



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

October 30, 2014

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

TRANSFERRING THE FUNCTIONS AND PERSONNEL OF THE COUNTY OFFICE OF SMALL BUSINESS (ITEM NO. 7 AUGUST 12, 2014 AGENDA)

On August 12, 2014, on a motion by Supervisors Don Knabe and Mark Ridley-Thomas, the Board instructed the Chief Executive Officer (CEO), in conjunction with the Directors of the Department of Consumer Affairs (DCA) and the Internal Services Department (ISD), to report back in 90 days on the following components to support small businesses in the County:

1. Feasibility and fiscal impact of transferring the functions and personnel of the County's Office of Small Business (OSB) to DCA;
2. Evaluation of moving the Small Business Commission (Commission) under DCA or the Executive Office, Board of Supervisors, including working with the Executive Officer of the Board;
3. Analysis of adding a Consumer Affairs Specialist position to DCA in the fiscal year 2014-15 Budget to function as the County's Small Business Concierge; and
4. Evaluation of alternatives for reviewing contracts from all County departments for small business procurement opportunities to ensure that maximum procurement opportunities are provided to small businesses.

A workgroup consisting of the affected departments has met to address the various issues requested by the Board. This report contains our findings and recommendations.

"To Enrich Lives Through Effective And Caring Service"

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BACKGROUND

The OSB was established by the Board in 1997, as the primary resource for small and community business enterprises to do business with the County. OSB provides small and community business enterprises with technical assistance and information on contracting opportunities and small business programs with the County and regional cities, the State and federal government. OSB provides a forum for small business government contracting outreach, education, and advocacy. Further, in December 2013, the Board instructed the CEO to develop recommendations to assist small businesses in navigating through the County's procedural requirements. The CEO's May 2, 2014 report, included recommendations to create an internal and external small business reference document, implementation of a small business web portal, and initiation of a small business concierge service.

While the primary function of the OSB is to connect small businesses with government contracting opportunities, the mission of DCA is to promote a fair and vibrant marketplace by serving consumers, businesses, and communities through education, advocacy, and complaint resolution. Its proactive approach to advocate for and educate consumers and businesses, lends DCA as an appropriate setting for a customer service-driven concierge service that is envisioned for the OSB. As such, the workgroup believes that the County can improve services to both consumers and businesses by moving OSB from ISD to DCA.

FEASIBILITY OF TRANSFERRING OSB TO DCA

Budget/Fiscal Impact

In assessing the feasibility of transferring the OSB, current and potential operational costs and structure were reviewed. In its current capacity, OSB has an annual operating budget of \$640,000 in net County cost (NCC) and 7.0 budgeted positions housed at ISD headquarters. An additional position, OSB Liaison, is allocated within the Auditor-Controller to help certified Local Small Business Enterprises (LSBE) address payment delays or issues, and ensure the County's prompt payment for goods and services from LSBEs. The cost associated with the OSB Liaison is billed to and absorbed by other ISD programs.

Based on the workgroup's review, transferring OSB from ISD to DCA will cost an additional \$364,000 in NCC on an on-going basis. The increase is primarily due to the new Small Business Concierge position (\$152,000); net space requirements (\$21,000), and funding for the OSB Liaison at the Auditor-Controller (\$191,000).

Small Business Concierge

Although OSB works hard to connect small businesses with government opportunities, the County's many requirements can still be confusing to first-time small business owners. In order to address this challenge, a small business concierge would answer questions and offer guidance related to starting a small business in the County. In addition, the concierge would connect the customer to other County departments and local business organizations, acting as a single contact to represent the County's departments, thereby facilitating the processing of required applications. The DCA is well-suited to accommodate the small business concierge. The addition of a Consumer Affairs Specialist to facilitate and answer small business owners' questions will complement the missions of both DCA and OSB.

MOVING THE SMALL BUSINESS COMMISSION

The primary function of the Small Business Commission is to provide ongoing advice and support to the Board to help businesses grow and do business with the County of Los Angeles. Specifically, the Commission is charged with making recommendations for the improvement of the County's procurement practices and to make other recommendations regarding issues that affect the business community. In the performance of this function, the Commission relies heavily on OSB for administrative and staff support to connect small businesses with government opportunities. Based on our review, the workgroup concluded that it would be in the best interest of the County to keep the Commission and OSB under one organizational umbrella. As a result, it is the workgroup's recommendation that the Commission be moved under DCA rather than the Executive Office, Board of Supervisors.

ALTERNATIVES FOR REVIEWING CONTRACTS

The review of solicitation and contract requirements for certified LSBE procurement opportunities is best located within each contracting department. With more than 7,000 contracts administered on a countywide basis, a centralized review function would have neither the resources nor the expertise to conduct a proper analysis or determination. Such a process could only be effective within the contracting department, which develops its bid requirements based on programmatic, operational, regulatory, or other needs.

As such, the most effective means to ensure that County departments are conducting an LSBE inclusion review in their acquisition strategy phase, is to have them document and validate the review via a checklist. The proposed checklist (attached) would identify options that will provide opportunities for LSBEs when developing statements of work,

specifications, and other solicitation documents. Further, departments would be required to document their efforts and to retain the completed checklist with their solicitation documents. Finally, departments would be required to include language in Board letters when seeking approval of a contract. The language will confirm that the department has conducted the required analysis prior to releasing the solicitation.

RECOMMENDED ACTIONS

Based on our review of the feasibility and fiscal impact of transferring OSB to DCA, including the addition of a small business concierge, it is recommended that the Board move forward with the transfer. In addition, we recommend that a Consumer Affairs Specialist be added to DCA to serve as a small business concierge, to enhance DCA's mission to serve the business community and consumers to promote a fair and vibrant marketplace in Los Angeles County. As OSB staff would be incorporated into DCA, it is also recommended that the Commission move to DCA.

It is further recommended that the Board instruct departments to accomplish and to document their due diligence, via the attached checklist, to increase opportunities for LSBE participation in County contracting prior to the release of a department's solicitation for service contracting.

Should the Board support moving forward with the recommended actions, we will come back to the Board by December 31, 2014, to make the appropriate budgetary and ordinance changes.

If you have any questions or need additional information regarding this matter, please contact Gevork Simdjian at (213) 893-9736 or via email at gsimdjian@ceo.lacounty.gov.

WTF:SHK:GS:
BM:MV:cg

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Consumer Affairs
Internal Services Department

Title:

DEPARTMENTAL CHECKLIST FOR REVIEW AND DETERMINATION OF SMALL BUSINESS OPPORTUNITIES IN THE SOLICITATION PROCESS

General

The Board of Supervisors has determined that County departments should assist the interests of local small business concerns in order to preserve free competitive enterprise, and to ensure that a fair proportion of the total purchases/contracts/subcontracts for purchased goods or services is placed with such enterprises. (County Code, Section 2.204.010).

Purpose

To the maximum extent possible, County departments are expected to prepare statements of work, specifications, and other solicitation documents to be inclusive of local small business enterprises (LSBE).

To this end, departments must conduct an analysis of proposed contracted services prior to the release of a solicitation to determine whether small business participation is feasible, and/or how such participation can be increased. Departments are responsible to document results of this analysis, with the appropriate approvals as noted. Additionally, departments are required to include language in Board letters when seeking approval of a contract. The language must state that the department has completed its due diligence prior to releasing the solicitation.

Contract/Service Description

Department:	Contracted Services:
New or re-solicited services:	Solicitation Release Date:

Checklist/Analysis

The following checklist must be completed and retained by departments when soliciting or re-soliciting for services, and retained with the solicitation documents.

Item No.	Description	YES	NO
1.	Did the department consider dividing/unbundling the required services in any of the applicable categories below, with an objective to increase the potential participation by LSBEs? <ul style="list-style-type: none"> a. By geographical areas. b. By specialized services, if any. c. By target population. d. By any other category applicable to the contracted services. 	 _____ _____ _____ _____	 _____ _____ _____ _____

Title:

DEPARTMENTAL CHECKLIST FOR REVIEW AND DETERMINATION OF SMALL BUSINESS OPPORTUNITIES IN THE SOLICITATION PROCESS

Item No.	Description	YES	NO
2.	Can (or was) the scope of services revised in any manner to include or increase the potential participation by LSBEs? (if yes, please explain) _____ _____ _____ _____	 	
3.	What other efforts, if any, were made to include/exclude factors in the solicitation process to include/increase LSBE participation? (Please explain below) _____ _____ _____ _____ _____ _____ _____ _____	 	

By authorized signature below, the department certifies that the above information is correct. Incorrect or incomplete information may result in the cancellation of the related purchase orders or contracts. Such instances will be and reported to the Board of Supervisors as a violation of County policies and procedures on the part of the department.

Contract or Program Manager

Date

Department Administrative Deputy or designee

Date