

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT Committee

reports as follows:

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to results of the Los Angeles BusinessSource Center System (LABSCS) Request for Proposals (RFP), execution of LABSCS service provider agreements, reprogramming of Community Development Block Grant (CDBG) funds, and related actions.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the results of the Los Angeles BusinessSource Center System RFP as amended:

| <u>Recommended Agency</u> | <u>Targeted Service Area</u> | <u>Number of Centers</u> | <u>Funding Amount Up to:</u> |
|---|------------------------------|--------------------------|------------------------------|
| • Pacific Asian Consortium Employment (PACE) | Central West | 1 | \$250,000 |
| • Barrio Planners, Inc. | East Los Angeles | 1 | \$250,000 |
| • Vermont Slauson Economic Development Corp. | South Los Angeles | 1 | \$250,000 |
| • Initiating Change in Our Neighborhoods Community Development Corp. (ICON) | South San Fernando Valley | 1 | \$250,000 |
| • Valley Economic Development Center, Inc. (VEDC) | North San Fernando Valley | 1 | \$250,000 |
| • Managed Career Solutions, Inc. | Harbor/San Pedro/Wilmington | <u>1</u> | <u>\$250,000</u> |
| | | 6 | \$1,500,000 |

2. AUTHORIZE the General Manager, Community Development Department (CDD), or designee, to negotiate and execute agreements with the six agencies selected to become service providers for the LABSCS, with funding not to exceed \$250,000 for the first six months, commencing October 1, 2011 through March 31, 2012, with an option to extend for up to four additional one-year terms at the City's sole discretion and contingent upon availability of funds, contractor performance and continued compliance with applicable laws; subject to the review and approval of the Office of the City Attorney as to form and legality.

3. REPROGRAM \$168,119 in CDBG funds in the 37th Program Year (PY) Housing and Community Development Consolidated Plan (Con Plan) (CF 10-2440), from Line 53 ICON Business Outreach Program to Line 52 Business Source Program.

4. REPROGRAM \$392,740 in CDBG funds in the 37th PY Con Plan (CF 10-2440) from line 68 CDD Section 108 Debt Service to Line 52 Business Source Program.
5. AUTHORIZE the General Manager, CDD, or designee, to prepare, post for public comment, and submit to the U.S. Department of Housing and Urban Development (HUD), a substantial amendment to the 37th PY Con Plan to implement the reprogramming.
6. AUTHORIZE the Controller to:
 - a. Establish a new account and transfer appropriations within the Community Development Trust Fund No. 424 as follows:

| | <u>Account</u> | <u>Title</u> | <u>Amount</u> |
|-------|----------------|---------------------------------|---------------|
| From: | 22H241 | CDD Section 108 | \$392,740 |
| | 22H244 | ICON | \$168,119 |
| To: | 22H622 | LA BusinessSource-Reprogramming | \$560,859 |

- b. Expend funds in an amount not to exceed \$1,500,000 within the Community Development Trust Fund No. 424 as follows:

| <u>Account</u> | <u>Title</u> | <u>Amount</u> |
|----------------|---------------------------------|------------------|
| 22H622 | LA BusinessSource-Reprogramming | \$560,859 |
| 22H243 | LA BusinessSource | <u>\$939,141</u> |
| | | \$1,500,000 |

7. AUTHORIZE the General Manager, CDD, or designee, to prepare Controller instructions needed to implement actions approved by the Council and Mayor on matters presented in or deriving from this transmittal, and/or make technical adjustments that may be required with this action, subject to the approval of the City Administrative Officer (CAO); and AUTHORIZE the Controller to implement the instructions.
8. INSTRUCT the CDD to investigate the manner and the order in which the proposals for the LABSCS RFP were received and time-stamped by the CDD and to provide a full report to the Council at the time it considers this matter.

Fiscal Impact Statement: The CDD reports that the LABSCS funding recommendations do not impact the City's General Fund. The LABSCS operates under the Housing and Community Development Consolidated Plan program year basis (April 1 through March 31) and is funded through the CDBG awarded from HUD.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on September 28, 2011, the Housing, Community and Economic Development Committee considered reports from the CDD and the CAO relative to the results of the Los Angeles BusinessSource Center Systems (LABSCS) RFP, negotiation and execution of agreements with five agencies selected to become service providers for the LABSCS with funding not to exceed \$250,000 for the first six months commencing October 1, 2011 through March 31, 2012 with an option to extend for up to four additional one-year terms, reprogramming of CDBG grants, and related actions (the LABSCS is comprised of programs and services provided through the CDD and contractors in six service zones that address the needs of small businesses in the City).

The CDD reported a technical change to its report dated August 10, 2011 relative to the Targeted Service Areas for the North San Fernando Valley and the South San Fernando Valley, and this change also affects the CAO's report dated September 27, 2011. These service areas and their selected providers were transposed in both reports and are amended as follows: Initiating Change in Our Neighborhoods Community Development Corp. (ICON) as the service provider selected for the South San Fernando Valley Service Area, and the Valley Economic Development Center, Inc. (VEDC) as the service provider selected for the North San Fernando Valley Service Area.

During the public comment period for this matter, several organizations that participated in the CDD's LABSCS RFP process addressed the Committee and raised concerns regarding the process, especially as it pertained to the criteria used by the CDD in determining which proposers were or were not disqualified for late submittals and the criteria used to ultimately select the successful proposers. Of particular concern to the Committee were the allegations concerning the selection of the provider for the East Los Angeles (East LA) Service Area. It was alleged that the successful proposer selected by the CDD for this service area submitted its proposal after the CDD's RFP deadline. One of the non-successful proposers submitted material into the record which included a copy of the CDD's RFP proposal submission log as well as time and date-stamped proposal receipts which appeared to show that the successful proposer for the East Los Angeles Service Area had submitted its proposal past the CDD's RFP deadline.

Additionally, a representative of Council District Fourteen (CD 14) also expressed the concerns of the Councilmember for that district regarding the issues surrounding the CDD's RFP process and the manner in which the provider for the East LA Service Area was selected. The CD 14 representative communicated the Councilmember's support of Barrio Planners, Inc., the proposer that was not selected and that has previously provided service to the East LA Area.

Due to the concerns and allegations raised regarding the RFP process, representatives of the CDD were asked to address the Committee. After responding to questions from the Committee, the CDD was instructed to thoroughly investigate the manner in which the LABSCS proposals were time-stamped, the order in which they were stamped and whether this was consistent with the actual order in which they were submitted, and to provide a full accounting to the Council regarding the results of this investigation when it considers this matter. Further, in light of concerns that the CDD selected a proposer that may have submitted a late proposal for the East LA Service Area, and based on the testimony from CD 14, the Committee recommended that the CDD RFP results and the CDD report be amended to name Barrio Planners, Inc. as the provider for the East LA Service Area.

After providing an opportunity for public comment, the Committee recommended Council approve the recommendations contained in the CDD Report dated August 10, 2011, as amended, and the instruction to the CDD. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| CARDENAS: | YES |
| REYES: | YES |
| ALARCON: | YES |
| PERRY: | YES |
| WESSON: | ABSENT |

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