

# TRANSMITTAL

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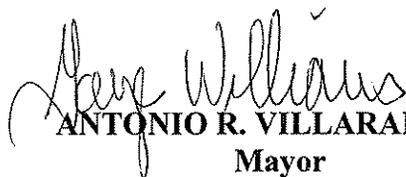
**THE COUNCIL**

Date: DEC 7 2010

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**

  
**ANTONIO R. VILLARAIGOSA**  
Mayor

# CITY OF LOS ANGELES

CALIFORNIA

RICHARD L. BENBOW  
GENERAL MANAGER



ANTONIO R. VILLARAIGOSA  
MAYOR

COMMUNITY DEVELOPMENT  
DEPARTMENT

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LOS ANGELES, CA 90017

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Council District: All  
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November 23, 2010

Honorable Antonio R. Villaraigosa  
Mayor, City of Los Angeles  
Room 303, City Hall

Attention: Pamela Finley, Legislative Coordinator

**COMMITTEE TRANSMITTAL: REQUEST FOR AUTHORITY TO RELEASE A  
REQUEST FOR PROPOSAL FOR THE NEW LOS ANGELES BUSINESSOURCE  
SYSTEM (LABSS) FOR PY 2011-14**

**RECOMMENDATIONS**

The General Manager, Community Development Department (CDD), respectfully requests that the Mayor and City Council:

1. AUTHORIZE the General Manager, CDD, or his designee, to release a Request for Proposal (RFP) for the newly designed Los Angeles BusinessSource System (LABSS).
2. AUTHORIZE the General Manager, CDD, or his designee, to report back to Council the contract agencies selected for the LABSS based on the recommendations of the LABSS RFP review teams, and to seek Council and Mayoral approval to execute contracts with those agencies.

**FISCAL IMPACT**

Approval of the above recommendations will have no impact on the General Fund. All elements of the LABSS will be funded by the Community Development Block Grant (CDBG). The funding recommendations will be contained in the PY 2011-12 Consolidated Plan.

**PROPOSED REDESIGN**

The unprecedented national economic crisis has significantly impacted all businesses in the City of Los Angeles, in particular the small business community. Currently, the City has several efforts and initiatives to support the small business community; however, they are often unconnected and do not coordinate efficiently. Equally concerning is the lack of a citywide delivery system of small business services with uniform efforts and initiatives.

Through the collective efforts of the Mayor's Office, several Council Offices, and the Community Development Department, we are proposing a substantial redesign of the department's previous small business program and establish a citywide delivery system for small business services. The Request for Proposal (RFP) for the newly established LA BusinessSource System will establish 8 newly branded City of Los Angeles business centers located throughout the City. The LA BusinessSource System will feature:

- Shared vision of serving the Los Angeles small business community
- Common branding of "LA BusinessSource"
- Specific job creation goals
- Capacity to provide loan preparation and access to capital
- Contractual linkage with LA WorkSource system for Human Resources business recruiting and training
- Menu of specific and consistent business services such as: entrepreneurial training and workshops; city procurement information; subcontractor outreach and subcontract approval process
- Marketing incentives
- Assistance in understanding procurement policy including education on all requirements
- First Source Hire, and Contract Responsibility, Prevailing and Living Wage, Bonding and Bond Assistance, Project Labor Agreements, and Knowledge of City's Policies and Procedures including: Equal Benefits, Local Hire
- Monitoring and evaluation system

Although the CDD had administered the Los Angeles Business Assistance Program since 2000, the investment has not met the overall need nor has been substantial enough to impact the overall business climate of the City.

Currently, the City is investing approximately \$2.4 million in CDBG funds in small business efforts program in a variety of program models. The CDD is proposing to consolidate these programs into one delivery system, and increase the funding by \$1.6 million for an annual total investment of \$4 million for the LA BusinessSource system subject to approval of City Council and Mayor.

The CDD is proposing to establish 8 centers in diverse geographical areas, and a funding allocation of \$500,000 for each center for a total of \$4,000,000 per annum.

#### **Service Planning Areas**

|                             |   |             |
|-----------------------------|---|-------------|
| Central/West                | 2 | \$1,000,000 |
| East LA                     | 1 | \$500,000   |
| South LA                    | 2 | \$1,000,000 |
| San Fernando Valley         | 2 | \$1,000,000 |
| Harbor/San Pedro/Wilmington | 1 | \$500,000   |

#### **LABAP BACKGROUND**

The current Los Angeles Business Assistance Program (LABAP) was a redesign of the Entrepreneurial Training (ETP) and Business Assistance Centers (BAC) Programs and was designed to include three (3) specialized training/professional services components: Microenterprise/Entrepreneur; Retail/Service Business; Growth Business.

The new program design was implemented on April 1, 2000, and renewed in 2003 and 2007. The LABAP, with some exceptions, was offered Citywide with emphasis on six geographic areas: San Fernando Valley, Central/West Los Angeles, East Los Angeles, Northeast Los Angeles, South Los Angeles and Harbor Area. The six service areas were realigned to better serve the entrepreneurs and microenterprises in the low and moderate-income communities. The selected areas also included portions of the State Enterprise Zones, the Federal Empowerment Zone and the Renewal Community, which consist of many low and moderate-income neighborhoods. The LABAP has been funded by the Community Development Block Grant (CDBG) program.

During the last funding cycle (2007-11), there were five contractors that serviced the six geographical areas of the City. The areas, the amounts for the current program year and the contractors are listed below:

- **East Los Angeles**, \$237,650 – Pacific Asian Consortium in Employment
- **Central/West Los Angeles**, \$237,650 - Pacific Asian Consortium in Employment
- **Northeast Los Angeles**, \$237,650 – Barrio Planers, Inc.

- **South Los Angeles**, \$237,650 – Vermont Slauson Economic Development Corporation
- **Harbor Area**, \$237,650 – Managed Career Solutions, Inc.
- **San Fernando Valley**, \$237,650 – Valley Economic Development Center, Inc.

### **LABAP PERFORMANCE**

Over the last four years, the LABAP performance has been very good in spite of the economic downturn of the last two years. Overall, the LABAP performance from April 2007 through the first half of PY 2010-11 has met or exceeded 9 out of 16 goals. With the exception of one of the remaining seven goals, all other six goals range from 68 percent to 95 percent.

The average cost per job created/retained for the last four program years is \$6,950, five times below the HUD requirement of one job per every \$35,000 of CDBG funds spent for economic development activities.

### **NEW LOS ANGELES BUSINESSOURCE SYSTEM (LABSS) DESIGN CONCEPT AND MODEL COMPONENTS**

The goal of the Community Development Department's LABSS RFP is to substantially increase the availability and array of business services in Los Angeles in a cost-efficient and program effective model. Through this system small businesses will grow and remain competitive within the City of Los Angeles and will provide support for startup ventures to launch viable businesses in the City of Los Angeles. This new business assistance model will focus on all Small Businesses.

The Pre-startups (Entrepreneur) and Startups (Microenterprise) components will primarily be comprised of business classes in entrepreneurship and fundamentals of starting a business.

The remaining Small Business component will focus on providing assistance to growing companies within certain targeted business sectors. The program services will be designed to assist growing companies in the City to enhance their economic viability, increase revenues, and increase operational performance. The targeted growth industry sectors will include:

- Biotechnology
- Entertainment
- Healthcare
- International Trade & Logistics
- Manufacturing Value Chain
- Professional & Business Services
- Tourism

The expected outcomes of this component will be increased revenues, business expansion, and job creation and retention. Services provided to the clients will include customized technical assistance specific to the industry and the particular business being assisted.

## **LA BUSINESSOURCE MODEL PROGRAM COMPONENTS**

### **BRANDING AND MARKETING**

The LA BusinessSource system will require selected contractors to market the program as a small business assistance service provided by the City of Los Angeles. All marketing materials and brochures will include the LA BusinessSource System standard brand and must carry the City's logo.

### **BUSINESS COURSES**

Business courses will teach entrepreneurs and small business owners the skills needed to reach business goals. These will include courses in business planning, forecasting, financial controls, and market assessment.

### **ACCESS TO CAPITAL**

A critical component of all the centers will be the ability to provide and deliver access to capital. Each successful respondent to the RFP must demonstrate past experience and a solid track record of assisting small businesses in identifying and applying for the right lending products to meet their financing needs.

### **INCENTIVES**

Businesses operating in special target areas such as Community Redevelopment Project Areas, the Federal Empowerment Zone, Renewal Community and State Enterprise Zones will receive marketing information to encourage the use of business credits and incentives. Each center will have the ability and requirement to market all available federal, state, and local business incentives to their target area. The marketing and outreach can be achieved through direct mailing, workshops, advertisements, etc.

### **RECRUITMENT/TRAINING**

Each of the successful respondents must have a signed partnership agreement with one of the City's or County's certified WorkSource Centers (WSC) to provide the Human Resources and workforce training components for local business. Funds for these activities at the WSC are already provided through the Workforce Investment Board.

### **PROCUREMENT**

Each of the Centers will have the ability to provide Business Assistance Virtual Network (BAVN) registration and benefits; subcontractor outreach and subcontractor approval process; and knowledge of City's small business procurement process. They will also understand all the requirements necessary to procure and contract with the City.

### NAVAGATING GOVERNMENT

Each of the Centers will have a working knowledge of various City departments and requirements for companies to form and operate in the City. This will include an understanding of tax and permitting requirements.

### PROGRAM MANAGEMENT AND EVALUATION

The CDD will provide the program management and administration of the system through our economic development staff. The CDD will conduct quarterly monitoring site visits to ensure effective and proper implementation of contracted services, ensure compliance with all matters covered by the agreement, and facilitate timely delivery of services. The CDD will provide:

a. Compliance Monitoring

The objective is to determine that the program activities comply with the applicable laws, regulations, and other administrative requirements upon which the release of funds is conditioned. Compliance monitoring is designed to review contract compliance and to ensure the lawful use of funds.

b. Performance Monitoring

The objective is to see if the Contractor is performing and meeting the contracted service level, as indicated in the statement of work. Performance is often defined as number of clients served or service outcomes.

c. Evaluation

The LA BusinessSource System will be evaluated through a balanced scorecard method and ranked on performance outcomes and other specific metrics. The scorecard will be issued quarterly to the City Council and Mayor and available publicly.

### RECOMMENDATION TO RELEASE RFP AND PROPOSED TIMELINE

Contracts with the current Los Angeles Business Assistance Program (LABAP) service providers will expire March 31, 2011. Through the Consolidated Plan, the CDD will request authority to extend the current LABAP contracts for three months, if necessary, in order to conduct this new RFP and fully implement the new business assistance model. The new expiration date will be June 30, 2011, for a pro-rata amount.

The CDD will release the LA BusinessSource RFP in December 2010 and require responses by the end of January 2011. Through February and March of 2011, the CDD will conduct the scoring and evaluation of the proposals and conduct any appeals if necessary. CDD will transmit the recommended proposers by April 2011 to the City Council and Mayor for approval. The contract date will be July 1, 2011 through June 30, 2012.

**CONCLUSION**

The previous City investment in the LABAP was largely successful in achieving the goals as established. For the last four program years, all three LABAP components reached significant goals. It assessed 2,700 individuals and 3,700 business owners, 4,100 individuals and business owners were enrolled in a business training course, 1,200 received access to capital, nearly 400 new businesses were established, and 629 new jobs were created and 529 jobs were retained.

The CDD projects that the new Los Angeles BusinessSource System will be even more successful than its predecessor, reaching and exceeding more of the established goals. Small businesses are the lifeblood of Los Angeles, as well as the whole nation, and need to be nurtured and supported. The LABSS will fill an important need in providing technical assistance and support to the Los Angeles business community.



RICHARD L. BENBOW  
General Manager

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