

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to community level contracting and small inclusive procurement.

Recommendations for Council action:

1. INSTRUCT the Office of Procurement (OOP) to launch the Inclusive Procurement Program Pilot.
2. DIRECT Departments to post all contracting opportunities, inclusive of all sole-sourced service contracts, regardless of whether it was in writing or not, on the City's Regional Alliance Marketplace for Procurement (RAMP).
3. DIRECT the City Administrative Officer (CAO) to report to Government Operations Committee on a quarterly basis regarding the status of the Inclusive Procurement Program Pilot.

Fiscal Impact Statement: The CAO reports that approval of the recommendations contained in the November 5, 2024 CAO report, attached to the Council File, will not result in a General Fund impact

Community Impact Statement: None submitted.

Summary:

On November 22 2024, your Committee considered a November 5, 2024 CAO report relative to community level contracting and small inclusive procurement. According to the CAO, it has previously reported on existing programs to increase and diversify participation in City contracting (Council File No. 22-0098) which included Community-Level Contracting (CLC). Subsequently, Council instructed the OOP to report on identified CLC-appropriate contracting opportunities and resources that may be required to implement CLC Citywide.

In April 2024, the OOP released a survey asking all City departments to:

- Identify one to three contracting opportunities that can be unbundled or broken down into smaller work packages for CLC or considered as a one-time Small Inclusive Procurement (SIP).
- Indicate resources required to implement CLC.

The OOP subsequently included Small Inclusive Procurement (SIP) into the survey, which is categorized as contracts valued at \$150,000 or less and includes opportunities valued less than \$25,000, where competitive bidding is not required. The inclusion of SIP can benefit the City's small and local business enterprises in that the City's Local

Business Preference Program (LBPP), when applied to contracts valued less than \$150,000, provides a ten percent preference for Local Small Business (LSBE) or Local Transitional Employers (LTE) only. Proposers who are not certified LSBE or LTE may still receive a preference of up to five percent if a proposer's bid or proposal subcontracts with a certified LSBE or LTE. These preference rules would be in contrast to the LBPP rules for contracts over \$150,000 where certified Local Businesses Enterprises, regardless of size, would also qualify for the preference.

In addition, SIP includes opportunities with lower contract limits and presumed simpler scopes of work that could be perceived as less intimidating for first-time bidders. It provides an opportunity for first-time bidders to gain experience and familiarity with the City's contracting processes and requirements. A total of 36 City departments, offices, and bureaus responded to the survey. Of the 51 contracting opportunities that can be considered CLC and/or SIP, 79 percent are for professional services and the remaining 21 percent are for construction services.

Not all City departments were able to immediately identify CLC or SIP opportunities, which highlights the need for additional staff training to better identify and execute procurement opportunities that are appropriate for small businesses. The OOP, with Bureau of Contract Administration (BCA) in some meetings, met with departments who requested assistance with identifying CLC or SIP opportunities. While the projects that were identified by the departments in April have already been released, the survey results provided insight regarding the types of contractual opportunities that are appropriate for CLC and SIP. Many of the City's procurement opportunities are competitively bid every three to five years, which creates a cycle of procurement activities that can be proactively managed to help plan for future outreach, marketing, and training needs. It should be noted that not all procurement opportunities are appropriate for unbundling. These circumstances include when the work is scientific or technical in nature, and the existence of industry requirements or legal limitations prevent unbundling.

Over 55 percent of the departments who responded to the survey reported that they require additional staff to manage the anticipated workload associated with unbundling or competitively bidding additional contract opportunities. Departments also requested training, development of a CLC manual, and templates to assist in administering CLC opportunities. Additional staff or contractual resources would be needed to help with the thoughtful identification of CLC or SIP opportunities; conducting research and outreach to the relevant business communities; and providing assistance and guidance to bidders who may be unfamiliar with the City's procurement process. These new responsibilities would be in addition to the administrative workload normally associated with contracts which includes drafting solicitations, reviewing proposals, drafting and negotiating contracts, monitoring contractor progress, processing payments, and closing out contracts.

Implementation of an Inclusive Procurement Program Pilot In acknowledgement of the Citywide survey results highlighting the need for additional staff to conduct CLC, OOP is proposing the Pilot as an incremental step towards implementing CLC citywide. The Pilot

would entail the administration of the CLC procurement opportunities by OOP staff, development of a procurement readiness curriculum in coordination with EWDD and BCA, deployment of targeted outreach, and dissemination of training through the Office of the Mayor's ProcureLA Program and BCA's outreach events. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendation contained in the CAO report, as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA: YES

HERNANDEZ: YES

HUTT: YES

ARL

11/22/24

-NOT OFFICIAL UNTIL COUNCIL ACTS-