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CALIFORNIA



ERIC GARCETTI
MAYOR

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017

September 4, 2015

Council File: 10-1901
Council District Nos.: All
Contact and Phone Numbers:
Jenny Scanlin, 213-744-9723
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 300, City Hall

Attention: Mandy Morales, Legislative Coordinator

**AMENDED COMMITTEE TRANSMITTAL: AUTHORIZATION TO RELEASE A
REQUEST FOR PROPOSALS TO PROCURE THE LOS ANGELES
BUSINESSSOURCE CENTERS SYSTEM FOR A FIVE YEAR PERIOD, BEGINNING
APRIL 1, 2016 THROUGH MARCH 31, 2021**

The General Manager of the Economic and Workforce Development Department (EWDD) respectfully requests that your office review this transmittal and forward to City Council for further consideration.

AMENDED RECOMMENDATIONS

The General Manager of the Economic and Workforce Development Department (EWDD) respectfully requests that the Mayor and City Council:

1. NOTE AND FILE the EWDD transmittal, dated August 3, 2015 on the same subject;
2. AUTHORIZE the General Manager, EWDD to release the Amended Request for Proposals (RFP), attached herewith, to procure the Los Angeles BusinessSource Center System (LABSC System) operators for a five-year period beginning April 1, 2016, subject to review and approval by the City Attorney as to form and legality;
3. DIRECT the General Manager of EWDD upon completion of LABSC proposal evaluation process, to submit recommendation(s) for LABSC contractor selection(s) to the Mayor and City Council for review and approval; and

4. DIRECT the General Manager of EWDD, in the forthcoming report recommending LA BusinessSource Center contractor selection, to include a description of the data that will be used to determine allocations of additional funding, if provided, as discussed in Section I.C of the LABSC System RFP.

FISCAL IMPACT STATEMENT

The procured services of the Los Angeles BusinessSource Center System will be funded entirely through the City's Community Development Block Grant Program with funds allocated on an annual basis through the Consolidated Plan process. New contracts with applicants determined to be the most qualified respondents to the LABSC RFP will be for twelve (12) months for Program Year 2016-17, with the option of four (4) additional one (1) year renewals, based on performance and funding. There is no General Fund impact.

SUMMARY

The Request for Proposals to procure the Los Angeles BusinessSource System is intended to continue the operation of nine branded City of Los Angeles BusinessSource Centers, covering the qualifying service areas of: Central/West & Downtown; East Los Angeles; South Los Angeles; North San Fernando Valley; South San Fernando Valley; West San Fernando Valley; Harbor/Watts; Hollywood and Mid City & West Los Angeles. Attachment 1 includes a map of the BusinessSource Centers service areas. The service areas have been revised to more equally divide the City by need and geographic scope (see Amended Map, Attachment 1). The table below describes the Council Districts served by each BusinessSource Center. Center service areas overlap with multiple Council Districts.

BusinessSource Center Service Area	Council Districts Served*
Central/West & Downtown	1, 4, 5, 13, 14
East Los Angeles	1, 13, 14
South Los Angeles	8, 9, 10, 11
North San Fernando Valley	2, 6, 7
South San Fernando Valley	2, 6, 7
West San Fernando Valley	3, 5, 6, 12
Harbor/Watts	8, 15
Hollywood	3, 4, 5, 11, 13
Mid City & West Los Angeles	1, 5, 10, 11

The Los Angeles BusinessSource Center System as described in the Request for Proposals is service area-based, with the centers catering to the individual needs of the small business community within each area. The RFP broadly defines the LABSC target population as start-ups, micro-enterprises and established small businesses. The BusinessSource Centers provide a range of technical services and access to capital intended to support healthy business growth and job creation, and since its initiation a little over three years ago, the system has assisted close to 7,000 businesses and has

created over 3,100 new jobs— an average of one job for every \$3,548 of City investment in the LABSC system.

The existing contracts for the City's BusinessSource Center System expire on March 31, 2016, and do not have provisions for further renewal. If issued as recommended, the proposed Request for Proposals will enable the LA BusinessSource Center System to continue to meet the needs of the City's business community, allow for significant system changes that will create uniformity in the quality and type of services offered at each LABSC, and delineate the services between micro-enterprise or start-up incubation and more established small businesses.

BACKGROUND

The City of Los Angeles Economic and Workforce Development Department has operated the Los Angeles BusinessSource Center System for the last 3.5 years, has provided small businesses with the services and resources necessary to help them grow and remain competitive within the City of Los Angeles. The System also supports startup ventures to launch viable businesses.

The previous Los Angeles BusinessSource Center System RFP was released on March 18, 2011, and funded six program sites. Since the initial awards, three BusinessSource Centers have been added. EWDD proposes to continue operating a LA BusinessSource Center in each of the nine current service areas across the City. The LA BusinessSource Center system will require selected contractors to market the program as a small business assistance service provided by the City of Los Angeles and to work collaboratively to serve all eligible businesses and entrepreneurs throughout the City.

Assuming continued level funding, each center would receive an equal allocation of up to \$500,000, for a total of up to \$4,500,000 system-wide for each year covered by this RFP. Pursuant to Section I.C of the RFP, any additional funds allocated beyond this base level of funding will be allocated between BusinessSource Centers according to demand for services, as indicated by data describing the distribution of eligible businesses with unmet need for BusinessSource services. EWDD will report on the data the department will use to allocate any additional funds at the time BusinessSource Center contract recommendations are transmitted to Council.

The Los Angeles BusinessSource Centers (LABSC) Model

The goal of the Economic and Workforce Development Department's LABSC RFP is to continue to increase the availability and array of business services in Los Angeles using a cost-efficient and effective system model. This business assistance model focuses on the following business target populations: Microenterprise Prestartups (entrepreneurs), Microenterprise Startups (new owners), and Operating Small Businesses (existing owners).

- The Microenterprise Prestartups sub-component provides critical support to business startups and to prospective new business owners, focusing on low and

moderate-income City residents. The business services provided to these clients shall include, but not be limited to, entrepreneurial workshops, business courses, social media/marketing plan workshops, business plan development, and access to capital.

- The Microenterprise Startups sub-component includes owners of businesses with five (5) or fewer employees, one of whom owns the enterprise, that have a net operating income of less than Two Hundred Thousand Dollars (\$200,000). The focus on this group is particularly important as the majority of these businesses within the City may be categorized as being able to survive challenging economic conditions. The survival and growth of such businesses is very important to the ongoing economic vitality of the City. The business services provided to these clients shall include, but not be limited to, business courses, social media/marketing plan workshops, business plan development, access to capital, one-on-one consulting, site finding assistance, and procurement opportunities.
- The Operating Businesses component of the LA BusinessSource Center model provides business assistance and training to growing or established companies to give them the highest opportunities for success and expansion. The business services provided to these clients shall include, but not be limited to, customized technical business assistance and access to capital in order to increase business vitality and profitability.

The expected outcomes for these target populations are business expansion, development of needed goods and services in underserved communities, and job creation/retention.

The proposed Request for Proposals will require all LA BusinessSource Centers to offer similar services to each target population through direct service or in a structured partnership with one or more other entities. A critical service provided in all the centers will be facilitating access to working capital through a variety of investment and lending tools. Each successful respondent to the RFP must demonstrate past experience and a solid track record in direct lending or loan packaging.

Assisting businesses with access to other related City services and human capital are other significant components that must be incorporated in a successful RFP response. Each respondent must have a signed partnership agreement with one of the City or County certified WorkSource Centers to provide the necessary human resources and workforce training components to assist local business.

As a part of the Design and Approach narrative in each RFP response, applicants must describe their site/location and frequency, duration, days and hours of operation. To ensure that successful respondents have demonstrated ability to distribute services geographically according to need, the amended RFP (Attachment 3) provides five (5) bonus points for applicants that commit to providing regularly scheduled services at alternative locations in addition to the required bricks and mortar location. As described in the RFP, this location may be a satellite office, mobile location, or other separate

location controlled by the applicant or through partnerships with other non-profit service providers. To receive bonus points, responses must provide a need-based justification for the placement of such additional locations.

Additionally, LA BusinessSource Centers are expected to have a comprehensive understanding of City small business procurement requirements, with the goal of ensuring their clients are equipped to take advantage of sub-contracting opportunities that result from City contracting activities. Each of the Centers will have the ability to assist businesses to register in the Business Assistance Virtual Network (BAVN) and to meet the City's subcontractor and small business procurement requirements.

Lastly, the LA BusinessSource Centers will be required to regularly offer core courses or workshops, including, at a minimum, the following: Entrepreneurial Workshops; Fiscal Management; Marketing/Social Media Planning, Business Plan Development; Technical Training; E-Commerce; Employee Training; and, Green/Clean Tech Transitions.

Targeted Growth Sectors

The EWDD has identified business sectors that have shown above average growth in the Los Angeles region and are also considered to generate well-paying jobs. The EWDD has requested that the Los Angeles BusinessSource Centers understand the needs of businesses in these specific growth sectors, and to develop programs and services to assist businesses in these sectors grow and create jobs for low-moderate income job seeking candidates. The proposed growth sectors, described further in the RFP, are:

- Manufacturing
- Construction
- Professional and Business Services
- Green Technology
- Healthcare
- Hospitality/Entertainment
- Logistics/trade

Request for Proposals Process

Upon Mayor and City Council approval, the EWDD will release the LABSC RFP through the City's Business Assistance Virtual Network (BAVN) as required by the Mayor's Executive Directive No.14 for a period of approximately six weeks in accordance with the time table listed below. The LABSC RFP proposal review process shall include the following major activities to ensure that procurement meets audit standards:

1. All proposals shall be reviewed to determine that the minimum eligibility requirements have been met. Ineligible proposers will be informed in writing.

2. All eligible proposals shall be reviewed, scored, and ranked according to the following criteria:
 - Demonstrated ability (35 points);
 - Program design and approach (45 points)
 - 5 bonus points will be awarded for applicants that commit to provide regularly scheduled services at alternative locations in addition to the required bricks and mortar location and provide a need-based justification for the placement of these additional location(s); and
 - Fiscal operations (20 points).
3. All eligible proposals shall be reviewed for costs that are reasonable, allowable, necessary, and competitive, as measured by a review of the line-item budget, the project design, and its competitive standing as compared to all other proposals.
4. At the City's sole discretion, oral interviews may be held with qualifying proposers.
5. Proposers shall be notified in writing about funding recommendations.

Request for Proposal Timeline and Milestones

The timeline below provides key milestones and target dates necessary to achieve timely completion of the RFP release and selection process. The schedule is intended to ensure that all new contracts will be executed by April 1, 2016 in order to maintain continuity of service. Below is a table with the proposed milestones and target dates:

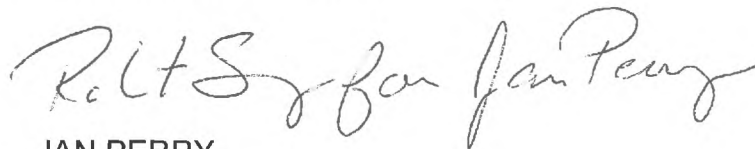
Milestone	Target Date
City Council approves LABSC RFP	September 15, 2015
LABSC RFP Released	September 15, 2015
Bidders Meeting	September 29, 2015
RFP Responses Due	October 30, 2015
EWDD Announces proposers' score/selection. Appeals period opens	November 20, 2015
Appeals Period Closes	December 1, 2015
Recommendations Transmittal to Mayor and Council	December 18, 2015
City Council approves LABSC Recommendations	February 5, 2016
Preliminary Contract and Budget negotiations	February 8, 2016 – March 4, 2016
Contract Execution	March 31, 2016

Program Management and Evaluation

The Economic and Workforce Development Department oversees the Los Angeles BusinessSource Center System administration and management. EWDD obtains results through this program by setting clear performance outcomes tied to specific metrics for each LABSC. A Scorecard for each LABSC is issued quarterly to the

Council, the Mayor, and the public. The Scorecard allows monitors to address issues early and work with the LABSC's on methods to increase productivity and correct any reported deficiencies. On-site monitoring, quarterly meetings of all LABSC Directors, regular provision of training curriculums and skill updates for LABSC staff, clear directives and uniform procedures are just a few of the ways EWDD ensures that the LABSC's continue to meet and exceed, City standards and expectations.

Small businesses are the backbone of the City's economy, and over the last three years the LA BusinessSource Center System has proven itself to be a successful contributor to economic growth and job creation in the City. Authorizing this Request for Proposals for the LA BusinessSource Centers will allow the City to incrementally improve upon the system and provide a more consistent and effective level of service and capital investment for the future.

A handwritten signature in cursive script, appearing to read "R. L. Syfan Jan Perry".

JAN PERRY
General Manager

JP:JS:MB:MAA

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| Attachment 1: | Amended LA BusinessSource System qualifying service area map |
| Attachment 2: | BusinessSource Centers' Goals and Accomplishments April 2012 to March 2015 |
| Attachment 3: | Amended BusinessSource Center Request for Proposals |