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NEXT REPORT BY THE DIRECTOR OF CONSUMER AFFAIRS EXTENDED TO MARCH 2, 2018

[CLICK HERE FOR THE DIRECTOR OF CONSUMER AFFAIR'S REPORT DATED APRIL 23, 2018](#)

[CLICK HERE FOR THE DIRECTOR OF CONSUMER AFFAIR'S REPORT DATED MAY 9, 2018](#)



Brian J. Stiger  
Director

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

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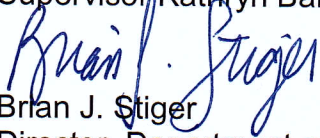
Members of the Board

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
Janice Hahn  
Kathryn Barger

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

January 23, 2018

TO: Supervisor Sheila Kuehl, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM:   
Brian J. Stiger  
Director, Department of Consumer and Business Affairs

### **REQUEST FOR AN EXTENSION ON RECOMMENDATIONS TO UPDATE THE PROCUREMENT AND CONTRACT LANGUAGE FOR CONCESSION CONTRACTS (ITEM NO. 14, AGENDA OF OCTOBER 17, 2017)**

On October 17, 2017, your Board adopted a motion authored by Supervisor Mark Ridley-Thomas directing the Department of Consumer and Business Affairs (DCBA), in coordination with County Counsel, the Chief Executive Officer (CEO), and the Directors of Parks and Recreation, Beaches and Harbors, and the Internal Services Department (ISD) to report back to the Board within 90 days with a proposed bid point preference program and draft contract language that can be applied to the solicitation process for future concession procurement efforts, as well as any corresponding ordinance amendments, if necessary.

The report will include an assessment of the possibility of creating a bid point preference program for Local Small Business Enterprises (LSBE), Disabled Veteran Business Enterprises (DVBE), and Social Enterprises (SE), and draft contract language, as well as any corresponding ordinance amendments, if necessary, to encourage contracting and subcontracting to LSBEs, DVBEs, and SEs.

### **PROGRESS TO DATE**

DCBA formed a workgroup comprised of County Counsel, CEO, Parks and Recreation, Beaches and Harbors, and ISD to develop a bid point preference model that could be utilized for concession contracts. There are approximately 52 concession contracts within the County of Los Angeles (County) and due to the nature of the contracts, the traditional preference model cannot be used. The workgroup examined several options to apply a bid point preference while considering functionality, fairness, and maintaining the integrity of the solicitation process.

The workgroup has identified a formula that could be used for concession contracts. This model proposes to add 15% (Fifteen Percent) to the rent/revenue category of bids from certified small business. In addition, the workgroup proposes that this preference be capped at \$150,000. Parks and Recreation and Beaches and Harbors are currently applying the proposed model to past Requests for Proposals (RFPs) to determine the efficacy of the formula for concession contracts. Additionally, County Counsel determined that applying a preference to concession contracts would necessitate an amendment to the ordinance governing County preference programs.

### **Request for Extension**

We are requesting an extension until March 2, 2018, to submit the Board report. This extension is needed to allow time for the departments to test and determine whether the proposed bid point preference model should apply to all contracts, or whether a contract-by-contract analysis would be more appropriate. Also, during this time, County Counsel will draft language to amend any ordinances governing County preference programs.

If you have questions or need additional information, please contact Joel Ayala, Chief Deputy Director of the Department of Consumer and Business Affairs, at (213) 974-9750 or via email at [jayala@dcba.lacounty.gov](mailto:jayala@dcba.lacounty.gov).





Brian J. Stiger  
Director

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

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Members of the Board

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
Janice Hahn  
Kathryn Barger

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

April 23, 2018

TO: Supervisor Sheila Kuehl, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM: Brian J. Stiger   
Director of Consumer and Business Affairs

### **EXPANDING ECONOMIC OPPORTUNITIES FOR LOCAL SMALL BUSINESSES, DISABLED VETERAN BUSINESSES, AND SOCIAL ENTERPRISES IN COUNTY CONCESSION CONTRACTS (ITEM NO. 14, AGENDA OF OCTOBER 17, 2017) [REPORT #08113]**

On October 17, 2017, your Board directed the Department of Consumer and Business Affairs (DCBA), along with County Counsel, the Chief Executive Officer (CEO), and the Directors of Parks and Recreation (Parks), Beaches and Harbors (Beaches), and the Internal Services Department (ISD), to report back in writing within 90 days with a proposed bid point preference program and draft contract language that can be applied to the solicitation process for future concession contract procurement efforts to encourage contracting and subcontracting to Local Small Business Enterprises (LSBE), Disabled Veteran Business Enterprises (DVBE), and Social Enterprises (SE), also known as Preference Program Enterprises (PPE).

Proposed ordinance revisions to address concession contracts (Title 2) will come under separate cover after received from County Counsel.

### **BACKGROUND**

The County of Los Angeles (County) has made steady progress in leveraging its contracting power to advance small business economic development. In 2016, your Board established a Countywide Small Business Utilization goal to award 25% of County contracts for goods and services to certified LSBEs, and 3% of such contracts to certified DVBEs. As the County progresses towards these goals your Board has explored opportunities to expand certified business utilization on additional types of County contracts.



The CEO's June 30, 2017, report entitled "Assessing the Viability of Expanding Economic Opportunities for Local Small Businesses, Disabled Veteran Businesses, and Social Enterprises in County Concession Contracts" (Item No. 9, Agenda of March 28, 2017) outlines the following options: The creation of bid point preferences to LSBEs, DVBes, and SEs on concession contracts, encouraging subcontracting opportunities, and to consider unbundling larger contracts into multiple and smaller agreements that can be awarded to small businesses.

The CEO's report indicated that there are approximately 52 concession contracts in the County with the majority of these agreements residing in two departments, Parks and Recreation and Beaches and Harbors. The remaining contracts are with CEO and Public Works (DPW). Based on the report, your Board passed a motion instructing DCBA to lead a workgroup to provide a proposed bid point preference program and to make recommendations on how to expand contracting opportunities to LSBEs, DVBes, and SEs. The workgroup, consisting of DCBA, County Counsel, ISD, CEO, Parks, and Beaches, worked to develop the framework for a bid point preference program for LSBEs, DVBes, and SEs on concession contracts, including the development of proposed contract language changes and proposed ordinance amendments to support the program. The workgroup also evaluated the use of incentives to encourage prime contractors to subcontract to small businesses. As such, the following recommendations are submitted to your Board for consideration.

### **RECOMMENDATION #1**

#### **BID POINT PREFERENCES FOR LSBEs, DVBes, AND SEs**

The County currently applies a 15% preference to solicitations for goods and services (LSBE ordinance, County Code section 2.204.060, DVBE ordinance, County Code section 2.211.060 and SE ordinance, County Code section 2.205.060). For solicitations that are based on factors other than cost, the preference is equal to 15% of the lowest proposed cost, and has a \$150,000 cap. The current preference for goods and services cannot be applied to concession contracts because when bidding on concessions contracts, vendors propose anticipated revenue to the County, as opposed to proposing a cost to the County. As such, the workgroup examined multiple options for bid point preference models, including:

- 15% preference applied to the proposed revenue category with a \$150,000 cap
- 15% preference applied to the proposed revenue category with a \$750,000 cap
- 15% preference applied to the proposed revenue category without a cap
- 15% preference applied to the proposer's total score (business and revenue)

The workgroup concluded that applying a point preference for the revenue category would assist small businesses compete for concession contracts. The workgroup recommends the approval of a 15% preference for the revenue category for solicitations where revenue

is an evaluated component.

The 15% preference would be applied to LSBEs, DVBES, and SEs bidding on County concession contracts and would result in certified vendors earning more points in the revenue category. Approval of a 15% preference for concession contracts would be consistent with the County's current LSBE, DVBE, and SE preference programs for service contracts. Attachment A demonstrates the above recommendation.

It is also recommended that a \$750,000 cap be applied to the preference. The workgroup tested the proposed methodology to examine potential outcomes with a \$150,000 cap, a \$750,000 cap, and no cap and determined that establishing a \$750,000 cap would make a significant difference in aiding small businesses to compete for contracts (Attachment B).

A preference program with no cap, or greater than a \$750,000 cap, has the potential for the following:

- Increases the potential for contracts awarded to proposers that are less than qualified to perform the services over the term of the contract due to the additional points awarded in the revenue category.
- The higher the preference points, the higher the potential for loss of revenue to the Department. Loss of revenue to the Department is not simply a loss of profit. Loss of outside revenue to the Department may result in additional net County cost used to replace the lost revenue.

If approved, DCBA will develop implementation guidelines to establish reporting mechanisms, annual reviews, and opportunities for improvements.

## **SOLICITATION LANGUAGE AND ORDINANCE AMENDMENTS**

The workgroup developed solicitation language that will also be included in the implementation guidelines and model solicitation documents.

Additionally, the workgroup worked with County Counsel to develop corresponding ordinance amendments necessary to adopt a preference as applied to concession contracts. The proposed changes will amend Title 2 - Administration of the Los Angeles County Code, related to applying the Local Small Business Enterprise, Social Enterprise and Disabled Veteran Business Enterprise Preference programs to concession contracts by:

- Adding concession contracts to the list of contracts targeted for the LSBES, SEs and DVBES;
- Adding concessions to the list of activities targeted for the LSBES, SEs and DVBES;



- Expanding the definition of solicitation to include concession contracts;
- Adding concession contracts to the list of contracts that County departments must make the LSBEs, SEs and DVBES available;
- Extending a \$750,000 cap to the preference applied in solicitations where an award is to be made to the highest scored proposer, based on evaluation factors in addition to revenue;
- Making a fifteen percent preference available to LSBEs, SEs and DVBES, to be applied in solicitations where an award is to be made to the highest scored proposer, based on evaluation factors in addition to revenue;
- Expanding the combined preference restriction to include the highest responsible proposal;
- Amending Section 2.204.030(C) to add concession contracts to the list of contracts where a Local Small Business Enterprise must perform a commercially useful function;
- Amending the title of Chapter 2.205 to Social Enterprise Preference Program to reflect the current name of the program; and

## **RECOMMENDATION #2**

### **ENCOURAGE SUBCONTRACTING TO LSBES, DVBES, and SEs FOR CONCESSION CONTRACTS**

The County currently does not have a comprehensive system that provides incentives to prime contractors, subcontractor tracking, and a level of reporting for County departments and prime contractors. DCBA recommends that your Board direct departments with concession contracts to form a workgroup to review similar jurisdictions (cities, counties, etc.) to develop additional recommendations for LA County and to create a new PPE subcontractor usage category for the concession contract evaluation. Additionally, DCBA recommends that your Board direct DCBA to develop implementation guidelines directing County departments to:

- Conduct an evaluation to determine if mandatory subcontracting goals are feasible for each agreement
- Include a statement that indicates their efforts to identify and implement subcontracting opportunities when requesting approval for concession contracts
- Report annually (to DCBA) any subcontracting activity from concession contracts



Not every concession contract should be subject to mandatory subcontracting. Subcontracting appears to be more suitable for larger agreements where there are separate and distinct elements, services, products, etc. that can be independently acquired and monitored for performance. Each contract should be evaluated on an individual basis.

### **RECOMMENDATION #3**

#### **UNBUNDLING CONCESSION CONTRACTS**

Contract bundling refers to the consolidation of two or more contract requirements for goods or services (which could be provided or performed under separate smaller contracts) into a solicitation for a single contract. The practice of bundling contracts is often employed for cost savings, quality improvements, reductions in acquisition cycle times, and/or better terms and conditions. However, these benefits may come at the expense of excluding certified smaller businesses from being able to effectively compete on larger contracts. Additionally, unbundling may increase the cost to the County due to the increased resources dedicated to the procurement and contracting process.

The workgroup recommends that your Board direct departments with concession contracts to review current agreements nearing expiration to identify unbundling opportunities and develop a methodology to unbundle the contracts with the intent to increase the number of available contracts available to PPEs. An emphasis should be placed on contracts which contain multiple types of services and/or encompass large geographic regions. ISD has already begun unbundling service contracts by further dividing some solicitations into geographic regions that increase opportunities for certified small businesses.

DCBA appreciates the opportunity to provide recommendations to your Board on implementing a plan to increase LSBE, DVBE, and SE usage in concession contracts. Should you have further questions, please do not hesitate to contact Joel Ayala, Chief Deputy Director, at (213) 974-9750.

**Attachment A**  
**Bid Point Preference Example**  
**Revenue Category (4000 pts available)**

- The initial highest bid = \$15,000
- Vendor 3 (certified LSBE) requests preference
- 15% of the highest revenue proposed (Vendor 1) is calculated at \$2,250 and added to Vendor 3's proposed revenue
- Proposals are evaluated using the new highest revenue proposed (\$15,250)
- The certified LSBE (Vendor 3), for purposes of evaluation only, is now proposing the highest revenue and receives maximum bid points.

Revenue to County Category			
Proposer	Vendor 1	Vendor 2	Vendor 3 (LSBE)
Proposed Revenue Share	\$15,000	\$14,000	\$13,000
Highest Bid (A)	\$15,000	\$15,000	\$15,000
15% of highest proposal $15,000 \times 15\% = \$2250$			+\$2250
Revised Proposed Revenue Share (B)	\$15,000	\$14,000	\$17,250
New Highest Revenue Proposed (A)	\$17,250	\$17,250	\$17,250
Total Points = $(B) / (A) \times 4000$	3478	3246	4000

**Formula:** Calculate 15% of the highest revenue proposed (Vendor 1) and add that amount to the certified PPE vendors who requested the preference (Vendor 3).

After applying the 15% preference to the LSBE (Vendor 3), the LSBE has the highest proposed revenue share to the County and will receive the highest score for the revenue category of the evaluation. The highest rated vendor will be held to their original bid amount proposed. The preference may not necessarily result in additional points if the certified vendor is already the highest proposed revenue sharing vendor.

**Note:**

When the proposed revenue bid is a percentage, the evaluator would convert the percentages into dollar amounts. The base for the percentages must be one consistent number that, in the best case, will be the most accurate projection of revenue based on historical data. This will be further explained in the Implementation Guidelines.

## Attachment B

### Hypothetical Model applied to Revenue Category (4000 Maximum Points)

#### Final Points before Application of Preference

Proposer	Vendor 1 (LSBE)	Vendor 2	Vendor 3	Vendor 4	Vendor 5
Projected Gross Revenue*	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669
Proposed Rent to County**	\$23,778,584	\$24,036,168	\$23,487,739	\$23,023,736	\$23,563,793
Point Total	3,957	4,000	3,909	3,832	3,921

#### 15 % LSBE Preference applied (without cap)

Proposer	Vendor 1 (LSBE)	Vendor 2	Vendor 3	Vendor 4	Vendor 5
Projected Gross Revenue*	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669
Proposed Rent to County**	\$23,778,584	\$24,036,168	\$23,487,739	\$23,023,736	\$23,563,793
Preference Amount	\$3,605,425				
Adjusted Total Rent to County	\$27,384,009	\$24,036,168	\$23,487,739	\$23,023,736	\$23,563,793
Adjusted Point Total	4,000	3,511	3,431	3,363	3,442

In this example the highest rent proposed to the County was \$24,036,168. If a 15% preference is applied without a cap, the preference would be \$3,605,425 (rounded down to the nearest dollar).



**15% LSBE Preference applied (with \$150,000 cap)**

Proposer	<b><i>Vendor 1 (LSBE)</i></b>	<b>Vendor 2</b>	<b>Vendor 3</b>	<b>Vendor 4</b>	<b>Vendor 5</b>
Projected Gross Revenue	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669
Proposed Revenue to County	\$23,778,584	\$24,036,168	\$23,487,739	\$23,023,736	\$23,563,793
Amount of Preference	\$150,000				
Adjusted Total Rent to County	\$23,928,584	\$24,036,168	\$23,487,739	\$23,023,736	\$23,563,793
Adjusted Point Total	3,982	4,000	3,909	3,832	3,921

**15% LSBE Preference applied (with \$750,000 cap)**

Proposer	<b>Vendor 1 (LSBE)</b>	<b>Vendor 2</b>	<b>Vendor 3</b>	<b>Vendor 4</b>	<b>Vendor 5</b>
Projected Gross Revenue	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669	\$86,314,669
Proposed Revenue to County	\$23,778,584	\$24,036,168	\$23,487,739	\$23,023,736	\$23,563,793
Amount of Preference	\$750,000				
Adjusted Total Rent to County	\$24,528,584	\$24,036,168	\$23,487,739	\$23,023,736	\$23,563,793
Adjusted Point Total	4000	3920	3830	3755	3843

**Attachment C**  
Proposed Contract Solicitation Language

**8.5 Cost Proposal Evaluation Criteria (\_\_\_%)**

**(Departments should determine the applicable percentages for each category for a revenue contract)**

The maximum number of possible points will be awarded to the proposal offering the highest revenue to the County. All other proposals will be compared to the highest revenue and points awarded accordingly.

However, should one or more of the proposers request and be granted the preference, the cost component points will be determined as follows:

Fifteen percent (15%) of the highest revenue proposed will be calculated, not to exceed \$750,000, and that amount will be added to the revenue submitted by all proposers who requested and were granted the preference.

In no case shall any preference be combined to exceed fifteen percent (15%) of the highest responsible proposal.



Joseph M. Nicchitta  
Interim Director

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

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Members of the Board

Hilda L. Solis  
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*"To Enrich Lives Through Effective and Caring Service"*

May 9, 2018

To: Supervisor Sheila Kuehl, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

From: Joseph M. Nicchitta  
Interim Director of Consumer and Business Affairs

**TRANSMITTAL OF ORDINANCE RE: EXPANDING ECONOMIC OPPORTUNITIES  
FOR LOCAL SMALL BUSINESSES, DISABLED VETERAN BUSINESSES, AND  
SOCIAL ENTERPRISES IN COUNTY CONCESSION CONTRACTS (ITEM NO. 14,  
AGENDA OF OCTOBER 17, 2017)**

The Department of Consumer and Business Affairs submitted the report regarding expanding economic opportunities for Local Small Business Enterprises (LSBEs), Disabled Veteran Business Enterprises (DVBES), and Social Enterprises (SEs) in County concession contracts on April 23, 2018. Among other things, the report recommended implementing a fifteen percent (15%) bid point preference for concessions contracts where revenue evaluation is a factor for LSBEs, DVBES, and SEs, with a \$750,000 cap applied to the preference. The report indicated an ordinance amendment to Title 2 (Administration of the Los Angeles County Code) implementing these and the report's other recommendations would be submitted under separate cover.

Enclosed please find the ordinance amendment. County Counsel has reviewed and approved the amendment.

Enclosure



## ANALYSIS

This ordinance amends Title 2 – Administration of the Los Angeles County Code, related to the Local Small Business Enterprise, Social Enterprise, and Disabled Veteran Business Enterprise Preference programs by:

- Adding concessions to the list of contracts, activities, business requirements and Departmental obligations for the Local Small Business Enterprise, Social Enterprise and Disabled Veteran Business Enterprise Preference Programs;
- Defining concession contract and expanding the definition of solicitation to include concession contracts;
- Making a fifteen percent preference available to Local Small Business Enterprises, Social Enterprises and Disabled Veteran Business Enterprises, and adding a \$750,000 cap, in solicitations where revenue is an evaluation factor;
- Expanding the combined preference restriction to include the highest responsible proposal; and
- Making other minor related revisions to correct a chapter title and reletter affected provisions.

MARY C. WICKHAM  
County Counsel

By

  
TAMARA R. DENNIS  
Deputy County Counsel  
Government Services Division

TRD:eb

Requested: 10/17/17

Revised: 04/06/18

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 2 – Administration of the Los Angeles County Code, relating to applying the Local Small Business Enterprise, Social Enterprise, and Disabled Veteran Business Enterprise Preference programs to concession contracts.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 2.204.010 is hereby amended to read as follows:

**2.204.010 Introduction.**

The Board of Supervisors finds that it is of benefit to the County of Los Angeles to promote and facilitate the fullest possible participation by all citizens in the affairs of the County in every way possible. It is also essential that opportunities be provided for full participation in our free enterprise system by small business enterprises. Further, it is the policy of the Board that the County should aid and assist, to the maximum extent possible, the interests of local small business concerns in order to preserve free competitive enterprise and to ensure that a fair proportion of County concession contracts, and the total purchases and contracts or subcontracts for purchase of goods or services for the County be placed with such enterprises.

**SECTION 2.** Section 2.204.020 is hereby amended to read as follows:

**2.204.020 Purpose.**

The County of Los Angeles Local Small Business Enterprise Preference Program is a race and gender-neutral program designed to enhance purchasing and contracting opportunities for local small businesses within the County of Los Angeles. The program priorities were developed to promote and foster inclusiveness and economic

development, as well as ongoing evaluation to assure all businesses, including local small businesses, are provided equal opportunities in County concession, purchasing, and contracting activities.

**SECTION 3.** Section 2.204.030 is hereby amended to read as follows:

**2.204.030 Definitions.**

For the purpose of this Chapter, the following words and phrases are defined and shall be construed as having the following meaning:

A. "Concession contract" shall mean a contract wherein the County grants a special right or privilege to operate a business on County-owned or operated property.

AB. "County" shall mean the County of Los Angeles or any public entities for which the Board of Supervisors is the governing body.

BC. "Department" shall mean the County department, entity, or organization responsible for the solicitation.

CD. "Local Small Business Enterprise" or "LSBE" shall mean:

1. A business which is certified by the State of California as a small business and has had its principal place of business located in Los Angeles County for at least one (1) year; or

2. In federally funded County solicitations subject to the federal restriction on geographical preferences, a business which is certified as small by the federal Small Business Administration or which is registered as small on the federal System for Award Management ("SAM") data base; or



3. A business certified as a small business enterprise with other certifying agencies pursuant to the Department of Consumer and Business Affairs' ("DCBA") inclusion policy that (a) has its principal place of business located in Los Angeles County and (b) has revenues and employee sizes that meet the State's Department of General Services requirements.

4. In addition, ~~the standards shall provide that the LSBE shall provide goods or services that contribute to the fulfillment of the contract requirements by performing every certified LSBE bidding on or participating in a County concession contract or contract for purchase of goods or services for the County, shall perform~~ a commercially useful function, as defined below:

(a) A LSBE is deemed to perform a commercially useful function if the business does all of the following:

(i) Is responsible for the execution of a distinct element of the work of the contract;

(ii) Carries out its obligation by actually performing, managing, or supervising the work involved;

(iii) Performs work that is normal for its business services and functions;

(iv) Is responsible with respect to products, inventories, materials, supplies required for the contract, for negotiating price, determining quality and quantity, ordering, installing if applicable, and making payment; and

(v) Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.

(b) A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of a LSBE.

~~DE~~. "SBA" shall mean the federal Small Business Administration.

~~EF~~. "Solicitation" shall mean the County's process to obtain bids or proposals for concession contracts, and the purchase of goods and services.

**SECTION 4.** Section 2.204.060 is hereby amended to read as follows:

**2.204.060 Responsibilities and Standards.**

A. To facilitate the participation of LSBEs in County concession contracts and purchases of goods and services, County departments shall provide for LSBE preference in their concession contracts and purchase of goods and services where responsibility and quality are equal.

B. In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, subject to subsections DE and G through GI, the preference to the LSBE shall be fifteen percent (15%) of the lowest responsible bidder meeting specifications, determined according to the instructions issued by DCBA.

C. In solicitations where an award is to be made to the highest scored proposer based on evaluation factors in addition to cost/price, subject to subsections DE and G through GI, the preference to the LSBE shall be fifteen percent (15%) of the

cost/price component of the evaluation method, determined according to the instructions issued by DCBA.

D. In solicitations where an award is to be made to the highest scored proposer, based on evaluation factors in addition to revenue, subject to subsections F through I, the preference to the LSBE shall be fifteen percent (15%) of the revenue component of the evaluation method, determined according to the instructions issued by DCBA.

~~D~~E. The LSBE preference under subsections B and C of this section shall not exceed one-hundred and fifty thousand dollars (\$150,000.00) for any one (1) solicitation and award determination.

F. The LSBE preference under subsection D of this section shall not exceed seven-hundred and fifty thousand dollars (\$750,000.00) for any one (1) solicitation and award determination.

E~~G.~~ In order for a LSBE to be eligible to claim the preference, the business must request the preference in the solicitation response.

F~~H.~~ When an applicable statute limits the preference to the LSBE at an amount less than fifteen percent (15%), the applicable statute shall determine the preference amount.

G~~I.~~ In no case shall the Local Small Business Enterprise Preference Program price, or scoring preference be combined with any other County preference program to exceed fifteen percent (15%) of the lowest responsible bid meeting specifications or highest responsible proposal.



**SECTION 5.** Chapter 2.205 is hereby amended to read as follows:

**2.205** ~~**Transitional Job Opportunities**~~**Social Enterprise**

**Preference Program.**

**SECTION 6.** Section 2.205.010 is hereby amended to read as follows:

**2.205.010** **Introduction.**

The Board of Supervisors finds that it is of benefit to the County of Los Angeles to promote and facilitate businesses that distinguish themselves by accounting for their measurable social, public health, and environmental impact. Social Enterprises, which include nonprofit and for-profit businesses, often incur higher operating costs providing supportive services. Therefore, Social Enterprises are at a competitive disadvantage in obtaining County concession contracts and other County contracts, in which estimated revenue or cost is a significant factor.

**SECTION 7.** Section 2.205.020 is hereby amended to read as follows:

**2.205.020** **Purpose.**

The County of Los Angeles Social Enterprise Preference Program is a race and gender-neutral program designed to establish a purchasing and contracting preference for certified Social Enterprises that provide transitional and permanent employment, to a Transitional Workforce or provide social, environmental and/or human justice services. The Social Enterprise Preference Program is designed to promote and foster inclusiveness and economic development, as well as ongoing evaluation to assure that all businesses, including Social Enterprises are provided equal opportunities in County concession, purchasing, and contracting activities.

**SECTION 8.** Section 2.205.030 is hereby amended to read as follows:

**2.205.030 Definitions.**

For the purpose of this Chapter, the following words and phrases are defined and shall be construed as having the following meaning:

A. "Concession contract" shall mean a contract wherein the County grants a special right or privilege to operate a business on County owned or operated property.

AB. "County" shall mean the County of Los Angeles or any public entities for which the Board of Supervisors is the governing body.

BC. "Department" shall mean the County department, entity, or organization responsible for the solicitation.

CD. "Contractor" shall mean any person, firm, corporation, partnership, or any combination thereof, which submits a bid or proposal or enters into a contract with the County of Los Angeles.

DE. "Homeless" shall mean a person sleeping in a place not meant for human habitation, or "residing" in an emergency shelter, transitional housing, or other supportive housing program or those who are homeless under the individual County department's definition.

EF. "Social Enterprise(s)" shall include nonprofit and for-profit businesses whose primary purpose is the "common good" and which "use the methods and disciplines of business and the power of the marketplace to advance their social, environmental, and human justice agendas, wherein the organization that applies commercial strategies to maximize improvements in human and environmental well-

being," that may "include maximizing social impact rather than profits for external shareholders," and has been certified as a social enterprise as provided for in this Chapter.

FG. "Social Enterprise Preference Program" shall include:

1. A business that qualifies as a Social Enterprise and has been in operation for at least one (1) year providing transitional or permanent employment to a Transitional Workforce or providing social, environmental and/or human justice services; and

2. A business that is certified by the Department of Consumer and Business Affairs ("DCBA") as a Social Enterprise.

GH. "Solicitation" shall mean the County's process to obtain bids or proposals for concession contracts and the purchase of goods and services.

HI. "Supportive services" shall mean services including, but not limited to, counseling services, individual case management, pre-employment job readiness training, daily on-the-job monitoring of participants, provision of unsubsidized competitive employment opportunities, and assistance in applying for, obtaining, and maintaining unsubsidized competitive employment.

IJ. "Transitional workforce employer" shall mean a Social Enterprise that provides transitional jobs.

JK. "Transitional job" shall mean short-term or long-term, wage-paying, subsidized or non-subsidized employment that combines real work, skill development,



and supportive services to help a Transitional Workforce overcome barriers to employment and transition to unsubsidized competitive employment.

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

**SECTION 9.** Section 2.205.060 is hereby amended to read as follows:

**2.205.060 Responsibilities and Standards.**

A. To facilitate the participation of Social Enterprises in County concession contracts and purchases of goods and services, County departments shall provide for Social Enterprise preference in their concession contracts and purchase of goods and services where responsibility and quality are equal.

B. In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, subject to ~~Section D and F~~ subsections E and G through I, the preference to the Social Enterprise shall be fifteen percent (15%) of the lowest responsible bidder meeting specifications, determined according to the instructions issued by DCBA.

C. In solicitations where an award is to be made to the highest scored proposer based on evaluation factors in addition to cost/price, subject to ~~Section D and F~~ subsections E and G through I, the preference to the Social Enterprise shall be fifteen percent (15%) of the cost/price component of the evaluation method, determined according to the instructions issued by DCBA.

D. In solicitations where an award is to be made to the highest scored proposer, based on evaluation factors in addition to revenue, subject to subsections F through I, the preference to the Social Enterprise shall be fifteen percent (15%) of the revenue component of the evaluation method, determined according to the instructions issued by DCBA.

~~D~~E. The Social Enterprise preference under subsections B and C of this section shall not exceed one-hundred and fifty thousand dollars (\$150,000) for any one (1) solicitation and award determination.

F. The Social Enterprise preference under subsection D of this section shall not exceed seven-hundred and fifty thousand dollars (\$750,000.00) for any one (1) solicitation and award determination.

~~E~~G. In order for a Social Enterprise to be eligible to claim the preference, the entity must request the preference in the solicitation response.

~~F~~H. When an applicable statute limits the preference to the Social Enterprise at an amount less than fifteen percent (15%), the applicable statute shall determine the preference amount.

GI. In no case shall the Social Enterprise Preference Program price or scoring preference be combined with any other County preference program to exceed fifteen percent (15%) of the lowest responsible bid meeting specifications or highest responsible proposal.

**SECTION 10.** Section 2.211.010 is hereby amended to read as follows:

**2.211.010 Introduction.**

The Board of Supervisors finds that it is of benefit to the County of Los Angeles to promote and facilitate the fullest possible participation by all citizens in the affairs of the County. It is also essential that opportunities be provided for full participation in our free enterprise system for disabled veterans. Further, it is the policy of the Board that the County should aid and assist, to the maximum extent possible, the interests of disabled veterans in order to preserve free competitive enterprise and to ensure that a fair proportion of County concession contracts and the total purchases and contracts or subcontracts for purchase of goods or services for the County be placed with disabled veteran business enterprises.

**SECTION 11.** Section 2.211.020 is hereby amended to read as follows:

**2.211.020 Purpose.**

The County of Los Angeles Disabled Veteran Business Enterprise Preference Program is a race and gender-neutral program designed to enhance purchasing and contracting opportunities for disabled veterans within the County of Los Angeles. The program priorities were developed to promote and foster inclusiveness and economic development, as well as ongoing evaluation to assure all businesses, including disabled veteran business enterprises, are provided equal opportunities in County concession, purchasing, and contracting activities.



**SECTION 12.** Section 2.211.030 is hereby amended to read as follows:

**2.211.030 Definitions.**

For the purpose of this Chapter, the following words and phrases are defined and shall be construed as having the following meanings:

A. "Concession contract" shall mean a contract wherein the County grants a special right or privilege to operate a business on County owned or operated property.

AB. "County" shall mean the County of Los Angeles, or any public entities for which the Board of Supervisors is the governing body;

BC. "Department" shall mean the County department, entity, or organization responsible for the solicitation;

CD. "Disabled Veteran Business Enterprise" or "DVBE" shall mean:

1. A business which is certified by the State of California as a DVBE;  
or

2. A business which is verified as a service-disabled veteran-owned small business by the Veterans Administration; or

3. A business certified as DVBE with other certifying agencies pursuant to the Department of Consumer and Business Affairs ("DCBA") inclusion policy that meets the criteria set forth by the agencies in subsection C(1) or C(2), above.

DE. "Solicitation" shall mean the County's process to obtain bids or proposals for concession contracts and the purchase of goods and services.

**SECTION 13.** Section 2.211.060 is hereby amended to read as follows:

**2.211.060 Responsibilities and Standards.**

A. To facilitate the participation of DVBE in County concession contracts and purchases of goods and services, County departments shall provide for DVBE preference in their concession contracts and purchase of goods and services where responsibility and quality are equal.

B. In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, subject to subsections ~~D~~E and G through ~~G~~I, the preference to a DVBE shall be fifteen percent (15%) of the lowest responsible bidder meeting specifications, determined according to the instructions issued by DCBA.

C. In solicitations where an award is to be made to the highest scored proposer based on evaluation factors in addition to cost/price, subject to subsections ~~D~~E and G through ~~G~~I, the preference to the DVBE shall be fifteen percent (15%) of the cost/price component of the evaluation method, determined according to the instructions issued by DCBA.

D. In solicitations where an award is to be made to the highest scored proposer, based on evaluation factors in addition to revenue, subject to subsections F through I, the preference to the DVBE shall be fifteen percent (15%) of the revenue component of the evaluation method, determined according to the instructions issued by DCBA.

~~D~~E. The DVBE preference under subsections B and C of this section shall not exceed one-hundred and fifty thousand dollars (\$150,000) for any one solicitation and award determination.

F. The DVBE preference under subsection D of this section shall not exceed seven-hundred and fifty thousand dollars (\$750,000) for any one solicitation and award determination.

~~E~~G. In order for a DVBE to be eligible to claim the preference, the business must request the preference in the solicitation response.

~~F~~H. When an applicable statute limits the preference to the DVBE at an amount less than fifteen percent (15%), the applicable statute shall determine the preference amount.

~~G~~I. In no case shall the Disabled Veteran Business Enterprise Preference Program price or scoring preference be combined with any other County preference program to exceed fifteen percent (15%) of the lowest responsible bid meeting specifications or highest responsible proposal.

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