

December 30, 2016

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

From: R. Christine Hershey, Co-Chair
Cecilia S. Wu, Co-Chair
Los Angeles County Small Business Commission

**Subject: Los Angeles County Small Business Commission
Annual Report – 2016**

As required by County Ordinance, we are pleased to submit the following annual report of the activities and accomplishments of the Los Angeles County Small Business Commission for calendar year 2016.

BACKGROUND:

In January 2015, your Board approved the transfer of the Office of Small Business from the County's Internal Services Department (ISD) to the newly re-named Department of Consumer and Business Affairs (DCBA). With this, the Board also transferred the Los Angeles County Small Business Commission (Commission) from ISD to DCBA.

The Commission is an advisory body whose purpose is to represent the interests and concerns of the small business community in Los Angeles County to the Director of DCBA and, through the Director, to the Los Angeles County Board of Supervisors (Board). The Commission's highest priorities are to advise the Director and the Board on issues including, but not limited to, small business contract utilization and purchasing in the County and small business development in unincorporated areas of the County. The Commission consists of twenty members appointed by the Board. Each Supervisor appoints up to four members to the Commission.

ACTIVITIES AND ACCOMPLISHMENTS:

2016 proved to be a significant year of progress toward the growth and empowerment of the small business community in LA County. After

For more than 15 years the Commission has worked to advocate on behalf of the small business community by encouraging the Board to formalize its support of small businesses. On July 12, 2016 your Board took significant steps to do this by adopting actions and strengthening commitments to the County that will impact the small business economy for decades to come

We at the Small Business Commission are proud to be a part of these actions.

Small Business Utilization

On July 12, 2016, your Board adopted a motion co-authored by Supervisor Ridley-Thomas and Chair Solis and supported by this commission that directed the Director of the Department of Consumer and Business Affairs (DCBA), in consultation with other relevant departments, to implement a four-year plan to grow and strengthen Local Small Business Enterprise (LSBE), Disabled Veteran Business Enterprises (DVBE) and Social Enterprises (SE) through increased contracting and procurement.

The motion sought several deliverables, but it also provided specific goals, including 25% LSBE utilization, 3% DVBE, and the creation of a certification and contract preference for Social Enterprises. One of the most impressive actions of your Board was to raise the price preference for the certifications from 8% - 15% (up to \$150,000). This provides a significant opportunity for the certified businesses competing for County opportunities.

Additional deliverables include:

Direct all County Departments to designate Small Business Advocates

As part of the Small Business Utilization (SBU) each department, through their Small Business Advocate (Advocate), is required to develop a **mini-utilization plan** that will highlight expenditures to Local Small Business Enterprises (LSBEs) and Disabled Veteran Business Enterprises (DVBEs). The mini-utilization plan will assist departments in identifying areas in their purchasing where LSBEs and DVBEs are participating as well as areas where certified business participation can be increased. The mini-utilization plan is an essential tool to integrate the identification of these expenditures into the budget planning process to enhance the success of the SBU.

SB Advocates are required to provide quarterly written progress reports to the Director of Consumer and Business Affairs for the preparation of a consolidated written quarterly report to the Board and the Economic Development Policy Committee.

DCBA held a meeting with the SB Advocates on September 22nd. At that meeting, DCBA provided the Advocates with the Manual that includes information on the roles and responsibilities of Advocates as well as reporting requirements. The manual also outlines how departments can perform outreach and refer businesses that provide goods and services in the areas most used by the department, to DCBA for certification. DCBA will provide the departments with links to information on certification and the utilization plan that can be added to the departments' websites.

Advocates were also provided with instructions on how to best leverage the mini-utilization plan worksheet tool to identify and increase utilization opportunities. This worksheet will help Departments:

- Track expenditures by object code for the previous quarter or fiscal year
- Compare the budgeted amount by object code for the upcoming quarter or fiscal year

- Identify opportunities for improvement by given object code

This motion also directed the Director of Consumer and Business Affairs to develop and implement the SE certification process and procedures; and identify and track microbusinesses to capture data and assess the feasibility of certifying microbusinesses as a subset of LSBEs

Business Certifications

Increasing the Vendor Pool

Increasing the number and diversity of the County's vendor pool will lead to an increase of LSBE and DVBE utilization. In 2016, DCBA launched an aggressive effort to grow a robust pool of "contract ready" certified vendors. DCBA accepts the California Department of General Services' (DGS) list of certified small businesses and utilizes that list to identify businesses based in LA and certify them as LSBE. DCBA also accepts businesses certified as small through L.A Metro's certification program where such businesses meet the DGS certification threshold for number of employees and revenue, as part of our "Inclusion Policy." DCBA and the Commission are working together to identify and work with other certifying agencies to accept their certification.

Outreach and Marketing

Commissioners leverage their roles in the business community to help in DCBA's outreach efforts. In 2016 DCBA expanded its outreach efforts to grow the pool of certified businesses through vendor "contracting connections" events, workshops and social media. DCBA has also enhanced its marketing efforts to increase awareness of the SBU "brand" (L.A. County Contracting Connections) and "messaging" (Certify. Connect. Grow.). In addition, DCBA has continued to eBlast the Department of General Service's list of certified small businesses to identify and invite eligible businesses to certify as an LSBE.

DCBA's media outreach efforts included:

- A "shout out" featuring small businesses who certified using hashtag #lacountycertified on social media (example here: <https://twitter.com/LACoSmallBiz/status/780464708067352576>)
- Highlighting various bids that small businesses would be interested in on social media (example here: <https://twitter.com/LACoSmallBiz/status/777986289912000512>)
- Speaking Engagements
 - CalCon – Statewide construction contracting event held in Long Beach
 - Dept of General Services (DGS) presentation at quarterly Small Business Council meeting in Long Beach

- Los Angeles Latino Chamber of Commerce Small Business Summit – Opening Remarks
- California Hispanic Chambers of Commerce State Convention – Remarks
- Mentioning contracting opportunities in editorials:
 - [L.A. Business Journal](#)
 - [BizFed newsletter](#)
 - [Antelope Valley Times](#)
 - [Our Weekly](#) and [here](#)
 - [L.A. Sentinel](#)
 - [Citywatch LA](#)
 - [SCV News](#)
 - [Public CEO](#)

DCBA also discussed certification and contracting with the County in the Small Business Initiative Resource Guide that was printed and posted online: http://file.lacounty.gov/SDSInter/dca/245883_LACoSmallBusinessResourceGuidePRIN_TREADY6-27-16.pdf

Technology and Metrics

Certification Applications

DCBA worked with ISD to update the existing preference program certification applications housed in the County’s online vendor registration system, WebVen. The system includes the expanded LSBE qualifications, as well as, the new DVBE and SE certification applications.

Microbusinesses

In addition to making the above changes to the WebVen application to certify as LSBE, DVBE or SE, DCBA worked with ISD to include a toggle on the LSBE application which allows a business to self-identify as a microbusiness. While there are no contracting or procurement incentives available to microbusinesses at the current time, this will allow DCBA to begin identifying and tracking microbusinesses to assess the feasibility of certifying microbusinesses as a subset of LSBEs in the future.

Contracting and Procurement

Implementation Guidelines

DCBA developed and trained departments on new Preference Program Implementation Guidelines which provide the necessary instructions and interpretations to County departments to implement changes to the preference programs, monitor compliance, and report results. The effective date of the revisions to the preference programs was October 25, 2016.

\$25,000 Delegated Authority

On October 1, 2016 the County Purchasing Agent launched a Simplified Acquisition Process (SAP), which applies to departmental purchases from \$5,001 up to \$24,999. It applies only to spot purchases made from a certified Local Small Business Enterprise, a certified Disabled Veteran Business Enterprise or a certified Social Enterprise.

Subcontract Dollar Tracking

DCBA initiated a Subcontractor Workgroup (formed on August 25th) to discuss the best way to obtain and track subcontractor utilization data. The workgroup departments include DCBA, ISD, Department of Public Works, Community and Senior Services, and Health Services. A survey was used to collect data from the contract managers of each County department regarding their prime contracts. Subcontractor information was also requested.

Social Enterprise Preference (SEP) Program

Social Enterprise Certification

DCBA finalized the SEP certification process which launched on October 25th. In developing the certification, DCBA engaged the SE stakeholder community by holding focus group meetings to vet the certification. This certification may be the first in the nation and provides a competitive advantage for those community groups that are serving our most difficult to serve.

Procurement Technical Assistance Center

The Los Angeles County PTAC has experienced significant change this past year. A new program manager was placed to oversee the development and growth of the program. In addition, the SBS Chief and Supervisor took on additional responsibilities within the PTAC program to facilitate program growth. With respect to PTAC services, the counseling performance has seen dramatic improvement with greater reliance on in person counseling. The in – person counseling format (as opposed to counseling done over the phone) increases the scope and breadth of the client contact. Clients need to feel welcome to obtain the information they seek. The in – person counseling session allows for a more supportive environment in which to provide businesses with the knowledge, confidence and information they need.

Workshops continue to provide robust trainings with the help of GSA representative Anthony Caruso. Staff members are working on core presentation decks to provide information in the areas of marketing to government and proposal writing.

Los Angeles County PTAC staff have undergone training to broaden the breadth and scope of their knowledge. This training included enlisting the help of a consulting firm that has been endorsed by the APTAC community on invoice reimbursement and sending three staff members to the national APTAC conference in Washington, DC.

Data Elements	Quarter 1 2016-2017 (Current Year)			Quarter 1 2015-2016 (Previous Year)			Quarter 1 Performance change this year - last year		
	Actual	Goal	% Goal	Actual	Goal	% Goal			
New Clients (cumulative)	59	55.5	106	17	55.5	52	+340%		
Counseling Time	54:05	109	49	15:20	109	35	+348%		
Participated Events	12	6.5	180	1	6.5	46	+1200%		

Small Business Services Overview

This year provided many changes for the Small Business Services unit.

- Sabra Purifoy became Program Chief of the unit and has been instrumental in the development and implementation of your priorities for small business
- Physical office of Small Business Services moved from ISD location to the East Los Angeles Service Center, located at 133 N. Sunol Drive Los Angeles, CA 90063
- Budgeted staffing doubled from 7 positions to 14
- The unit launched a pilot project to have a Community Business Liaison spend a significant amount of time in-district (1st) and serve as a link between the small business community
- A brand new certification was launched for Social Enterprises and the DVBE certification process was centralized with DCBA
- Improved program integration with other departments (CSS, DPW, ISD, CDC)

SBS Statistics:

- Sponsored or participated in 67 contracting/networking events and training classes in 2016– **increase of 52% from last year**
- Total attendees at outreach events SBS sponsored and/or participated numbered 5618 – **increase of 12% from last year**
- Number of small businesses certified was 622 – **increase of 84% from last year**
- Resumed quarterly meetings and trainings for SB Advocates
- Number of awards made in Fiscal Year 2016
 - Total awards = 1,589,523 (**2.13% increase**)
 - Total awards to LSBE = 99,026 (**18.27% increase**)
 - Dollar amounts of awards to LSBE = **\$181,059,214.27 (13.33% increase)**

Many of the above opportunities were only implemented in October of this year, so some time will be needed to truly measure the impact. Nevertheless, these actions represent a commitment by your Board to ensure the growth and sustainability of small business in Los Angeles County.