

department of economic opportunity

COUNTY OF LOS ANGELES

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June 30, 2026

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration 500
West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

RECOMMENDATION TO EXECUTE TWO SOLE SOURCE AGREEMENTS TO IMPLEMENT THE COUNTY OF LOS ANGELES DEPARTMENT OF ECONOMIC OPPORTUNITY LIFE SCIENCE STRATEGY AND ACTION PLAN

(ALL SUPERVISORIAL DISTRICTS)

(3-VOTES)

SUBJECT

The County of Los Angeles Department of Economic Opportunity (DEO) seeks to execute two sole source agreements with Local Initiatives Support Corporation Los Angeles (LISC) and with Pacific Asian Consortium in Employment (PACE) and PACE Finance Corporation (PFC) to implement DEO's Life Science Strategy and Action Plan and expand access to graduation space for life sciences firms in LA County from July 1, 2026 through June 30, 2031.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of the County of Los Angeles DEO, or their designee, to execute sole source agreements with LISC and PFC, in an amount not to exceed \$12.3 million and \$11.0 million, respectively, effective upon execution, and continuing through June 30, 2031 unless otherwise extended or modified, following approval as to form by County Counsel.

2. Delegate authority to the Director of DEO, or their designee, to execute amendments to these agreements with LISC and PFC as needed to: 1) add, delete, and/or change certain terms and conditions as mandated by Federal and State law, the County Code and/or County policies; 2) reflect administrative changes and/or non-material modifications; 3) increase or decrease funding based on the availability of funding provided that (a) the total allocation does not exceed available funding and (b) DEO obtains County Counsel approval as to form on each such amendment; (4) Revise scopes of work, performance measures and/or budget allocations as necessary; and (5) Extend the term of the sole source agreements as needed to align with future State and County funding timelines. DEO shall provide written confirmation to your Board and the CEO within thirty calendar days of executing any such amendments to these agreements.
3. Authorize the Director of DEO, or their designee, to take all necessary actions to implement the terms of these agreements including accepting additional funds, and executing all related documents, certifications, and reporting requirements associated with, but not limited to California Job's First (CJF) and other entities, in support of the program.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On July 15, 2025, the Los Angeles County Board of Supervisors (Board) Motion passed by unanimous vote the Motion introduced by Supervisor Holly Mitchell, titled "Implementing Strategies and Action Plan for Equitable Development and Growth of Life Sciences in Los Angeles County." Per the directives of that Motion, DEO is advancing implementation of the Life Science Industry Strategy and Action Plan 2025-2030 (Plan). Released in July 2025, the Plan identifies life sciences as a high-growth industry sector and outlines a comprehensive approach to unlock industry growth, including facilities and infrastructure development, with the goal of creating 10,000 inclusive, high-quality jobs by 2030.

In May 2025, DEO applied to the State of California and requested funding to support implementation of the Plan. The State subsequently notified DEO in August 2025 of a grant award in the amount of \$19 million to establish new funds for life science facilities and infrastructure that are critical to advancing the life science industry in LA County: construction of graduation and manufacturing space and financial assistance for growing businesses. The grant agreement was finalized with the State in June of 2026. In support of this award, DEO is leveraging approximately \$5.75 million in Net County costs (NCC) to launch the funds. The overall purpose is to expand the development of graduation space for firms that have validated their product or service, and are ready to scale towards commercialization, and beyond. As such, DEO and selected financial services providers will deploy the following capital access programs:

1. Local Initiatives Support Corporation Los Angeles (LISC) will implement and manage the Graduation and Manufacturing Space Fund (GMSF) to be deployed to property

owners, master lease holders, and other eligible applicants for the construction of multi-tenant life science and manufacturing facilities and/or infrastructure.

2. Pacific Asian Consortium in Employment (PACE) and PACE Finance Corporation (PFC) will implement and manage the Tenant Improvement Fund (TIF) to be deployed to life science firms for the buildout and/or required infrastructure upgrades made to convert or enhance a commercial space for the use of a life sciences entity, thereby safely and effectively supporting laboratory, research, manufacturing, biotech, and other relevant uses. This Program will focus primarily on small businesses looking to grow their firm(s) and/or commercialize their products.

While both the GMSF and TIF programs are aligned in their shared goal of expanding life science infrastructure within the County, they are distinct in their target applicants, program structures, and roles within the ecosystem. Their differing purposes require separate program administrators. Accordingly, DEO is seeking to execute two independent sole source agreements to allow simultaneous deployment of the capital access component while leveraging the unique strengths of LISC and PACE to administer their respective programs.

As the nation's largest Community Development Financial Institution (CDFI), LISC has the expertise and capacity to serve as the administrator for the GMSF. For decades, LISC has demonstrated the ability to rapidly and effectively implement real estate and capital access programs that drive equitable economic development. LISC is also supported by a national lending infrastructure and proven systems for underwriting, servicing, compliance, and portfolio management. PACE has the expertise and capacity to administer the TIF. PACE is also a local CDFI with a strong record of tenant-improvement lending, management of multiple public loan funds, and providing large-scale multilingual technical assistance to small businesses.

Together, the complementary strengths of both LISC and PACE create a stronger, more effective overall capital access program that can also be deployed in a timely manner, ensuring that the CJF funds are effectively deployed within short implementation windows required by the State. These funds have the potential to reach approximately 25 to 50 businesses and increase graduation space by the end of calendar year 2028, as well as motivate additional ecosystem investments.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendations above support the County's Strategic Plan, North Star 1, Make Investments and Transform Lines, Focus Area Goal B: Employment and Sustainable Wages; and North Star 2, Foster vibrant and resilient communities, Focus Area Goal E: Economic Health.

FISCAL IMPACT/FINANCING

Funding for the recommended agreements consists of \$19 million in CJF funding from the

State of California and approximately \$5.75 million in existing DEO funds. Of the CJF funds, \$9.5 million will be included in the Fiscal Year (FY) 2025-26 second Mid-Year Budget Adjustment Board Letter for Board consideration, with the remaining balance of \$9.5 million to be budgeted in a future budget phase. DEO is not seeking additional funding or an increase to its NCC allocation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Despite receiving a notice of award in August of 2025 for the CJF funding, DEO did not receive an agreement from the State until February 2026. Prior to initiating the CJF grant agreement, the State of California notified DEO that 50% of the total \$19 million allocation—approximately \$9.5 million—must be expended by September 30, 2026. The State further confirmed that no extensions will be granted and that unspent funds will expire with no opportunity for reallocation of those funds. DEO and the State fully executed the agreement in June 2026 after revising timelines and deliverables to meet the State fiscal and program performance requirements, acknowledging reduced implementation windows.

The State requires DEO to complete a competitive procurement process or justify a sole source without competitive solicitation. After a comprehensive review of potential providers, and assessment of County procurement timelines, DEO recommends the execution of two sole source contracts with LISC and PFC, as the capital access providers, with authority to serve as administrators of the GMSF and TIF programs, respectively.

DEO evaluated the feasibility of a competitive Request for Proposals (RFP) for the administration of the LSIF. However, after evaluating the project timeline and State mandated expenditure deadlines, DEO determined that there is insufficient time to complete a full RFP process without putting the County at significant financial risk. As such, the recommended sole source Agreements with LISC and PACE are justified under Board Policy 5.100, specifically to comply with State programmatic requirements and to address an emergent or related time-sensitive need.

CONTRACTING PROCESS

Due to the financial risks associated with losing funds, the recommended sole source agreements with LISC and PACE for the two different programs, are justified under Board Policy 5.100. DEO is required to comply with the State mandated requirements, and the services are needed to address an emergent need. Failure to execute these agreements risks DEO's ability to maintain State-granted program funding.

MONITORING REQUIREMENT

DEO will oversee fiscal, programmatic, and administrative monitoring of the Agreement to ensure compliance with all applicable State and County requirements. LISC and PFC will be required to submit regular performance, expenditure, and outcome reports consistent

with California Job's First requirements and DEO contract compliance standards.

IMPACT ON CURRENT SERVICES OR PROJECTS

Approval of the recommended actions will launch capital access programs to promote and support both the Graduation and Manufacturing Space Fund and the Tenant Improvement Fund, in order to implement DEO's Life Science Strategy and Action Plan.

CONCLUSION

If you have any questions, please contact me at KLoBianco@opportunity.lacounty.gov or your staff may contact Cynthia Bogdanovich, Administrative Deputy at (213) 738-2736 or CBogdanovich@opportunity.lacounty.gov.

Respectfully Submitted,



KELLY LOBIANCO
Director

KL:JK:CB:LL:my:dm

c: Executive Office, Board of Supervisors
Chief Executive Office
County Counsel