

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS
AND JANICE HAHN**

OCTOBER 27, 2020

**Expanding Assistance to Small Businesses in Furtherance of the County's 25%
LSBE Attainment Goal**

Small businesses continue to be the cornerstone of local economies and civic communities. To support their viability and growth, on January 12, 2016, the Board of Supervisors (Board) adopted a motion entitled "Los Angeles County Support for Local Small Businesses and Social Enterprises" (Ridley-Thomas/Solis), which adopted a procurement goal for the County of Los Angeles (County) for goods and services of twenty-five percent (25%) for Local Small Business Enterprises (LSBEs) and three percent (3%) for Disabled Veteran Business Enterprises (DVBES) by 2020 (Goal).

Over the last five years, the County has made advancements in small business utilization in furtherance of this Goal, which has led to \$2 billion in contracts awarded to certified vendors since Fiscal Year (FY) 2015-16. In FY 2015-16, \$181,059,214 was awarded to certified firms. In FY 2019-20, the County awarded \$690,669,450 to certified firms, an increase of 281% from 4 years prior when the Goal was set, despite a decline in opportunities during the fourth quarter of FY 2019-20 when County departments were required to substantially decrease spending due to the COVID-19 pandemic.

While these numbers indicate meaningful progress in expanding opportunities for small businesses, the COVID-19 pandemic has necessitated the Board of Supervisors (Board) to rethink its approach to engaging with and preparing small businesses to

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participate in procurement opportunities as a key component of a long-term economic recovery strategy.

In its September 28, 2020 “Final Report on Outcomes of the Small Business Utilization Plan”, the Department of Consumer and Business Affairs notes a variety of strategies to continue boosting small business utilization, including the importance of specialized technical assistance and targeted outreach to increase the likelihood of small businesses bidding on the County’s procurement opportunities. In addition, specific challenges were identified related to obtaining the necessary bonding for LSBE and DVBE contractors as an ongoing barrier to participation, particularly for construction contracts. A Contractor Bonding Assistance program has been identified as a critical strategy to address this challenge. In a July 2, 2019 report on the feasibility of expanding Contractor Bonding Assistance programs, the Department of Public Works recommended moving forward with the Federal Small Business Administration Surety Bond Guarantee Program (SBA Program), which could be leveraged at no cost to the County.

While the SBA Program can provide a valuable resource for some LSBEs and DVBEs, it is more suited for the larger and well-resourced contractors. In order to widen the pool of participating contractors, the County should not only aggressively market and support utilization in the SBA Program, but also partner with a dedicated entity to provide contractor development services, including technical assistance, skills development, as well as bonding assistance, to potential contractors. The City of Los Angeles and the Los Angeles County Metropolitan Transportation Authority partnered to participate in a solicitation for such services, entitled "Contractor Development and Bonding Program", and both of those agencies have now individually negotiated and awarded a contract to Meriwether and Williams, the highest-ranking proposer, for this purpose. The County was identified within the solicitation as a potential program participant that might, after the procurement process, negotiate and award a contract with the successful proposer. As part of that procurement process, the County participated, through a County

employee/representative, as one of the evaluation committee members that reviewed and scored the submitted proposals.

It is appropriate for the County to update its procurement goal, and take all appropriate efforts in order for qualified LSBEs to attain twenty five percent (25%) and DVBEs to attain three percent (3%) of the contracts for goods and services procured by the County by 2021, and to take the initiative described above in furtherance of this goal.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Update the County of Los Angeles's (County) procurement goals for goods and services of twenty-five percent (25%) for Local Small Business Enterprises (LSBEs) and three percent (3%) for Disabled Veteran Business Enterprises (DVBEs) by 2021 (Procurement Goals);
2. Direct the Acting Chief Executive Officer (CEO), in coordination with the Directors of Public Works (DPW), Internal Services (ISD), and Consumer and Business Affairs (DCBA), to proceed with a one year pilot program that publicizes and promotes the Federal Small Business Administration (SBA) Surety Bond Guarantee Program in connection with applicable County construction contracts, as well as other contracts which require surety bonds;
3. Authorize the Acting CEO, in coordination with the Directors of DPW, ISD, and DCBA, to opt into the Contractor Development and Bonding Program (Program) as a participating Program member, as was specifically contemplated and allowed by the competitive solicitation that was issued by the City of Los Angeles for such Program; and delegate authority to the Acting CEO to negotiate and enter into a contract with Merriweather and Williams to provide applicable services, including technical assistance, capacity building, and financial and bonding guidance to eligible contractors, in furtherance of the County's Procurement Goals for LSBEs, DVBEs, and Community Business Enterprises (CBE), including, but not limited to, Minority Business Enterprises,

and Women Business Enterprises, in connection with applicable County construction contracts (or other contracts) requiring surety bonds. The services should align with and support current LSBE and CBE programs and initiatives in coordination with DCBA's Office of Small Business, and the services should also be geared toward supporting LSBE and CBE contractors in utilizing the SBA Program; and

4. Instruct and delegate authority to the Acting CEO, in coordination with the Directors of DPW, ISD, and DCBA to identify available funding, negotiate, and enter into any related agreements that might be needed to implement the County's Procurement Goals.

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