

# *Los Angeles Unified School District*

## **Facilities Services Division**

**TO:** Members, Audit, Business & Technology Committee  
Roy Romer

**FROM:** Veronica Soto, Manager  
Small Business Program

**SUBJECT: FACILITIES SERVICES DIVISION  
SMALL BUSINESS ENTERPRISE (SBE) UTILIZATION REPORT**

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### **BACKGROUND**

Facilities Services Division (FSD) has implemented a Small Business Program to increase its pool of qualified contractors through the significant participation of small business enterprise (SBE) firms. The Board of Education policy that established the 25% SBE participation goal on all contracts issued by the District serves as the guiding principle for the Small Business Program's outreach and program activities.

Within each bid announcement, Request for Proposal (RFP) and Request for Qualifications (RFQ), FSD highlights the District's commitment to the participation of SBE firms. Specifically, FSD has made a proposer's SBE participation plan an element of the evaluation criteria in each RFP and RFQ by establishing a 10% weight of their total evaluation score. In construction, FSD has made the 25% SBE participation goal a means for evaluating the responsiveness of bidders. These efforts strengthen the policy and communicate FSD's commitment to the participation of small firms in its school construction program.

### **SBE UTILIZATION SNAPSHOT**

In order to establish a reasonable baseline for SBE utilization, FSD has generated an analysis of open contracts as of July 1, 2003, and it has determined the SBE status of the prime contractor or A&E prime consultant. Of the 809 open contracts in New Construction, Existing Facilities, and Architecture and Engineering Services, the total SBE participation level is 32%. This represents \$279,401,121 awarded to SBE firms of total contracts valued at \$881,784,798.

### **New Construction**

New Construction contracts provide a better perspective of SBE participation at both the prime and subcontractor levels. The total participation of SBE firms in New Construction is \$ 113,881,036, or 23% of \$488,886,384 in total contract awards. SBE prime contractors were awarded \$59,052,848 or 12% of the total value of contract awards (see Table 1). At the subcontractor level, SBE firms were awarded \$54,828,188, which represents 26% of total subcontract awards (see Table 2). A total of 514 subcontractors are performing these contracts, of which 80 are SBE firms.

**New Construction  
Prime Contractor Contract Awards  
(Project Area)**

Table 1

	<b>PRIME CONTRACT AWARDS</b>	<b>SBE PRIME CONTRACT AWARDS</b>	<b>SBE PARTICIPATION %</b>
LOCAL DISTRICT A	\$ 93,421,666.00	\$ 497,000.00	0.5%
LOCAL DISTRICT B	\$ 75,947,694.00	\$ 5,818,000.00	7.7%
LOCAL DISTRICT C			
LOCAL DISTRICT D	\$ 17,860,882.00		
LOCAL DISTRICT E	\$ 36,882,319.00	\$ 17,410,819.00	47.2%
LOCAL DISTRICT F	\$ 25,379,774.00	\$ 20,037,344.00	79.0%
LOCAL DISTRICT G	\$ 52,032,000.00	\$ 6,148,000.00	11.8%
LOCAL DISTRICT H	\$ 30,027,438.00	\$ 4,687,438.00	15.6%
LOCAL DISTRICT I	\$ 8,105,000.00		
LOCAL DISTRICT J	\$ 146,051,610.00	\$ 1,276,247.00	0.9%
LOCAL DISTRICT K	\$ 3,178,000.00	\$ 3,178,000.00	100.0%
<b>TOTAL</b>	<b>\$ 488,886,383.00</b>	<b>\$ 59,052,848.00</b>	<b>12%</b>

**Special Note:** Analysis based on 51 new construction contracts, of which 20 are awarded to SBE prime contractors.

**New Construction  
Subcontractor Awards**

Table 2

	<b>TOTAL SUBCONTRACTOR CONTRACT AWARDS</b>	<b>SBE SUBCONTRACTOR CONTRACT AWARDS</b>
<b>TOTAL</b>	<b>\$ 209,116,305</b>	<b>\$ 54,828,188</b>

**Special Note:** Analysis based on 51 new construction contracts.

**Existing Facilities (Formal Contracts)**

Total Existing Facilities contract awards to prime contractors executed under formal contracting guidelines is \$376,619,071. SBE prime contractors were awarded \$161,666,325, which represents 43% of total contract awards. Table 3 below illustrates these contract awards by the project area within each local district, thereby providing an assessment of each local district's contracting operations as it relates to the utilization of SBE firms. For example, Local District G awarded 68% of its contracts to SBE contractors.

**Existing Facilities  
Prime Contractor Contract Awards  
(Project Area)**

Table 3

	<b>TOTAL PRIME CONTRACT AWARDS</b>	<b>SBE PRIME CONTRACT AWARDS</b>	<b>SBE PARTICIPATION %</b>
LOCAL DISTRICT A	\$ 22,470,619.00	\$ 10,490,064.00	46.68%
LOCAL DISTRICT B	\$ 53,036,283.00	\$ 24,321,372.00	45.86%
LOCAL DISTRICT C	\$ 23,541,300.00	\$ 12,118,982.00	51.48%
LOCAL DISTRICT D	\$ 38,868,731.00	\$ 19,334,756.00	49.74%
LOCAL DISTRICT E	\$ 40,348,324.00	\$ 17,288,802.00	42.85%
LOCAL DISTRICT F	\$ 43,985,792.00	\$ 15,088,261.00	34.30%
LOCAL DISTRICT G	\$ 31,977,036.00	\$ 21,699,272.00	67.86%
LOCAL DISTRICT H	\$ 16,491,257.00	\$ 5,022,583.00	30.46%
LOCAL DISTRICT I	\$ 14,461,319.00	\$ 7,215,853.00	49.90%
LOCAL DISTRICT J	\$ 29,778,921.00	\$ 9,648,132.00	32.40%
LOCAL DISTRICT K	\$ 36,483,248.00	\$ 17,709,033.00	48.54%
Various Local Districts	\$ 25,176,241.00	\$ 1,729,215.00	6.87%
<b>TOTAL</b>	<b>\$ 376,619,071.00</b>	<b>\$ 161,666,325.00</b>	<b>42.93%</b>

**Special Note:** Table 4 does not include contract awards executed under Existing Facilities' informal contracting process. Total contract award amount is based on 525 open contracts; 301 awarded to SBE prime contractors.

**Architecture & Engineering**

Of the current \$16,279,342 in contract awards to prime consultants for architecture and engineering services, \$3,853,760 was awarded to SBE firms, which represents a participation level of 24% (see Table 4).

**Architecture & Engineering  
Prime Consultant Contract Awards**

Table 4

	<b>CONTRACT AWARDS</b>	<b>SBE CONTRACT AWARDS</b>	<b>SBE PARTICIPATION %</b>
<b>TOTAL</b>	<b>\$ 16,279,344</b>	<b>\$ 3,853,760.00</b>	<b>24%</b>

**Special Note:** This table reflects contracts that have an execution date of as far back as July 1996, but remain open according to contract records.

**OUTREACH ACTIVITIES**

The FSD Small Business Program has conducted outreach to business and trade organizations representing the diversity of the greater Los Angeles area, created an SBE certification program, and it has executed events and workshops to promote and facilitate the participation of SBE firms in the District's school construction program.

On July 15, 2003, FSD executed the Small Business Expo 2003 to maximize awareness of the Board's new policy on SBE participation; and to create awareness of the District's multi-billion dollar contracting and

procurement budget. Additionally, FSD executed an Architect & Engineers Symposium on July 23, 2003 to maximize the awareness of the Phase II Architectural Services RFQ to the small business community within these disciplines. Over 250 architects and engineers attended. Over 130 firms submitted their statement of qualifications in early September as a direct outcome of this outreach effort. Other small business outreach activities throughout the quarter focused on new construction projects delivered under Article 17406, also commonly known as a “lease, lease-back” project.

Capacity-building workshops have been conducted to help small contractors through the prequalification process, safety requirements, and how to bid on our construction projects. FSD also designed and implemented the Small Business Boot Camp program to assist small contractors through the public contracting process and how to conduct business with the District. The eight-week program included seminars on bonding and certification, public contract law, safety, prequalification, access to capital, labor compliance, and how to bid on informal and formal contracts. The program graduated 70 contractors representing a cross-section of communities throughout Los Angeles. Through the program, the District will increase its number of qualified contractors who represent the diversity of the LAUSD student population. The second series of the program will start in mid-January.

## **NEXT STEPS**

FSD is undertaking the proper procedural actions to provide the Board of Education and the School Construction Bond Citizens’ Oversight Committee with a more comprehensive SBE utilization report in the second quarter. Listed below are those activities as well as additional information that will be made available.

### **1. Professional Services**

Confirm contract data on all professional services contracts, and report SBE utilization on all open contracts, and contracts awarded in the second quarter.

### **2. Listing of Subconsultants on A&E and Professional Services Contracts**

Similarly to construction contracts, FSD now requires the listing of all subconsultants on A&E and professional services contracts to ensure that a proposer’s SBE utilization plans are executed as promised, and that the SBE utilization can be tracked and reported.

### **3. Track Payments to SBE Firms**

In order to provide a full assessment of SBE utilization, FSD has established the process to track payments to SBE firms, including subcontractors and subconsultants. This effort will enable FSD to confirm that all subcontractors and subconsultants listed in bids and proposals are actually used. This level of monitoring will ensure the long-term integrity of the SBE participation goal of 25%.

#### **4. Existing Facilities (Informal Contract Awards)**

Due to the high volume of informal contracts that are issued by local districts and the propensity in which SBE contractors pursue these smaller value contracts, Existing Facilities is consolidating its contract information in order to report the accurate level of SBE participation.

#### **5. Mapping of political jurisdictions**

It is imperative that the geographical location of SBE/ and non-SBE firms conducting business with the District is ascertained to provide better insight as to the economic development impact the school construction program makes within its jurisdictional boundaries and throughout the region.

#### **6. Advertising Campaign**

FSD will execute an advertising campaign in local community papers to increase awareness of the contracting opportunities available to small contractors, and to maximize the participation of SBE firms that represent the diversity of the LAUSD student population.