

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to a Request for Proposals (RFP) for Los Angeles Business Source (BSC) Operators.

Recommendations for Council action:

1. APPROVE the recommended number of Business Source Center (BSC) Operators and funding levels as detailed in the May 20, 2021 Economic and Workforce Development Department (EWDD) report, attached to the Council File, for the Los Angeles BusinessSource Center (LABSC) RFP.
2. AUTHORIZE the General Manager, EWDD, to:
 - a. Prepare and release an RFP for the LABSC Operators, subject to City Attorney review as to form and legality.
 - b. Submit recommendations to Council and Mayor for BSC operator selection and contract authority for the contract term of January 1, 2022 to June 30, 2022, with the option to renew for up to two additional, one-year terms.

Fiscal Impact Statement: The EWDD reports that funding for the BSC System is proposed at \$6,500,000, utilizing Community Development Block Grant (CDBG) funds, with no impact on the General Fund.

Community Impact Statement: None submitted.

Summary:

On March 23, 2021, your Committee considered a March 8, 2021 EWDD report relative to an RFP for Los Angeles BSC Operators. According to the EWDD, it is requesting authorization to release the BSC RFP in March 2021, upon approval of the City Council and Mayor. The BSC Program was last procured in 2015 through a process that resulted in the establishment of nine non-profit and for-profit managed centers located throughout the City. Since its inception, the BSC program has functioned as a performance-driven system providing various levels of assistance to eligible, for profit microenterprises and small businesses operating in the City or to aspiring entrepreneurs who reside in the City. The EWDD considers that the BSC System requires successful proposers to be funded at \$550,000 each. Centers will be located based on the need of the proposed service area and funding availability. A total of \$4,950,000 is required to fund nine BSCs at \$550,000 each. This is the minimum amount required so that BSC operators can provide a menu of services to effectively and efficiently assist businesses. To ensure that the BSC program and corresponding contracts begin effective October 1, 2021, EWDD estimates that the RFP process will be completed by September 2021. This time frame will align with the approval of the Program Year 47 Consolidated Plan budget, through

which CDBG funds from the U.S. Department of Housing and Urban Development (HUD) are allocated. CDBG funds will continue to serve as the primary source of funding for the BSC Program. After consideration and having provided an opportunity for public comment, the Committee continued this matter pending the EWDD's re-evaluation of its recommendations to ensure an equitable program that addresses the needs of underserved communities.

Subsequently, on May 25, 2021, the Committee reconsidered this matter along with a May 20, 2021 EWDD report. According to the EWDD, it has re-assessed the proposed BSC locations and funding levels based on the needs assessment conducted as part of the RFP. The EWDD is recommending actions in this report back transmittal to achieve more equitable access to BSCs and services across the City. The recommendations direct dollars to BSCs in under-resourced communities as defined in the needs assessment report. The most notable revision from the March 8, 2021 EWDD report is the proposed creation of an additional service area and adding a new location to the BSC system. The new service area was achieved by separating the existing Southeast Los Angeles/Watts area into two different regions. The needs assessment performed by EWDD as part of the RFP revealed that the existing Southeast Los Angeles/Watts area is the area with the greatest concentrated need. Adding an additional BSC to this area will ensure a more equitable distribution of funds and make additional resources available to this under-served community. The creation of an additional Center means the BSC System will now be comprised of ten centers instead of the previously proposed nine centers. The EWDD also proposes funding to offset the mandatory set-aside of \$50,000 for payment of Centralized Services as outlined in the RFP. Centralized Services include legal and credit services provided by contractors identified by EWDD. The EWDD is requesting that baseline funding for BSCs be at \$575,000 per center. EWDD's reevaluation addresses the equitable distribution of funds by providing an additional \$150,000 to the five service areas that scored 30 points and above on the Needs Assessment (Southeast LA, Watts, East Los Angeles, Pico/Union, and South LA). RFP proposers will determine the best use of additional funds based on the needs of the communities they intend to serve. Flexibility in the use of funds will discourage a cookie-cutter approach and allow operators to tailor services to meet the needs of their clients, such as bringing on additional staff, programming for area-specific industries, and/or having alternate/satellite locations. This proposal will provide funding for ten locations, with increased funding for five of the 10 locations. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the May 20, 2021 EWDD report as detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

PRICE: YES
KREKORIAN: YES
BLUMENFIELD: YES
RAMAN: YES
HARRIS-DAWSON: YES

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5/25/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-