



October 29, 2024

Los Angeles County Board of Supervisors

Hilda L. Solis
First District


Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice K. Hahn
Fourth District

Kathryn Barger
Fifth District

TO: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice K. Hahn
Supervisor Kathryn Barger

FROM: Christina R. Ghaly, M.D. 
Director

SUBJECT: LEVERAGING EXISTING HEALTH EXPENDITURES TO PROMOTE THE LOCAL ECONOMY (ITEM NO. 23, AGENDA OF AUGUST 6, 2024)

Christina R. Ghaly, M.D.
Director

Nina J. Park, M.D.
Chief Deputy Director, Clinical Affairs & Population Health

Aries Limbaga, DNP, MBA
Chief Deputy Director, Operations

Elizabeth M. Jacobi, J.D.
Administrative Deputy

On [August 6, 2024](#), the Board of Supervisors (Board) directed the Department of Health Services (DHS) to report back in writing in 90 days to directives 1 and 2 of the motion titled Leveraging Existing Health Expenditures to Promote the Local Economy.

Herein is the response to the Board.

1. Direct the Department of Health Services (DHS), in coordination with the Chief Executive Office (CEO)'s Anti-Racism, Diversity, and Inclusion (ARDI) Initiative, and in consultation with the Internal Services Department (ISD), to report back to the Board in writing in 90 days on steps taken by DHS to implement each of the recommendations identified in their December 14, 2023, report. This report should, at a minimum, include:

a. Any progress made, since the Board's September 12, 2023, motion, to promote equity, diversity, and local economic recovery through DHS' contracting.

In the December 2023 report, DHS highlighted its recommendations to promote equitable and diverse opportunities to strengthen the local economy.

The progress to date is as follows:

Improvements to the Contract Language

DHS has successfully developed and finalized a diversity Statement that underscores our unwavering commitment to

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diversity, inclusion, and anti-racism. This statement reaffirms our dedication to building a diverse and inclusive vendor pool that promotes equity and addresses the unique needs of Los Angeles County (LA County). The statement is now included in DHS solicitations and will be featured on the DHS public-facing website.

The statement is below for reference:

“The Department of Health Services (“DHS”) of the County of Los Angeles (“County”) is an integrated health system that provides health care throughout Los Angeles County (“LA County”) communities at four acute care hospitals, 26 health centers, County jails and juvenile systems. DHS is the second-largest municipal health system in the nation serving the largest and vastly diverse county. Recognizing the importance of diversity and inclusion in our business practices, DHS is committed to fostering partnerships that reflect our dedication to equity and opportunity. We, therefore, invite and encourage all qualified vendors, including those from minority-owned, women-owned, veteran-owned, and small business enterprises, to respond to this solicitation for an opportunity to bring their unique perspectives and capabilities to the services solicited hereunder. Together, we can build a stronger, more inclusive future for the communities we serve.”

Unbundling Contracts

DHS has initiated the implementation of unbundling contracts, as outlined in the [Best Practices For Unbundling Contracts](#). Several solicitations have been identified for unbundling and are currently open for bids. DHS currently engages two contractors each for unarmed security, landscaping, and housekeeping services across its facilities. Through the unbundling initiative, the department has created opportunities to potentially award up to 16 new contracts, all specifically aimed to create more opportunities for small businesses in the local economy.

DHS will review upcoming expiring contracts to evaluate the potential for unbundling, including, as recommended in the [Best Practices For Unbundling Contracts](#), analyzing their funding source to determine if unbundling is permissible, and determining the feasibility of managing multiple contracts as a result of unbundling. One service currently under consideration is laundry services. Currently, a single contractor provides laundry services across all DHS facilities. Through unbundling, DHS aims to create additional contracting opportunities for services from local, small businesses.

Technical Assistance and Proposal Writing Training

DHS introduced a new technical assistance e-mail inbox to enable vendors to efficiently connect with DHS for guidance on key contracting processes, including navigating the County’s Vendor Registration site, WebVen, becoming certified for the various Preference Programs, and accessing the Department of Economic Opportunity’s (DEO) resources for small businesses, such as Apex Counseling, as

well as addressing other solicitation-related inquiries. DHS is committed to connecting vendors with the resources and tools they need to enhance their competitiveness and achieve success.

To empower vendors and boost their competitiveness, DHS is also developing “arms-length” technical assistance resources, including proposal writing trainings designed to help vendors refine their proposals and stand out in the selection process. By submitting clear, well-structured, and compelling proposals, vendors can significantly increase their chances of securing contracts. A strong proposal not only outlines detailed examples but also provides a clear roadmap for delivering the requested services. Without this level of detail—such as precise implementation timelines and thorough descriptions of qualifications—proposals may receive lower evaluation scores, potentially diminishing a vendor's opportunity for selection. With technical support, vendors can enhance their proposals and improve their chances of success. Proposal writing trainings are slated to launch in Spring 2025 and will be hosted virtually to offer flexibility and make attendance more accessible for participants. Registration will be available through the DHS public-facing website starting in February 2025.

Outreach and Marketing

Since the December 2023 report to the Board, DHS continued its outreach efforts to engage with diverse vendors and promote DHS contracting opportunities. As part of this initiative, DHS has attended two supplier diversity conferences to learn about what other hospitals and health systems in Southern California are doing to increase contracting with diverse vendors, network with colleagues in the contracting/procurement space, and to meet potential vendors and share information about becoming a vendor with LA County, as well as the benefits of becoming certified under the Preference Programs. In collaboration with DEO and Internal Services Department (ISD), DHS will continue to participate in small business events to recruit diverse vendors. Both DEO and ISD have shared their event calendars for 2024 and 2025, and DHS plans to attend these events to further promote its contracting opportunities.

DHS is also continuing to develop targeted marketing materials, educational resources and emails, and is updating its public-facing website, with a plan to launch all by November 30, 2024, to highlight the benefits of obtaining a certification, such as enrollment in the prompt payment program, to encourage their involvement, share tips on registration that will help vendors maximize their eligibility for solicitation opportunities, and better guide new and existing vendors through the LA County contracting process.

- b. Progress in adding one or more new Fiscal Year 2023-24 Equity, Diversity, Inclusion, and Anti-Racism (EDIA) positions to aid in efforts to promote EDIA goals through DHS contracting.

Two full-time positions have been dedicated to implementing DHS equity goals in relation to procurement. One position was successfully filled in August 2024 and, as of the date of this report, a candidate for the second role has been selected and is in the hiring process.

2. Direct DHS, in consultation with ISD and DEO, to report back to the Board in writing in 90 days on its progress implementing the Board's August 9, 2022, motion, Implementing the Priority Strategies of the Equity in County Contracting Project Team, regarding County contracting equity strategies. In particular, the report should include:

a. How DHS will work with the Office of Countywide Contracting within ISD to forecast potential solicitations and contracting opportunities, reach out to diverse communities and build a pipeline of contract-ready firms, and how the Department could amend its solicitation and contracting documents and process to ensure greater inclusion.

DHS has identified the unbundling of contracts, providing technical assistance for proposal writing, and promoting applying for the Preference Programs through DEO as strategic initiatives to better position diverse vendors to contract with DHS.

b. DHS' efforts to implement each of the directives 2 through 7, particularly those identified below:

DHS has developed a strategic marketing plan to actively promote Preference Program Enterprises (PPE) certification to both existing and new vendors, emphasizing prompt payment as a key incentive. Currently, DHS has several Disabled Veteran Business Enterprise (DVBE), Local Small Business Enterprise (LSBE), and Social Enterprise (SE) contractors enrolled in the program, with many leveraging the prompt payment benefit—particularly those who provide time-sensitive, critical services, such as supportive housing and temporary medical personnel. This incentive is a great opportunity to help businesses thrive while ensuring timely delivery of essential services.

DHS remains committed to collaborating closely with the DEO to meet PPE certification goals. This ongoing partnership will support diverse vendors and foster opportunities that strengthen the local economy.

i. Which DHS existing contractors have been certified as County Local Small Business Enterprises, Disabled Veteran Business Enterprises and Social Enterprises

DHS worked with the DEO to confirm certifications. Based on the DEO's data, DHS has identified 57 current contractors who are certified as LSBE, DVBE, and/or SE. Please see Exhibit I for a list of the certified contractors.

- ii. Use by DHS of any prompt payment programs, and/or interest-free, revolving, or low-interest loan funds to assist smaller businesses, non-profits, and CBOs.

PPE certified DHS vendors leverage the prompt payment program as an incentive to meet their business needs. Currently, DHS has 41 existing contractors participating in the prompt payment program. In addition, DHS has sent targeted information to the current certified contractors about participating in the prompt payment program.

- iii. Utilization by DHS of Community Business Enterprises, Women Business Enterprises, Minority Business Enterprises, Disadvantaged Business Enterprises and LGBTQ-Owned Business Enterprises in its contracts.

There are currently 60 contracted vendors that are certified as Women Business Enterprise, Minority Business Enterprise, Disadvantaged Business Enterprise, and/or LGBTQ-Owned Business Enterprise. Please see Exhibit II for a list of the certified contractors.

- c. The ratio of DHS contractors with headquarters located in Los Angeles County vs. contractors with headquarters outside Los Angeles County, by overall spending and percentage utilization.

Eighty percent of DHS contractors are headquartered in LA County. In 2023-24 \$1.1 billion, (69% of DHS' overall spending), was spent on contractors headquartered in LA County. For contractors not headquartered in LA County, DHS spent \$525 million, (31% of DHS' overall spending).

If you have any questions, you may contact me, or your staff may contact Julio Alvarado, Director of Contracts Administration and Monitoring, at jalvarado@dhs.lacounty.gov.

CRG: ja

- c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Internal Services Department
Department of Economic Opportunity