller contracts is a viable procurement strategy to encourage small, local, and diverse business utilization.

Current Practices

Currently, the County does not have any standard practices or ongoing initiatives to unbundle contracts and make them more suitable for small, local, and diverse businesses. ISD has piloted unbundling efforts in the past with service-based contracts. In 2017 and 2018, ISD unbundled custodial, parking and landscape service contracts by geographic region, thereby increasing the number of opportunities for small businesses. The unbundled contracting opportunities resulted in 76 proposals that met the minimum requirements for 30 separate contracts. As a result, four contracts were awarded to certified Local Small Business Enterprises, and 13 contracts were awarded to a certified Social Enterprise, the highest ranked proposers for each solicitation.

Furthermore, the County has not attempted to issue guidance or set forth policy to County departments on bundling and unbundling procurements in over two decades. Developing formalized guidance in this subject area and enacting new policies to limit the instances

of bundled procurements. For example, the Federal government discusses bundling and contract consolidation in detail in Federal Acquisition Regulation (FAR) 7.107 – Additional requirements for acquisitions involving consolidation, bundling, or substantial bundling¹. This section of the FAR enacts provisions that require an agency to make a written determination for procurements with an estimated total dollar value exceeding \$2 million that bundling is “necessary and justified.” A bundled contract is considered necessary and justified if the agency would obtain measurably substantial benefits from bundling as opposed to not bundling the different contract elements.

Recommendations

Oftentimes, contracts that may be suitable for unbundling are under the purview of individual County departments. Thus, departments are best positioned to evaluate their contract requirements to determine their suitability for unbundling. DCBA’s research on unbundling practices indicates there are at least four critical factors that departments should consider when deciding whether unbundling should occur, these factors include:

1) The contract is for work in more than one location

If the contract involves multiple locations, it may allow for a natural segmentation of a contract by geography. This would allow small, local, and diverse businesses that are more likely to possess local expertise to effectively compete. Departments should consider geography and service delivery locations as opportunity to unbundle large procurements by place of performance.

2) The contract is relatively large and complex based on the cost and mix of product or services required

Large and complex contracts are more likely to have elements that may be unbundled. Unbundling large complex contracts has an added benefit of simplifying the required work and facilitating performance monitoring on the part of the County. Although, some large contracts may need to be excluded such as utilities, leases, and contracts with cities.

3) The contract includes a broad range of the goods and/or services

Contracts with numerous deliverables across product or service categories may be good candidates for unbundling in order to allow for the procurement of goods and services from businesses specializing in the product service categories

¹ <https://www.acquisition.gov/far/7.107>

4) The contract has sufficient time to effectively unbundle

Because unbundling a contract involves breaking one contract down to multiple contracts, it can be more time intensive to manage multiple contracts. Therefore, contracts that have more flexibility, longer timeframes or are less likely to experience work disruptions should be evaluated for suitability to be unbundled.

C. SUPPORTING CONTRACTORS WHO PROVIDE CAREER OPPORTUNITIES

Background

The County offers multiple programs to help individuals with barriers to employment such as the Youth@Work program administered by the Workforce Development Aging and Community Services Department (WDACS). Youth@Work provides County residents between the ages of 14 to 24 opportunities to earn, paid on the job experience, for up to 120 hours (at \$15 per hour). Participants can work for a variety of employers in the public, private, or non-profit sectors. Employers participating in the program can be connected to youth workers that receive subsidized wages for up to 100 hours.

In 2016, the County launched the Social Enterprise (SE) preference program. The SE program established a purchasing and contracting preference for certified County vendors that provide transitional and permanent employment, to a Transitional Workforce² or provide social, environmental and/or human justice services. SEs often incur higher operating costs because of their mission driven business model and, “double bottom line” approach to doing business which prioritizes both profit and impact. This puts them at a competitive disadvantage in obtaining County contracts where cost is a significant evaluation factor. Thus, the SE program seeks to foster inclusiveness and promote economic development by ensuring SEs are provided equal opportunities in County contracting activities.

Current Practices

DCBA administers the SE program, including the application and eligibility review process. Since its inception, DCBA has received 414 applications for SE certification and approved 272 for inclusion in the program. To qualify for the SE program, applicants must meet the County’s definition of a certified SE in accordance with Los Angeles County Code Chapter 2.205³. The business must also supply the following information as part of the application process:

² "Transitional Workforce" includes under-employed or hard-to-employ persons that may be homeless, formerly incarcerated, or those who either have not worked for an extended period or face significant barriers to employment.

³https://library.municode.com/ca/los_angeles_county/codes/code_of_ordinances?nodeId=TIT2AD_DIV4MIRE_CH2.205SOENPRPR

- The mission of the applicant firm;
- A description of the firm's program and service components designed to help a Transitional Workforce or that otherwise qualify it under the definition of SE; and
- Data or key performance indicators tracked by the applicant to measure its social impact.

Since Fiscal Year 2017, 140 certified SEs have been awarded over \$900M in County contracts, and awards to certified SEs have also increased each year, further demonstrating the program's popularity and success.

Recommendation

DCBA opposes the creation of a duplicative preference program that is likely to increase confusion among vendors as well as create new administrative burdens on departments. Instead, the County should leverage the existing SE program that was specifically designed to create more County contracting opportunities for firms which create pathways to employment by encouraging these vendors to become certified and receive the 15 percent bid price preference benefit, as well as access to the SE Master Agreement.

In addition, DCBA will pursue collaborative outreach opportunities with County departments which utilize a high proportion of CBOs to make their contractors aware of SE certification benefits. These outreach efforts can replicate similar efforts it has previously undertaken with WDACS, where WDACS's contractors and potential contractors were invited to events where they could learn about the SE program, the SE Master Agreement, and how to participate in each. Furthermore, DCBA and WDACS have established a referral process whereby recently approved SE applicants are notified of their eligibility for the SE Master Agreement via an information sheet provided upon SE certification approval.

D. A PROCESS AND POSSIBLE TECHNOLOGY SOLUTIONS TO TRACK AND PUBLICLY REPORT ON ALL BUSINESSES AND ENTITIES, TO WHICH THE COUNTY AWARDS CONTRACTS

Background

A study published November 2019 titled "*The Impact of Open Data on Public Procurement*⁴," examined how the increased accessibility of public purchasing data affects competition, prices, contract allocations, and contract performance in government procurement in the European Union. It found that increasing the public accessibility of procurement data raises the likelihood of competitive bidding processes, increases the

⁴ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3483868

number of bids per contract, and facilitates market entry by new vendors. Furthermore, easy access to procurement data lowers information processing costs for potential bidders, which can further promote competition for government contracts.

Current Practices

In 2019, ISD launched the Preference Program Entities - County Spend Report portal where departments can easily download their award and payment data as far back as Fiscal Year 2016-17. The data stored on the portal is now readily accessible internally to departments on an ongoing basis and updated quarterly.

Although the County has made significant advancements to make procurement data more accessible, detailed data is currently only available internally for County departments. The County publishes high-level budget information on the County's Open Data Portal⁵, but granular contract specific data provides businesses the most useful information when conducting market research and pricing their bids. Currently, the most useful data is only accessible to departments internally or not available at all.

In order to track award and payment data disaggregated by ethnicity and gender the County can leverage the Community Business Enterprise (CBE)⁶ certification program. CBE is an umbrella certification which recognizes Women Business Enterprises (WBE), Minority Business Enterprises (MBE), and Disadvantaged Business Enterprises (DBE) as participation categories. In addition, the County's CBE program was recently amended to also include Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning-Owned Business Enterprises (LGBTQQ) effective July 26, 2021.

By enabling disaggregation of the individual CBE categories listed above, the County can use such data to compare against the contract award/encumbrance and payment data in the Electronic Countywide Accounting and Purchasing System (eCAPS) and generate reports that show awards based on WBE, MBE, DBE, or LGBTQQ status.

Recommendations

DCBA is in discussions with the Auditor-Controller and ISD to evaluate the technical requirements to match contract award, encumbrance, and payment data from eCAPS with certified CBEs disaggregated by participation category to produce the required reports of awards and payments to CBE certified vendors. DCBA and ISD anticipate adding this enhanced reporting during the first half of the 2021-22 fiscal year.

⁵ <https://camispnc.co.la.ca.us/ppereporting/>

⁶ The CBE certification program is an umbrella certification which houses Women Business Enterprises (WBE), Minority Business Enterprises (MBE), Disadvantaged Business Enterprises. DBEs are for-profit small businesses where the ownership is socially and economically disadvantaged, as defined by applicable law and regulations.

Auditor-Controller and ISD will determine the best method to make data publicly available and the scope of procurement data which should be made available to the public.

E. GEOGRAPHIC PREFERENCES OR EVALUATION CRITERIA FOR SMALL AND DIVERSE BUSINESSES IN UNDERREPRESENTED COMMUNITIES

Background

Preference programs are used extensively in government procurement. One of the most commonly used preference mechanisms is a bid discount or credit which improves the bid price or revenue share of “preferred” vendors by a preestablished rate when determining the winner but uses the actual amount of the preferred vendor’s bid if they win the contract.

The County has three preference programs for vendors: Local Small Business Enterprise (LSBE), Disabled Veteran Business Enterprise (DVBE), and Social Enterprise (SE). Vendors certified as LSBE, DVBE, or SE are eligible for up to a 15 percent bid price preference or reduction up to a maximum amount of \$150,000.

Current Practices

DCBA administers the County’s preference programs and is responsible for reviewing applications and ensuring eligibility. The LSBE program requires eligible firms to have a Principal Place of Business (PPB) located within the County for at least the previous 12 months prior to applying. The SE program requires eligible firms to have a Major Office located within the County, and the DVBE program has no geographic preference. The LSBE and SE programs do not grant additional benefits based on a PPB or Major Office located in an underrepresented minority community. There are exceptions in some federally funded County solicitations that restrict the application of a geographic preference.

There are many similar preference programs used by government agencies at the federal, state, and local level. This has created a confusing, redundant, and cumbersome application process for businesses which will only be exacerbated by creating more certification programs. In addition, the County has encountered numerous challenges verifying program eligibility based on PPB which has necessitated resource intensive investigations due to vendors allegedly obtaining certification by misrepresenting their PPB to win County contracts.

Recommendations

Given the challenges of creating a new certification program, including evaluation criteria for proposers located in underrepresented communities may be a more viable option. DCBA will actively participate in the ECC's Contracting Nuts & Bolts Action Team and recommend the County to explore the feasibility of adding evaluation criteria that will award proposers additional points in their proposal if they are in underrepresented communities based on a proposer's PPB. DCBA can assist in identifying contracts such as those that are unbundled by geographic region that are a good fit to pilot location-based evaluation criteria and work with the Action Team in piloting location-based evaluation criteria.

F. CONTRACTING TIERS DEPENDENT UPON VALUE OF CONTRACT WITH LESS ONEROUS LEGAL AND BONDING/RISK MANAGEMENT REQUIREMENTS.

Background

Bonding and insurance requirement guidance is created and issued by the Risk Management Branch of the CEO. Risk Management's role is to evaluate Countywide risks, hazards and exposures; to develop and implement risk management methodologies to fund, minimize or eliminate loss; and to advise your Board and County departments about risk control strategies to mitigate unanticipated financial losses.

Bonding and insurance requirements on some County contracts have long been considered a significant barrier to doing business with the County for small firms. Standard terms and conditions call for high levels of insurance coverage, regardless of the contract scope. Although departments have the authority to reduce insurance levels, departments are hesitant to do so because of the complexity of evaluating risk.

Most departments follow the insurance guidelines established by CEO's Risk Management which recommends limits of not less than following amounts be required of all contractors:

General Aggregate	\$2 million
Products/Completed Operations Aggregate	\$1 million
Personal and Advertising Injury	\$1 million
Each Occurrence	\$1 million

Current Practices

DCBA identified a notable tiers-based contracting strategy that has been implemented by WDACS. WDACS successfully implemented tiers based on the value of work orders in the Social Enterprise Master Agreement (SEMA). In 2019, WDACS amended the SEMA to include a “restricted” or “limited” tier of eligibility to expand the pool of SEs on the SEMA who can compete for lower-risk awards up to \$75,000, thereby limiting the risk to both parties in the transaction. Furthermore, WDACS also reduced the minimum financial requirements for SEs to be eligible for the restricted tier. However, the insurance requirements are identical for both tiers.

Recommendations

Becoming a Master Agreement (MA) vendor represents an important opportunity for businesses to consistently sell their products and services to the County. There are numerous MAs in a variety of product and service areas that are administered by several County departments and used regularly to procure products and services. However, the minimum requirements are often cited as barriers for small businesses to qualify for an MA. Thus, MAs present an excellent opportunity to pilot tiers-based contracting like WDACS did with the SEMA.

SUPPORTING EQUITY IN CONTRACTING THROUGH PERMANENT SMALL BUSINESS UTILIZATION GOALS

Background

In 2016, your Board directed DCBA to create a four-year Small Business Utilization Plan to increase contract awards for certified small businesses to 25 percent of eligible contracts, or approximately \$1 billion in contracts. Then, on October 27, 2020 your board adopted a motion⁷ to extend the 25 percent utilization goal through FY 2021. In FY 2021, the County awarded over \$915 million to LSBE, SE, and DVBE vendors, an increase of 406 percent from FY 2016 and just short of the \$1 billion-dollar goal established by your Board.

On May 26, 2021, the Small Business Commission submitted a letter to the Director of DCBA in support of eliminating the sunset of the 25 percent small business utilization goal and making it a permanent fixture of County contracting practices. This letter is included as an attachment to this report.

⁷<http://file.lacounty.gov/SDSInter/bos/supdocs/149959.pdf#search=%22expanding%20assistance%20to%20small%20businesses%22>

Recommendations

DCBA supports this recommendation as it will further bolster the strategies outlined in this report and the numerous initiatives that have been undertaken over the past five years to achieve nearly \$1 billion in awards to certified vendors. DCBA recommends that your Board consider implementing at least one of the following two recommendations to either (1) enact a new Board Policy that makes the utilization goals permanent or (2) establishing permanent MAPP goals for department leadership to continue prioritizing utilization in their procurement practices.

NEXT STEPS

DCBA will continue to support and explore strategies which enhance contracting and procurement opportunities for small, local, and emerging businesses, CBOs, and non-profit entities to foster inclusiveness, diversity, and economic development. Furthermore, DCBA will actively participate in the various ECC Action Teams and take solutions derived from the work at the Action Teams and conduct analysis and further research to determine if solutions can be revised/altered to work for small and emerging business.

Should you have any questions concerning this matter, please contact me or Joel Ayala, Chief of Staff, at (213) 712-5491 or jayala@dcba.lacounty.gov; or Azusena Favela, Chief, at (213) 712-5494 or afavela@dcba.lacounty.gov.

RC:JA:AF
CO:FN:ph

c: Executive Office, Board of Supervisors
 Chief Executive Office
 County Counsel
 Internal Services
 Auditor-Controller
 Workforce Development, Aging and Community Services



County of Los Angeles CHIEF EXECUTIVE OFFICE

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FESIA A. DAVENPORT
Chief Executive Officer

August 20, 2021

To: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: *[Signature]*
Fesia A. Davenport
Chief Executive Officer

Board of Supervisors
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Fifth District

REPORT BACK ON LEVERAGING THE COUNTY'S POSITION AS A MARKET PARTICIPANT TO PROMOTE EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

On April 20, 2021, the Board of Supervisors (Board) adopted a motion to promote an anti-racist, diverse, equitable, and inclusive procurement process as one strategy to achieve economic inclusion for all of our communities. The motion included several related directives, including directing the Chief Executive Office (CEO), together with the Internal Services Department (ISD), in consultation with the Auditor-Controller (A-C), County Counsel, Department of Consumer and Business Affairs (DCBA), Department of Workforce Development, Aging and Community Services (WDACS), and other relevant County stakeholders, in partnership with contract streamlining efforts underway, to report back with actionable recommendations and an implementation timeline to further the County's goals around procurement equity and economic recovery for community-based organizations (CBOs) and nonprofit entities through the creation of an arms-length technical assistance and capacity building program; piloting the collaborative program design of certain types of County contracts to increase access; requirements or preference for CBOs and nonprofit entities who expose County clients, including Youth@Work and other subsidized employment participants, to career opportunities at no cost to the contractor; geographic preferences or evaluation criteria for CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19; best practices from DCBA's prompt payment program; and allowing smaller CBOs and nonprofits to access contracts with less onerous legal and bonding/risk management requirements.

Additionally, the motion directs the development of a proposed set of metrics to measure the impact any changes the contracting and procurement process have on economic opportunity; a governance structure to ensure appropriate implementation of recommendations and a community engagement strategy to collaboratively design any County contracting changes to promote greater equity; and a report back to the Board with actionable recommendations and implementation timeline to further the County's goals around procurement equity and economic recovery, specific to small and diverse businesses. The full Board motion can be found at <http://file.lacounty.gov/SDSInter/bos/supdocs/157521.pdf>.

The attached report presents the essential components and initial framework to implement the Board motion's first three directives, and develop long-term solutions in alignment with other County contracting efforts including:

- Establishing an Equity in County Contracting (ECC) Project Team to provide project management and to collaborate with subject-matter experts from County departments, CBOs and nonprofits, and other stakeholders, to identify, prioritize, and implement solutions to contracting processes related to the motion;
- Coordinating and ensuring alignment with other County contracting initiatives underway, including contract streamlining and the Care First, Community Investment contracting process which focus on greater equity and inclusion;
- Developing a governance structure and charter with feedback from stakeholders to ensure collaborative development and appropriate implementation of recommendations related to this motion;
- Developing community stakeholder collaboration with CBOs and nonprofits as a critical aspect of the ECC project and design of County contracting changes to promote greater equity;
- Assembling focused, action-oriented Action Teams to address directives in the motion, as well as additional immediate and long-term improvements to achieve equity in County contracting. Action Teams consist of subject-matter experts with working contracting experience from County departments and CBO/nonprofits who will develop actionable and timely recommendations, along with tasks and deliverables;
- Developing short-term recommendations and opportunities to improve CBO/nonprofit access to contracting opportunities; and
- Developing long-term enhancements and next steps to implement the motion's directives and developing long-term solutions in alignment with other County contracting efforts.

Each Supervisor
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DCBA will be providing a separate report back to the Board in response to the motion's fourth directive related to furthering the County's goals around procurement equity and economic recovery, specific to small and diverse businesses.

Should you have any questions concerning this matter, please contact me or Emy Tzimoulis, Manager, CEO, at (213) 974-4603 or etzimoulis@ceo.lacounty.gov.

FAD:JMN:TJM
EDT:JT:kdm

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Consumer and Business Affairs
Internal Services
Workforce Development, Aging and Community Services

REPORT BACK ON EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

Background and Initial Action Steps

Under the Board of Supervisors' (Board) leadership, the County of Los Angeles (County) has established several efforts aimed at achieving equity and addressing existing social and economic disparities, as well as ongoing processes to make County contracting more transparent, streamlined, and accessible. These efforts have involved multiple County departments, as well as coordination with external stakeholders, including the COVID-19 Economic Resiliency Task Force. A summary listing of existing contracting efforts is included in Exhibit I.

The Chief Executive Office (CEO) initiated the response to this motion by establishing an Equity in County Contracting (ECC) Project Team to provide project management and to collaborate with subject matter experts within County departments, community-based organizations (CBOs) and nonprofits, and other stakeholders to identify, prioritize, and implement solutions to contracting processes. The ECC Project Team is also coordinating and ensuring alignment with other County contracting initiatives underway, including contract streamlining and the Measure J contracting process, which focuses on greater equity and inclusion; and coordinating with the Internal Services Department (ISD), Auditor-Controller (A-C), County Counsel, Department of Consumer and Business Affairs (DCBA), Department of Workforce Development, Aging and Community Services (WDACS), and other relevant County stakeholders. The ECC Project Team's objective is to leverage lessons learned from contracting innovations from within the County, as well as successful external governmental entities, such as New York Mayor's Office of Contract Services.

Governance Structure

The ECC Project Team developed a working Governance Structure and project charter with feedback from stakeholders to ensure collaborative development and appropriate implementation of recommendations related to this motion. The ECC organizational structure is led by an Executive Board that provides executive oversight and strategic direction for the ECC process, and consists of high-level decision makers from CEO, ISD, A-C, and County Counsel. The ECC Project Team leads all work efforts related to ECC and serves as the central point of contact to:

- Lead and facilitate the work of Action Teams;
- Collect feedback from and provide regular progress updates to all stakeholder entities in the ECC Governance Structure;
- Consult with advisors as listed in the Governance Structure; and
- Guide and inform the ECC Executive Board's final decisions and recommendations for implementing a contracting equity plan.

The ECC organizational structure also includes collaboration and communication with key strategic partners who will be crucial to the success of the project, including a Community Cabinet representing CBOs and nonprofits, County Department Heads, a County Advisory Board of subject-matter experts, and related County contracting efforts. The working Governance Structure document is included in Exhibit II.

Community Stakeholder Engagement

Collaboration with community stakeholders, including CBOs and nonprofits, is a critical aspect of the ECC project and design of County contracting changes to promote greater equity. The ECC organizational structure includes a Community Cabinet consisting of members who represent a diverse range of organizations. The Community Cabinet collaborates with the ECC Project Team

REPORT BACK ON EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

to make recommendations and consolidate feedback that reflects the range of diversity and sizes of CBOs in the County. The ECC Project Team has engaged with the Economic Resiliency Task Force: Nonprofit and Philanthropy Workgroup to establish the Community Cabinet and build upon the existing work and recommendations developed by the task force related to other County contracting initiatives and efforts, including the Digital and Streamlined Contracting motion activities.

Several efforts have also taken place to solicit input about equity in contracting from a wide range of CBOs/nonprofit stakeholders, including learning about unique challenges facing Native American tribes and organizations. In the future, the ECC Project Team will coordinate with the Community Cabinet to hold sessions with CBOs, nonprofits, and small businesses to solicit their feedback and to provide progress reports related to the ECC project.

CBOs/County Department Action Teams

Within the ECC Governance Structure, four focused Action Teams have been assembled to address the directives in the motion, as well as additional immediate and long-term improvements to achieve equity in County contracting. These Action Teams consist of subject-matter experts with working contracting experience from County departments and CBOs/nonprofits who will review existing contracting practices and recommendations, and will identify, prioritize, and implement solutions to contracting processes in the following areas:

- *Access, Technical Assistance, and Capacity Building* – Developing recommendations and strategies for better access to County contracting opportunities by CBOs and nonprofits.
- *Contracting Nuts and Bolts* – Developing recommendations and strategies for simplifying the County's contracting process and resolving systemic issues and barriers.
- *Data and Metrics* – Identifying and gathering data to support the other Action Teams in completing their tasks and deliverables, and developing a set of metrics to measure outcomes and the impact of recommended changes to the contracting and procurement process.
- *Implementation and Monitoring* – Developing recommendations and strategies for implementing the Action Teams' recommendations, and monitoring status and outcomes.

Action Teams will convene on a regular basis to complete tasks and deliverables, with the goal of making lasting, equitable improvements to County contracting.

Development of Actionable Recommendations Through Tasks/Deliverables and Metrics to Measure Impact

ECC Action Teams are structured as a partnership and collaboration between County departments and CBO contract experts to develop and implement solutions for directives in the Board motion. Through a series of tasks and deliverables, Action Teams will work systematically to develop and implement improvements to the contracting process. Action Teams will also develop data tracking and metrics to measure the success and impact of the recommended contracting improvements. The collaborative structure of the Action Teams between County and CBO contracting experts will lead to measures that reflect the experiences of both the County and entities seeking contracts.

REPORT BACK ON EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

1. Creation of an arms-length technical assistance and capacity building program targeting underserved communities, CBOs and nonprofit entities so they can better access County contracting opportunities, including the evaluation of an interest-free CBO and nonprofit loan product as part of the capacity building.

TASKS		DELIVERABLES	ACTION TEAM(S)
1.1 Data Gathering		1.1 Report on underserved communities.	Data and Metrics
1.1.1	Gather data on underserved communities in Los Angeles County.		
1.2 Current State Assessment and Gap Analysis		1.2 Current state assessment and gap analysis of departments' technical assistance and capacity building efforts and contracting capacity needs.	Access, Technical Assistance, and Capacity Building
1.2.1	Identify current technical assistance and capacity building efforts by departments, including scope, duration, number of entities served, entity characteristics (type, size, annual budget, location, services, etc.) and effectiveness (able to respond to department solicitations, received County or other government contract, or increased their capacity in existing contracts).		
1.2.2	Identify department contracting capacity needs.		
1.2.3	Analyze gaps in effectiveness of current technical assistance and capacity building efforts and departments' contracting capacity needs.		
1.3 Better Access to County Contracting Opportunities		1.3 Report with recommendations for new and/or enhanced technical assistance and capacity building programs (including loan products), targeting underserved communities and CBOs and nonprofit entities so they can better access County contracting opportunities.	Access, Technical Assistance, and Capacity Building
1.3.1	Research loan product options and legality if loan program would be County funded. Consider philanthropic options.		
1.3.2	Identify recommendations for new and/or enhanced technical assistance and capacity building programs (including loan products). Assess the feasibility of creating a single-entry point for CBOs and nonprofits (DCBA?) to determine what technical assistance and/or capacity building is needed and match with existing and future efforts.		
1.4 Implementation and Monitoring		1.4 Report on implementation status and recommendations for	Implementation and Monitoring
1.4.1	Implement recommendations.		

**REPORT BACK ON EQUITY IN COUNTY CONTRACTING
(ITEM NO. 30, AGENDA OF APRIL 20, 2021)**

TASKS	DELIVERABLES	ACTION TEAM(S)
1.4.2 Monitor outcomes.	further enhancements and/or program expansion.	
1.4.3 Identify adjustments necessary to further enhance and/or expand technical assistance and capacity building programs.		

2. Piloting the collaborative program design of certain types of County contracts, including unbundling, to allow smaller CBOs, businesses, and nonprofit entities to access new smaller dollar value contract opportunities.

TASKS	DELIVERABLES	ACTION TEAM
2.1 Data Gathering	2.1 Report on types of CBOs, businesses, and nonprofits in the County.	Data and Metrics
2.1.1 Identify types of CBOs, businesses, and nonprofits in the County.		
2.2 Current State Assessment and Gap Analysis	2.2 Current state assessment and gap analysis of departmental efforts in contract unbundling and types of County contracts where it is feasible to design solicitations so that smaller CBOs, businesses, and nonprofits can access smaller dollar contract opportunities.	Contracting Nuts and Bolts
2.2.1 Identify any current departmental efforts in contract unbundling and associated contracting processes. Analyze outcomes and metrics regarding contract solicitations, contractor performance, and contract administration, and monitoring.		
2.2.2 Identify types of County contracts where it is feasible to design solicitations so that smaller CBOs, businesses, and nonprofits can access smaller dollar contract opportunities.		
2.3 Pilot Project Development	2.3 Report on pilot project(s) development with recommendations for contract solicitation design so that smaller CBOs, businesses, and nonprofits can access smaller dollar contract opportunities.	Contracting Nuts and Bolts
2.3.1 Identify contract solicitation designs (contracting tool kit) for pilot project(s).		
2.3.2 Identify potential pilot(s) and assess feasibility to implement.		
2.4.1 Implement recommendations.	2.4 Report on implementation status and recommendations for further enhancements and/or expansion.	Implementation and Monitoring
2.4.2 Monitor outcomes.		
2.4.3 Identify adjustments necessary to further enhance and/or expand pilot projects.		

REPORT BACK ON EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

3. Requirements or preference for contractors who expose County clients, including Youth@Work and other subsidized employment participants, to career opportunities at no cost to the contractors.

TASKS		DELIVERABLES	ACTION TEAM
3.1	Current State Assessment and Gap Analysis	3.1 Current state assessment and gap analysis of departmental efforts with subsidized employment programs and opportunities to match these programs with contractors.	Contracting Nuts and Bolts
3.1.1	Identify any current departmental efforts with subsidized employment programs for County clients, such as the Youth@Work program.		
3.1.2	Analyze participant outcomes and other metrics.		
3.1.3	Determine what other County clients would benefit from a subsidized employment program.		
3.1.4	Determine what type of contracts are a good fit for exposing County clients to career opportunities.		
3.2	Requirements and/or Preference Assessment	3.2 Report on feasibility and legality of implementing contract requirements and/or preference for County client-subsidized employment programs and recommendations.	Contracting Nuts and Bolts
3.2.1	Assess feasibility and legality of contract requirements and/or preference for County client-subsidized employment programs.		
3.2.2	Make recommendations to implement requirements and/or preference program if feasible and legal.		
3.3	Implementation and Monitoring	3.3 Report on implementation status and recommendations for further enhancements and/or expansion.	Implementation and Monitoring
3.3.1	Implement recommendations.		
3.3.2	Monitor outcomes.		
3.3.3	Identify adjustments necessary to further enhance and/or expand the career opportunity requirements and/or preference.		

REPORT BACK ON EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

4. Geographic preferences or evaluation criteria for contracting with CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19.

TASKS		DELIVERABLES	ACTION TEAM
4.1	Data Gathering	4.1 Report on types of CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19	Data and Metrics
4.1.1	Gather data on types of CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19.		
4.2	County Contracting Assessment	4.2 Report with recommendations for geographic preferences and/or geographic evaluation criteria for CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19 to contract with the County.	Contracting Nuts and Bolts
4.2.1	Identify County contracting needs (including identifying upcoming contract solicitations or potential contract unbundling opportunities) in communities most disproportionately impacted by COVID-19.		
4.2.2	Compare County contracting needs with availability of CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19.		
4.2.3	Assess feasibility and legality of geographic preferences and/or geographic evaluation criteria to enable CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19 to contract with the County.		
4.3	Implementation and Monitoring	4.3 Report on implementation and recommendations to further enhance and/or expand geographic preferences and/or evaluation criteria in contract solicitations.	Implementation and Monitoring
4.3.1	Implement recommendations.		
4.3.2	Monitor outcomes.		
4.3.3	Identify adjustments necessary to further enhance and/or expand geographic preferences and/or evaluation criteria in contract solicitations.		

**REPORT BACK ON EQUITY IN COUNTY CONTRACTING
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5. Taking best practices from DCBA's prompt payment program, a practice by which small CBOs and nonprofit entities are paid for their work more expeditiously, inclusive of the full procurement lifecycle, from the solicitation and contract management through invoice and payment.

TASKS		DELIVERABLES	ACTION TEAM
5.1	Current State Assessment	5.1 Current state assessment of payment programs and impediments to expeditious payment processing for contractors.	Contracting Nuts and Bolts
5.1.1	Assess the effectiveness of DCBA's prompt payment program and County's contractor payment direct deposit program.		
5.1.2	Determine what departmental and contractor factors contribute to lack of expeditious payment to small CBOs and nonprofit entities.		
5.2	Payment Program and Processing Enhancements	5.2 Report with recommendations for enhancements and improvements to implement a more expeditious payment program for small CBOs and nonprofit entities.	Contracting Nuts and Bolts
5.2.1	Identify enhancements and improvements to implement a more expeditious payment program, including technical assistance for small CBOs and nonprofit entities as well as departments.		
5.3	Implementation and Monitoring	5.3 Report on implementation of a more expeditious payment program for small CBOs and nonprofit entities and recommendations for further enhancements.	Implementation and Monitoring
5.3.1	Implement recommendations.		
5.3.2	Monitor outcomes.		
5.3.3	Identify adjustments necessary to further enhance the payment program.		

6. Contracting tiers dependent upon dollar value of contract to allow small CBOs and nonprofits to access lower dollar value contracts with less onerous legal and bonding/risk management requirements.

TASKS		DELIVERABLES	ACTION TEAM
6.1	Contracting Tiers Risk Assessment	6.1 Report with recommendations on the dollar value and scope of CBOs and nonprofit contracts where less onerous legal and bonding/risk management requirements could be adopted.	Contracting Nuts and Bolts
6.1.1	In concert with Item 2 above, conduct a risk assessment on the dollar value and scope of CBOs and nonprofit contracts where less onerous legal and bonding/risk management requirements could be adopted.		
6.1.2	Make recommendations to implement contracting tiers with		

**REPORT BACK ON EQUITY IN COUNTY CONTRACTING
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TASKS		DELIVERABLES	ACTION TEAM
consideration of more flexible legal and bonding/risk management requirements depending on contract type and value.			
6.2 Implementation and Monitoring		6.2 Report on implementation, performance outcomes, and recommendations for future contracting practices.	Implementation and Monitoring
6.2.1 Implement recommendations.			
6.2.2 Monitor outcomes.			
6.2.3 Identify adjustments necessary.			

Immediate/Short-Term Recommendations for Improvement Opportunities

The following recommendations and opportunities to improve CBO/nonprofit access to contracting opportunities will be investigated and reviewed by the Action Teams for immediate implementation while they work on long-term and expanded solutions.

- ***Streamlining preference programs and requirements for CBOs:***

Compared to small businesses, CBOs and nonprofits in the County have fewer business preference programs and fewer opportunities for assistance through the DCBA Office of Small Business or Los Angeles County Development Authority. While there are certain limitations, CBOs and nonprofits do qualify for certain benefits through the County's Social Enterprise Preference (SE) Program. For instance, SE's can receive a 15 percent price preference in certain types of County contracts, which can enable them to have easier access to contracts. County departments have access to WDACS SE Master Agreement and delegated authority from the Board to use the Master Agreement. A recommendation to expand and streamline preference programs, such as the County's SE Program for CBOs and nonprofits, and educate County departments on the use of the Master Agreement can help increase access to more organizations and promote greater equity in contracting.

- ***Streamlining revolving, start-up, or seed funding for CBOs:***

For some small CBOs and nonprofits, a barrier to entering County contracting is the inability to cover up-front costs that are required to start a County contract. As with preference programs, more opportunities are available for small businesses in terms of access to capital and financial assistance. A recommendation to establish and/or increase initial up-front payments in contracts or a start-up fund for CBOs and nonprofits would also help increase access for more organizations that are currently left out of County contracting.

- ***Solutions around insurance issues for CBOs:***

CBOs and nonprofits, particularly smaller organizations, have expressed concerns about insurance requirements and costs in County contracts. The ECC Project Team met with CEO Risk Management for further information about insurance practices and assessed other departmental solutions around insurance. The following initial recommendations were identified:

REPORT BACK ON EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

- The County can explore using its insurance broker to purchase insurance for CBOs, nonprofits, and small businesses, where feasible, and pay for the insurance cost or pass the cost to the contractor. The CBOs, nonprofits, and small businesses would benefit from the County's insurance buying power.
- Monitoring insurance compliance would also be significantly easier for County departments because many of these contractors have multiple contracts with multiple departments and need to provide insurance certificates for each contract and/or department.
- Explore how departments can allow contractors to be reimbursed for insurance costs when County requirements exceed the coverage and/or policies that the contractor would otherwise carry.
- Examine how departments can mitigate risks by increasing the number of contractors performing services, such as requiring two-deep leadership so there is limited one-on-one contact between contractor staff and service recipients, and enhanced monitoring, where appropriate.

Procurement and Contracting Equity Specific to Small and Diverse Businesses

The motion also included a directive to report back to the Board with recommendations around items to further the County's goals around procurement equity and economic recovery, specific to small and diverse businesses. DCBA will provide that report separately.

Long-Term Improvement Opportunities and Next Steps

To advance equity in County contracting, the contracting process should be simple, inclusive, transparent, and efficient. Similar to a recommendation in ISD's report to the Board on Digital and Streamlined Contracting (November 25, 2020) to establish a central procurement office that oversees the County's contracting process, a long-term improvement opportunity recommended for the ECC project is to identify and establish the infrastructure necessary to meeting the following long-term goals:

- Set contracting policy;
- Create standardized contracting rules;
- Identify and resolve systemic contract process issues and contracting barriers;
- Facilitate improvements of contracting process;
- Identify technology solutions necessary to enable improvements; and
- Create a mechanism for ongoing collaboration with external stakeholders.

The ECC Governance Structure establishes the initial framework to implement the motion's directives and develop long-term solutions in alignment with other County contracting efforts. CBOs and County departmental subject-matter experts will continue to collaborate to develop and implement recommendations through the four ECC Action Teams. The ECC Project Team will also continue to collaborate with the Community Cabinet, Department Heads, County Advisors, and other stakeholders to ensure that collected feedback is transformed into actionable and timely improvements.

SUMMARY OF COUNTY CONTRACTING EFFORTS

As of June 30, 2021

TITLE	DATE	RELEVANT DEPT(S)	REPORTS	POTENTIAL ALIGNMENT WITH ECC MOTION
1. Board Motion: Implementing a Local Small Business and Social Enterprise Utilization Plan	Motion 07-12-2016 #1 Motion 07-12-2016 #2 Motion 07-12-2016 #3 (07-12-2016 - Item No. 12)	CEO, DCBA, ISD	<ul style="list-style-type: none"> • CEO Report 07-07-2015 and 08-13-2015 • DCBA Report 05-24-2016 • DCBA Report 06-28-2016 • Depts Report 10-2016 through 09-2020 	<ul style="list-style-type: none"> • Access, Technical Assistance, and Capacity Building
2. Board Motion: Community-Based Mental Health Incubation Academy	Motion 05-29-2018 (Item 9) Follow-up: Board approval of Incubation Motion 02-05-2019 (Item 3)	CEO, DMH, Center for Strategic Partnerships	<ul style="list-style-type: none"> • CEO Report 09-14-2018 • DMH Report 2019-2021 	<ul style="list-style-type: none"> • Access, Technical Assistance, and Capacity Building
3. Board request by Supervisor Hahn: Streamlining the County Contracting Process	03-14-18 (No document available)	CEO, ISD, A-C, DCBA, County Counsel, DHR, DHS	<ul style="list-style-type: none"> • CEO Report 02-28-2019 	<ul style="list-style-type: none"> • Contracting Nuts and Bolts
4. Board Motion: Countywide Plan for Audit and Contract Monitoring	Motion 03-04-2020 (Item 2)	A-C	<ul style="list-style-type: none"> • A-C Report 07-30-2020 	<ul style="list-style-type: none"> • Implementation and Monitoring

TITLE	DATE	RELEVANT DEPT(S)	REPORTS	POTENTIAL ALIGNMENT WITH ECC MOTION
5. Board Motion: 1) Streamline Contracting Digital and Streamlined Contracting and Auditing for Los Angeles County and 2) Uniform Guidance Recommendations (Cost Reimbursement)	Motion 9-29-2020 (Item 20) Uniform Guidance was originally referenced in Motion 11-03-2015 (Item 2)	CEO, CIO, ISD	<ul style="list-style-type: none"> • Depts Report 11-2020 Streamline Contracting and Uniform Guidance 2016 and 2020 	<ul style="list-style-type: none"> • Contracting Nuts and Bolts • Implementation and Monitoring
6. Board Motion: Los Angeles County Road Map to Economic Recovery	Motion 04-28-2020 (Item 22)	WDACS, DCBA, DRP, TTC, DPW, DPSS, LACDA, LACOE	<ul style="list-style-type: none"> • WDACS Report 09-01-2020 • CEO Report 05-17-2020 	<ul style="list-style-type: none"> • Access, Technical Assistance, and Capacity Building • Data and Metrics
7. Board Motion: Leveraging the County's Position as a Market Participant to Promote Equity in County Contracting	Motion 04-20-2021	CEO, ISD, A-C, DCBA, WDACS	<ul style="list-style-type: none"> • Report in Progress 	<ul style="list-style-type: none"> • Access, Technical Assistance, and Capacity Building • Contracting Nuts and Bolts • Data and Metrics • Implementation and Monitoring
8. Board Motion: Pathways to Economic Recovery for Women, Communities of Color, and The Care Economy	Motion 06-22-2021	DCBA, CEO, WDACS, DPSS, OAECE	<ul style="list-style-type: none"> • Report in Progress 	<ul style="list-style-type: none"> • Access, Technical Assistance, and Capacity Building

LOS ANGELES COUNTY EQUITY IN COUNTY CONTRACTING (ECC)

Charter Mission

ECC Team will simplify and modernize the County's contracting process and expand contracting opportunities to community-based organizations (CBO), non-profits and emerging businesses, starting with short-term projects that will yield immediate improvements, and culminating in the creation of the infrastructure necessary to achieve long-term goals including the potential creation of a centralized office of contracting strategy. The ECC Team will also act as the central point of contact for external and internal stakeholders, for collection of all feedback, which can then be transformed into actionable improvements.

Charter Vision

- Simple
- Inclusive
- Transparent
- Efficient

Goals

ECC team will collaborate with subject matter experts within County departments, CBOs and non-profits to identify, prioritize, and implement solutions to contracting processes related to qualification, solicitation, monitoring, auditing, and payments.

Scope

Board Directives
<ul style="list-style-type: none">• Creation of accessible, arms-length technical assistance, and capacity building program targeting underserved communities and CBOs/non-profits.
<ul style="list-style-type: none">• Piloting collaborative program design of certain types of County contracts, including unbundling, to allow smaller CBOs/non-profits to access new smaller dollar value contract opportunities.
<ul style="list-style-type: none">• Requirements or preference for contractors who expose County clients, including Youth@Work and other subsidized employment participants, to career opportunities at no cost to the contractors.
<ul style="list-style-type: none">• Geographic preferences or evaluation criteria for contracting with CBOs/non-profits in communities most disproportionately impacted by COVID-19.
<ul style="list-style-type: none">• Taking best practices from DCBA's prompt payment program by which small CBOs/non-profits are paid for their work more expeditiously, inclusive of the full procurement lifecycle, from the solicitation and contract management through invoice and payment.

Exhibit II

- Contracting tiers dependent upon dollar value of contract to allow small CBOs/non-profits to access lower dollar value contracts with less onerous legal and bonding/risk management requirements.

Ensuring Alignment with Other On-Going Contract Projects

- Streamlining Solicitations, Monitoring, and Auditing
- Indirect Cost
- Measure J Contracting

Immediate Action Items

- Streamlining preference and requirement programs for CBOs
- Streamlining revolving, start-up or seed funding for CBOs
- Solutions around insurance issues for CBOs

Long Term Action Items

Identify/establish the infrastructure (including the potential creation of a contracting strategy office) necessary for meeting the following long-term goals:

- Set Contracting Policy
- Create Standardized Contracting Rules
- Identify and resolve systemic contract process issues and contracting barriers
- Facilitate improvements of contracting process
- Collaborate with external stakeholders

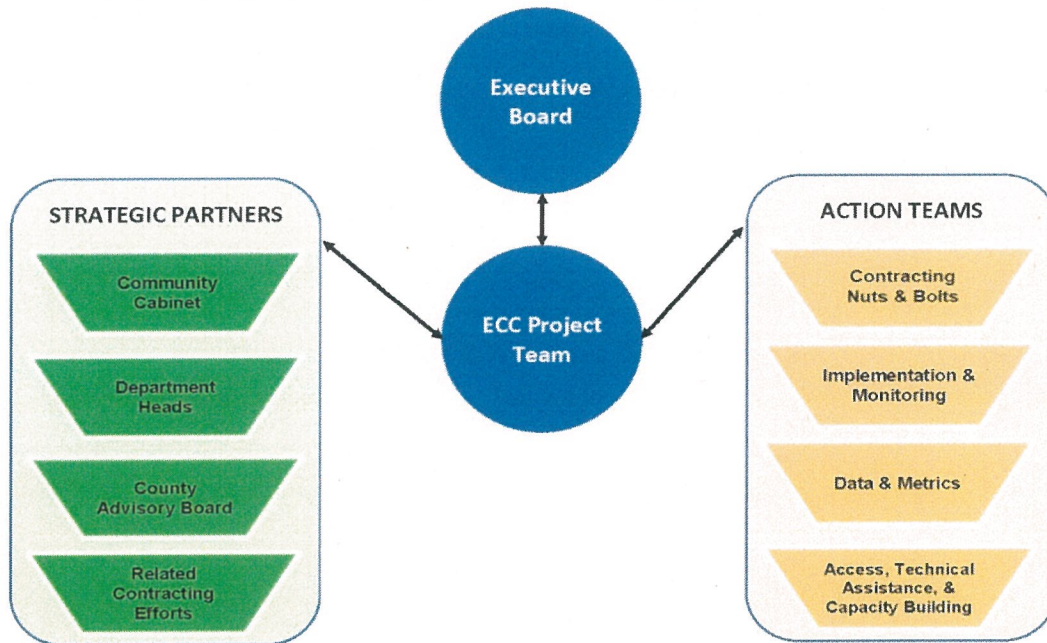
Tasks & Deliverables

See Attachment A.

Constraints

Time, cost, federal, State and local regulations and funding restrictions, different set of perspectives and goals/objectives between County departments and CBOs/non-profits.

Organizational Structure



Communication in the Organizational Structure

1. The ECC Project Team will lead the communication efforts between the various entities in the ECC organizational structure. The ECC Project Team will serve as the central point of contact to:
 - a. Collect input from and share information with stakeholder entities in the ECC organizational structure, including County/CBO Action Teams and Community Cabinet.
 - b. Consult with key advisors including CEO-ARDI, CEO-WGI, County Counsel, and relevant County Departments by sharing information and recommendations in order to solicit feedback.
 - c. Guide and inform the ECC Executive Board's final decisions and recommendations for implementing a contracting equity plan by providing recommendations and analysis.
 - d. Communicate with the appropriate parties to ensure coordination with other County contracting-related efforts and Board Motions.
2. The Community Cabinet will communicate CBO feedback to the ECC Project Team and collaborate with the ECC Project Team, including:
 - a. Coordinating and gathering input and feedback from a wide range of CBOs, including small CBOs and CBOs led by people of color, particularly those not part of the specific Action Teams.
 - b. Assisting in convening CBO Stakeholders for periodic listening sessions to convey ECC progress and to collect feedback and input to provide to the ECC Project Team.
 - c. Participating in County/CBO Action Teams and communicating relevant updates to the Cabinet.

Exhibit II

3. The County & CBO Action Teams will communicate their ideas, decisions, and recommendations to the ECC Project Team, as follows:
 - a. Providing written updates to the ECC Project Team, including any relevant information or recommendations.
 - b. Reaching out to appropriate County or CBO stakeholders with subject-matter expertise in the given area for guidance, as needed.

Communication Management

The ECC Project Team will manage ECC communications and project interactions throughout the project including:

- Coordination with other entities directed in the Board Motion including preparation of reports to the Board of Supervisors related to the Motion.
- Drafting of written communications and presentations related to the ECC project.
- Managing the notification and updating of stakeholders including County Department Heads and Board Offices through written communications, PowerPoint presentations, or informational meetings.
- Managing the appropriate distribution lists for the various ECC organizational groups including Strategic Partners, Strike Teams, County Departments, and others.
- Coordination and attendance at meetings involving the Project Team and key stakeholders including the CEO Executive Office, Measure J Contracting Project, Non-Profit Economic Resiliency Task Force, and other entities.

Communication Protocol

- ECC Project Team serves as the point of contact for the creation and distribution of project related communication.
- ECC Project Team coordinates ongoing meetings to provide updates and discuss ECC issues within the Team and partners, as well as attends and provides updates to relevant contracting task forces, forums, or other existing meetings.
- ECC Project Team disseminates communications and updates related to ECC project to the Strategic Partners, including County Department Heads and Action Teams through the ECC Executive Board.

Rules of Equitable Engagement

We acknowledge that each workgroup is a functioning part of ECC and, therefore, we must be mindful of how to respectfully engage members working in this space. We also ask participants to find ways to hold themselves and each other accountable in our language, ideas, and actions. The agreements below will help clarify equitable rules of engagement to ensure productive working relationships and facilitation during our time together, thereby creating equity in County contracting.

Exhibit II

- Everyone's voice is important and should be heard and acknowledged. Be respectful and listen first before speaking. Allow others to learn what you already know. All meetings should start and end on time. Stick to the topic of discussion.
- Members should do everything possible to meet commitments and contributions to the project deliverables. When those commitments cannot be met, let colleagues and the co-leads know, as soon as possible, so other arrangements can be made.
- If issues arise that are not part of the agenda, they will be placed in the "parking lot" and addressed, if time permits, or continued to a future meeting.

Decision-Making Principles

Members participating in workgroups will adhere to the following decision-making principles:

- Engagement – Members will have an opportunity to discuss issues, voice support or objections, and provide key considerations for all decisions.
- Consensus Driven – Members will strive to achieve consensus for all decisions and recommendations.
- Impact/Results – Members will consider logistical and resource commitments to implement the recommendations and the desired results.
- Accountability – Members will support and facilitate the implementation of approved decisions and recommendations.

Organizational Structure Charter

ECC Executive Board

Purpose	Provides executive oversight and high-level vision and direction for the ECC process.
Membership	Consists of a small group of high-level executives, led by Joseph Nicchitta, Chief Operating Officer, CEO: <ul style="list-style-type: none">• Amylen Clarke, CEO• Michael Owh, Internal Services (ISD)• Arlene Barrera, Auditor-Controller (A-C)• Margaret L. Carter, County Counsel
Responsibilities	<ul style="list-style-type: none">• Reviews recommendations and strategies presented by the ECC Project Team, generated through input from the various Action Teams, Advisors, and Community Cabinet.• Makes final decisions and provides feedback or additions to ECC recommendations.• Serves as the final decision-making body and final point of resolution for issues in ECC.

Meetings	Members will meet, as necessary, to review and make final decisions related to ECC.
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ECC Project Team

Purpose	Provides project management and coordination for the ECC process.
Membership	<p>Consists of a small CEO group and representatives from County Counsel, ISD, and A-C, led by Emy Tzimoulis, Manager of CEO-Service Integration Branch (SIB):</p> <ul style="list-style-type: none"> • Kathy Hanks, CEO • Jason Tajima, CEO • Yvonne Troncoso, CEO • Marisela Godinez, CEO • Gevik Shahverdian, CEO • Lorena Bautista, CEO • Paul Nakashima, CEO • Patrice Salseda, County Counsel • Christie Carr, ISD • Anthony Kim, A-C
Responsibilities	<ul style="list-style-type: none"> • Develops strategies and workplans for Action Teams. • Monitors the work of Action Teams and assists in the completion of tasks and deliverables. • Reviews recommendations and strategies generated by Action Teams, advisors, and Community Cabinet to incorporate into the overall ECC plan. • Consults with advisors, Community Cabinet, and Action Teams for guidance on feasibility, legality, and improvements to the proposed recommendations and strategies. • Communicates project updates and status to partners and stakeholders. • Develops final recommendations and information to provide to the ECC Executive Board, based on review and coordination with advisors, Community Cabinet, and Action Team.
Meetings	Meets weekly to discuss updates and status of the ECC project, and as necessary, with additional workgroups.

Community Cabinet

Purpose	Collaborates with the ECC Project Team, makes recommendations and provides feedback in achieving ECC goals and directives.
Membership	<p>Consists of a working group and think tank of CBOs and non-profits including:</p> <ul style="list-style-type: none"> • Regina Birdsell, Center for Nonprofit Management • Benny Torres, CD Tech

Exhibit II

	<ul style="list-style-type: none"> • Claire Knowlton, Nonprofit Finance Fund • Efrain Escobedo/Diana Colin, CA Community Foundation • Jodi Kurata, Association of Community Human Service Agencies • Joe St. John, Korean Youth & Community Center • Martine Singer, Children's Institute • Shashi Hanuman, Public Counsel • Va Lecia Adams, St. Joseph's Center • Wilma Franco, Southeast LA (SELA) Collaborative • Winnie Wechsler, Anthony & Jeanne Pritzker Family Foundation
Responsibilities	<ul style="list-style-type: none"> • Commits to the principles of efficiency, equity and responsiveness in their role and responsibilities. • Provides ECC Project Team with a list of existing recommendations from the Economic Resiliency Task Force and other recent workgroups and discussions relating to equity in county contracting. • Consolidates feedback and input from a wide range of CBOs and non-profits in the County. • Provides executive oversight in decisions around input from CBOs and non-profits and provides final recommendations and feedback to the ECC Project Team. • Ensures feedback and recommendations reflect the range of diversity and sizes of CBOs and non-profits. • Communicates ECC updates and status to CBOs and non-profits. • Compiles feedback and input from CBOs and non-profits. • Commits to periodic and regular meetings, as decided by the Cabinet.
Meetings	The Cabinet will meet, as needed, to generate recommendations and feedback to the ECC Project Team. Additionally, periodic listening sessions can be held to provide updates to CBOs and non-profits related to the ECC project and to solicit feedback.

County Advisory Board

Purpose	Provides guidance and feedback on all aspects of ECC.
Membership	<p>Consists of advisors and subject matter experts from:</p> <ul style="list-style-type: none"> • Deputies of the Board of Supervisors' Offices • CEO-ARDI • CEO-WGI • County Counsel • Others, as needed
Responsibilities	<ul style="list-style-type: none"> • Reviews recommendations and strategies generated by Action Teams and presented by ECC Project Team. • Provides guidance and feedback on the feasibility, legality, equity, and effectiveness of the content.

County Department Heads

Purpose	Provides feedback and guidance on aspects of ECC and informs respective Departmental staff of ECC's progress and outcomes.
Membership	Consists of leaders within County Departments involved with County contracting.
Responsibilities	<ul style="list-style-type: none"> • Reviews content generated by Action Teams and is kept informed of the ECC project by the ECC Project Team. • Informs Departmental staff of ECC's progress and outcomes.

CBO/County Department Action Teams

Purpose	Reviews existing practices, recommends solutions, and implements changes and revisions in the following focus areas: <ul style="list-style-type: none"> • Access, Technical Assistance, & Capacity Building • Contracting Nuts & Bolts • Data & Metrics • Implementation & Monitoring
Membership	Consists of focused, action-oriented subject matter experts with working experience in the above-mentioned focus areas from within County Departments and CBO/non-profits.
Responsibilities	<ul style="list-style-type: none"> • Reviews, assesses, and completes tasks and deliverables. • Solicits recommendations or proposals through group discussions. • Tracks recommendations or proposals and proposes changes or improvements to recommendations or proposals. • Reaches unanimous decisions on recommendations and proposals. If not, revises proposals or presents alternate proposals in order to achieve consensus. • Provides recommendations or proposals to ECC Project Team. • Implements changes and revisions based on approved recommendations and proposals.
Meetings	The Action Teams will meet on a regular basis in order to discuss issues, complete tasks and deliverables, and develop recommendations and feedback.

**EQUITY IN COUNTY CONTRACTING (ECC)
TASK AND DELIVERABLES**

#1 - Creation of an arms-length technical assistance and capacity building program targeting underserved communities, Community-Based Organizations (CBOs) and nonprofit entities so they can better access County contracting opportunities, including the evaluation of an interest-free CBO and nonprofit loan product as part of the capacity building.		
TASKS	DELIVERABLES	ACTION TEAM
1.1 Data Gathering 1.1.1 Gather data on underserved communities in Los Angeles County.	1.1 Report on underserved communities.	Data and Metrics
1.2 Current State Assessment and Gap Analysis 1.2.1 Identify current technical assistance and capacity building efforts by departments, including scope, duration, number of entities served, entity characteristics (type, size, annual budget, location, services, etc.) and effectiveness (able to respond to department solicitations, received a County or other government contract, or increased their capacity in existing contracts). 1.2.2 Identify department contracting capacity needs. 1.2.3 Analyze gaps in effectiveness of current technical assistance and capacity building efforts and departments' contracting capacity needs.	1.2 Current state assessment and gap analysis of departments' technical assistance and capacity building efforts and contracting capacity needs.	Access, Technical Assistance, and Capacity Building

#1 - Creation of an arms-length technical assistance and capacity building program targeting underserved communities, Community-Based Organizations (CBOs) and nonprofit entities so they can better access County contracting opportunities, including the evaluation of an interest-free CBO and nonprofit loan product as part of the capacity building.		
TASKS	DELIVERABLES	ACTION TEAM
1.3 Better Access to County Contracting Opportunities 1.3.1 Research loan product options and legality if loan program would be County funded. Consider philanthropic options. 1.3.2 Identify recommendations for new and/or enhanced technical assistance and capacity building programs (including loan products). Assess the feasibility of creating a single-entry point for CBOs and nonprofits (DCBA?) to determine what technical assistance and/or capacity building is needed and match with existing and future efforts.	1.3 Report with recommendations for new and/or enhanced technical assistance and capacity building programs (including loan products), targeting underserved communities and CBOs and nonprofit entities so they can better access County contracting opportunities.	Access, Technical Assistance, and Capacity Building
1.4 Implementation and Monitoring 1.4.1 Implement recommendations. 1.4.2 Monitor outcomes. 1.4.3 Identify adjustments necessary to further enhance and/or expand technical assistance and capacity building programs.	1.4 Report on implementation status and recommendations for further enhancements and/or program expansion.	Implementation and Monitoring

#2 - Piloting the collaborative program design of certain types of County contracts, including unbundling, to allow smaller CBOs, businesses, and nonprofit entities to access new smaller dollar value contract opportunities.		
TASKS	DELIVERABLES	ACTION TEAM
2.1 Data Gathering 2.1.1 Identify types of CBOs, businesses, and nonprofits in the County.	2.1 Report on types of CBOs, businesses, and nonprofits in the County.	Data and Metrics
2.2 Current State Assessment and Gap Analysis 2.2.1 Identify any current departmental efforts in contract unbundling and associated contracting processes. Analyze outcomes and metrics regarding contract solicitations, contractor performance, and contract administration, and monitoring. 2.2.2 Identify types of County contracts where it is feasible to design solicitations so that smaller CBOs, businesses, and nonprofits can access smaller dollar contract opportunities.	2.2 Current state assessment and gap analysis of departmental efforts in contract unbundling and types of County contracts where it is feasible to design solicitations so that smaller CBOs, businesses, and nonprofits can access smaller dollar contract opportunities.	Contracting Nuts and Bolts
2.3 Pilot Project Development 2.3.1 Identify contract solicitation designs (contracting tool kit) for pilot project(s). 2.3.2 Identify potential pilot(s) and assess feasibility to implement.	2.3 Report on pilot project(s) development with recommendations for contract solicitation design so that smaller CBOs, businesses, and nonprofits can access smaller dollar contract opportunities.	Contracting Nuts and Bolts
2.4 Implementing and Monitoring 2.4.1 Implement recommendations. 2.4.2 Monitor outcomes. 2.4.3 Identify adjustments necessary to further enhance and/or expand pilot projects.	2.4 Report on implementation status and recommendations for further enhancements and/or expansion.	Implementation and Monitoring

#3 - Requirements or preference for contractors who expose County clients, including Youth@Work and other subsidized employment participants, to career opportunities at no cost to the contractors.		
TASKS	DELIVERABLES	ACTION TEAM
3.1 Current State Assessment and Gap Analysis 3.1.1 Identify any current departmental efforts with subsidized employment programs for County clients, such as the Youth@Work program. 3.1.2 Analyze participant outcomes and other metrics. 3.1.3 Determine what other County clients would benefit from a subsidized employment program. 3.1.4 Determine what type of contracts are a good fit for exposing County clients to career opportunities.	3.1 Current state assessment and gap analysis of departmental efforts with subsidized employment programs and opportunities to match these programs with contractors.	Contracting Nuts and Bolts
3.2 Requirements and/or Preference Assessment 3.2.1 Assess feasibility and legality of contract requirements and/or preference for County client-subsidized employment programs. 3.2.2 Make recommendations to implement requirements and/or preference program if feasible and legal.	3.2 Report on feasibility and legality of implementing contract requirements and/or preference for County client-subsidized employment programs and recommendations.	Contracting Nuts and Bolts
3.3 Implementation and Monitoring 3.3.1 Implement recommendations. 3.3.2 Monitor outcomes. 3.3.3 Identify adjustments necessary to further enhance and/or expand the career opportunity requirements and/or preference.	3.3 Report on implementation status and recommendations for further enhancements and/or expansion.	Implementation and Monitoring

#4 - Geographic preferences or evaluation criteria for contracting with CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19.		
TASKS	DELIVERABLES	ACTION TEAM
4.1 Data Gathering 4.1.1 Gather data on types of CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19.	4.1 Report on types of CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19	Data and Metrics
4.2 County Contracting Assessment 4.2.1 Identify County contracting needs (including identifying upcoming contract solicitations or potential contract unbundling opportunities) in communities most disproportionately impacted by COVID-19. 4.2.2 Compare County contracting needs with availability of CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19. 4.2.3 Assess feasibility and legality of geographic preferences and/or geographic evaluation criteria to enable CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19 to contract with the County.	4.2 Report with recommendations for geographic preferences and/or geographic evaluation criteria for CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19 to contract with the County.	Contracting Nuts and Bolts
4.3 Implementation and Monitoring 4.3.1 Implement recommendations. 4.3.2 Monitor outcomes. 4.3.3 Identify adjustments necessary to further enhance and/or expand geographic preferences and/or evaluation criteria in contract solicitations.	4.3 Report on implementation and recommendations to further enhance and/or expand geographic preferences and/or evaluation criteria in contract solicitations.	Implementation and Monitoring

#5 - Taking best practices from DCBA's prompt payment program, a practice by which small CBOs and nonprofit entities are paid for their work more expeditiously, inclusive of the full procurement lifecycle, from the solicitation and contract management through invoice and payment.

TASKS	DELIVERABLES	ACTION TEAM
<p>5.1 Current State Assessment</p> <p>5.1.1 Assess the effectiveness of DCBA's prompt payment program and County's contractor payment direct deposit program.</p> <p>5.1.2 Determine what departmental and contractor factors contribute to lack of expeditious payment to small CBOs and nonprofit entities.</p>	<p>5.1 Current state assessment of payment programs and impediments to expeditious payment processing for contractors.</p>	<p>Contracting Nuts and Bolts</p>
<p>5.2 Payment Program and Processing Enhancements</p> <p>5.2.1 Identify enhancements and improvements to implement a more expeditious payment program, including technical assistance for small CBOs and nonprofit entities as well as departments.</p>	<p>5.2 Report with recommendations for enhancements and improvements to implement a more expeditious payment program for small CBOs and nonprofit entities.</p>	<p>Contracting Nuts and Bolts</p>
<p>5.3 Implementation and Monitoring</p> <p>5.3.1 Implement recommendations.</p> <p>5.3.2 Monitor outcomes.</p> <p>5.3.3 Identify adjustments necessary to further enhance the payment program.</p>	<p>5.3 Report on implementation of a more expeditious payment program for small CBOs and nonprofit entities and recommendations for further enhancements.</p>	<p>Implementation and Monitoring</p>

#6 - Contracting tiers dependent upon dollar value of contract to allow small CBOs and nonprofits to access lower dollar value contracts with less onerous legal and bonding/risk management requirements.		
TASKS	DELIVERABLES	ACTION TEAM
6.1 Contracting Tiers Risk Assessment 6.1.1 In concert with Item 2 above, conduct a risk assessment on the dollar value and scope of CBO and nonprofit contracts where less onerous legal and bonding/risk management requirements could be adopted. 6.1.2 Make recommendations to implement contracting tiers with consideration of more flexible legal and bonding/risk management requirements depending on contract type and value.	6.1 Report with recommendations on the dollar value and scope of CBO and nonprofit contracts where less onerous legal and bonding/risk management requirements could be adopted.	Contracting Nuts and Bolts
6.2 Implementation and Monitoring 6.2.1 Implement recommendations. 6.2.2 Monitor outcomes. 6.2.3 Identify adjustments necessary.	6.2 Report on implementation, performance outcomes, and recommendations for future contracting practices.	Implementation and Monitoring



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FESIA A. DAVENPORT
Chief Executive Officer

June 30, 2022

To: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Fesia A. Davenport
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

REPORT BACK ON LEVERAGING THE COUNTY'S POSITION AS A MARKET PARTICIPANT TO PROMOTE EQUITY IN COUNTY CONTRACTING (ITEM NO. 30, AGENDA OF APRIL 20, 2021)

On April 20, 2021, the Board of Supervisors adopted a motion to promote an anti-racist, diverse, equitable, and inclusive procurement process as one strategy to achieve economic inclusion for all of our communities. The motion included directives related to contracting, including directing the Chief Executive Office, together with the Internal Services Department, in consultation with the Auditor-Controller, County Counsel, Department of Consumer and Business Affairs (DCBA), Department of Workforce Development, Aging and Community Services, and other relevant County stakeholders, in partnership with contract streamlining efforts underway, to report back with actionable recommendations and an implementation timeline to further the County's goals around procurement equity and economic recovery for community-based organizations (CBOs) and nonprofit entities through the creation of an arms-length technical assistance and capacity building program; piloting the collaborative program design of certain types of County contracts to increase access; requirements or preference for CBOs and nonprofit entities who expose County clients, including Youth@Work and other subsidized employment participants, to career opportunities at no cost to the contractor; geographic preferences or evaluation criteria for CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19; best practices from DCBA's prompt payment program; and allowing smaller CBOs and nonprofits to access contracts with less onerous legal and bonding/risk management requirements. The full Board motion can be found at: <http://file.lacounty.gov/SDSInter/bos/supdocs/157521.pdf>.

This is the second and final report to the Board following the initial report provided on August 20, 2021. Attachment I presents an update on the progress of the Equity in County Contracting (ECC) project to address and respond to the Board motion's directives regarding CBOs and develop solutions in alignment with other County contracting efforts including:

- Findings and recommendations developed during the ECC process to address the six items in the Board motion directives assigned to the Chief Executive Office;
- An overview of the work and accomplishments of the focused Action Teams that were assembled to address directives in the motion, as well as key recommendations provided by CBOs. The ECC Action Teams brought together dozens of leaders and subject-matter experts from CBOs, philanthropy, and County departments, and has been unprecedented in terms of the level of collaboration between CBOs and the County;
- As directed in the Board motion, a series of short-term, intermediate-term, and long-term goals and recommendations to improve County contracting and address issues impacting CBOs in all stages of contracting, and the implementation status and timeline of the recommendations through the work of three Workgroups (Equitable Reimbursement and Compensation, Equity and Access in Processes, and Training/Technical Assistance/Strategic Policy). These findings, goals, and recommendations are summarized in Attachment II.

The ECC Workgroups will continue to implement the goals developed by the Action Teams, unless directed otherwise. The work of the ECC is expected to conclude in early to mid-2023.

Over the past decade, your Board has adopted a number of motions to improve the way the County contracts and streamline processes for both County departments and contractors. During the work associated with your Board's April 20, 2021 motion, it became clear the County must institutionalize the work around contract equity and streamlining to make continuous improvements and adapt to changing conditions. We therefore recommend that your Board consider establishing a contracting and procurement office within ISD with principal responsibility for centralizing and carrying forth the work of the ECC. Should your Board adopt this recommendation, the CEO will work with ISD to develop a staffing model for consideration by your Board as part of the Fiscal Year 2023-24 recommended budget or a subsequent budget phase, as appropriate.

Each Supervisor
June 30, 2022
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Should you have any questions concerning this matter, please contact me or Emy Tzimoulis, at (213) 974-4603 or etzimoulis@ceo.lacounty.gov.

FAD:JMN:JFO
EDT:JT:kdm

Attachments

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Consumer and Business Affairs
- Internal Services
- Workforce Development, Aging and Community Services

Background on Equity in County Contracting

An earlier report was provided to the Board of Supervisors (Board) on August 20, 2021, which presented the essential components and initial framework the Chief Executive Office developed to implement the Board motion's directives and develop solutions in alignment with other County contracting efforts including:

- Establishment of an Equity in County Contracting (ECC) Project Team to provide project management and to collaborate with subject-matter experts within County departments, Community-Based Organizations (CBOs) and non-profits, and other stakeholders to identify, prioritize, and implement solutions to contracting processes related to the motion;
- Coordination and ensuring alignment with other County contracting initiatives underway;
- Development of an ECC governance structure and charter with feedback from stakeholders to ensure collaborative development and implementation of recommendations related to this motion;
- Collaboration with CBOs and nonprofits as a critical aspect of the ECC project and recommendation of County contracting changes to promote greater equity; and
- Assembling a series of Action Teams consisting of subject-matter experts with working experience from County departments and CBOs/nonprofits to develop actionable recommendations through tasks and deliverables. The Action Teams included Access, Technical Assistance, and Capacity Building; Contracting Nuts and Bolts; Data and Metrics; and Implementation and Monitoring.

This report provides a final update on the findings and recommended actions related to each directive related to CBOs/nonprofits in the Board's April 20, 2021, motion on Equity in County Contracting (Board Motion). Following the Board Motion findings and recommendations, the report provides CBO/County department Action Team descriptions, goals, and workplans to address root cause issues identified in the process of responding to the Board Motion directives.

Findings and Recommendations Related to the Board Motion Directives

As referenced in the previous report, the ECC Project Team drafted a series of tasks and deliverables to guide the Action Teams in their work to address and respond to the six directives in the Board Motion related to CBOs. The collaborative effort between County departments and CBOs in the Action Teams included a current state assessment, data gathering, and recommendations in relation to these directives and CBO recommendations. However, over the course of these efforts, the discovery phase uncovered complexities and root cause problems that impact the contracting process and often went beyond the issues covered in the directives in the Board Motion and initial CBO concerns. The following actions, findings, and recommendations were determined during the ECC process.

Directive 1 (a) - Creation of an arms-length technical assistance and capacity building program targeting underserved communities, CBOs and nonprofit entities so they can better access County contracting opportunities, including the evaluation of an interest-free CBO and nonprofit loan product as part of the capacity building.

- The Access, Technical Assistance (TA), and Capacity Building (CB) Action Team met regularly over the past year to develop solutions related to increasing access for CBOs, technical assistance and trainings, and developing a framework to address current gaps in TA and CB in County contracting. In the discovery phase, it was determined that

solutions to root causes of issues and the development of TA and CB infrastructure was crucial prior to being able to create a specific program.

- A key recommendation and goal of ECC is the creation of a sustainable solution for providing training and technical assistance to department staff related to contracting including the development of specialized, digestible content for departmental staff to easily access. This process is currently underway in the Training/TA Workgroup.
- To increase access for potential contractors, the Action Team assessed Countywide and departmental home pages and contracting websites and provided recommendations and edits to the appropriate offices to ensure correct, complete, and current information on the websites. Additionally, the Processes Workgroup is developing a contracting website assessment checklist/tool for departments to periodically assess content and ease of navigation in relation to contracting information on their websites.
- The Training/TA Workgroup is also developing a resource document to summarize County and non-County TA available and includes a roadmap to accessing County contracting and funding opportunities.
- The ECC Data and Metrics Action Team established a goal of compiling information and datasets on “underserved communities” and centralizing this information for easier reference and to improve TA and access.
- A Bridge Loan subgroup established a goal of developing a framework for a CBO bridge loan program likely in collaboration with a third-party and incorporating best practices from programs such as the ARPA capacity building pilot program.

Directive 1(b) - Piloting the collaborative program design of certain types of County contracts, including unbundling, to allow smaller CBOs, businesses, and non-profit entities to access new smaller dollar value contract opportunities.

- The Contracting Nuts and Bolts Action Team created an Unbundling subgroup with County and CBO members to address this directive.
- The Unbundling subgroup conducted a current state assessment on unbundling in the County including a survey, which solicited 27 County department responses and 180 CBO responses, to gather information and identify potential pilot projects for unbundling.
- Eleven departments reported completing efforts to unbundle contracts.
- Workforce Development, Aging and Community Services (WDACS) has previously unbundled contracts for various projects and is currently designing a pilot to unbundle contracts for the America's Jobs Center (AJCC) services Request for Proposal for the first time. The new Aging and Disabilities Department is expected to carry this work forward.
- The Training/TA Workgroup is currently compiling a report on the best practices from the unbundling efforts to share with other departments as a guide for identifying and implementing potential unbundling in viable programs, contracts, or projects.
- The Departments of Economic Opportunity and Aging and Disabilities (and if necessary other stakeholders) will monitor pilot project outcomes/successes/challenges; and make recommendations for enhancements and additional pilots and report on key metrics.

Directive 1(c) - Requirements or preference for contractors who expose County clients, including Youth@Work and other subsidized employment participants, to career opportunities at no cost to the contractors.

- In assessing the Youth@Work program, some CBOs had initially expressed concerns over potential issues with insurance, tax paperwork, and administrative expenses, however, most of those would be covered by the local AJCC who is considered the

employer of record. However, a potential requirement or preference in contracts to participate in such a program may still be more burdensome to smaller CBOs due to the current policies in which a participant is essentially limited to 100 hours of work experience and the CBO would still have to onboard, supervise, find a space and equipment for the participant, and complete evaluations and recordkeeping.

- The ECC is, however, exploring avenues to provide information on the Youth@Work program in TA and CB efforts and promote it as a resource for CBOs that might be able to benefit or be interested in the program.

Directive 1(d) Geographic preferences or evaluation criteria for contracting with CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19.

- The ECC Data and Metrics Action Team established a goal to develop a resource that lists and includes data on underserved communities and populations in LA County, including those disproportionately impacted by COVID-19. Information and resources that have been developed such as the County's Equity Explorer, Race Counts COVID-19 Vulnerability and Recovery Index Map, and American Rescue Plan Act (ARPA) Projects Viewer will be incorporated into references for contracting Training/TA as possible tools to guide departments in their development of solicitations and contracts.
- We recommend that if any consideration for geographies impacted by COVID-19 is incorporated into contracting, it should be done in the program design or evaluation criteria as seen with the ARPA program, rather than a preference or requirement which would require specific and more permanent policy in County Code to meet legal requirements. In designing solicitations, potential ways to incorporate geographic considerations that could be addressed in Training/TA are through providing additional weight to CBOs located in a certain community or encouraging applicants to partner with local CBOs in those communities.

Directive 1(e) - Taking best practices from Department of Consumer and Business Affairs prompt payment program, a practice by which small CBOs and nonprofit entities are paid for their work more expeditiously, inclusive of the full procurement lifecycle, from the solicitation and contract management through invoice and payment.

- The ECC Data and Metrics Action Team created a Prompt Payment Program subgroup with County and CBO members to assess the Prompt Payment Program and find relevant policies and data.
- Based on current findings, the ECC established a goal to identify improvements to the County's Prompt Payment Program such as expanding the program to include other CBOs included in certified Social Enterprises as part of the renewal of the program which sunsets in October 2022. The ECC is coordinating with the departments responsible for the renewal of the Prompt Payment Program Board Policy, as it is up for sunset review on October 17, 2022, to recommend and assess these expansions and improvements and provide recommendations on policy revisions.
- Additionally, the Equitable Reimbursement and Compensation Workgroup is addressing some of the larger issues around adequate and timely compensation and reimbursement for CBOs since the Prompt Payment Program is based on preference programs which are prohibited by federal or state regulations for certain social service contract funding sources. For example, the ECC Workgroup is conducting a focused assessment on invoicing and related processes at the Departments of Children and Family Services, Public and Social Services, and Mental Health to develop recommendations and best

practices that can be standardized or shared across the department(s) to among other improvements, ensure payments in a timely manner.

Directive 1(f) - Contracting tiers dependent upon dollar value of contract to allow small CBOs and nonprofits to access lower dollar value contracts with less onerous legal and bonding/risk management requirements.

- The Contracting Nuts and Bolts Action Team created a Contracting Tiers subgroup with County and CBO members to assess issues around insurance requirements, and the Data and Metrics Action Team created a subgroup to assess what criteria can be used to define “smaller” organizations and a tiered approach to looking at the size of organizations by researching what type of data is available on CBOs.
- In discussions with CBOs, the cost of insurance was a barrier for some entities to entering into some County contracts and a major burden to existing contractors especially with the rising costs of premiums.
- As a result, the ECC has established a goal of developing strategies or solutions to address issues around the cost of insurance for contractors. This has included: researching and determining potential best practices from other models such as the previous Service Providers, Artisan and Trade Activities (SPARTA) insurance program and the Countywide Contractor Development and Bonding Assistance Program; exploring insurance pools for specific programs or frameworks for subsidizing or financing insurance premiums such as DMH’s group policy for Fee For Service contractors; and exploring how to better understand CBO insurance needs and potential additional providers development of a Request for Information.
- The ECC consulted with County Risk Management and determined that creating tiers with lesser-level insurance limits for lower dollar value contracts is not a feasible option because the amount of a contract is not considered a key indicator of risk to insurance providers. Insurance requirements are closer aligned with the scope of services being provided, impact of an incident, where services are provided, and the population receiving the services.

CBO/County Department Action Teams and Workgroups

As mentioned above, in August 2021, the ECC Project Team coordinated with CBOs and County departments to assemble four Action Teams created to explore and find solutions to the key directive in the motion, “report back to the Board with a series of actionable recommendations and an implementation timeline to further the County’s goals around procurement equity and economic recovery”, as well as additional concerns and issues raised by CBOs related to County contracting. The ECC process brought together leaders and subject-matter experts from CBOs, philanthropy, and County departments, which is unprecedented in terms of the level of collaboration between CBOs and the County. Going beyond past efforts, the ECC Action Teams conducted an extensive discovery process and state assessment of contracting issues to uncover many deep root-cause issues that impact and contribute to the concerns raised in the Board Directives and CBO Recommendations. As a result, the work of the Action Teams has increased the mutual understanding of the long-standing contracting challenges faced by CBOs and County Departments.

Each Action Team included the following number of CBO and County representatives and established subgroups to address key topics:

- **Access, Technical Assistance, and Capacity Building**

Departments Represented: 11 CBOs Represented: 14

- Gap Analysis: Assessing the County's current state of technical assistance and access in order to better meet CBO needs and close gaps.
- Recommendations: Compiling and prioritizing new and existing contracting efforts and CBO recommendations.
- Loan Programs: Assessing current and potential programs to address start up and cash flow issues.

- **Contracting Nuts and Bolts**

Departments Represented: 17 CBOs Represented: 15

- Unbundling: Identifying best practices to create a model for identifying and implementing unbundling in viable programs, contracts, or projects.
- Cashflow: Assessing issues around compensation, invoicing, and reimbursement that impact CBOs.
- Contracting Tiers: Assessing issues around insurance requirements and reducing costs to contractors.

- **Data and Metrics**

Departments Represented: 11 CBOs Represented: 14

- Underserved Communities/Populations: Defining and drafting a list of "underserved communities/populations" and developing a resource with relevant categories of information including available datasets, maps, and sources of data to inform contract and solicitation development.
- Smaller CBOs/Nonprofits: Assessing what criteria can be used to define "smaller" organizations and a tiered approach to looking at the size of organizations by researching what type of data is available on CBOs.
- Communities Impacted by COVID-19: Reviewing data and resources that assess communities disproportionately impacted by COVID-19 and incorporating findings into an underserved communities resource directory.
- Prompt Payment Program: Assessing the available metrics and findings on the County's Prompt Payment Program to identify best practices, improvements, and expansion.

- **Implementation and Monitoring**

Departments Represented: 12 CBOs Represented: 14

- Centralizing Auditing Capability: Assessing current administrative and fiscal monitoring across departments, identifying duplicative efforts and determining the feasibility of centralization, or a central repository be developed to safely store audit/monitoring documents which can be accessed by departments at any time for auditing purposes.
- Indirect Cost Reimbursement: Assessing issues around indirect and administrative cost recovery for contractors.
- Revisions to Auditor-Controller (A-C) Handbook: Reviewing the current A-C Handbook and identifying potential revisions based on CBO/nonprofit recommendations.

- Making Contracting Easier: Assessing current contract language and solicitation processes for opportunities to increase simplification.

Over the course of September 2021 through January 2022, each Action Team met regularly to review existing contracting practices and recommendations, and identify, prioritize, and establish actionable goals needed to implement solutions to contracting processes in response to the Motion and on additional challenges CBOs face when attempting to contract with the County. The collaborative structure of the Actions Teams between County and CBO contracting experts led to ideas that reflected the experiences of both the County and entities seeking contracts. In addition to developing recommendations for improvements, the ECC process provided strong momentum to start implementation of previously unfinished contracting initiative recommendations and served as a vehicle to uplift or resolve CBO issues specific to certain departmental processes.

In February 2022, the Action Teams finalized a series of short-term, intermediate-term, and long-term goals and recommendations to address issues impacting CBOs in all stages of contracting including access, solicitation, invoicing, and reimbursement. To create strategies to implement these goals and metrics to measure their outcomes, the Action Team members reorganized into three Workgroups in March 2022 and are currently in the process of implementing and developing metrics to address the following goals by subject area.

- **Workgroup 1: Equitable Reimbursement and Compensation**: Issues around adequate and timely reimbursement and compensation.

ECC Goal and Status	Estimated Completion
Using current findings and available metrics, identify improvements to the County's Prompt Payment Program and expand the program to include other CBOs including certified Social Enterprises as part of the renewal of the program which sunsets in October 2022. <u>Status</u> : ECC members are coordinating with the departments involved with the renewal of the Prompt Payment Program Board Policy that is up for sunset review to recommend and assess expansion and improvements.	October 2022
Develop strategies or solutions to address issues around the cost of insurance for contractors including assisting contractors with additional insurance requirements made by the County. <u>Status</u> : Researching and determining potential best practices from other models such as the previous Service Providers, Artisan and Trade Activities (SPARTA) insurance program and the Countywide Contractor Development and Bonding Assistance Program; exploring insurance pools for specific programs or frameworks for subsidizing or financing insurance premiums; and exploring development of a Request for Information to better understand CBO insurance needs and potential additional providers.	December 2022
Assess what criteria can be used to define "smaller" organizations and a tiered approach to looking at the size of organizations by determining what type of data is available on CBOs that have or have not been registered and/or awarded contracts with the County, and what gaps in data on County contractors should be collected.	October 2022

ECC Goal and Status	Estimated Completion
<u>Status:</u> Coordinating with relevant departments and outside entities to determine the type of data needed and available on CBOs.	
<p>Develop a framework for bridge loans for CBOs who have received a County contract but need assistance with cash flow by incorporating best practices or lessons such as the ARPA program or other third-party collaborations with the County.</p> <p><u>Status:</u> County and CBO ECC members are assessing potential models and best practices to develop components of a bridge loan program to assist with cash flow and start-up of contracts.</p>	December 2022
<p>Conduct a focused assessment on invoicing and related processes in three departments [(Departments of Children and Family Services (DCFS), Public Social Services (DPSS), Mental Health (DMH)] in order to develop recommendations and identify practices that can be standardized or shared within the department or countywide among departments.</p> <p><u>Status:</u> Coordinating with the three departments to assess invoicing processes, funding sources and restrictions/requirements, impact when different departments receive the funding and administer the program and identify recommendations for potential standardization or simplification related to format, groupings, indirect cost caps, supporting documentation requirements, submission timeframes, and submission methods.</p>	December 2022
<p>Develop a framework for a process to allow County CBO contractors to use the federal administrative indirect cost recovery methods described in 2 C.F.R. § 200, unless otherwise limited by state or federal statutes.</p> <p><u>Status:</u> Assessing data on program or contract indirect cost rate caps and identifying contracts that do not fully reimburse costs due to the application of standards that differ from the Federal Uniform Guidance.</p>	December 2022
<p>Develop solutions to address larger issues around adequate and timely compensation and reimbursement for CBOs.</p> <p><u>Status:</u> Established a subgroup within to the Reimbursement and Compensation Workgroup to address this goal including among other items, focusing on departments with the largest volume of contracted services, assessing contract payment models (e.g., cost reimbursement vs. fee-for-service), and assessing potential solutions around unexpected or volatile costs.</p>	March 2023
<p>Develop recommendations to design a County-approved indirect cost rate process for CBOs to use for non-federally funded contracts.</p> <p><u>Status:</u> Identifying other potential jurisdictions with examples of indirect cost rate processes to determine possible best practices to adapt and problems to avoid. For example, New York City developed an indirect cost rate reimbursement initiative and standardized cost allocation practices for health and human services contracts in 2019, but according to a recent report, this initiative was slowed by the pandemic and has not come to fruition.</p>	June 2023

ECC Goal and Status	Estimated Completion
Organizations are still requesting that the City commit to the promises made in the indirect cost rate initiative to increase reimbursement to agencies.	

- **Workgroup 2: Equity and Access in Processes:** Contracting processes that impact equity, access, and CBO operations.

ECC Goal and Status	Estimated Completion
Provide recommendations to departments to revise contracting websites and links to ensure correct, complete, and current information to increase access and ease of navigation. <u>Status:</u> Reviewed access and accuracy of information on County websites related to contracting and identified and submitted corrections for websites that were confusing or contained incorrect information. Currently finalizing assessment and recommendations for all County departmental websites for contracting content.	July 2022
Develop and disseminate a contracting website assessment checklist/tool for departments to periodically assess the content, access, and ease of navigation. <u>Status:</u> Drafting the contracting website assessment tool based on information gathered and plan to share with departments and CBOs for feedback.	August 2022
Develop a resource that lists underserved communities and populations in LA County, including those disproportionately impacted by COVID-19 , with relevant categories of information including available datasets, sources of data, and County departments and CBOs serving these communities. <u>Status:</u> Compiled initial list of underserved communities and data sources and developing format for this resource in a centralized location.	September 2022
Track recommendations and concerns related to the Auditor-Controller's Contract Accounting and Administration Handbook (A-C Handbook) to address in future revisions including development of a process for annual review. <u>Status:</u> Through coordination with CBOs, a list of requested edits and concerns were developed. During Phase I of the updates to the A-C Handbook, which was published in June 2021, the A-C Countywide Contract Monitoring Division addressed or provided clarification on approximately 75 percent of the requests made by CBOs. The remaining 25 percent of the requests are expected be addressed in Phase II of the updates to the A-C Handbook, anticipated around August 2022.	August 2022
Simplify the standard solicitation Request For Proposals (RFP) and contract language by determining what is overly complicated or unclear; revising and defining contract terminology; identifying what is redundant,	July 2022

ECC Goal and Status	Estimated Completion
<p>unnecessary, not applicable, or not relevant; and addressing which provisions are identified as being most problematic.</p> <p><u>Status:</u> The standard model RFP and contract documents were distributed to CBOs for them to redline and provide feedback on what content or language may be unclear, redundant, or most problematic to CBOs in order to recommend revisions. The streamlined and revised model document was completed and released to County departments in April 2022 which addresses a significant amount of the feedback received (where applicable). Potential additional issues will be assessed for inclusion in future releases.</p>	

- **Workgroup 3: Training/Technical Assistance/Strategic Policy:** Development of resources and improvements to training and technical assistance for County departments and CBOs.

ECC Goal and Status	Estimated Completion
<p>Create a sustainable solution for providing training/technical assistance to Departments including the development of specialized, digestible training content and collecting the content in a library for departments to access online.</p> <p><u>Status:</u> Finalizing the initial set of recommended training topics and assessing currently available or needed content.</p>	October 2022
<p>Identify and compile best practices from unbundling efforts in the County to share with other departments as a model for identifying and implementing unbundling in viable programs, contracts, or projects. In addition, assess mechanisms for adding more subcontracting in contracts.</p> <p><u>Status:</u> Gathered information and identified potential best practices and pilot projects for unbundling based on a survey (27 County department responses and 180 CBO responses). Identified a pilot program for unbundling with WDACS. Currently drafting a report on best practices from the unbundling efforts to share with other departments as a guide for identifying and implementing potential unbundling in viable programs, contracts, or projects. Developing metrics to track and report on outcomes/successes/challenges/enhancements to solicitations and new pilots.</p>	December 2022
<p>Utilizing best practices from departments, develop a tool/fact sheet to help Departments identify compensation methods and mechanisms to mitigate contractor cash flow and startup issues.</p> <p><u>Status:</u> Identifying best practices from County departments for compilation in a compensation methods and mechanism tool to disseminate to departments and incorporate into County contracting training efforts.</p>	October 2022

ECC Goal and Status	Estimated Completion
<p>Develop, publish, and publicize a resource document that 1) Summarizes technical assistance (TA) available (County/CBO sources), and 2) includes a roadmap to accessing County contracting/funding opportunities.</p> <p><u>Status:</u> Reviewing results from a survey distributed on TA and capacity building efforts at County departments, as well as identifying efforts from outside of the County. Using sources from the website assessment to incorporate into a roadmap for accessing contracting/funding opportunities.</p>	October 2022
<p>Develop, implement, and publicize solicitation fact sheets to increase access and transparency by providing relevant information such as services being solicited for/purpose, anticipated contract sum, contract term, name of program and funding type, expectations of County, and solicitation timelines.</p> <p><u>Status:</u> With feedback from the ECC Action Teams, ISD has developed and drafted an initial version of the solicitation fact sheet template and is determining if departmental guidelines or procedures will be necessary for implementation by departments.</p>	July 2022
<p>Develop a framework to address current gaps in TA and capacity building (CB) for CBOs in County contracting.</p> <p><u>Status:</u> Currently assessing TA and CB departmental survey results to identify and address gaps for resolution.</p>	October 2022
<p>Create a sustainable solution for providing contract-related training/technical assistance to departments including updating curriculum and developing a framework for a structured training program or academy for contracting-related staff, housed in centralized location.</p> <p><u>Status:</u> Upon completion of the goal above related to the development of training/TA content, framework will be developed for a training model to share with CBOs and departments for feedback.</p>	February 2023

ECC Recommendations for Improvement Opportunities and Next Steps

Institutionalize Efforts to Improve County Contracting:

As outlined in the previous report and reinforced through extensive collaboration during the ECC process between County departments and CBOs, a key recommendation of the ECC project is to identify and establish an infrastructure necessary for a dedicated contracting policy and strategy office within the County. Due to the decentralized nature of contracting in the County, a centralized voice is necessary to advance equity and inclusion in contracting and have the resources and platform to resolve systemic, reoccurring issues that impact the entire contracting lifecycle from development of procurement models to monitoring and auditing.

One way to address this is to create a Contracting and Procurement Office within ISD to oversee contracting for both services and commodities and develop a set of consistent and applicable guidelines for all procurement and contracting scenarios. Departments are still the most knowledgeable about their programs and would continue to function as subject-matter experts and business owners for contracts related to their core mission. The office would be responsible

for reviewing, revising, and establishing Countywide policies and procedures, training, data reporting, and oversight. This model would also provide meaningful improvements in consistency, cycle times, transparency, business integrity, and cost avoidance for departments and all County stakeholders. It will also lead departments to collectively implement a standardized procurement process for contracts that can be monitored pursuant to best practices and implement Countywide guiding equity principles. Upon establishment, the office would assume the role as the lead County entity for ongoing ECC efforts.

A centralized contracting unit would address issues or goals such as:

- Recommending and establishing contracting policy that includes an equity-based process;
- Coordination with all County departments to handle contracting issues and provide technical assistance;
- Identifying and resolving systemic contract process issues and contracting barriers;
- Optimizing contracting operations to ensure the contracting process is simple, inclusive, transparent, and efficient;
- Facilitating improvements through periodic assessment of the contracting process;
- Expanding Countywide contract training;
- Identifying technology solutions necessary to enable improvements; and
- Creating a mechanism for ongoing collaboration with external stakeholders.

Solutions to address issues around the cost of insurance for contractors

CBOs have stated that the cost of meeting insurance requirements for County contracts was a barrier to entry for some organizations, and a major burden to existing contractors especially with the rising costs of premiums. Due to the wide variation in the scope of services being provided by County contracts, the impact on taxpayer dollars and the County in the event of an incident, and various restrictions and requirements with the funding sources, it was determined that lowering insurance limits for smaller dollar value contracts is not a feasible option. Insurance is an area that the County could potentially invest in a solution. There are examples of departments creating pooled group policies for specific programs to ease the burden on contractors. The Department of Mental Health (DMH) coordinated with County Risk Management to issue a solicitation and select a vendor to create a pooled group policy for sexual misconduct liability insurance for fee for service contractors. DMH offers the contractors the option of finding their own coverage or purchasing coverage from this group policy. A few hundred contractors use the group policy, and the premium costs are much lower than those found on the open market. Another key element to finding solutions would be gaining a better understanding the insurance needs of CBOs and potential additional insurance providers to develop a framework for subsidizing or financing insurance premiums for CBO contractors. The Equitable Reimbursement and Compensation Workgroup is currently exploring these strategies to present specific recommendations to the Board.

The ECC Workgroups are currently continuing to work towards the implementation of the goals as outlined above, and the Board will be notified of completed improvements, as well as recommendations requiring action or policy decisions.

Additional Issues Uplifted by CBOs Participating on the Action Teams

Where possible, the ECC Action Teams and Workgroups addressed all issues raised by CBO participants within the scope of your Board's April 20, 2021, motion. However, there were some issues that the ECC was not able to address and went beyond your Board's directives. Because

these issues are important to our CBO partners on the ECC, we are identifying them here for your Board. In many cases, resolving these issues Countywide will require changes to federal or state laws or funding source requirements, are not consistent with controls or best practices recommended by the Auditor-Controller, or involve logistical, technical challenges outside of the County's current control and contracting structure. These include:

- Provide start-up funding for new programs and payment schedules as part of the contract agreements.
- Require County departments to accept reasonable budget modifications in a timely manner as part of a County contract.
- Create a \$10 million revolving zero-interest loan fund for CBOs delivering contracted services and experiencing payment delays.
- Require departments to publish their payment cycle times, from the date an invoice is received to the date that it is paid.
- Remove administrative cost caps on County contracts unless limited by State or federal regulations.
- Revise websites to apply and digitally monitor progress of contract submissions.
- Eventually create one easy to navigate the website for all contracting opportunities, employing a simple user experience.
- Create centralized County repository for required CBO documents, updated annually, to simplify record keeping for County staff.
- Create infrastructure for a new centralized e-procurement system that also enables for submitting and tracking invoices and payments.
- Update audit practices for efficiency, transparency, accountability, and consistency across departments.

ECC FINDINGS, GOALS, AND RECOMMENDATIONS SUMMARY (JUNE 2022)

In response to the April 20, 2021 Board of Supervisors Motion to provide “a series of actionable recommendations and implementation timeline to further the County’s goals around procurement equity”, the County formed ECC Community Based Organization (CBO)/County Department Action Teams that finalized a series of goals and recommendations to explore the following Board-directed areas, as well as other deep root-cause issues that impact and contribute to the contracting concerns raised in the Board Directives and CBO recommendations.

Directive 1 – Creation of an arms-length technical assistance and capacity building program targeting underserved communities, CBOs, and non-profit entities so they can better access County contracting opportunities, including the evaluation of an interest-free CBO and nonprofit loan product as part of the capacity building.

ECC Findings/Goals/Recommendations	Estimated Completion
Formed the Access, Technical Assistance (TA), and Capacity Building (CB) CBO/County Action Team to address issues such as increasing access for CBOs, technical assistance and trainings, and gaps in TA and CB in County contracting. In the discovery phase, it was determined that solutions to root causes of issues and the development of TA and CB infrastructure was crucial prior to being able to create a specific program.	
Develop a framework to address current gaps in TA and capacity building (CB) for CBOs in County contracting.	October 2022
Create a sustainable solution for providing contracting training/technical assistance to Departments including the development of specialized, digestible training content and instruction modules, so Departments can provide better TA or develop CB solutions to CBOs.	October 2022
Develop, publish, and publicize a resource document that 1) Summarizes technical assistance (TA) available (County/CBO sources), and 2) includes a roadmap to accessing County contracting/funding opportunities to increase access.	October 2022
Provide recommendations to Departments to revise contracting websites and links to ensure correct, complete, and current information and increase access and ease of navigation.	July 2022
Develop and disseminate a contracting website assessment checklist/tool for Departments to periodically assess content, access, and ease of navigation.	August 2022
Develop a framework for bridge loans for CBOs who have received a County contract but need assistance with cash flow by incorporating best practices or lessons such as the ARPA program or other third-party collaborations with the County.	December 2022
Develop a resource that lists underserved communities and populations in LA County, including those disproportionately impacted by COVID-19 , with relevant categories of information including available data resources to improve TA and access for these populations.	September 2022

Directive 2 – Piloting the collaborative program design of certain types of County contracts, including unbundling, to allow smaller CBOs, businesses, and non-profit entities to access new smaller dollar value contract opportunities.

ECC Findings/Goals/Recommendations

Estimated Completion

The Contracting Nuts and Bolts Action Team created an Unbundling subgroup that conducted a current state assessment on unbundling in the County and identified potential best practices and pilot projects for unbundling based on a survey (27 County Department responses and 180 CBO responses).

Compile **best practices from unbundling efforts** in the County to share with other Departments as a model for identifying and implementing unbundling in viable programs, contracts, or projects.

December 2022

Directive 3 – Requirements or preference for contractors who expose County clients, including Youth@Work and other subsidized employment participants, to career opportunities at no cost to the contractors.

ECC Findings/Goals/Recommendations

Estimated Completion

In assessing the Youth@Work program, some CBOs had initially expressed concerns over potential issues with insurance, tax paperwork, and administrative expenses, though, most of those would be covered by the local America's Jobs Center (AJCC) who is considered the employer of record. However, a potential requirement or preference in contracts to participate in such a program may still be more burdensome to smaller CBOs due to the current policies in which a participant is essentially limited to 100 hours of work experience and the CBO would still have to onboard, supervise, find a space and equipment for the participant, and complete evaluations and recordkeeping.

The ECC is, however, exploring avenues to provide information on the Youth@Work program in TA and CB efforts and promote it as a resource for CBOs that might be able to benefit or be interested in the program.

Directive 4 – Geographic preferences or evaluation criteria for contracting with CBOs and nonprofit entities in communities most disproportionately impacted by COVID-19.

ECC Findings/Goals/Recommendations

Estimated Completion

It is recommended that if any consideration for geographies impacted by COVID-19 is incorporated into contracting, it should be in done in the program design or evaluation criteria as seen with the ARPA program, rather than a preference or requirement which would require specific and more permanent policy in County Code to meet legal requirements. In designing solicitations, potential ways to incorporate geographic considerations could be addressed in Training/TA to Departments.

Create a sustainable solution for providing training/technical assistance to Departments including the **development of specialized, digestible training content** and instruction modules. Incorporating geographic considerations can be an example of the training/TA content in this goal/recommendation.

October 2022

Develop a **resource that lists underserved communities and populations in LA County, including those disproportionately impacted by COVID-19**, with relevant categories of information including available data resources to assist Departments with identifying these communities and entities.

September 2022

Directive 5 – Taking best practices from DCBA’s prompt payment program, a practice by which small CBOs and nonprofit entities are paid for their work more expeditiously, inclusive of the full procurement lifecycle, from the solicitation and contract management through invoice and payment.

ECC Findings/Goals/Recommendations	Estimated Completion
Identify improvements to the County’s Prompt Payment Program and expand the program to include other CBOs including certified Social Enterprises as part of the renewal of the program which sunsets in October 2022.	October 2022
Additionally, the Equitable Reimbursement and Compensation Workgroup is addressing some of the larger issues around adequate and timely compensation and reimbursement for CBOs since the Prompt Payment Program would initially be limited to Social Enterprises including the longer-term goal of developing solutions to address larger issues around adequate and timely compensation and reimbursement for CBOs.	March 2023
Conduct a focused assessment on invoicing and related processes in three departments (Departments of Children and Family Services (DCFS), Public Social Services (DPSS), Mental Health (DMH)) in order to develop recommendations and identify practices that can be standardized or shared within the department or countywide among departments, including addressing the timeliness of payments.	December 2022

Directive 6 – Contracting tiers dependent upon dollar value of contract to allow small CBOs and nonprofits to access lower dollar value contracts with less onerous legal and bonding/risk management requirements.

ECC Findings/Goals/Recommendations	Estimated Completion
The Contracting Nuts and Bolts Action Team created a Contracting Tiers subgroup to assess issues around tiering and insurance requirements, and the Data and Metrics Action Team created a subgroup to assess what criteria can be used to define “smaller” organizations and a tiered approach to looking at the size of organizations. CBOs have expressed that the cost of insurance was a barrier for some entities to enter into County contracts and a major burden to existing contractors especially with the rising costs of premiums.	
Develop strategies or solutions to address issues around the cost of insurance for contractors including assisting contractors with additional insurance requirements made by the County.	December 2022
Assess what criteria can be used to define “smaller” organizations and a tiered approach to looking at the size of organizations by determining what type of data is available on CBOs that have or have not been registered and/or awarded contracts with the County, and what gaps in data on County contractors should be collected.	October 2022

Additional ECC Recommendations

The ECC Action Teams identified complexities and root cause problems that impact the contracting process beyond the issues covered in the Board Motion directives and initial CBO recommendations. The Action Teams reorganized into three Workgroups, and are currently in the process of implementing and developing metrics for the goals in the subject areas of **Equitable Reimbursement and Compensation, Equity and Access in Processes, and Training/Technical Assistance/Strategic Policy**.

ECC Findings/Goals/Recommendations	Estimated Completion
Simplify the standard solicitation Request For Proposals (RFP) and contracts including revising and defining contract terminology; identifying redundant, unnecessary, not applicable, or not relevant content; and addressing provisions identified as being most problematic.	July 2022
Develop, implement, and publicize solicitation fact sheets to increase access and transparency by providing relevant and helpful information related to the solicitations.	July 2022
Coordinate with CBOs to make address concerns related to the Auditor-Controller's Contract Accounting and Administration Handbook including development of a process for periodic review.	August 2022
Develop a tool/fact sheet to help Departments identify compensation methods and mechanisms to mitigate contractor cash flow and startup issues and incorporate into training materials.	October 2022
Develop a framework for a process to allow County CBO contractors to use the federal administrative indirect cost recovery methods described in 2 C.F.R. § 200 , unless otherwise limited by State or Federal statutes.	December 2022
Develop recommendations to design a County-approved indirect cost rate process for CBOs to use for non-federally funded contracts.	June 2023

Institutionalize Efforts to Improve County Contracting:

The ECC process found that a centralized, strategic voice is necessary to advance equity and inclusion in contracting, dedicate necessary resources, and establish the platform to resolve systemic, reoccurring issues that impact the entire contracting lifecycle from development of procurement models to monitoring and auditing. A centralized contracting and procurement office with responsibility for the following areas will ensure the important work of the ECC continues after the ECC sunsets:

- Creating a mechanism for ongoing communication and collaboration with external stakeholders including CBOs and non-profits;
- Recommending and establishing contracting policy that includes an equity-based process;
- Coordination with all County Departments to handle contracting issues and provide technical assistance;
- Optimizing contracting operations to ensure the process is simple, inclusive, transparent, and efficient;
- Facilitating improvements through periodic assessment of the contracting process; and
- Expanding Countywide contracting training.

Upon establishment, the Office would assume the role as the lead County entity for ongoing ECC efforts, while Departments would continue to function as subject-matter experts and business owners for contracts related to their core missions.