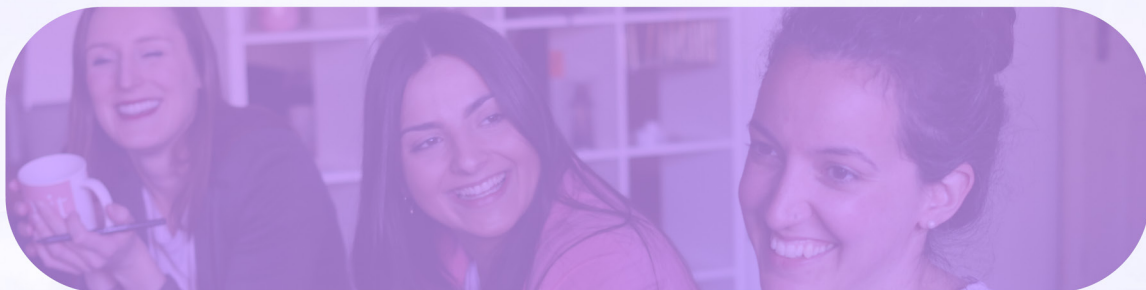


The Power of Procurement



Advancing Equity and Opportunity in
Contracting for Women in Los Angeles.



**Eric
Garcetti**
@MayorOfLA



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August 2022



This report was commissioned by City of Los Angeles Mayor's Office of Economic Development.

The LAEDC Institute for Applied Economics specializes in objective and unbiased economic and policy research in order to foster informed decision-making and guide strategic planning. In addition to commissioned research and analysis, the Institute conducts foundational research to ensure LAEDC's many programs for economic development are on target. The Institute focuses on economic impact studies, regional industry and cluster analysis and issue studies, particularly in workforce development and labor market analysis.

Every reasonable effort has been made to ensure that the data contained herein reflect the most accurate and timely information possible and they are believed to be reliable. This report is provided solely for informational purposes and is not to be construed as providing advice, endorsements, representations or warranties of any kind whatsoever.

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ERIC GARCETTI
MAYOR

August 26, 2022

Dear Friends:

It is with great enthusiasm that we share this study on Women's Equality Day. Today we are reminded of the decades-long effort women have made toward equal rights, as well as the work that remains to be done to achieve equality. From the lack of access to funding to battling social stereotypes, women entrepreneurs are at a significant disadvantage. Such inequities have led to a significant gap between female- and male-owned firms. Roughly only 21 percent of firms in the City of Los Angeles (City) that have employees are women-owned. The vast majority of women-owned businesses have no employees and only six percent of women-owned firms nationwide generate revenue of more than \$250,000, making it difficult for many women-owned businesses to grow and thrive.

Government contracting can provide countless benefits and act as a catalyst for small business growth. The City spends approximately \$4.5 billion procuring goods and services every year. This spending power has a significant impact on the local economy, the businesses that are awarded contracts, and their employees. It is imperative that all Angelenos have a fair chance for an opportunity to win a contract with the City, but the inequities that exist preclude many from pursuing a contract in the first place.

The fight to ensure that every Angeleno is able to succeed must continue. Through this study, our City can take strides to ensure procurement opportunities are within reach to all, regardless of gender or race. To create a fair marketplace, we must dismantle each barrier one by one. I thank the Los Angeles County Economic Development Corporation for leading this study and providing the City with an opportunity to make lasting changes.

In fulfillment of my administration's dedication to equity and economic justice, we are committed to advancing efforts that open doors for more Angelenos to fully participate in opportunities to contract with the City. Let us honor this day with meaningful action, promoting gender equality and making steps that ensure procurement is more equitable and accessible for all.

Sincerely,

ERIC GARCETTI
Mayor

Hello!

Mayor Garcetti and I are pleased to share the newly commissioned report on the Power of Procurement: Advancing Equity and Opportunity in Contracting for Women in Los Angeles. The report was commissioned by the Garcetti Administration to identify systematic barriers in the City's current procurement process that keep women-owned business enterprises (WBEs) from qualifying for contracting opportunities as prime or subcontractors. The results of the study are revelatory: The top two industries making up over 30 percent of women owned businesses in Los Angeles County are Healthcare and Social Assistance and Professional, Scientific, and Technical Services. However, these two industries are both significantly underrepresented by women-owned businesses on the City's Regional Alliance Marketplace for Procurement.

Despite being the backbone of Los Angeles' economy, WBE's do not have access to equitable contracting opportunities that could help their business grow. Studies show that businesses who contract with government agencies are three times more likely to grow their business within five years compared to other businesses that do not.

This groundbreaking report would not have been possible without the excellent research analysis done by the Los Angeles County Economic Development Corporation (LAEDC). A long time valued partner, the LAEDC has a proven track record of promoting equitable economic growth in the Los Angeles region by providing objective, data-driven, and evidence-based policy recommendations. The LAEDC has already done so on a number of other City commissioned studies including The Economic Impact of LAX, Destination Crenshaw, and People, Industry, and Jobs report for the LA City Workforce Development Board among others.

When we leave women behind, we let every Angeleno down and it is my hope that all agencies with contracting opportunities throughout Los Angeles will read this study and use these key findings to evolve our City's procurement systems, invest in the growth of women-owned businesses, and promote equity in all parts of the contracting process for years to come.

Thank you,



Amy Elaine Wakeland
First Lady of Los Angeles



August 26, 2022

On behalf of the Los Angeles County Economic Development Corporation (LAEDC), a non-profit, public benefit organization dedicated to collaboratively advancing opportunity and prosperity for all in Los Angeles County, I would like to congratulate the City of Los Angeles for the release of *The Power of Procurement: Advancing Equity & Opportunity in Contracting for Women in Los Angeles*, which provides an overview of the participation of women-owned businesses in the city's procurement environment and puts forth a set of recommendations to address barriers to successful procurement contracting that still exist for small women- and minority women-owned businesses.

The City of Los Angeles has recently made great strides to reform and improve its procurement environment, including hiring its first Chief Procurement Officer in 2018, with the goal to implement local business preference programs through the city's many departments. Despite these positive steps, women-owned businesses are still significantly underrepresented in the share of procurement dollars being allocated by the city. This study was designed by LAEDC's Institute for Applied Economics in partnership with the Mayor's Office to investigate these systemic gaps, seeking to understand the current state of participation by women-owned businesses in city procurement and how to create a more accessible, equitable procurement process so that more small, diverse businesses can experience the economic benefits of procurement contracting.

To contextualize the data and provide a platform for the real-world stories of the obstacles faced by many women-owned businesses, this study incorporates a survey that was distributed to 84,000 businesses through the city's Regional Alliance Marketplace for Procurement (RAMP) platform; nearly 800 responses were received, with close to 300 of those respondents representing women-owned businesses. Our team also hosted a roundtable discussion where women business owners shared the issues they faced in their pursuit of procurement contracts, their strategies to overcome these issues, and their visions for the future of procurement in the city.

With Los Angeles County being home to more than 1.3 million small businesses, including more women- and BIPOC- owned small businesses than any other county in the nation, we believe this study will be vital to the City of Los Angeles's economic recovery and help promote greater equity within its contracting processes. We look forward to seeing how an improved procurement process will contribute to a more resilient and inclusive economy, offer economic security and assistance to those most vulnerable to economic shocks, and develop an accessible, equitable, and efficient contracting process that provides women-owned businesses with increased access to economic opportunity.

Sincerely,



Bill Allen
Chief Executive Officer and President
LAEDC

Executive Summary

Women-owned small businesses make up a significant proportion of all firms in the Los Angeles region with just over 20 percent of all businesses in the Los Angeles region being owned by women. And women-owned businesses are extremely diverse, with almost half of women-owned businesses in the region being minority-owned.

Procurement contracting gives businesses, particularly small businesses, an opportunity to earn revenues that can significantly improve their financial prospects. While the City of Los Angeles has recently made great strides to reform and improve their procurement environment, women-owned businesses are still significantly underrepresented in the City of Los Angeles' procurement process in terms of both share of allocated procurement spending awards and representation in the city's Regional Alliance Marketplace for Procurement (RAMP), a portal that centralizes both public and private procurement opportunities. Lack of funding to support many women-owned businesses means that these businesses often lack the financial health, resources, and workforce necessary to successfully bid for government contracts.

In partnership with the Mayor's Office, the LAEDC's Institute for Applied Economics developed this study to highlight the for a more inclusive procurement processes to empower the city's women-owned businesses to generate revenue and experience company growth.

Recommendations

1. Partner with private and nonprofit procurement service providers to initiate systems-level changes that centralizes the current fragmented system and reduce burdens to participation for small businesses.
2. Partner with local chambers of commerce and community-based organizations to identify current industry trends and a base of small businesses currently interested in pursuing procurement opportunities.
3. Create a system which tracks, analyzes, and reports on the success of local government programs designed to increase the share of procurement contracts going to small and local businesses.
4. Create increased opportunities for small businesses in the Los Angeles region, specifically women-owned small businesses, to connect with procurement managers from city agencies and prime contractors.
5. Target procurement programs and services to specific business needs, not just common ones.
6. Create programs and policies that focus on small business growth, helping small women-owned businesses build their capacity to comfortably pursue procurement opportunities. Additionally, create programs that focus specifically on making small businesses aware of procurement opportunities and providing businesses the guidance needed to navigate the procurement process.
7. Address the major challenges faced by women-owned businesses: finding bids to apply for, learning about the opportunities, and making time to apply for them.
8. Create more opportunities for women-owned businesses to pursue smaller contracts, through subcontracting and contracts with awards under \$25,000.
9. Increase visibility of and businesses' ability to interact with city staff, to both assure businesses that the procurement process is fair and to help them navigate it.

Women-Owned Businesses

Women-owned businesses are overwhelmingly small, with 92 percent of women-owned businesses in the Los Angeles metro area having fewer than 20 employees. Women business owners, particularly minority women business owners, often face limited access to finance:

- Only 33 percent of all completed 2021 business loan applications came from women-owned businesses
- The average loan size obtained by women-owned businesses in 2020 was 41 percent lower than the average loan size for businesses owned by men.
- Around 60 percent of women entrepreneurs elect to support their businesses with personal finances rather than with business loans.¹
- Surveyed women business owners had an average credit score of 580, below the credit score for male business owners
- Electing to personally finance a business instead of obtaining business loans may negatively affect women entrepreneurs by preventing them from building a business credit profile.²

Women-owned businesses are still significantly underrepresented in the City of Los Angeles' procurement process in terms of both share of allocated procurement

spending awards and representation in the city's RAMP portal, which centralizes both public and private procurement opportunities. Lack of funding to support many women-owned businesses means that these businesses often lack the financial health, resources, and workforce necessary to successfully bid for government contracts.

Minority women-owned businesses often face challenges unique to both minority and women-owned businesses, with many of these challenges being magnified for owners belonging to both groups.



The Nature of Procurement Contracting

Procurement contracting gives businesses, particularly small businesses, an opportunity to earn revenues that can significantly improve their financial prospects. **However, larger businesses have clear advantages over smaller businesses when it comes to winning procurement contracts**, especially regarding commodities purchases, due to economies of scale. Before considering entering the procurement process, small businesses generally must reach a point where their operations have been sufficiently well-developed and a level of financial security has been reached.

Compared to other small businesses, minority-owned small businesses face additional barriers to procurement contracting.

For example, minority-owned small businesses are more likely to have difficulty raising capital, often pay higher interest rates when they are able to secure business loans, and often have smaller professional networks than white business owners.³

The current procurement environment is limited in its ability to set race- or gender-related procurement contract targets due to California Proposition 209. Programs and policies focusing on small business growth may have the additional benefit of allowing small women-owned businesses to reach the point where they can comfortably consider pursuing procurement opportunities. In 2018, the Mayor hired the city's first Chief Procurement Officer (CPO) tasked with establishing a more inclusive leadership for city-wide procurement and other procurement reform measures.

1 Visa. 2019. State of Female Entrepreneurship. <https://usa.visa.com/content/dam/VCOM/regional/na/us/run-your-business/documents/visa-state-of-entrepreneurship-research-summary.pdf>

2 Tregurtha, K. Challenges Facing Women-Owned Businesses. On Deck. <https://www.ondeck.com/resources/challenges-facing-women-owned-businesses/>

3 Fairlie, R., & Robb, A. (2010, January). Disparities in Capital Access between Minority and Non-Minority-Owned Businesses. U.S. Department of Commerce, Minority Business Development Agency.

<https://www.mbda.gov/sites/default/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf>

In order to improve the likelihood of a successful public procurement contract bid for local small businesses, the City of Los Angeles adopted the Local Business Preference Program and the City of Los Angeles Charter Amendment BB.

However, even with these efforts in place, obstacles to successful procurement contracting are still present for small women- and minority women-owned businesses.

The General Procurement Environment in the City of Los Angeles

With a population of almost 4 million, the City of Los Angeles is the second largest city in the United States. **City government operations are undertaken by 42 government departments, all of which purchase goods and services from many different types of suppliers, located both within and outside the city.**⁴ **The City of Los Angeles spends around \$4.5 billion per year on procuring goods and services, making procurement by the city**

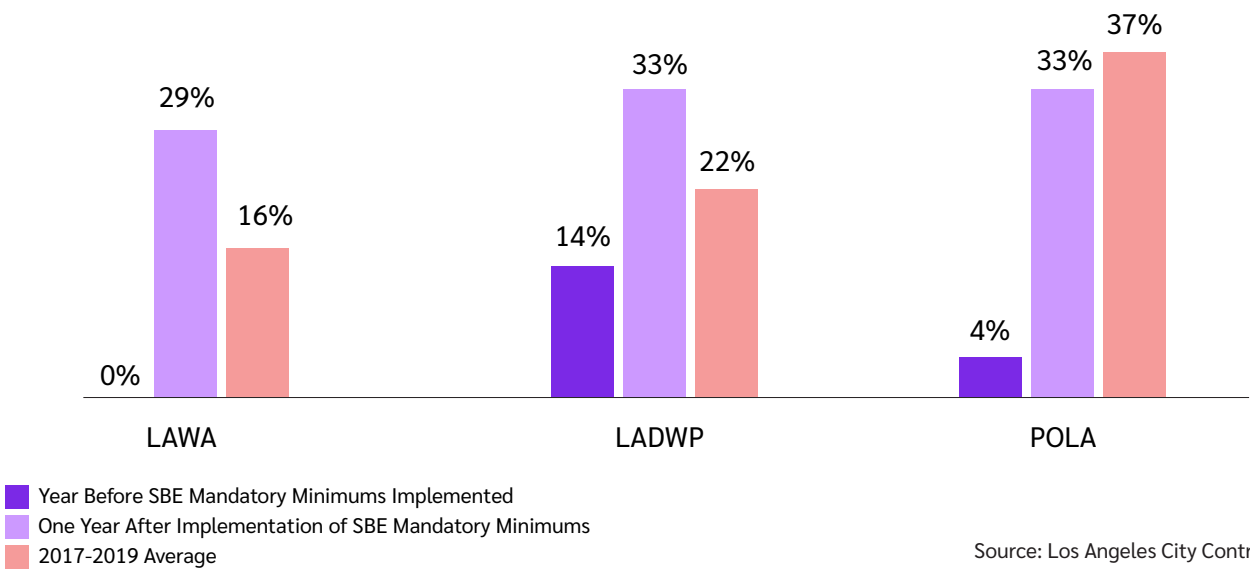
a major economic driver in the region.⁵ While the City of Los Angeles requires its departments to make an effort to reach out to disadvantaged businesses, it does not require that departments award any specific proportion of procurement contracts to these businesses. Proprietary agencies have been somewhat successful at increasing the share of procurement spending allocated to small businesses.

Proprietary Departments

Along with procurement by the City of Los Angeles itself, significant procurement spending is awarded by the City of Los Angeles’s three self-supporting proprietary departments: the Los Angeles World Airports (LAWA), the Port of Los Angeles (POLA), and the Los Angeles Department of Water and Power (LADWP). A 2020 report by the Los Angeles City Controller⁶ estimated that in 2019, the procurement budget for the city’s proprietary departments totaled around \$2.2 billion.

The City of Los Angeles’ proprietary departments have mandatory subcontracting minimums in place with local small businesses and have adopted subcontracting rules that require prime contractors to hire certified local small businesses as subcontractors. As a result of these policies, the City of Los Angeles’ proprietary departments have successfully increased the number of small businesses participating in procurement contracts (Figure ES-1).

Figure ES-1: LA Proprietary Department Small Business Participation Rates



⁴ Bidnet. “The City of Los Angeles: Government Contracting for Small and Medium-Sized Businesses.” <https://www.bidnet.com/resources/business-insights/city-of-los-angeles-government-contracting-for-small-and-medium-sized-businesses-en.jsp#:~:text=L.A.%20also%20established%20the%20Business%20Inclusion%20Program%2C%20which,%28CBE%29%20Program%20for%20certified%20M%2FWBEs%2C%20DBEs%20and%20DVBES>.

⁵ Council District 4. September 29, 2021. “Councilmember Raman Introduces Motion to Establish an Office of Procurement and Align La’s Spending with Its Values Around Equity and The Environment.” <https://councildistrict4.lacity.org/councilmember-raman-introduces-motion-establish-office-procurement-and-align-las-spending-its>

⁶ Ibid.

Women in Procurement Contracting

In February 2022, Mayor Eric Garcetti, with support from the Los Angeles Business Council, launched the Regional Alliance Marketplace for Procurement (RAMP) to replace the Los Angeles Business Assistance Virtual Network (BAVN). RAMP is a portal that centralizes both public and private procurement opportunities that is meant to improve access to contracting opportunities for small and diverse businesses. RAMP is expected to make over \$10 billion in procurement opportunities available in its first year.

Around 3.4 percent of the businesses on RAMP are classified as a women-owned business through self-attestation or WBE certification. Women-owned businesses make up less than 10 percent of businesses in every industry on RAMP. The Administrative and Support and Waste Management and

Remediation Services industry has the highest percentage of women-owned businesses at around 7 percent. Women-owned businesses are significantly underrepresented in the three industry sectors with the greatest number of business establishments. These industries are Professional, Scientific, and Technical Services (4.9 percent), Construction (3.0 percent), and Manufacturing (1.5 percent).

Breaking down all women-owned businesses by industry, three industries contain around 65 percent of all women-owned businesses on RAMP; Professional, Scientific, and Technical Services contains 30 percent; Administrative and Support and Waste Management and Remediation Services comes in second at 19 percent; followed by Construction at 15 percent.



Analysis of Women-Owned Business Participation in City Procurement for a Selection of City Departments

In general, women-owned businesses are significantly underrepresented in terms of the share of procurement dollars allocated by the City of Los Angeles. The LAEDC analyzed data for multiple departments including the Los Angeles World

Airports (LAWA) and the Department of Public Works and its Bureaus. The share of women-owned businesses are shown in Figures ES-2 and ES-3.

Figure ES-2: Selection of LA Proprietary/Non-Proprietary Department Business Participation Rates for Personal Services

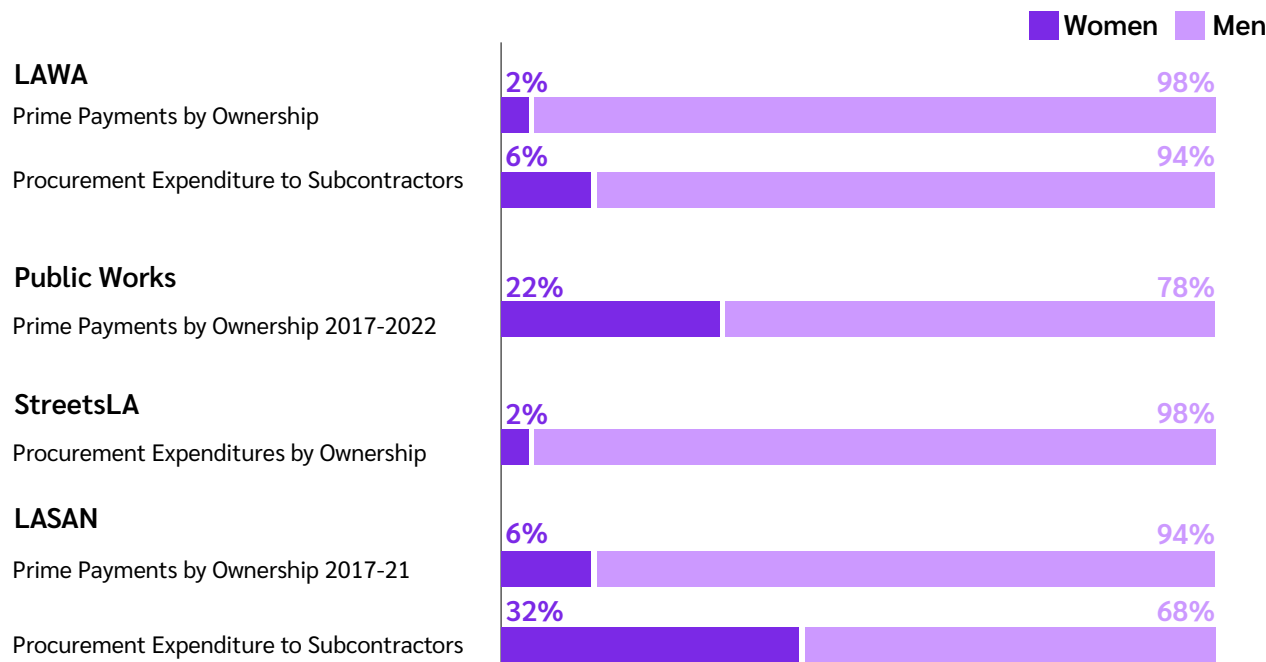
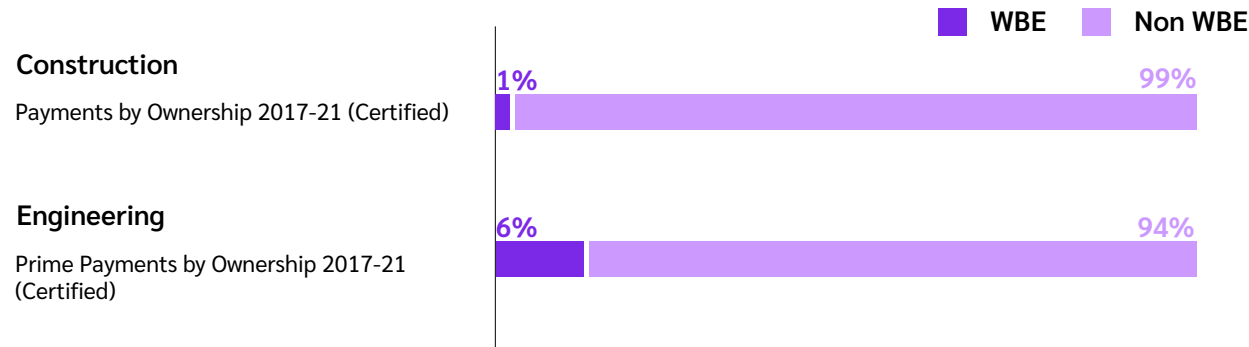


Figure ES-3: Bureaus of Engineering and Construction Contract Business Participation by Certification



Current Procurement Services Landscape

Public Procurement Programs in the City of Los Angeles

A number of procurement programs have been designed to lower barriers to participation for diverse and small businesses and requires outreach to small, emerging and diverse businesses. They include: the Business Inclusion Program; Local Small

Business Preference Program (Non-Proprietary); Local Small Business Preference Program (Proprietary); Small and Local Business Program (Proprietary); and Small Business Enterprise Program (Proprietary).

Business Certifications

The City of Los Angeles offers three (non-proprietary department) small business certifications to businesses: Small Business Enterprise (SBE); Emerging Businesses Enterprise (EBE); and Small Local Business Enterprise (SLBE). In addition, the City of Los Angeles recognizes a number of business certifications issued by federal, state, and other local government agencies.

In the City of Los Angeles:

- Around 400 vendors are on record with the Controller's Office as holding a WBE certification.
- Of these 400 WBE-certified vendors, 23 (6 percent) also hold Minority-Owned Business Enterprise (MBE) certification.
- Since Fiscal Year 2018, WBEs received around \$62.5 million, or about 37 percent of the \$170 million payments to vendors with business certifications.
- Since Fiscal Year 2018, businesses that were certified as both WBEs and MBEs received around 10 percent of payments made to WBEs and around 4 percent of all payments to vendors with business certifications.

“



Kara Sax and Tamara Keller
Co-founders, The Sax Agency

Since our inception, we have secured and maintained our annual certifications to ensure we are recognized as a small, women-owned, disadvantaged business (SBE, WBE and DBE). Annually the certification attestation process takes hours of time and significant financial resources to maintain this recognition – both resource types which most small businesses do not have much of, therefore certification and government procurement processes can seem like a blackhole and barrier for the businesses that could benefit most from the contracts.

”

Procurement Service Providers in the City of Los Angeles

Procurement service providers supply businesses interested in pursuing procurement opportunities with a variety of services designed to increase the likelihood of successful participation in the procurement process. An overview of a number of available private sector, nonprofit, and public procurement service providers and the services they provide is presented in the full report and includes: BCA Small Business Academy;

The City of Los Angeles Administrative Officer's Contractor Development and Bonding Program; BusinessSource Centers including Pacific Asian Consortium in Employment (PACE); NEW Economics for Women; Los Angeles Area Chamber of Commerce Foundation's OneLA Inclusive Procurement Program; and City of Los Angeles' AccessingLA.

Public Engagement

To understand the issues facing women-owned businesses, LAEDC and the Mayor's Office engaged with women-owned businesses through two means, a survey of businesses in RAMP and virtual roundtable discussion.

Survey of RAMP Businesses

To understand the wider sentiments of businesses pursuing procurement contracts, especially women-owned businesses, a survey was designed by LAEDC in partnership with the Mayor's Office and disseminated via an email to all RAMP businesses. The survey was distributed to roughly 84,000 businesses on RAMP; nearly 800 businesses responded, 287 (36.2 percent) of which were women-owned businesses.

The respondents of the survey proposed many avenues through which the procurement process could become more accessible and more equitable. The three key themes included:

1. Addressing major barriers: many companies are interested but never submit bids for procurement opportunities due to knowledge barriers and time constraints.
2. Broadening access to smaller opportunities: contracts are often awarded to businesses that have a proven track record of being able to provide the goods or services needed, smaller opportunities are important to help businesses build that experience.
3. Increasing transparency in the process: respondents often voiced a suspicion that the procurement process was not fair, increasing the transparency of the process could do much to assuage those fears.

Feedback highlighted is centered around making procurement more attainable for women-owned businesses already involved in the procurement process.



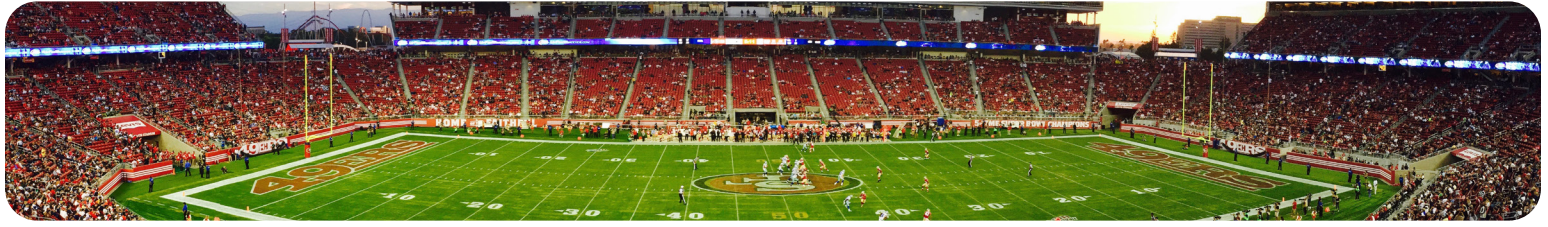
Virtual Roundtable on Public Procurement

In July 2022, the Los Angeles Mayor's Office and the LAEDC hosted a roundtable discussion focusing on women business owner access to city contracting opportunities. The roundtable participants included women business owners, representatives from business organizations, representatives from procurement service providers, and city employees in a number of procurement contracting roles.

The roundtable discussion mostly focused around challenges faced by small, women-owned businesses, many of which echoed the input from the survey. Participants also focused on the difficulties finding procurement assistance that understood the unique issues they face as a women- or minority-owned business. Over half of the representatives were somewhat satisfied with the city's current certification process, while a quarter were dissatisfied.

Exemplary Programs

To conclude this study, it is important to recognize the successes of certain non-city programs in increasing the participation of women-owned businesses in their procurement contracting.



Super Bowl LVI Business Connect Program⁷

A collaboration between the National Football League and the Los Angeles Super Bowl Host Committee, a total of 225 local, diverse businesses were accepted into the Super Bowl LVI Business Connect Program.⁸ Of these 225 businesses, the

majority, 53 percent, were certified as women-owned. In total, around \$1.66 million in contracts was awarded to women-owned businesses through the Business Connect Program during the approach to the Super Bowl.

Los Angeles Unified School District (LAUSD)⁹

The LAUSD's Small Business Enterprise (SBE) Program has a 25 percent certified small business participation goal and a Disabled Veteran Business Enterprise (DVBE) participation goal of 5 percent in place. Several bid preferences exist including: a 10 percent bid preference for certified small businesses for goods or services contracts under the yearly adjusted bid threshold total (which is currently \$90,200); up to 15 percent of the evaluation scoring points on proposals for bids placed by

certified small businesses; and a 10 percent bid preference for contracts pursuant to Public Contract Code 20111. Additionally, the LAUSD's "We Build" Program has a 50 percent local hire participation requirement in place and prime contractors can receive additional preference points on large contracts if they use subcontractors that are certified as small local businesses. As a result of this policy, LAUSD has achieved a relatively high rate of small business share of awarded construction contracts.

Los Angeles Metropolitan Transportation Authority (Metro)¹⁰

Los Angeles Metro set a 26 percent Disadvantaged Business Enterprises (DBEs) participation goal and created a small business technical assistance program, Metro Connect, as well as the Small Business (SB) Prime Program in order to help generate more opportunities for DBEs successfully participate in the procurement process.¹¹ The SB Prime Program identifies applicable contracts and allows small businesses to compete against only other small businesses for projects with values up

to \$5 million as well as informal projects under \$100,000, which has resulted in more than \$200 million going to SBEs. Additionally, Metro has adopted prompt payment policies designed to make it easier for small businesses to take on public contracts. Metro requires prime contractors to pay DBE subcontractors within one week of receiving payments from Metro.¹²

⁷ "Super Bowl LVI Business Connect Women-Owned Business Metrics." Prepared for: Los Angeles Office of Small Business & Entrepreneurship Mayor's Office of Economic Development

⁸ "Super Bowl LVI Business Connect Women-Owned Business Metrics." Prepared for: Los Angeles Office of Small Business & Entrepreneurship Mayor's Office of Economic Development.

⁹ Local Initiatives Support Corporation. (2018). A Case for Inclusive Procurement Policies.

¹⁰ Ibid.

¹¹ Ibid.

¹² LA Metro. "Metro Connect." https://business.metro.net/VendorPortal/faces/home/smallBusinessTools/metroConnect?_afLoop=13433522088870&_afWindowMode=0&_afWindowId=19yrhbesi2_1#%40%3F_afWindowId%3D19yrhbesi2_1%26_afLoop%3D13433522088870%26_afWindowMode%3D0%26_adf.ctrl-state%3D19yrhbesi2_41

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Women-Owned Businesses

Women-owned businesses owners face several unique challenges both when it comes to running their businesses and to winning procurement contracts. Research has found that while work-life balance can pose a challenge for both men and women business owners, women may often feel more conflicted between work and family life due to social norms. A 2013 Pew Research Center survey found that mothers with children were three times more likely than fathers to report that being a parent made career advancement difficult.¹⁶

Women business owners, particularly minority women business owners, often face limited access to finance. A recent study found a significant borrowing gap between businesses owned by men and women.¹⁷ Only 33 percent of all completed 2021 business loan applications came from women-owned businesses with the remaining 67 percent coming from businesses owned by men. In addition, the average loan size obtained by women-owned businesses in 2020 was \$49,712, 41 percent lower than the \$83,198 average loan size for businesses owned by men.

As a result of financing barriers, women business owners often must finance their businesses with their own capital and personal savings. **Around 60 percent of women entrepreneurs elect to support their businesses with personal finances rather than with business loans.**¹⁸ This can serve to negatively impact personal credit scores when credit utilization ratios are high, making it difficult to obtain loans in the future. A recent report found that surveyed women business owners had an average credit score of 580, below the credit score for male business owners who had an average score of 594.¹⁹ Furthermore, electing to personally finance a business instead of obtaining business loans may negatively affect women entrepreneurs by preventing them from building a business credit profile.²⁰ Not having a business credit profile can prevent these businesses from obtaining business funding in the future.

A significant number of women who own small businesses use their personal finances for their business because they expect to get turned down for capital by lenders. A 2017 Small Business Credit survey found that 22 percent of women-owned businesses reported not applying for business loans for fear of being turned compared to 15 percent of men who felt the same.²¹

Lack of funding presents a significant barrier to business survival and growth and thereby a business' ability to bid for and win procurement contracts. Women-owned businesses are significantly underrepresented in the City of Los Angeles' procurement process in terms of both share of allocated procurement spending awards and representation in the city's Regional Alliance Marketplace for Procurement (RAMP), a portal that centralizes both public and private procurement opportunities. Lack of funding to support many women-owned businesses means that these businesses often lack the financial health, resources, and workforce necessary to successfully bid for government contracts.

Minority women-owned businesses often face challenges unique to both minority and women-owned businesses, with many of these challenges being magnified for owners belonging to both groups.

16 Parker, K. March 10, 2015. "Despite progress, women still bear heavier load than men in balancing work and family." Pew Research Center.<https://www.pewresearch.org/fact-tank/2015/03/10/women-still-bear-heavier-load-than-men-balancing-work-family/>

17 Biz2Credit. 2022. Annual Women-Owned Business Study 2022. https://cdn.biz2credit.com/appfiles/biz2credit/pdf/Biz2Credit%20Women-Owned%20Business%20Study%202022_v6-new.pdf

18 Visa. 2019. State of Female Entrepreneurship. <https://usa.visa.com/content/dam/VCOM/regional/na/us/run-your-business/documents/visa-state-of-entrepreneurship-research-summary.pdf>

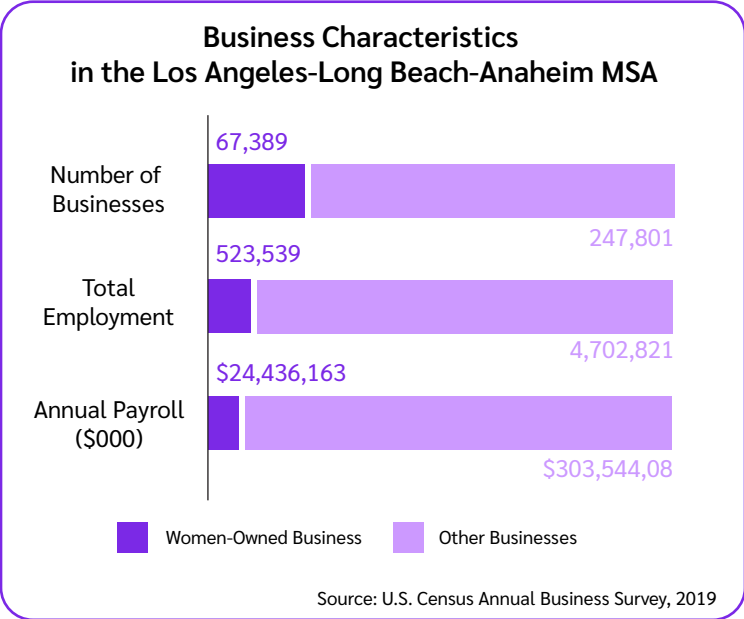
19 Biz2Credit. 2022. Annual Women-Owned Business Study 2022. https://cdn.biz2credit.com/appfiles/biz2credit/pdf/Biz2Credit%20Women-Owned%20Business%20Study%202022_v6-new.pdf

20 Tregurtha, K. Challenges Facing Women-Owned Businesses. On Deck. <https://www.ondeck.com/resources/challenges-facing-women-owned-businesses/>

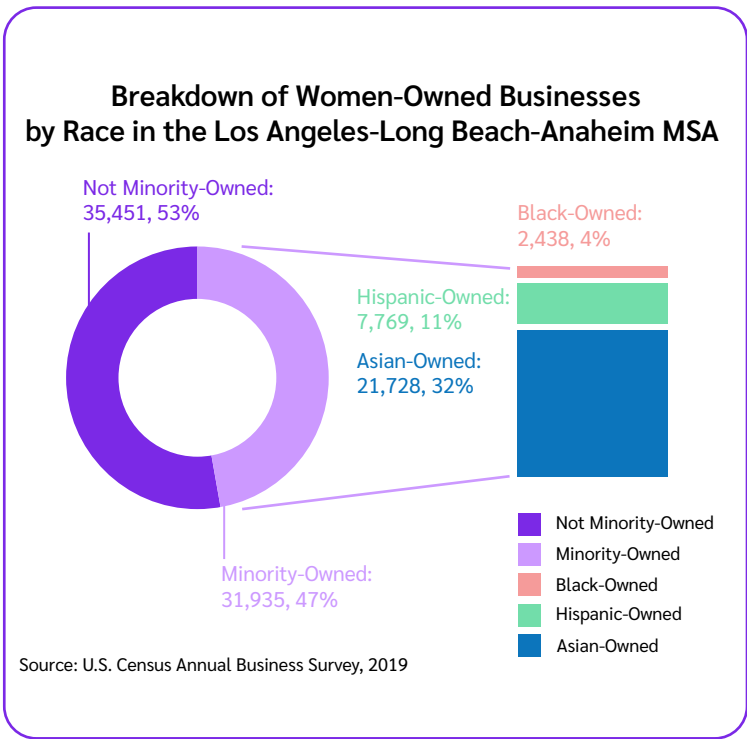
21 Tregurtha, K. Challenges Facing Women-Owned Businesses. On Deck. <https://www.ondeck.com/resources/challenges-facing-women-owned-businesses/>

Women-Owned Businesses in the Los Angeles Region

Women-owned small businesses make up a significant proportion of all firms in the Los Angeles region with just over 20 percent of all businesses in the Los Angeles region being owned by women. These women-owned businesses paid out over \$24 billion in yearly payroll and employed over half a million workers in 2018. Women-owned businesses are underrepresented as a share of payroll spending and total employment compared to the number of establishments because many women-owned businesses are small businesses.



Furthermore, **women-owned businesses are extremely diverse, with almost half of women-owned businesses in the region being minority-owned.** Looking at minority women-owned businesses, a significant majority are Asian-owned (68 percent), followed by Hispanic (24 percent) and Black (8 percent) ownership.



Almost half (49 percent) of women-owned businesses in the Los Angeles region (32,855) are classified within four industries: Accommodation and Food Services; Health Care and Social Assistance; Professional, Scientific, and Technical Services; and Retail Trade.

More than 30 percent of women-owned businesses in the Los Angeles region (22,185) are classified within two industries, Health Care and Social Assistance and Professional, Scientific, and Technical Services. A full breakdown of women-owned businesses by industry in the Los Angeles metro area is shown in the table on the next page.



Industry Breakdown of Women-Owned Businesses for the Los Angeles Metro Area, 2019

| Industry | Number of Women-Owned Businesses | % Women-Owned Businesses |
|--|----------------------------------|--------------------------|
| Accommodation and Food Services | 5,418 | 30% |
| Administrative and Support and Waste Management and Remediation Services | 3,441 | 30% |
| Agriculture, Forestry, Fishing and Hunting | N/A | N/A |
| Arts, Entertainment, and Recreation | 4,680 | 28% |
| Construction | N/A | N/A |
| Educational Services | 1,227 | 36% |
| Finance and Insurance | 3,176 | 29% |
| Health Care and Social Assistance | 11,415 | 33% |
| Information | 1,833 | 24% |
| Management of Companies and Enterprises | N/A | N/A |
| Manufacturing | 3,106 | 27% |
| Mining | N/A | N/A |
| Oil and Gas Extraction | N/A | N/A |
| Other Services (except Public Administration) | 4,865 | 37% |
| Professional, Scientific, and Technical Services | 10,770 | 25% |
| Public Administration | N/A | N/A |
| Real Estate and Rental and Leasing | 4,230 | 30% |
| Retail Trade | 5,252 | 25% |
| Transportation and Warehousing | 1,343 | 17% |
| Utilities | N/A | N/A |
| Wholesale Trade | 4,843 | 21% |
| Total Women-Owned Businesses | 67,389 | 100% |
| Source: U.S. Census Annual Business Survey, 2019 | | |

My CDABP Account Manager, Michelle Quirante, provided invaluable help to us, not only in providing OSHA or estimating training, but in helping us develop a thorough process for bid proposal management. She walked us through the RFP process for multiple agencies and personally reviewed our bid packages to ensure we met all the technical requirements. Thanks to her tireless help, Crystallogy won as a pre-qualified contractor for the City of Los Angeles Solar Projects.



Crystal Xie
President, Crystallogy Engineering
Merriwether & Williams

The Nature of Procurement Contracting

Procurement contracting is the process of entering into formal legal arrangements between buyers and sellers of goods or services. Generally, procurement contracting involves a competitive bidding process whereby prospective suppliers submit bids to provide a certain quantity of a particular product or service for a specified price. Procurement contracting opportunities are offered by a variety of different entities including federal, state, and local government agencies, public utilities, large private sector companies, and nonprofit organizations.

Small Businesses and Procurement Contracting

Procurement contracting gives businesses, particularly small businesses, an opportunity to earn revenues that can significantly improve their financial prospects. The benefits of winning contract awards can extend beyond the immediate contract obtained. For example, successfully winning a contract with a government agency can open doors to doing business with other related government agencies. **Businesses that obtain public contracts build relationships directly with government agencies and acquire useful experience that will allow them to bid on larger future contracts.** Public contracts can also provide business stability, dependable revenues, and the ability to boost business reputation and value.

Larger businesses have clear advantages over smaller businesses when it comes to winning procurement contracts, especially regarding commodities purchases. Generally, compared to smaller businesses, larger businesses have the ability to produce greater amounts of output which contributes to lower costs via economies of scale. In addition, cost per unit of additional output produced can also fall as a result of having comparatively more experience, which usually occurs at larger volumes and the longer a business has been in operation. With larger total output to be produced, lower cost per unit cost can be achieved, which will allow a larger, more established business to profitably sell products at lower prices.²² Furthermore, larger businesses with sizeable operations can purchase inputs in large quantities which often translates to lower input costs.



Larger businesses with a greater number of employees are also more likely to have a dedicated staff whose function is to find procurement contracting opportunities, bid for contracts, and ensure the business meets contract requirements, giving them an advantage in pursuing all types of procurement opportunities. These specialized employees will have the expertise necessary to successfully navigate the frequently complex procurement process and fill out arduous paperwork. On the other hand, small business employees are often solely focused on day-to-day business operations and may not have the time or expertise required to successfully find procurement opportunities and submit contract bids.

²² This assumes that businesses do not approach the point of diseconomies of scale

Small businesses encounter a unique set of barriers that prevent them from fully participating in the procurement process. Prompt payments are vital to the financial health of small businesses. Timely payment strongly influences whether small businesses can afford to participate in the procurement process since these businesses are often less able to wait for payment than larger businesses are. As a result, a procurement process that does not involve prompt payment gives larger businesses another competitive advantage over smaller businesses.²³ Furthermore, small businesses often face workforce constraints that may make it relatively difficult to fulfill the requirements of procurement contracts. In order to be able to hire new employees to fulfill contract requirements, future demand for the goods these workers produce or services

they provide must be expected by the hiring business. This demand often disappears after a small business completes its contract requirements. On the other hand, larger businesses are more likely to have a number of contracts that stretch far into the future that will allow these businesses to employ workers for an extended period of time. Additional barriers to full procurement participation by small businesses include lack of access to capital, complicated certification requirements, inefficient payment processes, and general lack of inter-agency coordination by public agencies seeking to procure goods and services.²⁴ In addition, insurance and bonding requirements for larger contracts can also present an obstacle to small businesses participation in the procurement process and are more easily overcome by larger businesses.

Minority-Owned Business

Compared to other small businesses, minority-owned small businesses face additional barriers to procurement contracting. For example, minority-owned small businesses are more likely to have more difficulty raising capital, often pay higher interest rates when they are able to secure business loans, and often have smaller professional networks than white business owners.²⁵ In addition, language barriers may make it more difficult for many minority-owned businesses to enter the procurement process and to successfully do business in general. According to the U.S. Census Bureau, around 60 percent of Los Angeles residents speak a non-English language, which exceeds the national average of 22 percent.²⁶ In 2019, the most commonly spoken non-English language was Spanish, with 42 percent of the overall population of Los Angeles classified as native Spanish speakers. These additional obstacles faced by minority-owned businesses result in lower business survival rates compared to white-owned businesses.²⁷



Fabiola Jaque-Diaz

President, California Testing & Inspections
Small Business Academy

“

The opportunity to have time to talk to the heads of City Departments, small business liaisons and multi-national contractors, gives you another perspective on the way that they perceive your business. Having the opportunity to talk and interact with them, helped me to understand the areas on my business that needed improvement and work on them. The Small Business Academy, provided me with tools related to marketing, finance and that so named “elevator pitch” that make a difference on that first face-to-face meeting, and helped me to growth my business.

”

23 Local Initiatives Support Corporation. (2018). A Case for Inclusive Procurement Policies.https://www.lisc.org/media/filer_public/64/16/64165a54-93d5-47fc-9011-74c8873d2d7b/a_case_for_inclusive_public_procurement_practices.pdf

24 Local Initiatives Support Corporation. (n.d.). Supporting Economic Inclusion in Disadvantaged Communities.<https://www.lisc.org/our-resources/resource/supporting-economic-inclusion-disadvantaged-communities/>

25 Fairlie, R., & Robb, A. (2010, January). Disparities in Capital Access between Minority and Non-Minority-Owned Businesses. U.S. Department of Commerce, Minority Business Development Agency. <https://www.mbda.gov/sites/default/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf>

26 DataUSA. “Non-English Speakers.” <https://datausa.io/profile/geo/los-angeles-ca/demographics/languages>

27 USC Dornsife. (2019, November). Los Angeles as a Host City: Identifying Investment-Ready Neighborhoods for Equitable and Inclusive Procurement. Los Angeles Business Council. <https://dornsife.usc.edu/assets/sites/242/docs/LABC-PERE->

The Business Lifecycle and Procurement

Before considering entering the procurement process, small businesses generally must reach a point where their operations have been sufficiently well-developed and a level of financial security has been reached. A large proportion of small businesses are unable to survive their first years in operation. For many small businesses, ensuring that costs are being covered, product and service quality remain acceptable, and strong relationships are built with new customers is a priority during these early years. Many small businesses will be unlikely to consider bidding on procurement contracts until certain business conditions are in place. As discussed previously, women-owned small businesses face unique challenges to starting and growing their businesses. As a result, many of these businesses may take a significant amount of time to reach the point where they will consider entering the procurement process or may never reach this point at all.

Programs and policies focusing on small business growth may have the additional benefit of allowing small women-owned businesses to reach the point where they can comfortably consider pursuing procurement opportunities. After this level has been reached, programs that focus specifically on making small businesses aware of procurement opportunities and guiding them through the process should quickly replace initial business development programs. There should be a seamless point of transition between programs focusing on business development and growth for emerging businesses and procurement programs aimed at small businesses so that both program types remain part of a larger unified small business assistance and development program. Designing a unified program that helps small businesses successfully start up, survive, mature, and grow to take advantage of new opportunities has the potential not only to increase women-owned business participation in the economy but also to increase their participation in the procurement process.

The Legal Environment and Procurement Preference Programs

Successful legal challenges to the use of race and gender as considerations in awarding public procurement contracts were undertaken in the U.S. Supreme Court in the 1990's. As a result, the current procurement environment is limited in its ability to set race- or gender-related procurement contract targets.²⁸ In addition, in 1996, California passed Proposition 209, which explicitly prohibits all government agencies in the state from using criteria based on race or gender to set procurement targets.

In order to improve the likelihood of a successful public procurement contract bid for local businesses, in June of 2021, the City of Los Angeles adopted the Local Business Preference Program in which preference percentages were increased for local small businesses or local transitional employers based on the threshold contract amount of \$150,000. Prime contractors who are not local businesses but use subcontractors who hold a Local Business Enterprise, Local Small Business Enterprise, and/or Local Transitional Job Opportunities Program certification receive a 1 percent preference for every 10 percent cost of the work up to a maximum 5 percent preference.

Additional preference may be provided in the future by the passage of City of Los Angeles Charter Amendment BB in June 2022, which allows for the city to award a bid preference to a bidder located in the City of Los Angeles on a competitive bid city contract. Prior to the passage of BB, the Charter allowed for awards to the lowest responsive and responsible bidder with a bid preference to bidders located in California or Los Angeles County while restricting the city from narrowing bid preferences to bidders located in the City of Los Angeles. Furthermore, to boost opportunities for small businesses seeking to contract directly with the city, city-wide Community-Level Contracting was adopted, enabling the unbundling of some large contracts into contracts of \$100,000 or less.

However, even with these efforts in place, obstacles to successful procurement contracting are still present for small women- and minority women-owned businesses. Preferences are used solely for bid evaluation and do not address the challenges that prevent such businesses from winning contracts. These businesses often find it difficult to navigate the certification process and meet the qualifications required to win contracts. While a good first step to supporting a more inclusive

²⁸ Bates, T. (2001). Minority Businesses Serving Government Clients Amidst Prolonged Chaos in Preferential Procurement Programs. *The Review of Black Political Economy*, 29(3), 51–70. <https://doi.org/10.1007/BF02820708>

procurement environment for these businesses is to simplify the public procurement process by providing technical assistance to prospective bidders, the small business technical assistance

environment can also be difficult to navigate, with multiple nonprofit and public entities offering a variety of programs.²⁹

The General Procurement Environment in the City of Los Angeles

With a population of almost 4 million, the City of Los Angeles is the second largest city in the United States. **City government operations are undertaken by 42 government departments, all of which purchase goods and services from many different types of suppliers, located both within and outside the city.**³⁰ After city government staff salaries, procurement of goods and services is the largest category of spending by the City of Los Angeles. **The City of Los Angeles spends around \$4.5 billion per year on procuring goods and services, making procurement by the city a major economic driver in the region.**³¹

City departments procure a variety of goods and services with procurement contracts generally falling into three categories³²:

- **Construction:** contracts that cover the construction and retrofit of city infrastructure and building facilities.
- **Personal (professional) services:** contracts for services such as legal support, medical services, consulting services, and janitorial services.
- **Commodities:** contracts that cover the procurement of goods such as office supplies and vehicles.

Compared to other local governments such as Los Angeles County or the City and County of San Francisco, the City of Los Angeles procurement structure is significantly decentralized, with procurement authority and functions dispersed across multiple departments.³³

The City of Los Angeles has recently taken steps to reform its procurement environment. For example, in 2018, the Mayor hired the city's first Chief Procurement Officer (CPO) tasked with establishing a more inclusive leadership for city-wide procurement. Other procurement reform measures undertaken by the City of Los Angeles include centralizing commodities procurement in the General Services Department (GSD), the department tasked with managing commodities purchases, and centralizing most constrc procurement within the Public Works Department. These centralization efforts have been accompanied by a more strategic approach to procurement spending that has resulted in a number of benefits including cost savings associated with commodities procurement, which represents around 15 percent of all city procurement spending, after centralization within the GSD.³⁴

Despite these steps, the City of Los Angeles still lags behind other major cities when it comes to streamlining and developing a strategic approach to procurement spending. In addition, general decentralization in procurement remains a feature of the procurement environment, preventing the development of a standardized business-friendly contracting process.³⁵

Each year, the City of Los Angeles procures billions of dollars in goods and services from private businesses. However, much of this procurement spending goes to businesses located outside of the Los Angeles region.³⁶ A 2018 report by Local Initiatives Support Corporation found that **only around 20 percent of City of Los Angeles procurement contracts were granted to Los Angeles-based businesses.** Furthermore, the report found that **less than 10 percent of city professional services contracts were allocated to minority-owned businesses although 55 percent of businesses in Los Angeles were minority-owned.**³⁷

29 Local Initiatives Support Corporation. (2018). A Case for Inclusive Procurement Policies.https://www.lisc.org/media/filer_public/64/16/64165a54-93d5-47fc-9011-74c8873d2d7b/a_case_for_inclusive_public_procurement_practices.pdf

30 Bidnet. "The City of Los Angeles: Government Contracting for Small and Medium-Sized Businesses."<https://www.bidnet.com/resources/business-insights/city-of-los-angeles-government-contracting-for-small-and-medium-sized-businesses-en.jsp#:~:text=L.A.%20also%20established%20the%20Business%20Inclusion%20Program%2C%20which,%28CBE%29%20Program%20for%20certified%20M%2FWBEs%2C%20DBEs%20and%20DVBES>.

31 Council District 4. September 29, 2021. "Councilmember Raman Introduces Motion to Establish an Office of Procurement and Align La's Spending with Its Values Around Equity and The Environment." <https://councildistrict4.lacity.org/councilmember-raman-introduces-motion-establish-office-procurement-and-align-las-spending-its>

32 Los Angeles City Controller. (2020, July 23). Seizing the Opportunity to Advance City Contracting Equity.<https://lacontroller.org/audits-and-reports/contractingequity/>

33 Los Angeles City Controller. (2020, July 23). Seizing the Opportunity to Advance City Contracting Equity.<https://lacontroller.org/audits-and-reports/contractingequity/>

Unlike the county, the City of Los Angeles does not have a specific procurement goal in place for local small businesses. The Los Angeles City Charter requires government departments to award contracts to the lowest qualified bidders. Instead of specific goals, the City of Los Angeles provides bid preferences to local businesses, as detailed above. **While the City of Los Angeles requires its departments to make an effort to reach out to disadvantaged businesses, it does not require that departments award any specific proportion of procurement contracts to these businesses.**

A 2020 report by the Los Angeles City Controller³⁸ found that **of the approximately 6,000 businesses that were certified to contract with the city, only a small percentage of small businesses owned by women and minorities actually end up being awarded contracts.**³⁹ Small business inclusion requirements for city procurement contracts could provide expanded opportunities for local and small businesses,

perhaps increasing opportunities for women- and minority-owned businesses. If the city had achieved a 25 percent small business participation rate, the official Los Angeles County goal, this would have resulted in approximately \$1.1 billion in procurement contract spending allocated to small businesses.⁴⁰ Although the City of Los Angeles has actively tried to increase procurement opportunities for small women- and minority-owned businesses, it has still proven difficult to successfully connect these businesses with procurement opportunities. On the other hand, proprietary agencies have been somewhat successful at increasing the share of procurement spending allocated to small businesses. This is largely due to proprietary department implementation of policies that require a mandatory share of participation from local small businesses. In the Los Angeles region, small businesses are more likely to be owned by women or minorities, so focusing on small businesses can also encourage greater participation from these groups.⁴¹



Dana C. Arnett

CEO and Co-founder of Wicked Bionic
One LA

Over the last five years, Wicked Bionic has been fortunate to be a contracted partner to various government agencies. We always want to improve our knowledge on how to assess needs and apply our expertise. The OneLA Inclusive Procurement program by the L.A. Area Chamber of Commerce provided me with additional training on how to be more effective in proposal writing while continuing to position our agency for success in responding to RFPs from the City of L.A., the County of L.A., and the Federal government.

34 Los Angeles City Controller. (2020, July 23). Seizing the Opportunity to Advance City Contracting Equity. <https://lacontroller.org/audits-and-reports/contractingequity/>

35 Los Angeles City Controller. (2020, July 23). Seizing the Opportunity to Advance City Contracting Equity. <https://lacontroller.org/audits-and-reports/contractingequity/>

36 Local Initiatives Support Corporation. (2018). A Case for Inclusive Procurement Policies.

37 Ibid.

38 Ibid.

39 The 6,000 certified firms in the study refers to the City's Business Assistance Virtual Network (BAVN) which has since been replaced (by RAMP). This figure did not adjust for duplicate business profiles, did not adjust for the listing of subcontract award information on BAVN being relatively new and not consistently entered by all contract administrators. Of the 6,000 certified firms, it does not state how many are Small Businesses, Small Businesses with Minority or Woman-Owned certifications, or how many were Minority/Woman Owned certified without a Small Business certification.

40 Ibid.

41 Los Angeles City Controller. (2020, July 23). Seizing the Opportunity to Advance City Contracting Equity. <https://lacontroller.org/audits-and-reports/contractingequity/>

Proprietary Departments

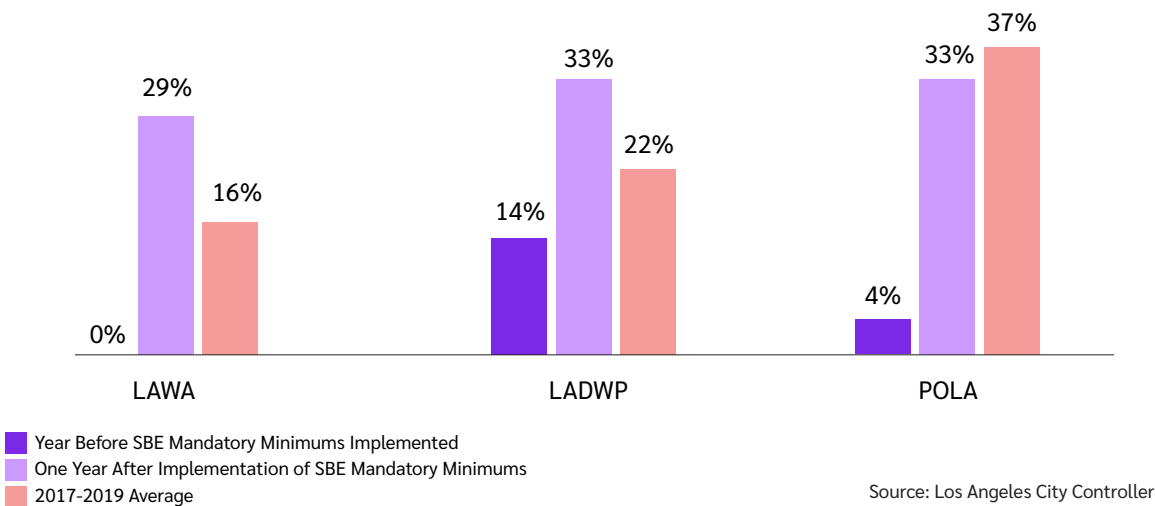
Along with procurement by the City of Los Angeles itself, significant procurement spending is awarded by the City of Los Angeles’s three self-supporting proprietary departments: the Los Angeles World Airports (LAWA), the Port of Los Angeles (POLA), and the Los Angeles Department of Water and Power (LADWP). A 2020 report by the Los Angeles City Controller⁴² estimated that in 2019, the procurement budget for the city’s proprietary departments totaled around \$2.2 billion.

The City of Los Angeles’ proprietary departments have mandatory subcontracting minimums in place with local small businesses. Los Angeles World Airports has implemented a department-wide goal of 25 percent small business procurement participation.

The city’s proprietary departments have adopted subcontracting rules that require prime contractors to hire certified local small businesses as subcontractors. As a result of these policies, the City of Los Angeles’ proprietary departments have successfully increased the number of small businesses participating in procurement contracts. To successfully implement these subcontracting requirements, each proprietary department has a full-time procurement staff that sets local and small business participation requirements for each individual contract.



LA Proprietary Department Small Business Participation Rates



⁴² Ibid.

Women in Procurement Contracting

The Regional Alliance Marketplace for Procurement (RAMP)

In February 2022, Mayor Eric Garcetti, with support from the Los Angeles Business Council, launched the Regional Alliance Marketplace for Procurement (RAMP) to replace the Los Angeles Business Assistance Virtual Network (BAVN).⁴³ RAMP is a portal that centralizes both public and private procurement opportunities that is meant to improve access to contracting opportunities for small and diverse businesses.

RAMP is expected to make over \$10 billion in procurement opportunities available in its first year.⁴⁴

Industry Characteristics of Women-Owned Businesses on RAMP

Around 3.4 percent of the businesses on RAMP are classified as a women-owned business. The table on the next page includes businesses that have WBE certifications as well as attestation of gender by business owners and provides an industry breakdown of women-owned businesses in RAMP. Attestation

is also included because some women-owned businesses may not attempt to attain a WBE certification, as there is no gender-based bid preference program provided for government contracts in California due to the passage of Proposition 209.



⁴³ Los Angeles Mayor's Office. February 11, 2022. "Mayor Garcetti and LABC Launch RAMP, an Initiative to Provide Equitable Access to Procurement Opportunities." <https://www.lamayor.org/mayor-garcetti-and-labc-launch-ramp-initiative-provide-equitable-access-procurement-opportunities>

⁴⁴ LA Business Council. March 14, 2022. "Mayor Garcetti and LABC Launch Ramp, An Initiative to Provide Equitable Access to Procurement Opportunities." <https://labusinesscouncil.org/mayor-garcetti-and-labc-launch-ramp-an-initiative-to-provide-equitable-access-to-procurement-opportunities/>

Percentage of Industry Composed of Women-Owned Businesses on RAMP

| Industry | Total Number of Businesses | Total Number of Women-Owned Businesses | % Women-Owned Businesses |
|--|----------------------------|--|--------------------------|
| Accommodation and Food Services | 795 | 36 | 4.53% |
| Administrative and Support and Waste Management and Remediation Services | 5,320 | 383 | 7.20% |
| Agriculture, Forestry, Fishing and Hunting | 460 | 13 | 2.83% |
| Arts, Entertainment, and Recreation | 2,575 | 86 | 3.34% |
| Construction | 10,122 | 302 | 2.98% |
| Educational Services | 1,783 | 92 | 5.16% |
| Finance and Insurance | 1,430 | 22 | 1.54% |
| Health Care and Social Assistance | 1,267 | 32 | 2.53% |
| Information | 4,260 | 91 | 2.14% |
| Management of Companies and Enterprises | 408 | 5 | 1.23% |
| Manufacturing | 7,664 | 116 | 1.51% |
| Mining | 108 | 2 | 1.85% |
| Oil and Gas Extraction | 4 | 0 | 0.00% |
| Other Services (except Public Administration) | 1,547 | 21 | 1.36% |
| Professional, Scientific, and Technical Services | 12,354 | 605 | 4.90% |
| Public Administration | 470 | 7 | 1.49% |
| Real Estate and Rental and Leasing | 1,247 | 31 | 2.49% |
| Retail Trade | 1,812 | 43 | 2.37% |
| Transportation and Warehousing | 1,397 | 41 | 2.93% |
| Utilities | 718 | 10 | 1.39% |
| Wholesale Trade | 2,363 | 58 | 2.45% |
| Total | 58,104 | 1,996 | 3.44% |

Women-owned businesses make up less than 10 percent of businesses in every industry on RAMP. Only two industries have more than 5 percent of businesses classified as women-owned. The Administrative and Support and Waste Management and Remediation Services industry has the highest percentage of women-owned businesses at around 7 percent. Business establishments in this industry perform routine support activities for other organizations. Activities performed may include office administration, hiring personnel, clerical services, solicitation, collection, security services, cleaning, and waste disposal.⁴⁵

Women-owned businesses are significantly underrepresented in the three industry sectors with the greatest number of business establishments. These industries are Professional, Scientific, and Technical Services (4.9 percent), Construction (3.0 percent), and Manufacturing (1.5 percent).

⁴⁵ U.S. Bureau of Labor Statistics. "Administrative and Support and Waste Management and Remediation Services: NAICS 56." <https://www.bls.gov/iag/tgs/iag56.htm>

Industry Breakdown of Women-Owned Businesses on RAMP

| Industry | Total Number of Women-Owned Businesses | % All Women-Owned Businesses in Industry |
|--|--|--|
| Accommodation and Food Services | 36 | 1.80% |
| Administrative and Support and Waste Management and Remediation Services | 383 | 19.19% |
| Agriculture, Forestry, Fishing and Hunting | 13 | 0.65% |
| Arts, Entertainment, and Recreation | 86 | 4.31% |
| Construction | 302 | 15.13% |
| Educational Services | 92 | 4.61% |
| Finance and Insurance | 22 | 1.10% |
| Health Care and Social Assistance | 32 | 1.60% |
| Information | 91 | 4.56% |
| Management of Companies and Enterprises | 5 | 0.25% |
| Manufacturing | 116 | 5.81% |
| Mining | 2 | 0.10% |
| Oil and Gas Extraction | 0 | 0.00% |
| Other Services (except Public Administration) | 21 | 1.05% |
| Professional, Scientific, and Technical Services | 605 | 30.31% |
| Public Administration | 7 | 0.35% |
| Real Estate and Rental and Leasing | 31 | 1.55% |
| Retail Trade | 43 | 2.15% |
| Transportation and Warehousing | 41 | 2.05% |
| Utilities | 10 | 0.50% |
| Wholesale Trade | 58 | 2.91% |
| Total | 1,996 | 100% |

Breaking down all women-owned businesses by industry, three industries contain around 65 percent of all women-owned businesses on RAMP. Within the universe of women-owned businesses on RAMP, women-owned businesses are highly concentrated in Professional, Scientific, and Technical Services, which contains 30 percent of all women-owned businesses on RAMP. Administrative and Support and Waste Management and Remediation Services comes in second at 19 percent, followed by Construction at 15 percent.

One industry category that stands out as due to the underrepresentation of women-owned businesses is

Educational Services. Only around 5 percent of all women-owned businesses in RAMP are in Educational Services. In addition, only around 5 percent of all RAMP businesses in the industry sector (both men- and women-owned) are owned by women. However, looking at an industry breakdown of employer firms by ownership gender for the Los Angeles Metro Area, 36 percent of businesses in the Educational Services industry are women-owned which along with the Other Services (except Public Administration) industry (37 percent) has the highest concentration of women-owned businesses.

Looking at business establishments in 2019 located in the Los Angeles metro area classified by gender of ownership, women-owned businesses make up a significantly greater share of business establishments than what is reflected on RAMP. For example, the top two industries making up over 30 percent of women-owned businesses in Los Angeles County (22,185) are

Health Care and Social Assistance and Professional, Scientific, and Technical Services.

These two industries are both significantly underrepresented by women-owned businesses on RAMP, with only 2.5 percent and 4.9 percent of all businesses respectively.

| Industry Breakdown of Employer Firms by Ownership Gender for RAMP and the LA MSA | | |
|--|---------------------------------|-----------------------------------|
| Industry | % Women-Owned Businesses (RAMP) | % Women-Owned Businesses (LA MSA) |
| Accommodation and Food Services | 4.53% | 1.80% |
| Administrative and Support and Waste Management and Remediation Services | 7.20% | 19.19% |
| Agriculture, Forestry, Fishing and Hunting | 2.83% | N/A |
| Arts, Entertainment, and Recreation | 3.34% | 4.31% |
| Construction | 2.98% | N/A |
| Educational Services | 5.16% | 4.61% |
| Finance and Insurance | 1.54% | 1.10% |
| Health Care and Social Assistance | 2.53% | 1.60% |
| Information | 2.14% | 4.56% |
| Management of Companies and Enterprises | 1.23% | N/A |
| Manufacturing | 1.51% | 5.81% |
| Mining | 1.85% | N/A |
| Oil and Gas Extraction | 0.00% | N/A |
| Other Services (except Public Administration) | 1.36% | 1.05% |
| Professional, Scientific, and Technical Services | 4.90% | 30.31% |
| Public Administration | 1.49% | N/A |
| Real Estate and Rental and Leasing | 2.49% | 1.55% |
| Retail Trade | 2.37% | 2.15% |
| Transportation and Warehousing | 2.93% | 2.05% |
| Utilities | 1.39% | N/A |
| Wholesale Trade | 2.45% | 2.91% |
| Source: U.S. Census Annual Business Survey, 2019 | | |



Analysis of Women-Owned Business Participation in City Procurement for a Selection of City Departments

In general, women-owned businesses are significantly underrepresented in terms of the share of procurement dollars allocated by the City of Los Angeles. This underrepresentation is characteristic throughout city non-proprietary departments as well as proprietary departments.

This section provides an analysis of procurement spending for a number of city departments including:

Proprietary Departments:

- Los Angeles World Airports (LAWA)

Non-Proprietary Departments:

- The Department of Public Works and a number of its constituent bureaus:
 - Bureau of Street Services (StreetsLA)
 - Bureau of Engineering
 - Bureau of Sanitation (LASAN)
 - Bureau of Street Lighting (LA Lights)

Los Angeles World Airports (LAWA)⁴⁷



Los Angeles World Airports (LAWA) is a proprietary department of the City of Los Angeles. LAWA owns and operates Los Angeles International Airport (LAX) and Van Nuys General Aviation Airport (VNY).

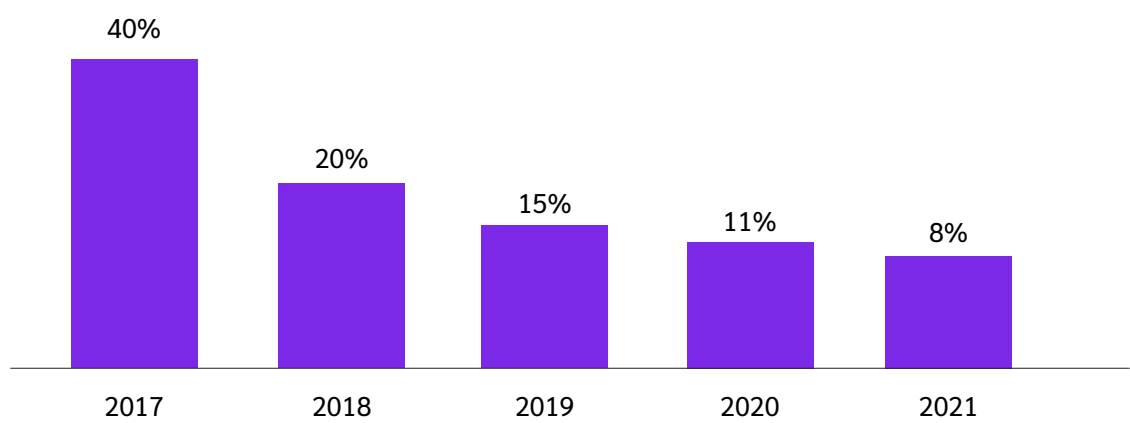
LAWA has a specific process in place by which it procures goods and services. During the Request for Proposal (RFP) phase

of the process, bid proposals are evaluated on the minimum qualifications stated in the RFP and other criteria which may include experience, staff size, and location. For concessions contracts, other criteria considered may include financial return to LAWA, facility design, marketing plan and pricing, financial capability, and Disadvantaged Business Enterprise (DBE) participation.

Analysis of Procurement Contracting

The disparity between contract dollars allocated to women-owned businesses and other businesses for LAWA contracts is significant. While this disparity is wide for both concession and non-concession contracts, the disparity is wider for non-concession contracts, which are greater in total number and smaller in average size. In 2017, around 40 percent of all non-concessions payments made by LAWA went to women-owned businesses. However, this figure fell significantly over time, with only approximately 8 percent of total payments being allocated to women-owned businesses in 2021. A fall in total contract dollars awarded for concessions from 2017 to 2021 has accompanied the decline in overall share of non-concessions contracts.

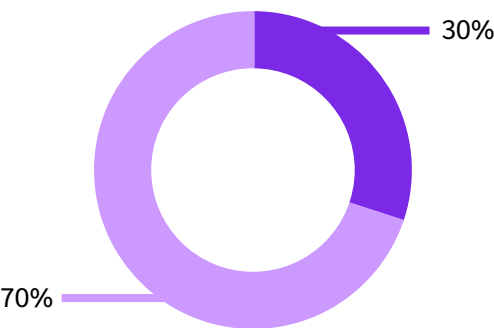
**Percentage of Total Non-Concession Payments
Allocated to Women-Owned Businesses**



In 2021, minority women-owned businesses were awarded around 30 percent of non-concessions contracts going to women-owned businesses. However, minority women-owned businesses only obtained around 5 percent of the total concessions contract payments allocated to women-owned businesses.

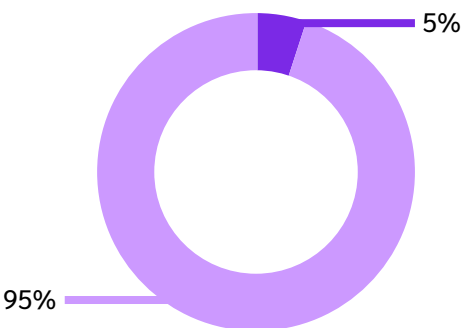
**Breakdown of Concession Payments
Made to WBE**

- Concessions Payments to Minority-Owned WBE
- Concessions Payments to Not Minority-Owned WBE



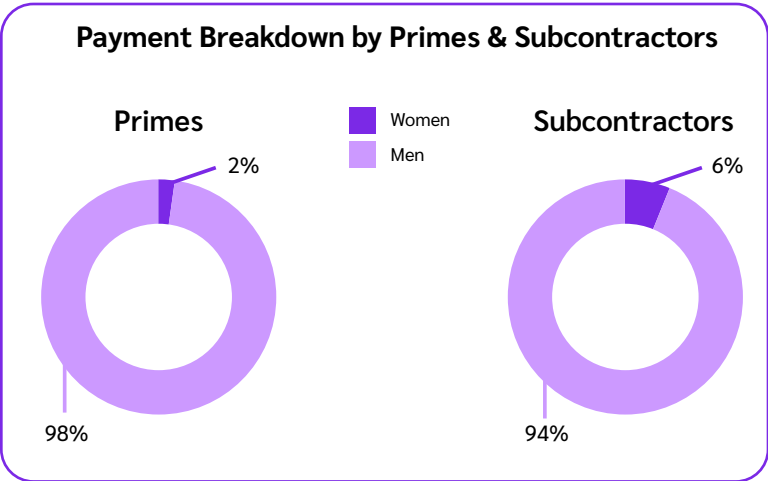
**Breakdown of Non-Concession Payments
Made to WBE**

- Non-Concessions Payments to Minority-Owned WBE
- Non-Concessions Payments to Not Minority-Owned WBE



For concession contracts, around 15 percent of total payments were made to women-owned businesses in 2021, a decline from 19 percent in 2018. A fall in total contract dollars awarded for concessions from 2018 to 2021 has accompanied the decline in overall share of concessions contracts. In 2021, minority women-owned businesses were awarded the majority of concessions contracts going to women-owned businesses. However, minority women-owned businesses only obtained around 4 percent of the total concessions contract payments allocated to women-owned businesses.

When breaking down payments made for non-concessions contracts by primes and subcontractors, it is apparent that while women-owned businesses are underrepresented in both, the underrepresentation is more significant among primes.⁴⁷



Overall, in 2021, about 2 percent of prime payments were allocated to women-owned businesses. On the other hand, in 2021, around 6 percent of subcontractor contract payments were allocated to businesses owned by women.



Jacqueline Pruitt, President of Marvella Steel Placers Merriwether & Williams/ METRO CDABP

After beginning her career in the construction trades as an ironworker in 2009, Ms. Pruitt founded her company in 2016. She was part of the first graduating class of LAWA’s BuildLAX Academy and currently has a contract on LAWA’s Landside Access Modernization Program LAX Roadways, Utilities, and Enabling (LAX RUE) project. “I have always experienced challenges in life based on being an African-American woman,” she explains, “I don’t let that stop me. I’m a hard worker. I never say, ‘I can’t do this.’ I know what I am capable of achieving.”

She completed Metro’s Contractor Development and Bonding Program (DCAP) and with their assistance, secured and then increased her bonding. From the start, she made it a point to attend Meet the Primes, Doing Business with Metro and other local events to put herself out there to prime contractors, develop one-on-one relationships, and gain insight on what primes are looking for in terms of project and safety requirements. Getting matched with a larger company that provides her with ongoing mentor ship and guidance has also proven to be very helpful. Jacqueline was awarded her first contract two years ago and acknowledges that it took a lot of persistence in the beginning – including calling her contacts on a regular basis to ask for work. Jacqueline also credits programs like LA Metro’s CDABP for helping small business owners gain access to larger-scale public works opportunities. “I got my first public works contract just nine months after getting my contractor’s license,” she shares, “I’ve gained a lot of experience since then and have earned a reputation for my attention to detail and work ethic.”

In 2021, Ms. Pruitt was named Subcontractor of the Year by the National Association of Minority Contractors (NAMC) of Southern California.

⁴⁷ No prime/subcontractor data was available for concessions contracts.

| LAWA Procurement Preference Programs | | | | | | |
|--------------------------------------|---|-----------------------------------|--|--|------------------------------------|--|
| | Local-State Disabled Veteran Business Enterprise | Disadvantaged Business Enterprise | Local Business Enterprise/Local Small Business Enterprise | Minority-Owned Business Enterprise/ Women-Owned Business Enterprise | Small Local Business | Small Business Enterprise |
| Preference Program | N/A | Under revision | 8% preference applied to proposals by Local Business Enterprise certified businesses or a an up to 5% preference applied for a Local Business Enterprise certified subcontractor | N/A | 10% discount | N/A |
| Participation Level | Construction, non-professional and personal service projects with an estimated value over \$150,000 will be reviewed for Local-State Disabled Veteran Business Enterprise subcontracting opportunities. The required participation level will be indicated in the proposal packet | 6.37% yearly goal | Construction, non-professional and personal service projects with an estimated value over \$150,000 will be reviewed for Local Business Enterprise subcontracting opportunities. The required participation level will be indicated in the proposal packet | Projects with an estimated value of \$50,000 or more | Procurement of less than \$100,000 | Construction, non-professional and personal service projects with an estimated value over \$150,000 will be reviewed for Small Business Enterprise subcontracting opportunities. The required participation level will be indicated in the proposal packet |

Source: LAWA, LISC

Small Business Enterprise Program

LAWA’s Small Business Enterprise Program seeks to achieve the participation of SBEs at levels comparable to their availability to provide goods and services to LAWA. The ultimate goal of the program is to help small businesses acquire the experience necessary to compete for future contracts on an equal basis.⁴⁸

Contractor Support Programs

In addition, LAWA supports small and historically under-represented contractors through the following programs:

- 1. BuildLAX Academy: a bootcamp to prepare small contractors to successfully participate in the LAWA procurement process.

- 2. Contract Financing Assistance Program (CFAP): supports small contractors’ cash flow needs during the course of construction projects. LAWA facilitates loans to small businesses contractors.

LAWA’s Executive Working Group for Airport Concessions Disadvantaged Business Enterprises (ACDBE) was designed to address the challenges faced by small businesses in the airport concessions industry.

⁴⁸ LAWA. “Small Business Enterprise Program (SBE).” <https://www.lawa.org/en/lawa-businesses/lawa-administrative-requirements/small-business-enterprise-program>

Department of Public Works

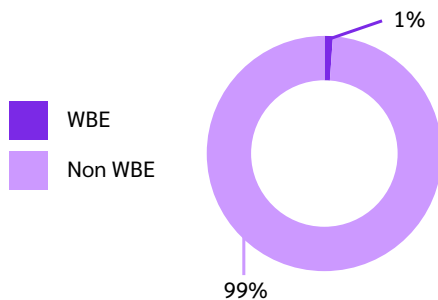
The Department of Public Works is responsible for designing, constructing, renovating, and operating public projects in the City of Los Angeles such as bridges, wastewater treatment plants, sewers, libraries, and streets.⁴⁹ The Department of Public Works is made up of five bureaus: the Bureau of Contract Administration, Bureau of Sanitation, Bureau of Street Lighting, Bureau of Engineering, and Bureau of Street Services.

In May 2021, the Board of Public Works approved a motion to establish the Bureau of Contract Administration's Community-Level Contracting (CLC) program. This program was created along with the Mayor's Office of Budget and Innovation's Chief Procurement Officer. The CLC program is designed to increase the number of opportunities for small and diverse businesses in

order to increase their share of the billions of dollars allocated annually for public procurement by the City of Los Angeles. The program breaks large contracts into smaller, more manageable work packages totaling around \$100,000. This serves to create more opportunities for small businesses to do business directly with the city as prime contractors.^{50,51} Furthermore, many of these small businesses also qualify for a number of the city's business certifications offered to minority-owned, women-owned, disabled veteran-owned, LGBT-owned, and disadvantaged businesses. A success of the program has been that most prime contractors on the CLC benches are first time bidders, indicating that the program is creating opportunities for new small and diverse businesses to enter into the procurement process.

Analysis of Construction Contracts⁵²

Breakdown by Ownership Gender for Certified Businesses, 2017-2021



Between 2017 and 2022, just over 1 percent of total prime construction contract payments were made to certified women-owned businesses. Not all women-owned businesses are certified meaning that these figures likely undercount actual procurement spending directed towards women-owned businesses.

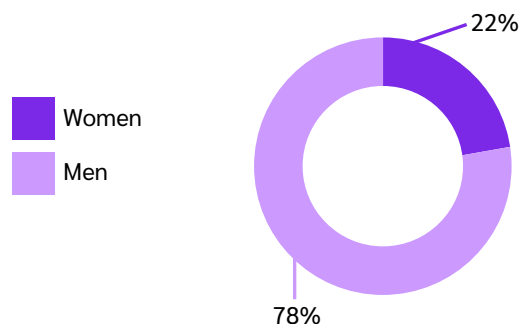
Due to data limitations, no analysis of subcontractor procurement spending was conducted for construction contracts.

Board of Public Works Executive Office Personal Services Contracts

2017-2022 Prime Contracts:

Although women-owned businesses were awarded more than half of all contracts, they only received around 20 percent of prime contract award dollars going to businesses with ownership gender provided. Breaking up prime contracts awarded to women-owned businesses by race/ethnicity, 98 percent of prime contract award spending went to minority-owned women businesses. The analysis of procurement spending was limited by the lack of subcontracting or gender data.

Prime Payment Breakdown by Ownership Gender July 2017-July 2022



⁴⁹ City of Los Angeles. "Department of Public Works." <https://dpw.lacity.org/>

⁵⁰ Seizing-the-Opportunity-Report_7.8.20.pdf (lacontroller.org)

⁵¹ Los Angeles Department of Public Works. (2019, May 19). LA City Board of Public Works Approves Motion to Establish Community-Level Contracting Program. <https://dpw.lacity.org/blog/la-city-board-public-works-approves-motion-establish-community-level-contracting-program>

⁵² Due to data limitations no analysis of sub-contractors was conducted.

Bureau of Street Services (StreetsLA)

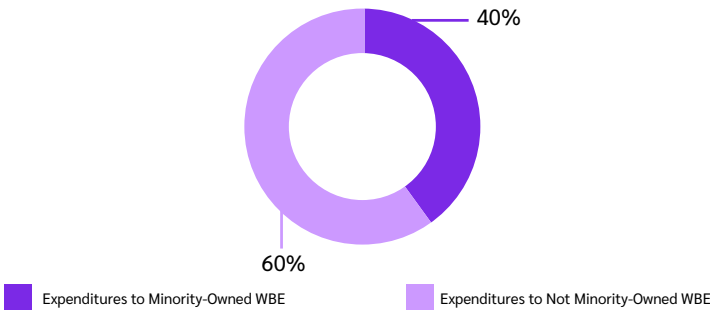
The Bureau of Street Services, also known as StreetsLA, is tasked with a number of planning, construction, maintenance, and enforcement activities to maintain and enhance Los Angeles’s public works infrastructure.⁵³



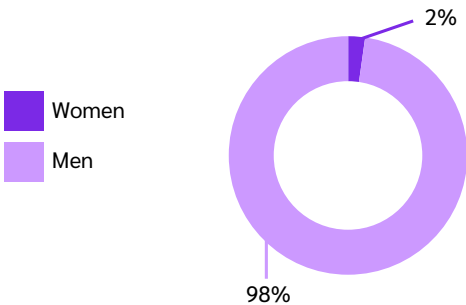
Analysis of Procurement Contracting for Personal Services Contracts

Personal services contracts are characterized by the performance of a service instead of the supply of goods.⁵⁴ Over the past five years, the Bureau of Street Services has allocated procurement dollars for personal services contracts to 430 businesses. Of these businesses, 24 were reportedly owned by women with the other businesses either being classified as man-owned (360) or without gender data (46). Only three of the women-owned businesses were on record as holding Women-Owned Business Enterprise (WBE) certification status.

Breakdown of Procurement Expenditure Payments made to Women-Owned Businesses in Terms of Minority Ownership Status



Share of Procurement Expenditures by Business Ownership Gender



Among businesses whose ownership gender was reported, women-owned businesses were allocated around 2 percent of total procurement expenditures for personal services contracts over the approximately five years that data was available. Breaking down women-owned business procurement dollars by reported race/ethnicity, around 40 percent of all procurement spending going to women-owned businesses was allocated to minority women-owned businesses. Only one contract was on record being allocated to a Latina-owned business, making up around 7 percent of procurement expenditures allocated to women-owned businesses.

53 The Bureau of Street Services. “What we Do?” <https://streetsla.lacity.org/what-we-do>
54 UPcounsel. “Personal Services Contract: Everything You Need to Know.” <https://www.upcounsel.com/personal-services-contract>

Bureau of Engineering

The City of Los Angeles Bureau of Engineering (BOE) is tasked with planning, designing, and construction management of public buildings, city infrastructure, and open space projects. Projects undertaken by the BOE include municipal buildings, convention centers, bridges, street and transit projects, and stormwater and wastewater systems.⁵⁵



Analysis of Procurement Contracting for Personal Services Contracts⁵⁶

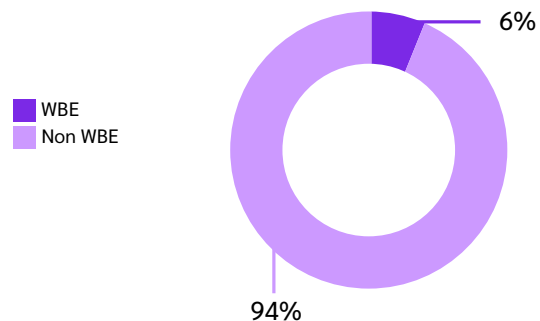
Between 2017 and 2021, around 6 percent of total prime personal service contract payments were made to certified women-owned businesses. Certified minority women-owned businesses were awarded around 70 percent of the total personal service contract payments allocated to prime women-owned businesses. Not all women-owned businesses are certified meaning that these figures likely undercount actual procurement spending directed towards women-owned businesses.

Due to data limitations, no analysis of subcontractor procurement spending for the Bureau of Engineering was conducted.

Small Sidewalk Repair Program

The City of Los Angeles's Bureau of Contract Administration recently partnered with the Bureau of Engineering on its Small Sidewalk Repair Program. A significant proportion of the contractors on the Pre-Qualified On-Call (PQOC) Small Sidewalk Contractors List are first-time bidders with the Department of Public Works and many are certified as small, women- or minority-owned businesses.⁵⁷

Prime Payment Breakdown by Ownership Gender for Certified Businesses, 2017-2021



⁵⁵ Los Angeles Bureau of Engineering. "About Us." <https://eng.lacity.org/about-us>

⁵⁶ Due to data limitations no analysis of sub-contractors was conducted.

⁵⁷ Los Angeles Department of Public Works. (2019, May 19). "LA City Board of Public Works Approves Motion to Establish Community-Level Contracting Program." <https://dpw.lacity.org/blog/la-city-board-public-works-approves-motion-establish-community-level-contracting-program>

Bureau of Sanitation (LASAN)

The Los Angeles Bureau of Sanitation (LASAN) is tasked with running the city’s environmental programs and initiatives. LASAN administers and manages three program areas: Clean Water (wastewater), Solid Resources (solid waste management) and Watershed Protection (stormwater).⁵⁸



Analysis of Procurement Contracting for Personal Services Contracts

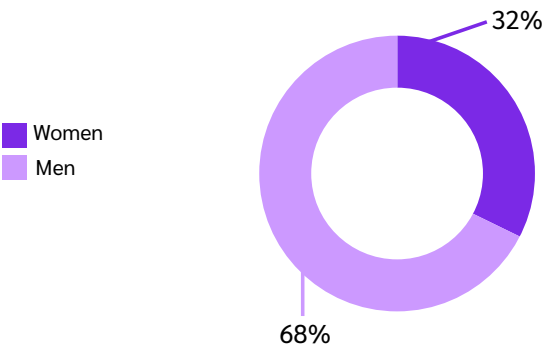
Of the primes who received contract dollars and whose gender was stated, from 2017 to 2021 women-owned businesses received around 6 percent of all procurement expenditures for personal services with the Bureau of Sanitation.

the Administrative and Support and Waste Management and Remediation Services industry likely make up a significant proportion of spending allocated to women-owned businesses by the Bureau of Sanitation.

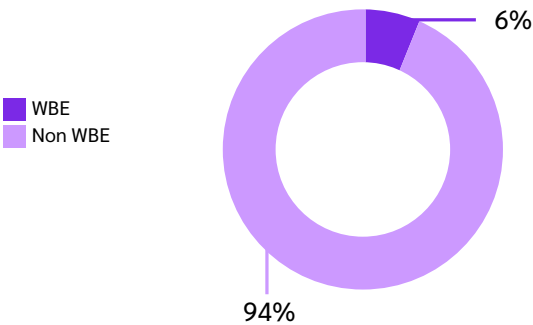
From 2017 to 2021, around 30 percent of procurement spending allocated by LASAN, to subcontractors whose gender was reported, was allocated to women-owned businesses. This figure is significantly higher than other bureaus within the Department of Public Works. As mentioned above, the Administrative and Support and Waste Management and Remediation Services industry has the highest percentage of women-owned businesses on RAMP, totaling around 7 percent of all businesses in the sector. Women-owned businesses in

The calculated proportion of subcontractor procurement spending allocated by LASAN to women-owned businesses is almost identical to the proportion of women-owned businesses in the Los Angeles region’s Administrative and Support and Waste Management and Remediation Services industry (32 percent versus 30 percent). This procurement spending proportion going to women-owned subcontractors greatly exceeds the proportion of women-owned businesses in all industries on RAMP.

Procurement Expenditures Subcontractors



Prime Payment Breakdown by Ownership Gender for Certified Businesses, 2017-2021



58 LASAN. “About Us.” https://www.lacitysan.org/san/faces/home/portal/s-lsh-au?_adf.ctrl-state=9q8on6dnm_82&_afLoop=11638964227151077#

Bureau of Street Lighting (LA Lights)

The Bureau of Street Lighting's function is to provide reliable, safe lighting for residents and visitors in the City of Los Angeles.⁵⁹ Since 2018, over \$20 million has been allocated by LA Lights to construction contractors and around \$150,000 for personal services contracts. LA Lights procurement data did not have the necessary attributes to understand the percentage of contracting dollars, among primes or subcontractors, going to women-owned businesses or business that are certified as women-owned.



Fiona Luce, President of Oasis Fuels, Inc.
LA Metro

OASIS FUELS, INC was formed after President and Owner Fiona Luce recognized the need for a female-run petroleum company in a largely male-dominated industry. Ms. Luce, also a disabled veteran, has won over \$1 million in contract awards at Metro. Having expanded her SBE certification as a wholesale fuel supplier, Fiona's innovative business solutions and industry expertise have been invaluable to the agency's projects including Metro's Freeway Service Patrol: "Oasis has been instrumental in helping us meet our small business goals," (John Takahashi, FSP Project Manager). "Metro has been my first big government contract and I am extremely happy that Oasis Fuels, Inc. is assisting Metro in meeting its considerable small business goals," said Fiona.

⁵⁹ LA Lights. "About." <https://lalights.lacity.org/about/>

Current Procurement Services Landscape

Public Procurement Programs in the City of Los Angeles

In 2011, the City of Los Angeles established the Business Inclusion Program (BIP) which was designed to lower barriers to participation for diverse and small businesses and requires outreach to small, emerging and diverse businesses. The Los Angeles City Charter requires city departments to award contracts to lowest qualified bidders. In response, the city adopted the Local Business Preference Ordinance on August 7, 2021, which combined the Local Business Preference, Small Local Business Preference, and Transitional Jobs Opportunities Program Preference ordinances. This program is designed to create more opportunities for Los Angeles County-based businesses that could be eligible for a contracting preference as local and local small businesses as well as businesses working with disadvantaged populations.⁶⁰ Additionally, with the passage of Charter Amendment BB in June 2022, **the city is now able to provide bid preferences for businesses located within the City of Los Angeles.**

⁶⁰ City of Los Angeles Department of Public Works. August 10, 2021. "City Council Adopts Local Business Preference Program Ordinance." <https://dpw.lacity.org/blog/city-council-adopts-local-business-preference-program-ordinance>

City of Los Angeles Inclusive Procurement Programs

| Program | Business Type | Price Preference | Procurement Share Goal |
|---|--|---|--|
| Business Inclusion Program | -Minority Owned Business Enterprise -Women Owned Business Enterprise -Small Business Enterprise -Emerging Business Enterprise -Disabled Veteran Owned Business | None | None |
| Local Small Business Preference Program (Non-Proprietary) | Local Small Business Enterprise | 10 percent (for contracts below \$150,000) and up to 12 percent (for contracts of \$150,000 or more) | None |
| Local Small Business Preference Program (Proprietary) | Local Small Business Enterprise | | -Port of LA: Varies -DWP: Varies -LAWA: 25 percent |
| Small and Local Business Program (Proprietary) | Small and Local Business | 10 percent preference for goods, equipment, and non-professional services contracts \$100,000 or less | N/A |
| Small Business Preference Program (Proprietary) | Small Business Enterprise | None | None |

Source: City of Los Angeles, Elizondo

City of Los Angeles Local Business Preference Ordinance^{61,62}

City of Los Angeles **Local Business Preference Ordinance**, The City of Los Angeles implemented the Local Business Preference Ordinance in order to encourage local sourcing of purchased goods and services by leveling the playing field for local businesses that pay higher costs (rent, property taxes, insurance, sales taxes, wages, etc.) than non-local businesses. The Local Business Preference Ordinance **provides local businesses with a 10 percent bid price competitive advantage on contracts below \$150,000 with additional 2 percent preference granted for a Local Transitional Employer certification for up to a 12 percent maximum preference. In addition, an 8 percent preference for all contracts above \$150,000 is available with an additional 2 percent preference that may be earned for a Local Small Business and/or Local Transitional Employer certification for up to a 12 percent maximum preference.** Prime contractors who are not local businesses but use subcontractors that hold a Local Business Enterprise, Local Small Business

Enterprise, and/or Local Transitional Job Opportunities Program certification receive a 1 percent preference for every 10 percent cost of the work to be performed by a subcontractor, up to a maximum 5 percent preference. The ordinance requires departments purchasing goods and services from Los Angeles County businesses to reduce the bid amount and increase the bid's score by the percentage preference awarded to the bidder.



⁶¹ City of Los Angeles Department of Public Works Bureau of Contract Administration. (n.d.). BIS Program and Local Business Preference | Bureau of Contract Administration. <https://bca.lacity.org/BIS-Program-and-Local-Business-Preference#:~:text=Business%20Inclusion%20Program.%20Based%20on%20the%20Mayor%27s%20Executive,Enterprise%20%28EBE%29%2C%20%285%29%20Disabled%20Veteran%20Business%20Enterprise%20>

⁶² Bidnet. (n.d.). The City of Los Angeles: Government Contracting for Small and Medium-Sized Businesses. <https://www.bidnet.com/resources/business-insights/city-of-los-angeles-government-contracting-for-small-and-medium-sized-businesses-en.jsp>

City of Los Angeles Business Inclusion Program (BIP)

The **Business Inclusion Program (BIP)**, established in 2011, is a comprehensive program that seeks to make it easier for local, small businesses, and women-/minority-owned businesses to participate in the city procurement process. While the BIP does not provide bid preferences to businesses, it is designed to encourage small business participation in procurement contracting in other ways.

The program is designed to increase the participation of minority-owned, women-owned, small, and disabled veteran-owned businesses in city procurement and includes 5 certification categories:

- **Minority-Owned Business Enterprise (MBE),**
- **Women-Owned Business Enterprise (WBE),**
- **Small Business Enterprise (SBE),**
- **Emerging Business Enterprise (EBE), and**
- **Disabled Veteran Business Enterprise (DVBE).**

Business Certifications

The city recognizes many types of business certifications and though most are not associated with a city bid preference program, such as those tied to race/ethnicity and gender, many can still be helpful in securing contracts from private sector businesses. Individual businesses can hold multiple certifications. For example, a woman-business enterprise located in the City of Los Angeles with gross revenues less than \$7 million may be certified as a WBE, DBE, and SBE all at once. The Los Angeles Department of Public Works' Bureau of Contract Administration is the city entity responsible for reviewing certification applications and issuing business certifications.

The City of Los Angeles has several certification programs. The city processes applications for the Small Business Enterprise (SBE) (Proprietary), Minority-Owned Business Enterprise (MBE), Women-Owned Business Enterprise (WBE), Disadvantaged Business Enterprise (DBE) and Airport Concessions DBE, Los Angeles County Local Business Enterprise (LBE), Los Angeles County Local Small Business (LSB), and the Local Transitional Employer Business Enterprise certifications

In addition, the City of Los Angeles recognizes a number of business certifications issued by federal, state, and other local government agencies, such as the Emerging Business Enterprise, Disabled Veteran Business Enterprise, and LGBT Business Enterprise certifications, among others.

Analysis of Business Certifications

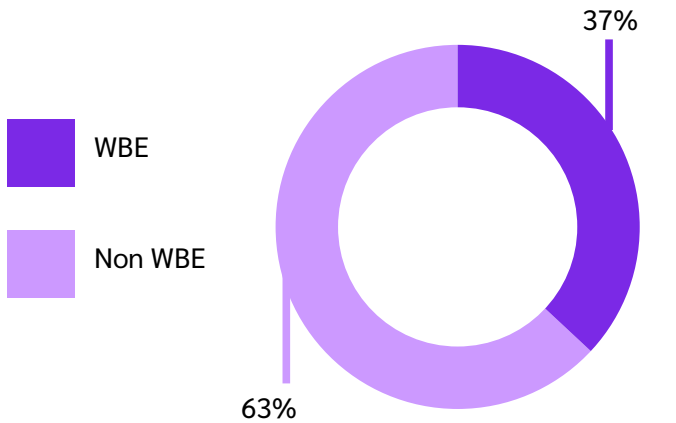
The Los Angeles City Controller is an elected office that serves as city paymaster, auditor, and chief accounting officer.⁶³ The City Controller keeps track of data on vendor certification status and payments made to these certified vendors.

Around 400 vendors are on record with the Controller's Office as holding a WBE certification. **Of these 400 WBE-certified**

vendors 23, or around 6 percent, also hold Minority-Owned Business Enterprise (MBE) certification. These numbers may underestimate the total number of women-owned businesses, and the subset that are owned by minority women, due to difficulties attaining certifications and a lack of incentive to do so after the passage of Proposition 209.

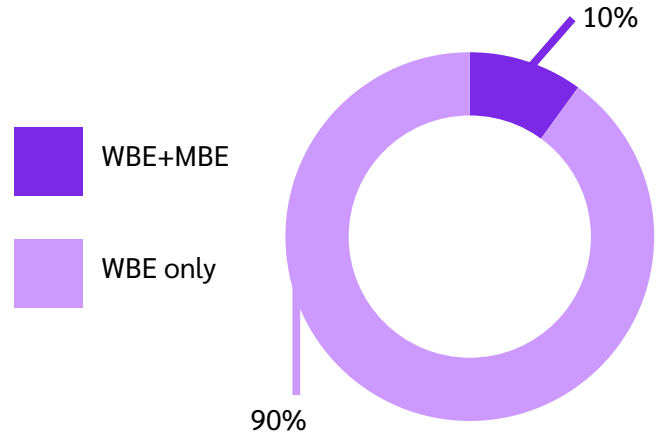
⁶³ Los Angeles City Controller. "About Our Office." <https://lacontroller.org/our-office/>

Share of WBE Procurement Expenditures
as a Percentage of all Certified Businesses



Source: Los Angeles City Controller

Share of MBE+WBE Procurement Expenditures
as a Percentage of all WBE Procurement Expenditures



Source: Los Angeles City Controller

Since Fiscal Year 2018, payments to vendors with business certifications totaled around \$170 million. **WBEs received around \$62.5 million, or about 37 percent of payments to vendors with business certifications.** Businesses that were certified as both WBEs and MBEs received around 10 percent of payments made to WBEs and around 4 percent of all payments to vendors with business certifications.

Procurement Service Providers in the City of Los Angeles

Procurement service providers supply businesses interested in pursuing procurement opportunities with a variety of services designed to increase the likelihood of successful participation in the procurement process. This section provides an overview of a number of available private sector, nonprofit, and public procurement service providers and the services they provide.



Carmen Rad, President & CEO of CR&A Custom, Inc.

CR&A CUSTOM, an American Latina-owned printing firm (past inner of the Innovation Award from the Latino Business Chamber of LA) was awarded multiple contracts from \$40K to \$400K creating custom banners for Regional Connector, Crenshaw/LAX and Purple Line Extensions as well as Metro's Recycled Tote Bag Program. With recent SB Prime awards in the marketing peripherals space, Carmen Rad, CR&A Custom's President and CEO said "Metro's SB Prime is an excellent tool for women-owned small businesses to gain traction in the transportation industry."

BCA Small Business Academy^{64,65}

The BCA Small Business Academy in the City of Los Angeles provides participants with information on marketing, financing, and bidding, to help new businesses enter the public procurement process. The Academy offers a five-week virtual program and seven to nine-week in-person program that helps business owners navigate through the often-complex procurement process.

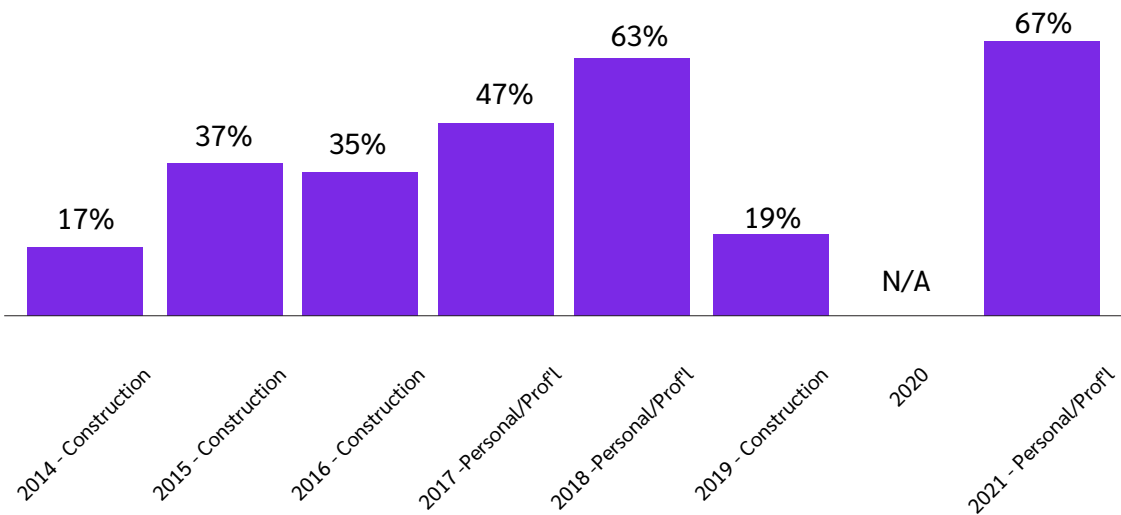
The Small Business Academy is a collaboration of the City of Los Angeles, Department of Public Works (DPW), Bureau of Contract Administration (BCA), Bureau of Engineering (BOE), the Port of Los Angeles (POLA), the Los Angeles Department of Water and Power (LADWP), and the Los Angeles World Airports (LAWA). The Academy provides participants with information on doing business with the city, upcoming city projects, contract compliance, and networking. The goal of the Small Business Academy is to improve contracting opportunities in certain sectors for currently underrepresented businesses including small businesses and women-, minority-, and military veteran-owned firms by providing support and guidance to participants. Course topics include marketing, financing, insuring, and

working on design-build. The Academy’s annual program is geared towards businesses in particular industry sectors. For example, in 2022, the construction sector is the focus of the material presented at the Academy.

In 2021, 67 percent of Academy graduates were women business owners. The majority (58 percent) of graduates were also classified as small business enterprises.⁶⁶ Over time, the percentage of graduates who are women business owners has closely followed the industry focus for the year. During years with personal/professional service industry concentration, women-owned business participation has increased significantly over time from 47 percent in the first year offered to 67 percent in 2021, the third and most recent year.

Participation by women-owned businesses, based on the percentage of businesses that graduated, in the program is significantly lower during years with program concentration in the construction sector and has fluctuated over time with 17 percent in 2014, 37 percent and 35 percent in 2015 and 2016 respectively, and 19 percent in 2019.

Women-Owned Business BCA Small Business Academy Participation 2014-2021



Source: BCA Small Business Academy

⁶⁴ USC Dornsife. November 2019. Los Angeles as a Host City: Identifying Investment-Ready Neighborhoods for Equitable and Inclusive Procurement. Los Angeles Business Council. <https://dornsife.usc.edu/assets/sites/242/docs/LABC-PERE-2019-Report-Low-res.pdf>
⁶⁵ City of Los Angeles. “L.A. Small Business Academy.” <https://bca.lacity.org/LA-Small-Business-Academy>
⁶⁶ July 2022. “LA Small Business Academy Board of Public Works Oral Report by the Bureau of Contract Administration.” Presentation.

City of Los Angeles AccessingLA

The flagship networking series from the City of Los Angeles, AccessingLA is a collaboration between the Mayor's Office of Economic Development, various City Council offices, the Office of Procurement, and the Department of Public Works. AccessingLA consists of three different series of networking events, BuildWith, TeamWith, and RiseWith; before the onset of the COVID-19 pandemic, each event was held in an exhibition hall however they have since transitioned to virtual events. BuildWith brings together city departments, public agencies, prime contractors, and subcontractors in the construction industry, while TeamWith brings together these stakeholders in professional and personal services and RiseWith focuses on business and contracting development, mainly in the San Fernando Valley. AccessingLA helps businesses build meaningful relationships, gain valuable perspective, and access resources to promote their economic development and improve their ability to contract with the City of Los Angeles.



Los Angeles Area Chamber of Commerce Foundation's OneLA Inclusive Procurement Program

The Los Angeles Area Chamber of Commerce Foundation's OneLA Inclusive Procurement Program provides training, relationship-building opportunities, and business development support to businesses with the goal of increasing access to procurement contracts for local, small, and diverse businesses.

Since 2019, the OneLA Inclusive Procurement Program has helped small, diverse businesses win over \$17 million in contract awards.

Pacific Asian Consortium in Employment (PACE)

In 2012, the Mayor and City Council authorized the establishment of the **BusinessSource Centers (BSC) Program in an effort to revitalize the local economy by providing services and resources to help business owners launch viable businesses, grow revenue streams, and remain competitive in the City of Los Angeles.** The Pacific Asian Consortium in Employment (PACE) administers one of the ten BSCs located throughout the City of Los Angeles that are contracted by the city and operate with oversight from the Economic and Workforce Development Department (EWDD). PACE's Procurement Program serves to provide disadvantaged business enterprises with the knowledge and resources necessary to allow them to successfully participate in the Los Angeles region's procurement contracting process with public agencies, utilities, and the private sector.

PACE's Small Business Assistance Women's Business Center (WBC) is designed to improve the economic prospects of women in the Los Angeles region by helping women business owners build successful businesses. The WBC offers clients a number of business assistance services including a business assessment, development training, mentoring, technical assistance programs, and one-on-one counseling sessions to help meet the participant's business goals. PACE Business provides comprehensive business services to small business clients across the Los Angeles region, including business development, technical assistance, training, procurement, loan underwriting and management services. PACE Business recently launched its Procurement Services Center to assist participating businesses in obtaining business certifications, bid support, and other necessary skills that will enable them to successfully compete for procurement contracts.

NEW Economics for Women

NEW Economics for Women is a business service provider active in the Los Angeles region that provides a myriad of services to women-owned businesses. The stated mission is to spark economic mobility for all women and families, focusing on Latinas and using tools such as entrepreneurship and advocacy. Like PACE, NEW also runs a BusinessSource Center and a Women's Business Center.

NEW's BusinessSource Center is located in East Los Angeles, a neighborhood on the very eastern edge of the City of Los Angeles that is predominantly Latino. At the BSC, bilingual advisors offer free guidance to businesses on matters such as securing permits, developing their businesses, accessing capital, retaining workers, and more.

The City of Los Angeles Administrative Officer's Contractor Development and Bonding Program⁶⁷

The City of Los Angeles Administrative Officer's Contractor Development and Bonding Program (CDABP), which is administered by Merriwether and Williams, is designed to help small businesses successfully participate in the City of Los Angeles' procurement process. The program is intended to help

The NEW Women's Business Center (WBC) administers many programs to help female entrepreneurs in the City of Los Angeles, with a total of 3,721 clients served. The programmatic focus is wide-ranging: some programs target business specific industries, such as restaurants, film, and fashion, while another targets Latina business owners. Additionally, there is help for new startups, such as the 12 Steps for Launching a Business and Micro-Business Mentoring programs. The WBC also provides bilingual workshops for small businesses across Southern California, providing one-on-one consulting and local insights. Additionally, it hosts a searchable marketplace portal where women entrepreneurs can list their businesses.

diversify and expand opportunities for small, disadvantaged, and minority-, women-, and disabled veteran-owned contractors to participate in city projects, as well as assisting them to grow their capacity. By eliminating bonding barriers, more contractors are able to bid on city projects, resulting in a greater number of competitive bids and significant cost savings to the City of Los Angeles.

Program participants are assigned a case manager to advise them on business development needs. Services and benefits include:

- Personalized business assessments to determine a contractor's capacity and opportunities for growth.
- Workshops, training, individual and contract-specific support for securing bonding, financing, learning industry best practices, and overall business development.
- A cost subsidy for contractors to get the help of a professional accountant in preparing necessary financial statements.
- Bid, performance, and payment bond guarantees to surety companies (up to the lesser of 40 percent of the bond amount or \$250,000).
- Assistance with Third Party Fund Administrators to ensure that project-related expenses are paid in a timely manner.
- Participation in the Prime Partnership Program, which helps create strategic alliances with Program Prime contractors, peers, and public agency staff through networking, matchmaking, and referral



Theresa Ruff
CEO, Ruff Construction, Inc.
Merriwether & Williams CDABP

The CDABP has helped me in many ways. For instance, by sending me leads for City of Los Angeles, Los Angeles Department of Water & Power, and Port of Los Angeles contracts. CDABP has also helped me navigate through the process when I was awarded the sidewalk program. Additionally, they have assisted me in obtaining bonds and insurance.

⁶⁷ City of Los Angeles. "City of Los Angeles Contractor Development and Bonding Program." <https://cao.lacity.org/risk/BondAssistanceProgram.pdf>

Public Engagement

To understand the issues facing women-owned businesses, LAEDC and the Mayor's Office engaged with women-owned businesses through two means, a survey of businesses in RAMP and virtual roundtable discussion. The queried populations were familiar with the procurement process, so feedback highlighted in this section is centered around making procurement more attainable for women-owned businesses already involved in the procurement process, as opposed to increasing access for women-owned businesses who are not familiar with procurement.

Survey of RAMP Businesses

To understand the wider sentiments of businesses pursuing procurement contracts, especially women-owned businesses, a survey was designed by LAEDC in partnership with the Mayor's Office and disseminated via an email to all RAMP businesses. The survey was available online in English. Between July 14 and August 1, 792 survey responses were collected from the over 84,000 businesses on RAMP; of those nearly 800 businesses, 287, or 36.2 percent, were women-owned businesses. The margin of error in the survey results is ± 3 percent.

Between women-owned businesses and other businesses, many

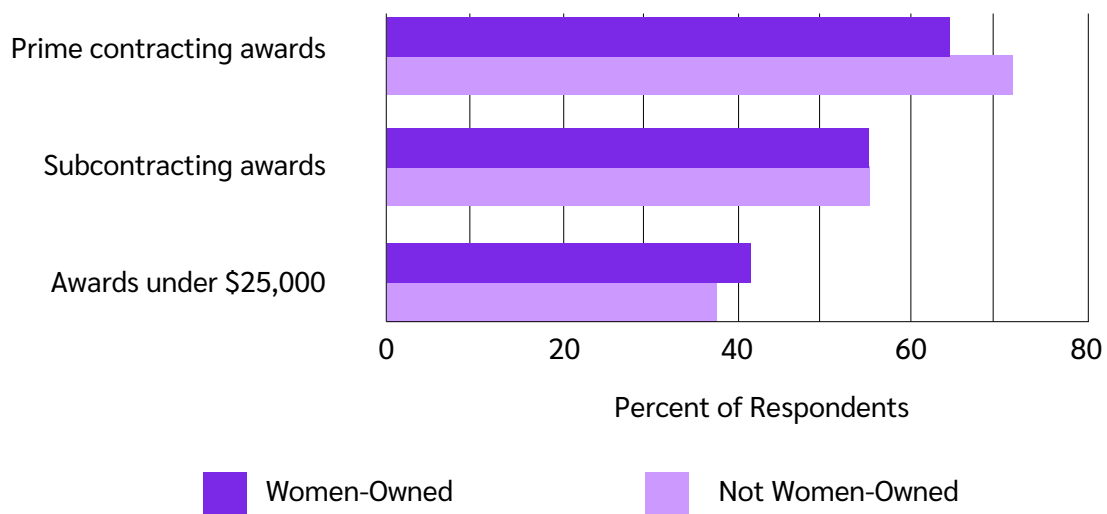
things were similar, namely their experience in winning bids, interest in subcontracting, strategies that were helpful, and challenges in the procurement process. For the most part, the survey showed that many of the issues that women-owned businesses faced were due to other factors such as being a small business or newer business. However, for some services, women-owned businesses were more likely to anticipate them being helpful moving forward. These points, and other insights from open-ended input, will be shared in this section and analyzed to develop key findings.

Experience in Procurement Contracting

Among surveyed businesses owned by women and those owned by men or non-binary people, there was a similar level of experience with procurement, with slightly more than a quarter of businesses having won awards, a little less than a quarter having submitted bids without winning an award, and around half of the businesses interested in procurement but having no experience submitting bids. The nearly half of the surveyed businesses that were interested in procurement but had no experience submitting bids, 47.0 percent among women-owned businesses and 44.2 percent among other businesses, represents a very large proportion, indicating that **there is a**

large pool of businesses interested in procurement who have not been able to submit bids, either due to lack of time, lack of knowledge, or other factors. As this survey only queried RAMP businesses, which are likely to be relatively familiar with procurement contracting, it is plausible that an even larger proportion of businesses in the Los Angeles region are interested in procurement but have not been able to overcome the barriers to entry. Lowering these barriers to entry and making procurement contracting more accessible so that more businesses can submit bids is a first step in making the process more equitable.

What type of city procurement opportunities is your business pursuing?



There was a notable difference in the type of contracts pursued by women-owned businesses versus other businesses. Businesses were asked what type of procurement contracts they pursue, prime contracting awards, subcontracting awards, or awards under \$25,000, with businesses able to select multiple answer choices. Women-owned businesses were less likely to indicate that they pursued prime contracting awards, 64.5 percent as opposed to 71.6 percent among men- and non-binary-owned businesses. While they were about equally likely to pursue subcontracting awards, around 55 percent from both groups, women-owned businesses were slightly more likely to be pursuing contracts totaling less than \$25,000. Increasing the visibility of these smaller contracts would be an important way to support women-owned businesses in their pursuit of procurement dollars, with smaller contracts also helping them establish themselves so that they can bid for larger opportunities. As one respondent from a women-owned businesses put it, “perhaps allowing a ‘first-timer’ or ‘newbie’ to

get on a project in order to get our feet wet and earn money. Trial by fire, perhaps a very small opportunity to take the edge off,” would be helpful, as otherwise, “it’s rather intimidating.”

In the pursuit of subcontracting opportunities, women-owned businesses reported levels of success close to that of other groups, with 11.7 percent of women-owned businesses having won subcontracting opportunities compared to 13.8 percent among other businesses.

Furthermore, 14.3 percent of women-owned businesses had submitted bids but had not won awards, compared to 16.7 percent of other businesses. As subcontracting is largely left up to prime contractors, it will be important for the city to encourage networking between primes and women-owned subcontractors to encourage the submission and acceptance of their bids for these opportunities.

Helpful Services

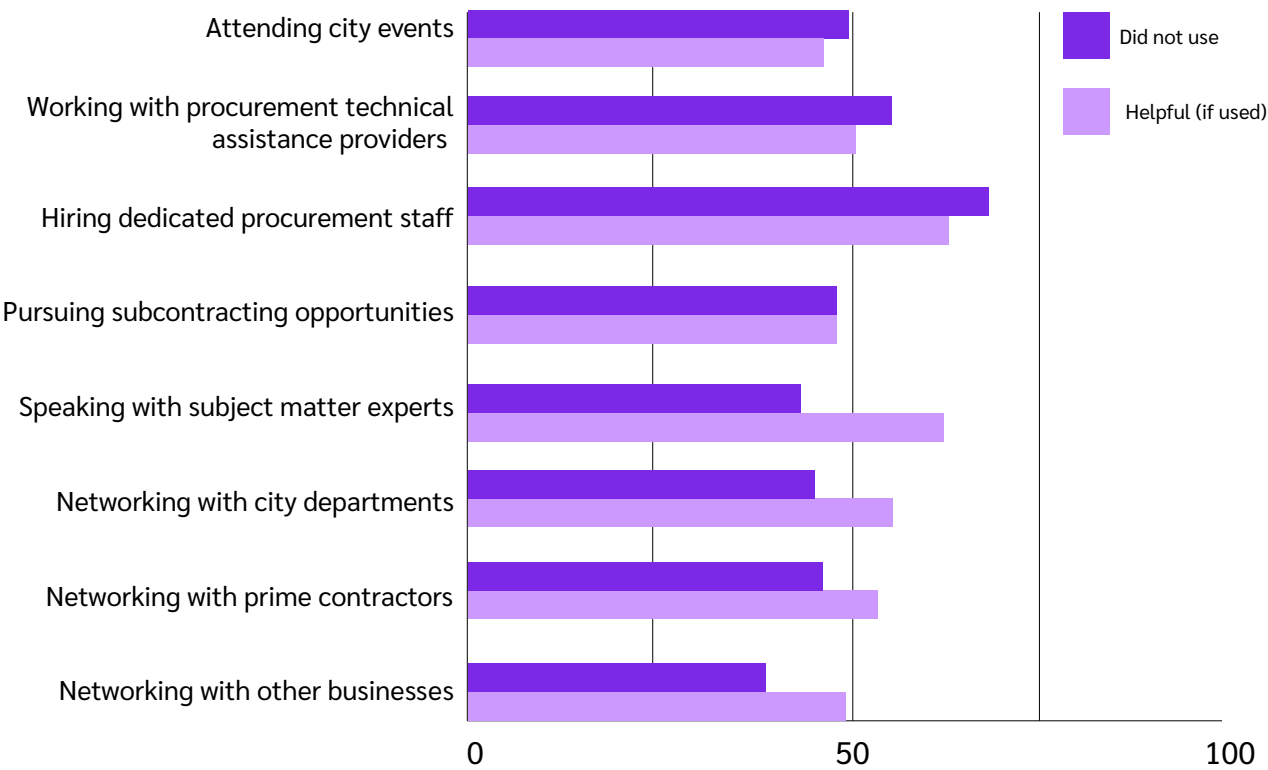
Next, businesses were asked how helpful certain events, services, and opportunities had been in their pursuit of city procurement contracts. Among the events, services, and opportunities queried, businesses most often took advantage of opportunities to network with other businesses, speak with subject matter experts, and network with city departments. These three were also the most common choices among women-owned businesses.

In addition to being asked whether they had taken advantage of these events, services, and opportunities, businesses were asked about how helpful they were if they were utilized. Among those who had taken advantage of each event, service, or opportunity, hiring dedicated procurement staff was considered the most impactful, though only around 30 percent of queried businesses were able to do so. Among those who did hire staff to pursue

procurement contracts, 64.8 percent indicated that it was very or somewhat helpful. Another of the most impactful actions was speaking with subject matter experts, which was very or somewhat effective for 64.4 percent of businesses. This was especially true for women-owned businesses, with 66.4 percent reporting it was somewhat or very helpful compared to 62.0 percent among other businesses.

Though similar proportion of women-owned and non-women-owned businesses used networking opportunities with the city and prime contractors in their pursuit of contracts, the perception of its impact varied between the two groups. In terms of networking with city departments, only 44.6 percent of women-owned businesses felt it was very or somewhat helpful, compared to 64.3 percent among other businesses. Networking with prime contractors had a similar level of perceived

Please indicate how helpful each of the following have been in your business' pursuit of city procurement contracts.



impact: 43.3 percent of women-owned businesses found these networking opportunities to be very or somewhat helpful while 61.4 percent of other businesses did so. The difference in perceived impact is stark, indicating that the city should explore ways to make these opportunities more helpful for women-owned businesses; this issue could be explored in a further set of virtual roundtables with women-owned businesses in procurement, so that a program could be informed by their input.

Regarding other events, services, and opportunities, about half of the businesses pursued subcontracting opportunities, attended city events, and worked with procurement technical assistance providers. Among those who took advantage of those actions, 51.7 percent found working with procurement technical assistance providers to be helpful, while 50.8 percent felt the same regarding city events and 49.6 percent about

subcontracting opportunities. While the percentage who found subcontracting opportunities to be very or somewhat helpful was around 50 percent for both women-owned businesses and other businesses, only 8.9 percent of women-owned businesses felt it was very helpful as opposed to 20.8 percent of other businesses. Open-ended responses indicated some other helpful events, services, and opportunities for women-owned businesses. Responses included getting help from small business development centers, receiving certifications, having access to purchasing agent contact information, participating in organizations such as the U.S. Women's Chamber of Commerce and Women Construction Owners and Executives, and attending webinars, bootcamps, or government contracting summits. Encouraging women-owned businesses to attend government contracting summits may boost the profile of their businesses and help increase transparency in the procurement process.



Trisha Murakawa
Principal, Murakawa Communications
Small Business Academy

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I cannot thank the City, the staff and the leadership who continue the LA Small Business Academy enough; I am so grateful for the program and all that it has given me: information about the City's contracting process, what I as a business owner need to succeed, relationships and a network of other small business owners and others who help small businesses succeed. None of this would have been possible if I did not participate in the Small Business Academy. The types of contracts I received or that I got since doing the program include multi-year contracts with LAWA and the Department of Public Works and I will start a new contract with DPW very soon (a joint project with LADOT) and several projects with other public agencies in water, stormwater and recycled water, transportation, solid waste, environmental clearance and construction. Also, because I participated in the LA Small Business Academy, I met Cheryl Melendez and graduated from the GS10ksb program and I'm an ambassador for my class. I am currently participating in the LA Ascend program, another amazing business growth program. I am eternally grateful for the LA team who puts the program on. Since I participated, my business grew by 66%

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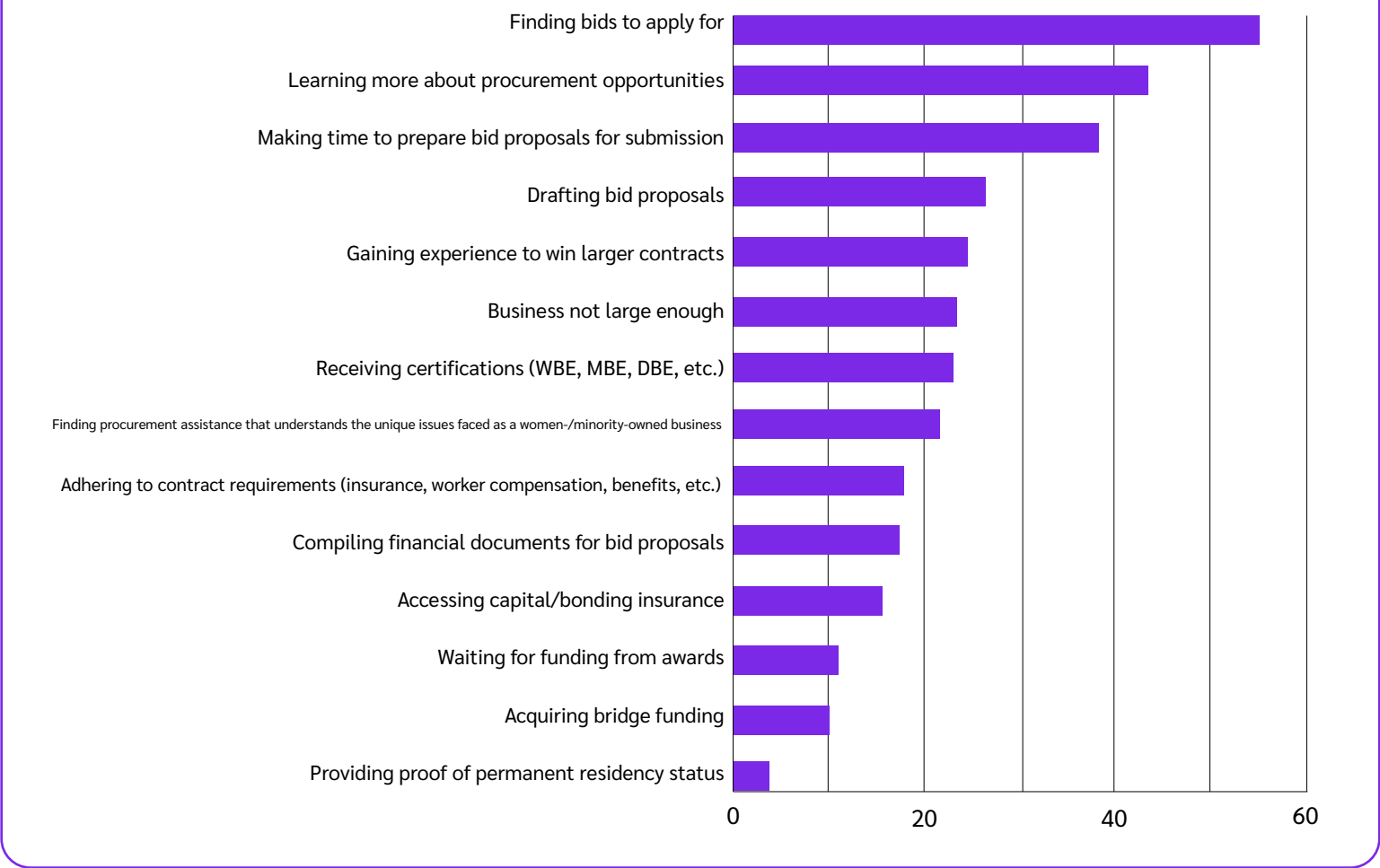
Challenges

Many surveyed businesses expressed the same challenges to successful participation in the procurement process regardless of the gender of the owner, with the size of the business and experience in contracting having large effects. The majority of businesses, both among all businesses overall and women-owned businesses, shared that finding bids to apply for was a challenge for their business, with 55.1 percent and 55.4 percent providing this answer respectively.

The next two most challenging aspects were learning more about procurement opportunities (43.6 percent) and making time to prepare bid proposals for submission (38.4 percent). A full ranking of the challenges is shown in the chart.

The most notable difference in the challenges identified between women-owned businesses and other businesses was in finding procurement assistance that understands the unique issues faced as a women-/minority-owned business. More than one in five women-owned businesses, 21.3 percent, identified this as a challenge that they faced. Though many issues are shared among all businesses, this finding highlights the importance of cultivating programs with procurement service providers that specifically cater to women-owned businesses and to minority-owned businesses. Forging public-private partnerships or supporting organizations that do this work, such as the Pacific Asian Consortium in Employment (PACE) or NEW Economics for Women Women’s Business Centers, should be a priority to make sure that women-owned businesses have access to services that understand their challenges and promote their success.

What challenges has your business faced while pursuing procurement opportunities?



According to the survey results, the most common challenges have to do with identifying relevant bids and understanding exactly what is being requested, creating time to draft bid proposals and submit them by the deadline, and gaining experience or growing your business to pursue larger contracts. Respondents were also encouraged to share other challenges that they faced, which included sentiments that procurement is a “*who you know system*,” issues with the lack of transparency in the process, inadequate resources for woman-owned businesses doing business with the City of Los Angeles compared to other jurisdictions, communication issues with primes as a women-owned subcontractor, delay in payment or non-payment of awards, onerous amounts of paperwork required to submit bids, inability to discern whether bids require certifications, and the stringency of attending mandatory webinars to submit bids. These open-ended answers in large part dovetail with the survey results, showing that the largest challenges that businesses face have to do with efficiency in identifying relevant bids and easily understanding their requirements, time and attendance constraints placed on the procurement process which do not allow smaller businesses or businesses not immediately aware of opportunities to submit bids, and the limited access to

introductory opportunities, either due to smaller opportunities not being listed or the city playing a passive role in the relationship between primes and subcontractors.

Each of these issues can be addressed, such as by implementing better systems for disseminating relevant, easy to understand bids to companies via keyword or industry email digests and a standardized layout for sharing the important information; however, some solutions come with tradeoffs, as a longer period for RFPs and the mandate to list contracts under \$25,000 would hamper the ability of the city to move quickly on some issues. Playing a more active role in the relationship between prime contractors and subcontractors would also come with its own costs, as city staff would likely have to increase to accommodate this more active role. The city should balance its priorities in order to understand whether laying out a longer timeline for opportunities with more flexible attendance requirements for information sessions and increasing the oversight on prime contractors would have an undue impact on city departments or if it is a necessary step to create a more equitable procurement environment in the city.



Barbara McGee
CEO, Barbold Services LLC
Miscellaneous, LAWA, Merriwether & Williams

Since the covid-19 pandemic, never would I have imagined that we could have worked every day with our team in the ITF WEST parking structure and CONRAC projects. Even though it was such a critical time globally, our employees continued to work in Local 12 Operating Engineers making \$50.00 per hour. The mentorship awarded to us by LAWA, Rambo House, Merriwether and Williams bonding program, and the unique vision of the City of Los Angeles, allowed us to pursue procurement opportunities by offering classes, virtual meetings, and ongoing education throughout the covid-19 pandemic.

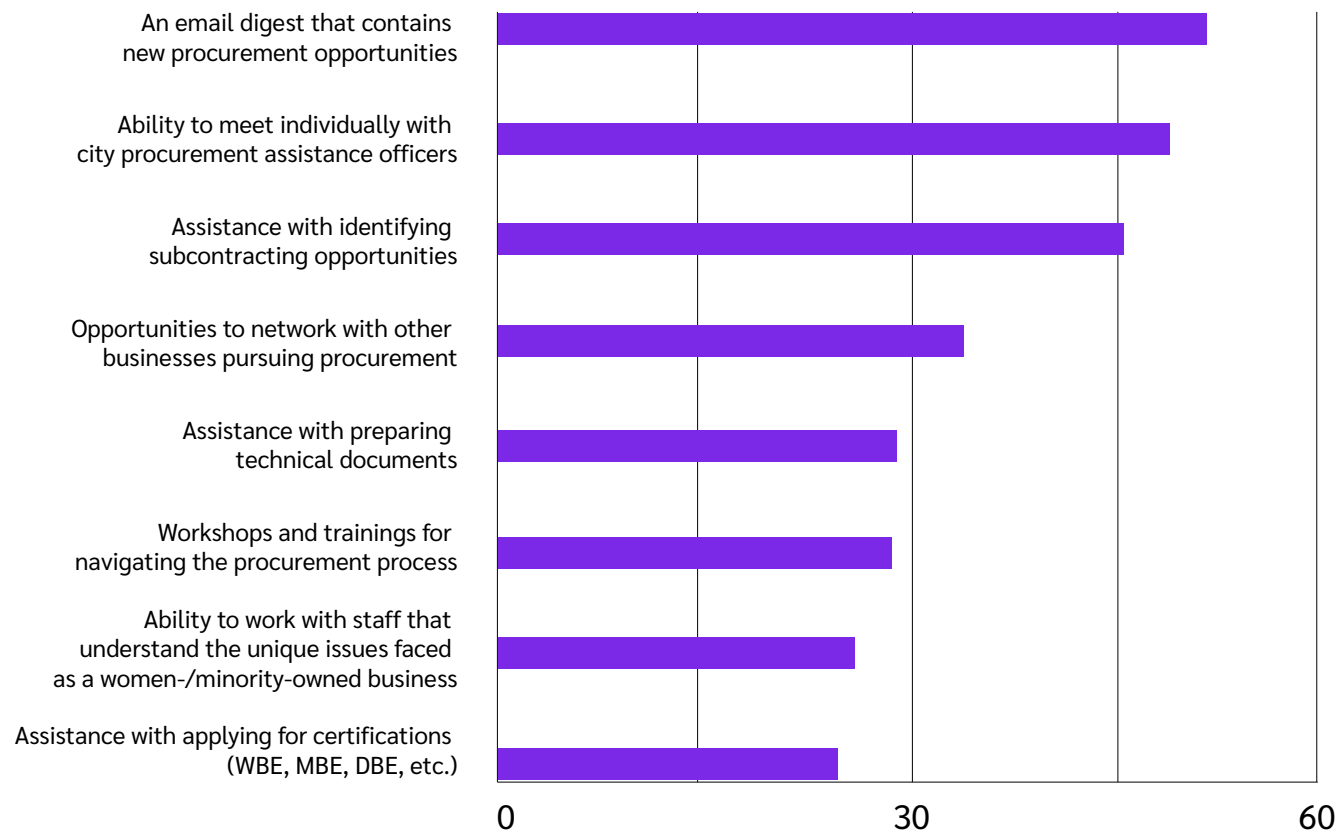
As a disadvantaged business enterprise, minority-owned, and women-owned small business enterprise, navigating through a male dominated industry in construction can be arduous. Competing with larger companies can present a disconnect between the prime, the bidding, and how our services are used within the project. Despite 20 years of experience as a union Operating Engineer, financial institutions were not willing to assist in purchasing additional street sweepers because the company did not have the required business history and financial records to qualify for the loan and scale for business growth. Regardless of these obstacles, our goal as a minority-woman owned business is to empower our employees to thrive.

Looking Forward

After understanding the challenges faced, businesses were asked about what services would be most helpful to their business moving forward in their pursuit of procurement contracts. The top three most selected answers were an email digest that contains new procurement opportunities (52.4 percent), the ability to meet individually with city procurement assistance officers (49.7 percent), and assistance with identifying subcontracting opportunities (46.4 percent).

These touch upon the key themes voiced throughout the survey, increasing the ease of identifying relevant procurement opportunities, increasing transparency in the procurement process, and assuming a larger role in the oversight of subcontracting by prime contractors. A full chart of the helpful services, ranked by popularity is included.

What services would be most helpful to your business in its pursuit of procurement contracts moving forward?



These three services were also the most commonly chosen among women-owned businesses, with the ability to meet individually with procurement officers being chosen by a majority of businesses, 52.2 percent. Among women-owned businesses, the fourth most popular service, with 39.7 percent of respondents, was the ability to work with staff that understand the unique issues faced as a women-/minority-owned business, further highlighting the important role that women-focused procurement service providers can play. Women-owned

businesses were also far more likely to desire workshops and trainings for navigating the procurement process (36.4 percent versus 24.1 percent) and assistance with applying for certifications (32.6 percent versus 20.9 percent). These services would assist women-owned businesses in surmounting some of the initial barriers to entry into procurement and should be explored as a first step in encouraging women-owned businesses

to pursue contracting opportunities. The open-ended answers also provided feedback on services that would be helpful moving forward, with a major theme of greater transparency coming to the fore. Answers in that vein included “*fairness in the bidding process*,” “*assurance that this process is not biased*,” and “*feedback on rejection*.” Increasing the transparency of the process will be helpful in ensuring that businesses new to procurement do not become discouraged. Another major theme was overhauling the procurement process, with calls to “*simplify [the] bid process*” and “*reducing the amount of paperwork to complete*.” These steps will reduce the time involved in the procurement process, a major limiting factor for women-owned and all small businesses. Other suggestions involved innovations to the process such as a contract forum where qualified subcontractors can meet the final prime bidders, similar to what is done in Florida and other states, and industry-specific assistance such as dedicated procurement staff that understand the needs of certain industries. Many other themes that were touched upon during the survey were broached, like access to contracts under \$25,000, an email digest with the mandatory meetings each week, better structured and clearer bid opportunities, and access to capital. One respondent suggested that engaging women- and minority-owned businesses to design an equitable procurement process was a more direct solution. Though this has been initiated by the Mayor’s Office with the funding of this research project, it is recommended that this process be ongoing, with more virtual roundtables to assure the engagement of as many parties as

possible, so that changes can be implemented which ensure procurement is accessible and equitable.

One potential mechanism to make the regional procurement process more equitable is to add a number of features to the Regional Alliance Marketplace for Procurement, or RAMP, which launched on February 18, 2022. To complete the survey, respondents were asked what features they would like to see in the RAMP platform. The most commonly selected choice was an alert system for new opportunities in their businesses’ industry, with 64.9 percent of respondents indicating that it would be helpful. Several other options were also desired by a majority of businesses, including the ability to find county (58.3 percent), private sector (55.1 percent), and state (54.7 percent) procurement opportunities, a platform to explore subcontracting opportunities (55.3 percent), and a messaging platform to contact city staff (50.7 percent). Other suggestions from open-ended responses including a calendar of events and in-person networking opportunities, the ability to review past procurements, a schedule of the authorization, advertisement, awarding, and payment for each procurement opportunity, and matchmaking with primes. Many businesses mentioned features that were already a part of the RAMP platform, indicating that providing a guide to the features on RAMP may help make more businesses aware of the features available to them and better equipped to submit bids.

“ I went about bidding for government contracts without much help after being talked into paying a company to help us with getting on the GSA schedule. That company went out of business within a year and we never got our money back. We weren’t aware of any agencies helping small businesses at the time. We were also told multiple times that there were smaller contracts that are paid by P-Cards under \$25,000 that were not even advertised. How do we find these contracts? Who are the companies that are getting these non-advertised contracts?



Mellissa Tong
Founder/CCO, DuckPunk Productions

”

Virtual Roundtable on Public Procurement

In July 2022, the Los Angeles Mayor's Office and the LAEDC hosted a roundtable discussion focusing on women business owner access to city contracting opportunities. The roundtable participants included women business owners, representatives from business organizations, representatives from procurement service providers, and city employees in a number of procurement contracting roles. The results in this section are only representative of the opinions of those in attendance, though many were also voiced by businesses in the wider survey. Several illuminating polls, some of which were based on questions from the wider survey of businesses, were launched during the roundtable which asked participants multiple choice questions on topics dealing with procurement contracting.

“What do you believe is the most challenging aspect of the procurement process for a small business?”

Participants overwhelmingly selected “finding procurement assistance that understands the unique issues faced as a women-/minority-owned business” as the most significant challenge with 55 percent of respondents selecting this option. In addition, 40 percent of respondents selected “learning about procurement opportunities” and 30 percent selected “finding bids to apply for.” Participants were able to select more than one answer, if there were several aspects that were equally challenging.

One participant shared that paperwork is often complex, which discourages businesses from participating in the procurement process. Another roundtable participant shared that learning to successfully place a bid can be extremely complicated and frustrating, as business owners are often not aware of available resources that can help with the process. Some participants shared specifics about the procurement process that make participation particularly challenging:

- It can be difficult to understand what business certifications are required. Getting these certifications can be relatively complicated.
- Compliance requirements and the contracts themselves are highly detailed, making it difficult to understand contract responsibilities.
- Financial documentation requirements can be a big challenge for small businesses. Audited financials as a requirement represent a significant barrier to small and women-/minority-owned businesses.
- Timing challenges, often contracts are made public with insufficient time to put together a bid proposal.
- Maintaining a productive relationship between primes and subcontractors can be challenging and a lack of oversight/accountability can make matters worse, especially for women-owned businesses.

- Not enough awareness of procurement technical assistance providers, especially those that specifically tailor their services to women or minorities.
- Not enough support on the RAMP website.
- Not enough awareness of awards under \$25,000. One participant shared that it is critical that smaller dollar contracting opportunities are immediately made public so that women-owned businesses can bid on them. If these smaller contracts are won, smaller businesses may later be able to successfully bid for larger projects, as these smaller contracts could help them build a higher revenue basis.
- Contracting experience requirements may prevent newer businesses from participating in the procurement process.

All these challenges can be even more significant for those who do not speak English fluently.



“Which of the following has been the most helpful for businesses pursuing a city contract?”

Participants overwhelmingly selected “working with procurement service providers (LA Chamber, LISC LA, etc.)” as the top answer to this question (55 percent). The second most popular answer, “hiring dedicated procurement staff,” was selected by 31 percent of respondents.

“How would you rate the city’s current certification process?”

A significant portion, 54 percent, of participants answered that they are “somewhat satisfied, with small improvement needed.” The second most selected answer in this poll was that participants were “dissatisfied, with the current process needing major improvements,” with 23 percent.

“What new/additional services would be most helpful for businesses in its pursuit of procurement contracts moving forward?”

“Assistance with identifying subcontracting opportunities” was the most selected answer, with 54 percent, followed by “ability to meet individually with city procurement assistance officers,” at 46 percent. Other additional services identified by respondents as helpful were “ability to work with staff that understand the unique issues faced as a women-/minority-owned business,” “workshops and trainings for navigating the procurement process,” and “assistance with preparing technical documents.”



Della Laira, CEO of PCW 123 Communication Inc
BusinessSource Center PACE

To start up a construction company as a black woman amidst Covid pandemic is not just an uphill challenge. From a procurement side, bidding on some contracts requires bonds and insurances that can be beyond small business capacity. Receiving payments from prime contractors on city jobs has been our constant struggle. The prime contractors are eager to contract with us in order to satisfy the 3% minority, small-business criteria. It is fine, as long as it is a win-win situation. The prime contractors are not paying on time and they get away with it. There are no penalties, there is no legal or bidding referral to prevent primes from bidding again if they have not proven to pay their subcontractors. It is an area we, as small business does need your help with.

Working with PACE BusinessSource Center was (and continue to be) an outstanding experience. Without PACE procurement consulting assistance, in securing several small business certifications, including MBE/SBE/DBE certifications, development of a capability statement, contract sourcing, contractor relationship advice, and contract bid proposal review, I would not have been able to be as successful in winning contracts as a minority women owned small business owner new to government contracting. With their assistance I was able to secure several contracts totaling \$155,514 from in 2020- 2021. We are now seeking larger contracts. I worked close with Andrew Barrera, Procurement Relationship Manager at PACE. Andrew has an excellent understanding and deep knowledge in Procurement. He delivers sound advice even in the most challenging and ambiguous environments. I find him honesty and persistence refreshing and willing to continue working with him.

Key Findings from Public Engagement

The respondents of the survey proposed many avenues through which the procurement process could become more accessible and more equitable. The key findings of the section are presented below.

♦ **Addressing major barriers: many companies are interested but never submit bids for procurement opportunities due to knowledge barriers and time constraints.**

- Finding the bids to apply for and learning about the requirements of opportunities are the most frequently cited challenges among businesses interested in procurement, these could be addressed with better tools to identify opportunities, such as a customizable email digest and a standardized list of specifications for each bid opportunity.
- Making time to submit bids was another major challenge for many businesses, as the amount of paperwork and time constraints hamper the ability of many small and women-owned businesses to submit bids. To address time constraints, the city could augment the time window that opportunities are listed, develop an alternative to mandatory meetings (such as tracking video viewership once posted), and streamline paperwork within RAMP.
- For those who do secure bids, access to capital, bridge funding, and prompt award payment prevent businesses from becoming discouraged.
- Women-owned businesses currently perceive that networking opportunities are less helpful to them; this may be because they feel that the networking opportunities are not well-suited or welcoming to them. Designing networking opportunities that specifically target women-owned business, so that they can network among one another and with other primes, could make these events more helpful for women-owned businesses.
- Connecting businesses with procurement service providers can help businesses new to procurement better understand the complex process. Additionally, they can help assist businesses in attaining certifications and compiling financials, initial challenges for many women-owned businesses. These providers can administer workshops and trainings that tailor assistance to the unique challenges faced by businesses, from the race/ethnicity or gender of the owner to industry-specific guidance.
- Continue conversations with women-owned businesses to stay informed on current pressing issues and gather more input on how to assure procurement is accessible for all.

♦ **Broadening access to smaller opportunities: contracts are often awarded to businesses that have a proven track record of being able to provide the goods or services needed, smaller opportunities are important to help businesses build that experience.**

- Subcontracting could be a focus area to increase equity in procurement contracting, women-owned businesses expressed that the current system needs greater oversight in the participation of listed subcontractors and timely payment, more support in networking with prime contractors through mechanisms like forums, and increased visibility of opportunities, possibly by having a separate platform on RAMP for subcontracting.
 - Awards under \$25,000 are also a promising way to provide smaller businesses with opportunities to secure contracts that will help them grow, however these contracts' lack of public visibility prohibits access for many businesses. Additionally, requirements for audited financial statements for these small contracts are prohibited, providing an opportunity for more business to bid that would otherwise be intimidated by the time and cost of auditing their financials.
- ♦ **Increasing transparency in the process: respondents often voiced a suspicion that the procurement process was not fair, increasing the transparency of the process could do much to assuage those fears.**
- One route to increase transparency could be increasing the visibility of and interaction with city procurement staff, for issues ranging from procurement questions to IT support for RAMP.
 - Many businesses wanted to understand why their bid was rejected, providing this type of feedback assures fairness while also helping newer entrants to procurement contracting understand how to improve moving forward.
 - Mandating that each listing on RAMP has a public forum where businesses can interact with city staff, outside of webinars or other time-dependent opportunities, would be useful for many businesses.
 - RAMP could also feature a calendar of events and in-person networking opportunities to ensure that businesses can find out about these opportunities.

Exemplary Programs

Before concluding, it is important to recognize the successes of certain non-city programs in increasing the participation of women-owned businesses in their procurement contracting.

Super Bowl LVI Business Connect⁶⁸

The Super Bowl LVI Business Connect Program was set up as a collaboration between the National Football League and the Los Angeles Super Bowl Host Committee. The program was designed to connect qualified businesses in Los Angeles County with contracting opportunities related to the Super Bowl that was hosted at SoFi Stadium in February 2022.⁶⁹

A total of 225 local, diverse businesses were accepted into the Super Bowl LVI Business Connect Program.⁷⁰ Of these 225 businesses, the majority, 53 percent, were certified as women-owned.

In total, around \$1.66 million in contracts was awarded to women-owned businesses through the Business Connect Program during the approach to the Super Bowl. These women-owned businesses were highly represented the following industry sectors: catering, décor, entertainment, floral, furniture rental, janitorial, printing, security, and staffing.

Each Business Connect contract resulted in ripple effects throughout the local economy that increased economic activity. For example, caterers purchased food from local suppliers and hired cooks and waiters. It is estimated that each contract generated at least 10–50 additional jobs.

The Los Angeles Sports & Entertainment Commission (LASEC) will be carrying on the spirit of the Business Connect Program in Los Angeles for the next 10 years and will work to provide local, diverse businesses with ongoing development

programming and contract opportunities for future LASEC's events including the College Football Playoff National Championship, WrestleMania, U.S. Open, FIFA World Cup, and the Summer Olympics and Paralympic Games in 2028.

The LASEC Business Connect Program will support its members by providing access to continuing contract opportunities, professional development workshops, networking, and resources to support business growth. In addition, the LASEC Business Connect team will meet with local procurement and hiring managers for significant upcoming events to identify opportunities and introduce the Business Connect Program and its suppliers.



68 "Super Bowl LVI Business Connect Women-Owned Business Metrics." Prepared for: Los Angeles Office of Small Business & Entrepreneurship Mayor's Office of Economic Development

69 Minasian, A. November 19, 2021. "Vendor Opportunities through Super Bowl LVI Business Connect program." <https://www.montebellochamber.org/blog/chamber-insider-2479/post/vendor-opportunities-through-super-bowl-lvi-business-connect-program-26943#:~:text=The%20Super%20Bowl%20LVI%20Business%20Connect%20program%20is,compete%20for%20contracts%20related%20to%20Super%20Bowl%20LVI.>

70 "Super Bowl LVI Business Connect Women-Owned Business Metrics." Prepared for: Los Angeles Office of Small Business & Entrepreneurship Mayor's Office of Economic Development.

Los Angeles Unified School District (LAUSD) Procurement Program⁷¹

The LAUSD’s Small Business Enterprise Program has had a 25 percent certified small business participation goal in place since February 2003. When bidding on procurement contracts for goods or services under the yearly adjusted bid threshold total (which is currently \$90,200) certified small businesses receive a 10 percent bid preference. In addition, certified small businesses that submit Request for Proposals (RFP) or Request for Qualifications (RFQ) have the opportunity to earn up to 15 percent of the evaluation scoring points for placed bids. Additionally, in October 2013, LAUSD increased the Disabled Veteran Business Enterprise (DVBE) participation goal to five percent and established a 10 percent bid preference for contracts pursuant to Public Contract Code 20111. The DVBE program was then expanded in October 2020 to all veteran-owned businesses, while also establishing a Micro-Business Program.



The LAUSD’s “We Build” Program has a 50 percent local hire participation requirement in place. Qualifying businesses participating in the program are required to be located within the Los Angeles Unified School District service area.

Prime contractors have the opportunity to receive additional preference points on large contracts with the LAUSD if they use subcontractors that are certified as small local businesses. As a result of this policy, LAUSD has achieved a relatively high rate of small business share of awarded construction contracts.

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I am a court reporter and owner of Abrams Mah & Kahn Reporting and Video Conferencing Services, a small minority, woman-owned business, and through the Southern California Minority Business Development Council, I received an opportunity to attend a meeting about how to do business with the Los Angeles Unified School District. I am forever grateful for this invitation. It led to a chance to bid on court reporting work for the LAUSD. I am in the second term of my contract with LAUSD. The work is fulfilling and the attorneys are so professional and pleasant to work with. This opportunity has given my company a substantial boost, and I look forward to our relationship growing even stronger.



Evelyn Mah
Owner of Abrams, Mah & Kahn Reporting and Video Conferencing Services
LAUSD

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⁷¹ Local Initiatives Support Corporation. (2018). A Case for Inclusive Procurement Policies.

Los Angeles Metropolitan Transportation Authority (Metro)⁷²

The table below provides a summary of Metro preference programs.⁷³

| Overview of Metro Procurement Preference Programs | | | | |
|---|---|---------------------------|---|--|
| | Disadvantaged Business Enterprise | Small Business Enterprise | Small Business Enterprise Prime | Medium-size |
| Definitions | <ul style="list-style-type: none">- Independent for profit business-Owner(s) must have a personal net worth under \$1.32 million-Annual three-year average gross receipts for the business must be less than \$23.98 million-Applicant(s) must own at least 51 percent of the business-Applicant must be a U.S. Citizen or a legal permanent resident | | Competitively negotiated, sealed bids from \$3,000 to \$5 million | Businesses with a three-year average of \$25 million to \$250 million in gross yearly revenue; over 25 employees |
| Participation Level | 20% | 30% | N/A | Diversity and Economic Opportunity Department reviews contracts to establish Small Business Enterprise / Disadvantaged Business Enterprise goals on medium-sized contracts |

Source: Los Angeles County Metropolitan Transportation Authority, LISC

A 2017 disparity study conducted by the Los Angeles Metro found a significant disparity in the awarding of contracts to Disadvantaged Business Enterprises (DBEs). As a result of the study’s findings, Metro set a 26 percent DBE participation goal and created a small business technical assistance program, Metro Connect, as well as the Small Business Prime Program in order to help generate more opportunities for DBEs successfully participate in the procurement process.⁷⁴

The Small Business (SB) Prime Program is designed to make it easier for Metro-certified small businesses to participate in the procurement process as prime contractors. The SB Prime Program accomplishes this goal by identifying applicable contracts and allowing small businesses to compete against only other small businesses for projects with values up to \$5 million as well as informal projects under \$100,000. This levels the

playing field so that small businesses can compete for and win contracts as prime contractors without competition from firms that are not Metro-certified SBEs and has resulted in more than \$200 million going to SBEs.

Metro has adopted prompt payment policies designed to make it easier for small businesses to take on public contracts. Metro requires prime contractors to pay DBE sub-contractors within one week of receiving payments from Metro.⁷⁵ In addition, Metro requires prime contractors to put together a monthly expenditure plan for their DBEs and to track payments made to DBE subcontractors through a compliance system. This process is designed to make sure that primes are meeting their DBE participation goals and providing subcontractor payments as required by Metro.

⁷² Ibid.
⁷³ LA County Metropolitan Transportation Authority. (2017). Amended Overall Disadvantaged Business Enterprise Goal Setting Report Federal Fiscal Year 2016–2018. https://media.metro.net/uploads/Metro_Connect/Amended_FFY16-FFY18_Overall_DBE_Goal_and_Goal_Methodology_Report.pdf
⁷⁴ Ibid.
⁷⁵ LA Metro. “Metro Connect.” https://business.metro.net/VendorPortal/faces/home/smallBusinessTools/metroConnect?_afLoop=13433522088870&_afWindowMode=0&_afWindowId=19yrhbesi2_1#%40%3F_afWindowId%3D19yrhbesi2_1%26_afLoop%3D13433522088870%26_afWindowMode%3D0%26_adf.ctrl-state%3D19yrhbesi2_41

Recommendations

A set of recommendations that fall out of the report findings are provided in this section.

- The city should partner with private and nonprofit procurement service providers to initiate systems-level changes that centralizes the current fragmented system and reduce burdens to participation for small businesses. In particular, the city should concentrate on partnering with procurement service providers with programs concentrating on minority- and women-owned businesses.
- These providers can provide workshops, trainings, and bootcamp programs to familiarize businesses with procurement contracting
- Partner with local chambers of commerce and community-based organizations to identify current industry trends and a base of small businesses currently interested in pursuing procurement opportunities.
- Create a system which tracks, analyzes, and reports on the success of local government programs designed to increase the share of procurement contracts going to small and local businesses.
- Uniform data collection and reporting requirements that track procurement spending patterns should be created and adopted by city departments. This data should be centralized and periodically analyzed to track progress. Consider collecting data on gender and race/ethnicity of owners and workers for all private businesses that submit bids, whether they are prime contractors or subcontractors.
- Adopt a city-wide Small Business Enterprise Inclusion Program that seeks to set aside a percentage of spending on eligible contracts that must go to small businesses.
- Create and coordinate more opportunities for small businesses in the Los Angeles region, specifically women-owned small businesses, to connect with procurement managers from city agencies and prime contractors. This will serve to bridge a gap that prevents a number of small women-owned businesses from participating in the procurement process.
- Target procurement programs and services to specific business needs, not just common ones. Each small business whether women- or minority-owned or not, will face a set of barriers common to all small businesses. However, each business will also face unique challenges.
- Programs and services should seek to help underrepresented businesses navigate common issues in procurement while also working with them to provide the necessary one-on-one assistance that addresses their unique challenges. For example, programs and services targeting specific industries that have a high concentration of women- or minority-owned businesses may serve to increase the representation of women- or minority-owned businesses in procurement contracting. Tailoring procurement services to address industry-specific needs and opportunities may serve to maximize the impact of procurement assistance for a number of business in industries where women-owned businesses are currently underrepresented in procurement contracting.
- Programs and policies focusing on small business growth may have the additional benefit of allowing small women-owned businesses to reach the point where they can comfortably consider pursuing procurement opportunities. After this level has been reached, programs that focus specifically on making small businesses aware of procurement opportunities and guiding them through the process should replace business development programs.

- There should be a seamless point of transition between programs focusing on business development and growth for emerging businesses and procurement programs aimed at small businesses so that both program types remain part of a larger unified emerging small business assistance and development ecosystem.
- Address the major challenges faced by women-owned businesses: finding bids to apply for, learning about the opportunities, and making time to apply for them.
- To make it easier to find bids to apply for, businesses should be able to create a customized email digest tailored to each business based off their RAMP profile with relevant, newly available opportunities.



- To help businesses better understand the bids, a standardized, easily comprehensible list of specifications should be adopted, so businesses know where to look for what information and what it means.
- To ease time constraints, the city can explore listing bid opportunities for longer, develop an alternative to mandatory meetings for opportunities, and streamline paperwork within RAMP.
- Create more opportunities for women-owned businesses to pursue smaller contracts, through subcontracting and contracts with awards under \$25,000.
- To better enable women-owned businesses to pursue subcontracting opportunities, provide networking opportunities with primes, increase oversight to ensure utilization of listed subcontractors and their prompt payment, and explore creating a separate platform on RAMP for subcontracting opportunities.
- For awards under \$25,000, publicly list these opportunities to increase access among small and women-owned businesses.
- Increase visibility of and businesses' ability to interact with city staff, to both assure businesses that the procurement process is fair and to help them navigate it.
- A mandatory public forum for each bid listed on RAMP where businesses can ask about procurement issues ranging from bid requirements to IT support was recommended by many businesses.
- Providing feedback on rejected bids upon request would also be helpful for many businesses, both so that they do not become discouraged and to help them understand how to improve their bids moving forward.
- RAMP could also incorporate features like a calendar of events and in-person networking opportunities, in addition to centralizing city, county, state, and private sector procurement opportunities.
- A series of roundtables, where women business owners can share their challenges with procurement and vision for a more equitable procurement system should be embarked upon.

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