

# COUNTY OF LOS ANGELES

## LOCAL SMALL BUSINESS ENTERPRISE, DISABLED VETERAN BUSINESS ENTERPRISE, AND SOCIAL ENTERPRISE PREFERENCE PROGRAMS

### IMPLEMENTATION GUIDELINES



October 2016

**PREFERENCE PROGRAMS  
IMPLEMENTATION GUIDELINES**

**TABLE OF CONTENTS**

Page

|     |   |    |
|-----|---|----|
| 1.  | General Introduction .....                  | 1  |
| 2.  | Description of Preference Programs .....    | 2  |
| 3.  | Administration of Preference Programs ..... | 3  |
| 4.  | Key Amendments to Preference Programs.....  | 3  |
| 5.  | Certification Requirements .....            | 4  |
| 6.  | Certification Procedure.....                | 6  |
| 7.  | Appeal Process.....                         | 11 |
| 8.  | Applying the Preference.....                | 11 |
| 9.  | Exclusions.....                             | 12 |
| 10. | Sanctions and Penalties .....               | 13 |
| 11. | Review for Program Eligibility .....        | 14 |
| 12. | Departmental Responsibilities .....         | 14 |
| 13. | Reporting .....                             | 16 |

**EXHIBITS**

Exhibit I: Ordinances for Preference Programs

Exhibit II: Request for Preference Consideration Forms

Exhibit III: Preference Program Calculations

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

On January 12, 2016, the Los Angeles County (County) Board of Supervisors (Board) adopted a motion revising the Local Small Business and Disabled Veteran Business preference programs and approved a definition for Social Enterprises. Additionally, the Board established a Local Small Business and Disabled Veteran Business utilization goal of 25% and 3%, respectively. The new goal affects the following County preference programs and effectuating ordinances:

- Local Small Business Enterprises (LSBE) – Los Angeles County Code Chapter 2.204
- Disabled Veteran Business Enterprise (DVBE) – Los Angeles County Code Chapter 2.211
- Social Enterprise Preference (SEP) Program (formally Transitional Job Opportunities Preference (TJOP) Program) – Los Angeles County Code Chapter 2.205

These guidelines provide the necessary instructions and interpretations to County departments to implement changes to the preference programs, monitor compliance, and report results. The effective date of the revisions to the preference programs is October 25, 2016. Solicitations released on or after October 25, 2016, must incorporate the program revisions.

### **1. GENERAL INTRODUCTION**

#### **1.1 Background**

The Board has determined that the County is in a unique position to strengthen its local economy by promoting County contracting and purchasing through its Local Small Business Enterprises (LSBE), Disabled Veteran-owned Business Enterprise (DVBE) and Social Enterprise (SE) Programs. By promoting increased utilization of LSBEs, DVBEs, and SEs, the County can encourage the establishment of new businesses, the growth of existing small businesses, the creation of new local and disadvantaged worker employment opportunities, and the achievement of social and environmental goals through innovation and private sector partnerships.

Additionally, on February 9, 2016, the Board adopted the Homeless Initiative's Strategies to Combat Homelessness. Among the 47 Strategies approved by the Board, Homeless Initiative Strategy C2 acknowledges that many services procured by local government could be provided, in whole or in part, by Social Enterprises. As such, Strategy C2 focuses on supporting Social Enterprises, particularly Employment Social Enterprises, to increase employment

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

opportunities for homeless or formerly homeless individuals by enhancing contracting preferences for Social Enterprises.

The Board has made it a County priority to increase the utilization of LSBEs, DVBEs and SEs in County contracting and procurement to help connect the innovation and entrepreneurship of our diverse communities with a clear vision for regional economic development.

Information on County contracting opportunities can be found on the following website:

<http://camisvr.co.la.ca.us/lacobids/>

### **1.2 Purpose**

The LSBE, DVBE and SE programs are race and gender-neutral programs designed to enhance purchasing and contracting opportunities for LSBEs, DVBEs and SEs within the County of Los Angeles. The program priorities were developed to promote and foster inclusiveness and economic development, as well as ongoing evaluation to assure all businesses, including LSBEs, DVBEs and SEs, are provided equal opportunities in County purchasing and contracting activities.

## **2. DESCRIPTION OF PREFERENCE PROGRAMS**

### **2.1 Local Small Business Enterprise**

The LSBE Preference Program serves to foster a competitive marketplace and to encourage that a minimum proportion (25%) of the eligible purchases and contracts for the purchase of goods or services for the County be awarded to local small businesses. A small business under this program conforms to the State's Department of General Services size standards (has 100 or fewer employees, average annual gross receipts of \$14 million or less over the last three years) and is located within Los Angeles County.

### **2.2 Disabled Veteran Business Enterprise**

The DVBE Preference Program aids the interests of disabled veterans in order to preserve free competitive enterprise and ensure that a minimum proportion (3%) of the eligible purchases and contracts for purchase of goods or services for the County be placed with such enterprises. The program priorities were developed to promote and foster inclusiveness and economic development, as well as ongoing evaluation to ensure all businesses, including disabled veteran businesses, are provided equal opportunities in county purchasing and contracting activities.

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

### **2.3 Social Enterprise**

The Social Enterprise Preference (SEP) Program seeks to encourage contracting and purchasing from businesses that distinguish themselves by accounting for their measurable social, public health and environmental impact. SEs, which include nonprofit and for-profit businesses, often incur higher operating costs. Therefore, SEs are at a competitive disadvantage in obtaining County contracts in which cost is a significant determining factor. The SEP Program was developed to promote and foster economic development and inclusiveness in county contracting and purchasing opportunities.

### **3. ADMINISTRATION OF PREFERENCE PROGRAMS**

Pursuant to County Code Chapters 2.204, 2.205 and 2.211, the Department of Consumer and Business Affairs (DCBA) is authorized to issue interpretations of the above-referenced chapter provisions as necessary. DCBA, with the assistance of County Counsel and the Internal Services Department (ISD), may amend these guidelines as appropriate to improve the administration of these three preference programs.

### **4. KEY AMENDMENTS TO THE COUNTY'S PREFERENCE PROGRAM**

#### **4.1 AMENDMENTS TO ALL ORDINANCES**

- a. Authorize DCBA as certifying department
- b. Raise preference from 8% to 15%
- c. Appoint DCBA as the County's Small Business Advocate

#### **4.2 AMENDMENTS TO LSBE AND DVBE PREFERENCE PROGRAM ORDINANCES**

- a. Raise cap on preference from \$50,000 to \$150,000
- b. Expand accepted certifications (Inclusion Policy)

#### **4.3 AMENDMENTS TO THE TRANSITIONAL JOB OPPORTUNITIES PREFERENCE (TJOP) PROGRAM ORDINANCE**

- a. Changed name from "Transitional Job Opportunities Preference Program" to "Social Enterprise Preference Program"
- b. TJOP becomes a subset of "Social Enterprise"
  - This does not eliminate TJOP preferences; it codifies a certification process for transitional employers

## PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES

- c. Expand certification to any entity that has been in operation for at least one year providing transitional or permanent employment to an underemployed or difficult to employ workforce, is certified Green by a city government within Los Angeles County and/or has incorporated a social mission into its business practices.
- d. Implement \$150,000 cap on price preference

### 5. CERTIFICATION REQUIREMENTS

In order to receive the preference, LSBEs, DVBEs, and SEs must be certified by DCBA and request the preference at the time of bid/proposal submission.

#### 5.1 A certified LSBE is defined as:

- a. A business that is certified by the State of California Department of General Services (DGS) as a small business and has had its principal place of business located in Los Angeles County for at least one (1) year; or
- b. In a federally funded County solicitation subject to the federal restrictions on geographical preferences, a business which meets the eligibility requirements of a small business as defined by the Small Business Administration and which is registered as a small business on the Federal System for Award Management (SAM) data base; or
- c. A business certified as a small business pursuant to DCBA's inclusion policy (list of accepted certifications available at <http://dcba.lacounty.gov>) that (a) has its principal place of business located in Los Angeles County and (b) has revenues and employee sizes that meet the DGS's requirements.
- d. In addition, LSBEs shall provide goods and services that contribute to the fulfillment of the contract requirements by performing a commercially useful function, as defined below:
  - 1) An LSBE is deemed to perform a commercially useful function if the business does all of the following:
    - i. Is responsible for the execution of a distinct element of the work of the contract.
    - ii. Carries out its obligation by actually performing, managing, or supervising the work involved.

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

- iii. Performs work that is normal for its business services and functions.
  - iv. Is responsible, with respect to products, inventories, materials, and supplies required for the contract, for the negotiated price, determining quality and quantity, ordering, installing, if applicable, and making payment.
  - v. Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.
- 2) A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an external participant in a transaction, contract, or project through which funds are passed to obtain the appearance of an LSBE.

### **5.2 A certified DVBE is defined as:**

- a. A business that is certified by the State of California as a Disabled Veteran Business Enterprise (DVBE); or
- b. A business that is certified by the Department of Veterans Affairs as a Service Disabled Veteran Owned Small Business (SDVOSB).

### **5.3 A certified SE is defined as:**

- a. A qualifying social enterprise that meets one of the following qualifications:
  - i. Has been in operation for at least one (1) year providing transitional or permanent jobs with access to supportive services, jobs training/job readiness and skills building as codified in the Social Enterprise Preference Program ordinance – Los Angeles County Code Chapter 2.205, employing at least 51% of a Transitional Workforce; or
  - ii. Is certified as a B Corporation by B Labs or is incorporated as a Benefit Corporation or Social Purpose Corporation with the State of California; or
  - iii. Is certified Green by a city government located within Los Angeles County;

## PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES

- iv. A business whose primary purpose is the common good as demonstrated through a published mission statement and whose principal business activity is directly related to accomplishing that stated social mission; and
- b. Has its principal place of business located in Los Angeles County, or a major office<sup>1</sup> located in Los Angeles County; and
- c. Certified by DCBA as a Social Enterprise.

### 6. CERTIFICATION PROCEDURE

#### 6.1 LSBE Certification Process

##### a. Application

- i. A business who wishes to certify as an LSBE will first register as a vendor on the L.A. County's Webven portal and submit a complete online LSBE application at the link below.

<http://camisvr.co.la.ca.us/webven/>

- ii. The business must provide proof of its certification with DGS or other agency pursuant to DCBA's Inclusion Policy, or SAM registration, such as a certification number and/or registration number including start and expiration date.

##### b. Review

- i. A DCBA counselor will review the submitted application and evaluate it for completeness, accuracy, and identify any issues.
- ii. If an issue is identified, which requires further explanation or correction, the application will proceed to the Clarification stage; if no issues are identified, the application will proceed to the Determination stage.

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<sup>1</sup> A major office is a location where the SE conducts the principal business activity directly related to accomplishing the social mission and is not a nominal location that is being used to justify participation in the County's SEP program.

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

### **c. Clarification**

- i. The business will provide further explanation and/or supporting documents to clarify or resolve any issues that arose during the Review stage.

### **d. Determination**

- i. A final decision of program eligibility will be made on the LSBE's certification based on the certification requirements detailed in Section 5.1.
- ii. If approved, the LSBE will be assigned a certification number, e-mailed a certification letter to confirm its status as a certified LSBE, and be listed on the County's online database of certified vendors.
- iii. If denied, the business will be notified of the decision and provided an explanation as to why the certification was denied. The business may appeal the denial through the process described in Section 7.
- iv. If placed in pending status, the business will be informed of the issue which prevented approval. Once the issue has been resolved the business may resubmit the application.

## **6.2 LSBE Certification Revocation**

- a. If a LSBE has previously obtained proper certification but as a result of a change in its status, is no longer eligible for certification, the business must immediately notify DCBA. Such change in eligibility will result in the revocation of the LSBE certification until the business again meets the minimum requirements for certification.
- b. Once the LSBE meets the requirements for certification, it can repeat the certification process detailed in Section 6.1.

## **6.3 LSBE Certification Renewal**

- a. Once approved, the LSBE certification will be valid through the expiration date entered during the application process.
- b. The LSBE will be emailed a notification that their certification will be

## PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES

eligible for renewal thirty (30) days prior to the date of expiration.

- c. To renew the certification, the LSBE will repeat the certification process detailed in Section 6.1.

### 6.4 DVBE Certification Process

#### a. Application

- i. A business who wishes to certify as a DVBE will first register as a vendor on the L.A. County's Webven portal and submit a complete online DVBE application at the link below.

<http://camisvr.co.la.ca.us/webven/>

- ii. The business must provide proof of its DGS or SDVOSB certification, such as a certification number and start and expiration dates.

#### b. Review

- i. A DCBA counselor will review the submitted application and evaluate it for completeness, accuracy, and identify any issues.
- ii. If an issue is identified which requires further explanation or correction, the application will proceed to the Clarification stage; if no issues are identified the application will proceed to the Determination stage.

#### c. Clarification

- i. The business will provide further explanation and/or supporting documents to clarify or resolve any issues that arose during the Review stage.

#### d. Determination

- i. A final decision of program eligibility will be made on the DVBE's certification based on the certification requirements detailed in Section 5.2.
- ii. If approved, the DVBE will be assigned a certification number, emailed a certification letter to confirm its status as a certified

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

DVBE, and be listed on the County's online database of certified vendors.

- iii. If denied, the business will be notified of the decision and provided an explanation as to why the certification was denied. The business must then go through the appeal process described in Section 7.
- iv. If placed in pending status, the business will be informed of the issue which prevented approval. Once the issue has been resolved the business may resubmit the application.

### **6.5 DVBE Certification Renewal**

- a. Once approved, the DVBE certification will be valid through the expiration date entered during the application process.
- b. The DVBE will be e-mailed a notification that their certification will be eligible for renewal thirty (30) days prior to the date of expiration.
- c. To renew the certification, the DVBE will repeat the certification process detailed in Section 6.4.

### **6.6 DVBE Certification Revocation**

- a. If a DBVE has previously obtained proper certification but as a result of a change in its status, is no longer eligible for certification, the business must immediately notify DCBA. Such change in eligibility will result in the revocation of the DVBE certification until the business again meets the minimum requirements for certification.
- b. Once the DVBE meets the requirements for certification, it can repeat the certification process detailed in Section 6.4.

### **6.7 SE Certification Process**

- a. Application
  - i. The SE will register as a vendor on the County's Webven portal and submit a completed online social enterprise application at the link below.

<http://camisvr.co.la.ca.us/webven/>

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

- ii. The social enterprise must provide its mission statement, a description of its programs, services, and responses to questions that provide further detail on its social impact.

### **b. Review**

- i. A DCBA counselor will review the submitted application and evaluate it for completeness, accuracy, and identify any issues.
- ii. If an issue is identified, which requires further explanation or correction, the application will proceed to the Clarification stage; if no issues are identified the application will proceed to the Determination stage.

### **c. Clarification**

- i. The social enterprise will provide further explanation and/or supporting documents to clarify or resolve any issues that arose during the Review stage.

### **d. Determination**

- i. A final decision of program eligibility will be made on the SE's certification based on the certification requirements detailed in Section 5.3.
- ii. If approved, the SE will be assigned a certification number, emailed a certification letter to confirm its status as a certified SE, and be listed on the County's online database of certified vendors.
- iii. If denied, the business will be notified of the decision and provided an explanation as to why the certification was denied. The business must then go through the appeal process described in Section 7.
- iv. If placed in pending status, the business will be informed of the issue which prevented approval. Once the issue has been resolved the business may resubmit the application.

## **6.8 SE Certification Revocation**

- a. If an SE has previously obtained proper certification, however, as a result of a change in its status is no longer eligible for certification, the

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

business must immediately notify DCBA. Such change in eligibility will result in the revocation of the SE certification until the business again meets the minimum requirements for certification.

- b. Once the SE meets the requirements for certification, it can repeat the certification process detailed in Section 6.7.

### **6.9 SE Certification Renewal**

- a. Once approved, the SE certification will be valid for two (2) years from the date of approval.
- b. The social enterprise will be e-mailed a notification that their certification will be eligible for renewal thirty (30) days prior to the date of expiration.
- c. To renew the certification, the SE will repeat the certification process detailed in Section 6.7.

## **7. APPEAL PROCESS**

Businesses denied certification may submit a written appeal to the DCBA Director through the following appeal process:

- a. The appeal must be made in writing and submitted via email to [cbesbe@dcba.lacounty.gov](mailto:cbesbe@dcba.lacounty.gov) within 10 business days of the date certification was denied.
- b. The appeal must detail the reason(s) for the appeal and why the business believes the DCBA erred in its decision. These reasons must be supported by specific evidence, including any documentation supporting the business' reasons for appeal.
- c. The appeal must also contain: vendor name, vendor number, certification being appealed, and date of appeal.
- d. The Director of DCBA will complete a review of the certification determination and any evidence submitted by the employer and issue a final determination.

## **8. APPLYING THE PREFERENCE**

The LSBE, DVBE, and SE Preference Programs provide for a fifteen percent (15%) bid/proposal price reduction up to a maximum preference amount of \$150,000 for

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

County-certified vendors whenever a solicitation for goods or services includes a cost component.

- a. Vendors must be certified as stated in Section 4 (Certification Requirements) at the time of bid or proposal submission. Certifications that are in process and not complete are not eligible for the preference.
- b. Vendors must request the preference by completing and submitting the Request for Preference Consideration form (Exhibit II) when responding to a solicitation.
- c. For solicitations that are based on the lowest responsive and responsible bid, the preference to be granted to a certified bidder shall be equal to fifteen percent (15%) of the lowest bid. Such preference shall be applied to all certified bidders that requested the preference, even if the certified bidder is the lowest responsible bidder meeting specifications. The contract award will be the bidder's original bid price, not the price used for evaluation purposes.
- d. For solicitations that are based on factors other than the cost (e.g. Request for Proposals), the preference to be granted to a certified proposer shall be equal to fifteen percent (15%) of the lowest proposed cost. In cases where the preference is granted, the cost proposal will be scored based on the original proposed cost less the preference amount. Such preference shall be applied to all certified proposers that requested the preference, even if the certified proposer has the lowest proposed cost. The contract award will be the proposer's original proposed cost, not the cost used for evaluation purposes.
- e. In no instance shall any of the preference programs be combined to exceed a total of fifteen percent (15%) or a maximum of \$150,000 in response to any County solicitation.

Exhibit III, Preference Calculations, provides examples of how to apply the preference and evaluate the results.

### **9. EXCLUSIONS**

The LSBE, DVBE, and SE preferences shall not be given under the following County purchases:

- a. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar or related group purchasing organization;

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

- b. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.6.0 or a successor provision;
- c. A purchase card (credit card) purchase pursuant to the Los Angeles County Purchasing Policy and Procedure Manual, Section P-2810 or a successor provision; .
- d. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing and Policy Manual, Section A-0300 or a successor provision;
- e. A contract, funded in whole or part by the federal government, to the extent of any conflict between the requirements imposed by the federal government, including those relating to participation in a contract by a minority or women owned business enterprise as a condition of receipt of federal funds; and
- f. A contract for which federal, state or local laws limit or prohibit application of the preference program.

### **10. SANCTIONS AND PENALTIES**

- a. The information furnished by each business requesting a preference shall be under penalty of perjury.
- b. No person or business shall knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a LSBE, DVBE or SE.
- c. No person or business shall willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a LSBE, DVBE or SE.
- d. A business which has obtained certification as a LSBE, DVBE or SE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded a contract to which it would not otherwise have been entitled, shall:
  - 1) Repay to the County any difference between the contract amount and what the County's cost would have been if the contract had been properly

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

awarded to the next lowest responsible, responsive bidder or the highest rated proposer;

- i. The awarding department shall notify the business in writing that the repayment amount will be withheld from any further payment(s) due to the business from the County.
    - ii. If no further payment is due to the business, or the contract is revenue generating, the written notice shall include an invoice for payment for the amount due to the County.
  - 2) In addition to the repayment amount described in section 8.d1 above, the County may assess a penalty in an amount of not more than ten percent (10%) of the amount of the contract involved.
    - i. The departments shall notify the business in writing that the penalty will be withheld from any further payment(s) due to the business from the County.
    - ii. If no further payment is due to the business, or the contract is revenue generating, the written notice shall include an invoice for the penalty due to the County.
  - 3) Be subject to the provisions of Chapter 2.202 of the County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).
- e. The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification and fails to notify DCBA and any other certifying agency of this information prior to responding to a solicitation and accepting a contract award.

### **11. REVIEW FOR PROGRAM ELIGIBILITY**

DCBA will investigate any valid complaint of eligibility received by any County department concerning these preference programs.

### **12. DEPARTMENT RESPONSIBILITIES**

#### **12.1 Department of Consumer and Business Affairs**

DCBA is the County department authorized to administer the certification process for these preference programs as identified below.

## PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES

- a. Conduct the certification process for these preference programs.
- b. Maintain a current list of certified vendors for each of the three preference programs.
- c. Track utilization of LSBEs, DVBEs and SEs.
- d. Report to the Board as required.

Certifications will be processed through DCBA's Small Business Services unit located at 133 N. Sunol Dr. Los Angeles, CA 90063, (323) 881-3964.

### 12.2 All Departments

- a. Develop proficient understanding of the preference programs in order to clearly explain and market to vendors.
- b. Work with DCBA and departmental Small Business Advocates, as necessary, to develop mini-utilization plans which will serve as departments' road map to meeting individual utilization goals.
- c. Include preference program information in all applicable solicitations and in contracts where the preference is applicable. All model documents for Board approved service contracts, including applicable solicitation and contract language and exhibits, are available on the following website:

<http://svcscontracting.mylacounty.info/msd.asp>

- d. Review language in all applicable solicitations and contracts where a preference may be applied to ensure no inconsistencies or contradictions exist between qualifications, requirements and/ or the scope of work, so that otherwise qualified LSBEs, DVBEs and SEs are not precluded from submitting a proposal based upon inability to meet unnecessary requirements.
- e. Verify that the vendor is certified in the applicable preference program prior to applying the preference to a bid/proposal.
- f. Maintain appropriate documentation for each solicitation where a preference was applied. This includes, but is not limited to: 1) the vendor's

## **PREFERENCE PROGRAMS IMPLEMENTATION GUIDELINES**

Request for Preference Consideration form; 2) verification of current certification status; and 3) the calculation of the preference amount.

- g. Notify DCBA of any complaints regarding a vendor's eligibility.
- h. Departments will make every effort to ensure compliance with Board Policy 3.035 to pay certified Local Small Businesses within 15 calendar days of receipt of an undisputed and approved invoice.
- i. Notify DCBA and department's County Counsel of its intent to assess sanctions, pursuant to the applicable ordinance, prior to assessing any sanctions or penalties.
- j. Comply with reporting requirements in Section 12.

### **13. REPORTING**

In addition to being responsible for ensuring compliance with the preference programs, departments will reply to any DCBA request to gather and report preference program activity and results.

# **EXHIBIT I**

## **Chapter 2.204 - LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM**

**2.204.010 - Introduction.**

**2.204.020 - Purpose.**

**2.204.030 - Definitions.**

**2.204.040 - Administration.**

**2.204.050 - Certification as a Local Small Business Enterprise.**

**2.204.051 - Certification as a Local Small Business Enterprise in Certain Federally Funded County Solicitations.**

**2.204.060 - Responsibilities and Standards.**

**2.204.070 - Exclusions.**

**2.204.080 - Violations and Sanctions.**

**2.204.090 – Review of Program Eligibility.**

**2.204.100 - Applicability.**

### **Sections:**

#### **2.204.010 - Introduction.**

Board of Supervisors finds that it is of benefit to the County of Los Angeles to promote and facilitate the fullest possible participation by all citizens in the affairs of the County in every way possible. It is also essential that opportunities be provided for full participation in our free enterprise system by small business enterprises. Further, it is the policy of the Board that the County should aid and assist, to the maximum extent possible, the interests of local small business concerns in order to preserve free competitive enterprise and to ensure that a fair proportion of the total purchases and contracts or subcontracts for purchase of goods or services for the County be placed with such enterprises.

(Ord. 2016-0037 § 1, 2016: Ord. 2002-0057 § 1 (part), 2002.)

#### **2.204.020 - Purpose.**

The County of Los Angeles Local Small Business Enterprise Preference Program is a race and gender-neutral program designed to enhance purchasing and contracting opportunities for local small businesses within the County of Los Angeles. The program priorities were developed to promote and foster inclusiveness and economic development, as well as ongoing evaluation to assure all businesses, including local small businesses, are provided equal opportunities in County purchasing and contracting activities.

(Ord. 2016-0037 § 2, 2016: Ord. 2002-0057 § 1 (part), 2002.)

### **2.204.030 - Definitions.**

For the purpose of this Chapter, the following words and phrases are defined and shall be construed as having the following meaning:

- A. "County" shall mean the County of Los Angeles or any public entities for which the Board of Supervisors is the governing body.
- B. "Department" shall mean the County department, entity, or organization responsible for the solicitation.
- C. "Local Small Business Enterprise" or "LSBE" shall mean:
  - 1. A business which is certified by the State of California as a small business and has had its principal place of business located in Los Angeles County for at least one (1) year; or
  - 2. In federally funded County solicitations subject to the federal restriction on geographical preferences, a business which is certified as small by the federal Small Business Administration or which is registered as small on the federal System for Award Management ("SAM") data base; or
  - 3. A business certified as a small business enterprise with other certifying agencies pursuant to the Department of Consumer and Business Affairs ("DCBA") inclusion policy that (a) has its principal place of business located in Los Angeles County and (b) has revenues and employee sizes that meet the State's Department of General Services requirements.
  - 4. In addition, the standards shall provide that the LSBE shall provide goods or services that contribute to the fulfillment of the contract requirements by performing a commercially useful function, as defined below:
    - (a) A LSBE is deemed to perform a commercially useful function if the business does all of the following:
      - (i) Is responsible for the execution of a distinct element of the work of the contract;
      - (ii) Carries out its obligation by actually performing, managing, or supervising the work involved;
      - (iii) Performs work that is normal for its business services and functions;
      - (iv) Is responsible with respect to products, inventories, materials, supplies required for the contract, for negotiating price, determining quality and quantity, ordering, installing if applicable, and making payment; and
      - (v) Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.
    - (b) A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of a LSBE.

- D. "SBA" shall mean the federal Small Business Administration.
- E. "Solicitation" shall mean the County's process to obtain bids or proposals for goods and services.

(Ord. 2016-0037 § 3, 2016: Ord. 2007-0090 § 1, 2007: Ord. 2002-0057 § 1 (part), 2002.)

#### **2.204.040 - Administration.**

DCBA, with the assistance of County Counsel and the Internal Services Department ("ISD"), is authorized and shall issue interpretations of the provisions of this Chapter, and shall issue written instructions on the implementation and ongoing administration of this Chapter. Such instructions may provide for the delegation of functions to other departments.

(Ord. 2016-0037 § 4, 2016: Ord. 2011-0055 § 1, 2011: Ord. 2002-0057 § 1 (part), 2002.)

#### **2.204.050 - Certification as a Local Small Business Enterprise.**

DCBA shall be responsible for verifying that a local small business is already certified as a small business by the State of California that or other certifying entity pursuant to DCBA's inclusion policy (a) has its principal place of business located in Los Angeles County and (b) has revenues and employee sizes that meet the State's Department of General Services requirements. DCBA shall certify LSBEs and maintain records of the certified businesses and their participation in County purchasing and contracting.

(Ord. 2016-0037 § 5, 2016: Ord. 2015-0001 § 6, 2015: Ord. 2011-0055 § 2, 2011: Ord. 2002-0057 § 1 (part), 2002.)

#### **2.204.051 - Certification as a Local Small Business Enterprise in Certain Federally Funded County Solicitations.**

Where geographic preferences are precluded by federal funding restrictions, DCBA shall be responsible for verifying that a LSBE meets the federal small business criteria for the number of employees and/or revenue and maintains an active registration as a small business in the SAM data base.

(Ord. 2016-0037 § 6, 2016: Ord. 2007-0090 § 2, 2007.)

#### **2.204.060 - Responsibilities and Standards.**

- A. To facilitate the participation of LSBEs in County purchases of goods and services, County departments shall provide for LSBE preference in their purchase of goods and services where responsibility and quality are equal.
- B. In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, subject to subsections D through G, the preference to the LSBE shall be fifteen percent (15%) of the lowest responsible bidder meeting specifications, determined according to the instructions issued by DCBA.

- C. In solicitations where an award is to be made to the highest scored proposer based on evaluation factors in addition to cost/price, subject to subsections D through G, the preference to the LSBE shall be fifteen percent (15%) of the cost/price component of the evaluation method, determined according to the instructions issued by DCBA.
  - D. The LSBE preference under subsections B and C of this section shall not exceed one-hundred and fifty thousand dollars (\$150,000.00) for any one (1) solicitation and award determination.
  - E. In order for a LSBE to be eligible to claim the preference, the business must request the preference in the solicitation response.
  - F. When an applicable statute limits the preference to the LSBE at an amount less than fifteen percent (15%), the applicable statute shall determine the preference amount.
  - G. In no case shall the Local Small Business Enterprise Preference Program price, or scoring preference be combined with any other County preference program to exceed fifteen percent (15%) of the lowest responsible bid meeting specifications.
- (Ord. 2016-0037 § 7, 2016: Ord. 2011-0055 § 3, 2011: Ord. 2002-0057 § 1 (part), 2002.)

#### **2.204.070 - Exclusions.**

The Local Small Business Enterprise Preference Program shall not be given for the following County purchases:

- A. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar or related group purchasing organization.
- B. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.6.0 or a successor provision.
- C. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy Manual, Section P-2810 or a successor provision.
- D. A non-agreement purchase with a value of less than five thousand dollars (\$5,000) pursuant to the Los Angeles County Purchasing Policy Manual, Section A-0300 or a successor provision.
- E. Any contract, funded in whole or in part by the federal government, to the extent of any conflict between the requirements imposed by the federal government, including those relating to participation in a contract by a minority or women business enterprise, as a condition of the receipt of the federal funds.
- F. A contract for which federal, State, or local laws limit or prohibit application of Local Small Business Enterprise Preference Program.

(Ord. 2016-0037 § 8, 2016: Ord. 2011-0055 § 4, 2011: Ord. 2002-0057 § 1 (part), 2002.)

**2.204.080 - Violations and Sanctions.**

- A. The information furnished by each business requesting a Local Small Business Enterprise Preference Program shall be under penalty of perjury.
- B. No person or business shall knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a LSBE for the purpose of this Chapter.
- C. No person or business shall willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a LSBE.
- D. A business which has obtained certification as a LSBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded a contract to which it would not otherwise have been entitled, shall:
  - 1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
  - 2. In addition to the amount described in subdivision 1 of subsection D of this Section, be assessed a penalty in an amount of not more than ten percent (10%) of the amount of the contract involved; and
  - 3. Be subject to the provisions of Chapter 2.202 of the County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).
- E. The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the State and DCBA of this information prior to responding to a solicitation or accepting a contract award.

(Ord. 2016-0037 § 9, 2016: Ord. 2015-0001 § 7, 2015; Ord. 2011-0055 § 5, 2011: Ord. 2007-0090 § 3, 2007: Ord. 2002-0057 § 1 (part), 2002.)

**2.204.090 - Review of Program Eligibility.**

DCBA is authorized to investigate any valid complaint of eligibility received by the County concerning the Local Small Business Enterprise Preference Program.

(Ord. 2016-0037 § 10, 2016: Ord. 2015-0001 § 8, 2015: Ord. 2011-0055 § 6, 2011: Ord. 2002-0057 § 1 (part), 2002.)

**2.204.100 - Applicability.**

This Chapter shall apply to all solicitations issued sixty (60) days after the effective date of the Ordinance codified in this Chapter.

(Ord. 2016-0037 § 11, 2016: Ord. 2002-0057 § 1 (part), 2002.)

## **CHAPTER 2.211 - DISABLED VETERAN BUSINESS ENTERPRISE PREFERENCE PROGRAM**

**2.211.010 - Introduction.**

**2.211.020 - Purpose.**

**2.211.030 - Definitions.**

**2.211.040 - Administration.**

**2.211.050 - Certification.**

**2.211.060 - Responsibilities and standards.**

**2.211.070 - Exclusions.**

**2.211.080 - Violations and Sanctions.**

**2.211.090 - Review of Program Eligibility.**

**2.211.100 - Applicability.**

### **Sections:**

**2.211.010 - Introduction.**

The Board of Supervisors finds that it is of benefit to the County of Los Angeles to promote and facilitate the fullest possible participation by all citizens in the affairs of the County. It is also essential that opportunities be provided for full participation in our free enterprise system for disabled veterans. Further, it is the policy of the Board that the County should aid and assist, to the maximum extent possible, the interests of disabled veterans in order to preserve free competitive enterprise and to ensure that a fair proportion of the total purchases and contracts or subcontracts for purchase of goods or services for the County be placed with disabled veteran business enterprises.

(Ord. 2013-0042 § 1, 2013.)

**2.211.020 - Purpose.**

The County of Los Angeles Disabled Veteran Business Enterprise Preference Program is a race and gender-neutral program designed to enhance purchasing and contracting opportunities for disabled veterans within the County of Los Angeles. The program priorities were developed to promote and foster inclusiveness and economic development, as well as ongoing evaluation to assure all businesses, including disabled veteran business enterprises, are provided equal opportunities in County purchasing and contracting activities.

(Ord. 2013-0042 § 1, 2013.)

**2.211.030 - Definitions.**

For the purpose of this Chapter, the following words and phrases are defined and shall be construed as having the following meanings:

- A. "County" shall mean the County of Los Angeles, or any public entities for which the Board of Supervisors is the governing body;
- B. "Department" shall mean the County department, entity, or organization responsible for the solicitation;
- C. "Disabled Veteran Business Enterprise" or "DVBE" shall mean:
  - 1. A business which is certified by the State of California as a DVBE; or
  - 2. A business which is verified as a service-disabled veteran-owned small business by the Veterans Administration.
  - 3. A business certified as DVBE with other certifying agencies pursuant to the Department of Consumer and Business Affairs' ("DCBA") inclusion policy that meets the criteria set forth by the agencies in subsection C(1) or C(2), above.
- D. "Solicitation" shall mean the County's process to obtain bids or proposals for the purchase of goods and services.

(Ord. 2016-0035 § 1, 2016: Ord. 2013-0042 § 1, 2013.)

**2.211.040 - Administration.**

DCBA with the assistance of County Counsel and the Internal Services Department ("ISD"), shall issue interpretations of the provisions of this Chapter, and shall issue written instructions on the implementation and ongoing administration of this Chapter. Such instructions may provide for the delegation of functions to other departments.

(Ord. 2016-0035 § 2, 2016: Ord. 2013-0042 § 1, 2013.)

**2.211.050 - Certification.**

DCBA shall be responsible for verifying that a DVBE is currently certified by the State of California, by the U.S. Department of Veteran Affairs, or as determined by DCBA's inclusion policy that meets the criteria set forth by the agencies in subsection C(1) or C(2)

of section 2.211.030 of this chapter. DCBA shall certify DVBE and maintain records of the certified businesses and their participation in County purchasing and contracting.

(Ord. 2016-0035 § 3, 2016: Ord. 2013-0042 § 1, 2013.)

**2.211.060 - Responsibilities and Standards.**

- A. To facilitate the participation of DVBE in County purchases of goods and services, County departments shall provide for DVBE preference in their purchase of goods and services where responsibility and quality are equal.
- B. In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, subject to subsections D through G, the preference to a DVBE shall be fifteen percent (15%) of the lowest responsible bidder meeting specifications, determined according to the instructions issued by DCBA.
- C. In solicitations where an award is to be made to the highest scored proposer based on evaluation factors in addition to cost/price, subject to subsections D through G, the preference to the DVBE shall be fifteen percent (15%) of the cost/price component of the evaluation method, determined according to the instructions issued by DCBA.
- D. The DVBE preference under subsections B and C of this section shall not exceed one-hundred and fifty thousand dollars (\$150,000) for any one solicitation and award determination.
- E. In order for a DVBE to be eligible to claim the preference, the business must request the preference in the solicitation response.
- F. When an applicable statute limits the preference to the DVBE at an amount less than fifteen percent (15%), the applicable statute shall determine the preference amount.
- G. In no case shall the Disabled Veteran Business Enterprise Preference Program price or scoring preference be combined with any other County preference program to exceed fifteen percent (15%) of the lowest responsible bid meeting specifications.

(Ord. 2016-0035 § 4, 2016: Ord. 2013-0042 § 1, 2013.)

**2.211.070 - Exclusions.**

The DVBE preference shall not be given for the following County purchases:

- A. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar or related group purchasing organization;
- B. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.6.0 or a successor provision;
- C. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy Manual, Section P-2810 or a successor provision;
- D. A non-agreement purchase with a value of less than five thousand dollars (\$5,000) pursuant to the Los Angeles County Purchasing Policy Manual, Section A-0300 or a successor provision;
- E. A contract, funded in whole or in part by the federal government, to the extent of any conflict between the requirements imposed by the federal government, including those relating to participation in a contract by a minority or women business enterprise, as a condition of the receipt of the federal funds; and
- F. A contract for which federal, State, or local laws limit or prohibit application of a DVBE preference.

(Ord. 2016-0035 § 5, 2016: Ord. 2013-0042 § 1, 2013.)

**2.211.080 - Violations and Sanctions.**

- A. The information furnished by each solicitation respondent requesting a DVBE preference shall be under penalty of perjury.
- B. No person or business shall knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a DVBE for the purpose of this Chapter.
- C. No person or business shall willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a DVBE.
- D. A business which has obtained County certification as a DVBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded a contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
  2. In addition to paying the amount described in subdivision 1 of subsection D, of this Section, be assessed a penalty in an amount of not more than ten percent (10%) of the amount of the contract involved; and
  3. Be subject to the provisions of Chapter 2.202 of the County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).
- E. The above penalties shall also apply to any business that has previously obtained proper certification, however, as result of a change in their status would no longer be eligible for certification, and fails to notify the State and DCBA of this information prior to responding to a solicitation or accepting a contract award.

(Ord. 2016-0035 § 6, 2016: Ord. 2013-0042 § 1, 2013.)

#### **2.211.090 - Review of Program Eligibility.**

DCBA is authorized to investigate any valid complaint of eligibility received by the County concerning the Disable Veteran Business Enterprise Preference Program.

(Ord. 2016-0035 § 7, 2016: Ord. 2015-0001 § 9, 2015: Ord. 2013-0042 § 1, 2013.)

#### **2.211.100 - Applicability.**

This Chapter shall apply to all solicitations issued sixty (60) days after the effective date of the Ordinance codified in this Chapter.

(Ord. 2016-0035 § 8, 2016: Ord. 2013-0042 § 1, 2013.)

## **Chapter 2.205 – SOCIAL ENTERPRISE PREFERENCE PROGRAM**

### **2.205.010 Introduction.**

### **2.205.020 Purpose.**

### **2.205.030 Definitions.**

### **2.205.040 Administration.**

### **2.205.050 Certification.**

### **2.205.060 Responsibilities and Standards.**

### **2.205.070 Exclusions.**

### **2.205.080 Violations and Sanctions.**

### **2.205.090 Review for Program Eligibility.**

### **2.205.100 Applicability.**

#### **Sections:**

#### **2.205.010 - Introduction.**

The Board of Supervisors finds that it is of benefit to the County of Los Angeles to promote and facilitate businesses that distinguish themselves by accounting for their measurable social, public health and environmental impact. Social Enterprises, which include nonprofit and for-profit businesses often incur higher operating costs providing supportive services. Therefore, Social Enterprises are at a competitive disadvantage in obtaining County contracts, in which estimated cost is a significant factor.

(Ord. 2016-0036 § 1, 2016: Ord. 2007-0013 § 1 (part), 2007.)

#### **2.205.020 - Purpose.**

The County of Los Angeles Social Enterprise Preference Program is a race and gender-neutral program designed to establish a purchasing and contracting preference for certified Social Enterprises that provide transitional and permanent employment, to a Transitional Workforce or provide social, environmental and/or human justice services. The Social Enterprise Preference Program is designed to promote and foster

inclusiveness and economic development, as well as ongoing evaluation to assure that all businesses, including Social Enterprises are provided equal opportunities in County purchasing and contracting activities.

(Ord. 2016-0036 § 2, 2016; Ord. 2007-0013 § 1 (part), 2007.)

#### **2.205.030 - Definitions.**

For the purpose of this Chapter, the following words and phrases are defined and shall be construed as having the following meaning:

- A. "County" shall mean the County of Los Angeles or any public entities for which the Board of Supervisors is the governing body.
- B. "Department" shall mean the County department, entity, or organization responsible for the solicitation.
- C. "Contractor" shall mean any person, firm, corporation, partnership, or any combination thereof, which submits a bid or proposal or enters into a contract with the County of Los Angeles.
- D. "Homeless" shall mean a person sleeping in a place not meant for human habitation, or "residing" in an emergency shelter, transitional housing, or other supportive housing program or those who are homeless under the individual County department's definition.
- E. "Social Enterprise(s)" shall include nonprofit and for-profit businesses whose primary purpose is the "common good" and which "use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas, wherein the organization that applies commercial strategies to maximize improvements in human and environmental well-being," that may "include maximizing social impact rather than profits for external shareholders," and has been certified as a social enterprise as provided for in this Chapter.
- F. "Social Enterprise Preference Program" shall include:
  - 1. A business that qualifies as a Social Enterprise and has been in operation for at least one (1) year providing transitional or permanent employment to a Transitional Workforce or providing social, environmental and/or human justice services; and
  - 2. A business that is certified by the Department of Consumer and Business Affairs ("DCBA") as a Social Enterprise.

- G. "Solicitation" shall mean the County's process to obtain bids or proposals for goods and services.
- H. "Supportive services" shall mean services including, but not limited to, counseling services, individual case management, pre-employment job readiness training, daily on-the-job monitoring of participants, provision of unsubsidized competitive employment opportunities, and assistance in applying for, obtaining, and maintaining unsubsidized competitive employment.
- I. "Transitional workforce employer" shall mean a Social Enterprise that provides transitional jobs.
- J. "Transitional job" shall mean short-term or long-term, wage-paying, subsidized or non-subsidized employment that combines real work, skill development, and supportive services to help a Transitional Workforce overcome barriers to employment and transition to unsubsidized competitive employment.
- K. "Transitional Workforce" shall mean those under-employed or hard-to-employ persons that may be homeless, formerly incarcerated, or those who either have not worked for an extended period of time or face significant barriers to employment.

(Ord. 2016-0036 § 3, 2016: Ord. 2007-0013 § 1 (part), 2007.)

**2.205.040 - Administration.**

DCBA with the assistance of County Counsel, and the Internal Services Department ("ISD"), shall issue interpretations of the provisions of this Chapter, and shall issue written instructions on the implementation and ongoing administration of this Chapter. Such instructions may provide for the delegation of functions to other departments.

(Ord. 2016-0036 § 4, 2016: Ord. 2012-0025 § 1, 2012: Ord. 2011-0066 § 4, 2011: Ord. 2007-0013 § 1 (part), 2007.)

**2.205.050 - Certification.**

- A. DCBA shall certify Social Enterprises and maintain records for the certified businesses and their participation in County purchasing and contracting.
- B. Qualifying Social Enterprises must be in operation for at least one (1) year providing transitional or permanent employment to a Transitional Workforce or providing social, environmental and/or human justice services to program participants.
- C. The business must also supply the following information as part of the certification process:

1. A description of the business' program and service components designed to help a Transitional Workforce or that otherwise qualify it under the definition of a Social Enterprise, including a description of the support services where applicable.
2. Any other information requested by DCBA.

(Ord. 2016-0036 § 5, 2016; Ord. 2007-0013 § 1 (part), 2007.)

**2.205.060 - Responsibilities and Standards.**

- A. To facilitate the participation of Social Enterprises in County purchases of goods and services, County departments shall provide for Social Enterprise preference in their purchase of goods and services where responsibility and quality are equal.
- B. In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, subject to Section D and F, the preference to the Social Enterprise shall be fifteen percent (15%) of the lowest responsible bidder meeting specifications, determined according to the instructions issued by DCBA.
- C. In solicitations where an award is to be made to the highest scored proposer based on evaluation factors in addition to cost/price, subject to Section D and F, the preference to the Social Enterprise shall be fifteen percent (15%) of the cost/price component of the evaluation method, determined according to the instructions issued by DCBA.
- D. The Social Enterprise preference under subsections B and C of this section shall not exceed one-hundred and fifty thousand dollars (\$150,000) for any one (1) solicitation and award determination.
- E. In order for a Social Enterprise to be eligible to claim the preference, the entity must request the preference in the solicitation response.
- F. When an applicable statute limits the preference to the Social Enterprise at an amount less than fifteen percent (15%), the applicable statute shall determine the preference amount.
- G. In no case shall the Social Enterprise Preference Program price or scoring preference be combined with any other County preference program to exceed fifteen percent (15%) of the lowest responsible bid meeting specifications.

(Ord. 2016-0036 § 6, 2016; Ord. 2012-0025 § 2, 2012; Ord. 2007-0013 § 1 (part), 2007.)

### **2.205.070 - Exclusions.**

The Social Enterprise Preference shall not be given for the following County contracts and purchases:

- A. National contracts established for the purchase of services, equipment, and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar or related group purchasing organization.
- B. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.6.0 or a successor provision.
- C. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy Manual, Section P-2810 or a successor provision.
- D. A non-agreement purchase with a value of less than five thousand dollars (\$5,000) pursuant to the Los Angeles County Purchasing Policy Manual, Section A-0300 or a successor provision.
- E. Any contract, funded in whole or in part by the federal government, to the extent of any conflict between the requirements imposed by the federal government relating to participation in a contract by a minority or women business enterprise as a condition of the receipt of the federal funds.
- F. A contract for which federal, State, or local laws may limit or prohibit application of a Social Enterprise preference.

(Ord. 2016-0036 § 7, 2016; Ord. 2007-0013 § 1 (part), 2007.)

### **2.205.080 - Violations and Sanctions.**

- A. The information furnished by each solicitation respondent requesting a Social Enterprise preference shall be under penalty of perjury.
- B. No person or entity shall knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Social Enterprise for the purpose of this Chapter.
- C. No person or entity shall willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Social Enterprise.

- D. A business which has obtained County certification as a Social Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded a contract to which it would not otherwise have been entitled, shall:
1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
  2. In addition to the amount described in subdivision 1 of subsection D of this Section, be assessed a penalty in an amount of not more than ten percent (10%) of the amount of the contract involved; and
  3. Be subject to the provisions of Chapter 2.202 of the County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).
- E. The above penalties shall also apply to any Social Enterprise that has previously obtained proper certification, however, as a result of a change in its status would no longer be eligible for certification, and fails to notify DCBA of this information prior to responding to a solicitation or accepting a contract award.

(Ord. 2016-0036 § 8, 2016: Ord. 2007-0013 § 1 (part), 2007.)

#### **2.205.090 - Review for Program Eligibility.**

DCBA will investigate any valid complaint of eligibility received by the County concerning the Social Enterprise Preference Program.

(Ord. 2016-0036 § 9, 2016: Ord. 2007-0013 § 1 (part), 2007.)

#### **2.205.100 - Applicability.**

This Chapter shall apply to all solicitations issued sixty (60) days after the effective date of the Ordinance codified in this Chapter.

(Ord. 2016-0036 § 10, 2016: Ord. 2007-0013 § 1 (part), 2007.)

# **EXHIBIT II**

**REQUIRED FORMS - EXHIBIT 7**  
 For County Solicitations subject to the Federal Restriction  
**REQUEST FOR PREFERENCE CONSIDERATION**

**INSTRUCTIONS:** Businesses requesting preference consideration must complete and return this form for proper consideration of the proposal. Businesses may request consideration for one or more preference programs. Check all certifications that apply.\*

**I MEET ALL OF THE REQUIREMENTS AND REQUEST THIS PROPOSAL BE CONSIDERED FOR THE PREFERENCE PROGRAM(S) SELECTED BELOW. A COPY OF THE CERTIFICATION LETTER(S) ISSUED BY THE DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS (DCBA) IS ATTACHED.**

**Request for Local Small Business Enterprise (LSBE) Program Preference**

- Meets the revenues and employee size criteria of the federal Small Business Administration and maintains an active registration as a small business in the System for Award Management (SAM) data base; and
- Certified as a LSBE by the DCBA.

**Request for Social Enterprise (SE) Program Preference**

- A business that has been in operation for at least one year providing transitional or permanent employment to a Transitional Workforce or providing social, environmental and/or human justice services; and
- Certified as a SE business by the DCBA.

**Request for Disabled Veterans Business Enterprise (DVBE) Program Preference**

- Certified by the State of California, or
- Certified by U.S. Department of Veterans Affairs as a DVBE; or
- Certified as a DVBE with other certifying agencies under to DCBA's inclusion policy that meets the criteria set forth by: the State of California as a DVBE or is verified as a service-disabled veteran-owned small business by the Veterans Administration: and
- Certified as a DVBE by the DCBA.

**\*BUSINESS UNDERSTANDS THAT ONLY ONE OF THE ABOVE PREFERENCES WILL APPLY. IN NO INSTANCE SHALL ANY OF THE ABOVE LISTED PREFERENCE PROGRAMS PRICE OR SCORING PREFERENCE BE COMBINED WITH ANY OTHER COUNTY PROGRAM TO EXCEED FIFTEEN PERCENT (15%) IN RESPONSE TO ANY COUNTY SOLICITATION.**

**DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.**

DCBA certification is attached.

|                             |                 |                    |             |
|-----------------------------|-----------------|--------------------|-------------|
| Name of Firm                |                 | County Webven No.  |             |
| Print Name:                 |                 | Title:             |             |
| Signature:                  |                 | Date:              |             |
| <b>Reviewer's Signature</b> | <b>Approved</b> | <b>Disapproved</b> | <b>Date</b> |
|                             |                 |                    |             |

## REQUIRED FORMS - EXHIBIT 7

Use this form for County Solicitations Not subject to the Federal Restriction

### REQUEST FOR PREFERENCE CONSIDERATION

**INSTRUCTIONS:** Businesses requesting preference consideration must complete and return this form for proper consideration of the proposal. Businesses may request consideration for one or more preference programs. Check all certifications that apply.\*

**I MEET ALL OF THE REQUIREMENTS AND REQUEST THIS PROPOSAL BE CONSIDERED FOR THE PREFERENCE PROGRAM(S) SELECTED BELOW. A COPY OF THE CERTIFICATION LETTER ISSUED BY THE DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS (DCBA) IS ATTACHED.**

**Request for Local Small Business Enterprise (LSBE) Program Preference**

- Certified by the State of California as a small business and has had its principal place of business located in Los Angeles County for at least one (1) year; or
- Certified as a LSBE with other certifying agencies under DCBA's inclusion policy that has its principal place of business located in Los Angeles County and has revenues and employee size that meet the State's Department of General Services requirements; and
- Certified as a LSBE by the DCBA.

**Request for Social Enterprise (SE) Program Preference**

- A business that has been in operation for at least one year providing transitional or permanent employment to a Transitional Workforce or providing social, environmental and/or human justice services; and
- Certified as a SE business by the DCBA.

**Request for Disabled Veterans Business Enterprise (DVBE) Program Preference**

- Certified by the State of California, or
- Certified by U.S. Department of Veterans Affairs as a DVBE; or
- Certified as a DVBE with other certifying agencies under DCBA's inclusion policy that meets the criteria set forth by: the State of California as a DVBE or is verified as a service-disabled veteran-owned small business by the Veterans Administration; and
- Certified as a DVBE by the DCBA.

**\*BUSINESS UNDERSTANDS THAT ONLY ONE OF THE ABOVE PREFERENCES WILL APPLY. IN NO INSTANCE SHALL ANY OF THE ABOVE LISTED PREFERENCE PROGRAMS PRICE OR SCORING PREFERENCE BE COMBINED WITH ANY OTHER COUNTY PROGRAM TO EXCEED FIFTEEN PERCENT (15%) IN RESPONSE TO ANY COUNTY SOLICITATION.**

**DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.**

DCBA certification is attached.

|                             |                 |                    |             |
|-----------------------------|-----------------|--------------------|-------------|
| Name of Firm                |                 | County Webven No.  |             |
| Print Name:                 |                 | Title:             |             |
| Signature:                  |                 | Date:              |             |
| <b>Reviewer's Signature</b> | <b>Approved</b> | <b>Disapproved</b> | <b>Date</b> |
|                             |                 |                    |             |

# **EXHIBIT III**

### Preference Program Calculations

For solicitations that are based on the lowest responsive and responsible bid, the preference granted to a certified bidder shall be fifteen percent (15%) of the lowest bid, up to a maximum of \$150,000. Such preference shall be applied to all certified bidders that requested the preference, even if the certified bidder is the lowest responsible bidder meeting specifications.

For solicitations that are based on factors other than the cost (e.g., Request for Proposals), the preference granted to a certified proposer shall be equal to fifteen percent (15%) of the lowest proposed cost, up to a maximum preference amount of \$150,000. In cases where the preference is granted, the cost proposal will be scored based on the original proposed cost less the preference amount. Such preference shall be applied to all certified proposers that requested the preference, even if the certified proposer has the lowest proposed cost.

#### Example One

| BIDDER                                 | Company 1  | Company 2  | Company 3<br>(DVBE) | Company 4  |
|--|------------|------------|---------------------|------------|
| <b>TOTAL BID PRICE</b>                 | \$ 300,000 | \$ 240,000 | \$ 280,000          | \$ 260,000 |
| <b>Lowest Bid Price (A)</b>            | \$ 240,000 | \$ 240,000 | \$ 240,000          | \$ 240,000 |
| <b>15% of Lowest Bid</b>               |            |            | \$ 36,000           |            |
| <b>Bidder's Price (B)</b>              | \$ 300,000 | \$ 240,000 | \$ 244,000          | \$ 260,000 |
| <b>Total Points = (A) / (B) * 4000</b> | 3200       | 4000       | 3934                | 3692       |

- A non-certified company (Company 2) submits the lowest bid of \$240,000
- A certified DVBE (Company 3) requests and receives a preference
- Company 2 receives the award because they continue being the lowest bid after the preference has been applied to the certified DVBE

### Example Two

| BIDDER                                 | Company 1  | Company 2<br>(DVBE) | Company 3  | Company 4  |
|--|------------|---------------------|------------|------------|
| <b>TOTAL BID PRICE</b>                 | \$ 300,000 | \$ 240,000          | \$ 280,000 | \$ 260,000 |
| <b>Lowest Bid Price (A)</b>            | \$ 240,000 | \$ 240,000          | \$ 240,000 | \$ 240,000 |
| <b>15% of Lowest Bid</b>               |            | \$ 36,000           |            |            |
| <b>Bidder's Price (B)</b>              | \$ 300,000 | \$ 204,000          | \$ 280,000 | \$ 260,000 |
| <b>New Lowest Bid Price (A)</b>        | \$ 204,000 | \$ 204,000          | \$ 204,000 | \$ 204,000 |
| <b>Total Points = (A) / (B) * 4000</b> | 2720       | 4000                | 2914       | 3138       |

- A certified DVBE (Company 2) submits the lowest bid (\$240,000), and requests and receives a preference
- Bids are evaluated using the new lowest bid price of \$204,000
- The certified DVBE (Company 2) receives the award because they are the lowest bid, but will be paid the original bid price of \$240,000

**Example Three**

| BIDDER                                 | Company 1    | Company 2<br>(DVBE) | Company 3    | Company 4    |
|--|--------------|---------------------|--------------|--------------|
| <b>TOTAL BID PRICE</b>                 | \$ 1,500,000 | \$ 1,600,000        | \$ 1,700,000 | \$ 1,550,000 |
| <b>Lowest Bid Price (A)</b>            | \$ 1,500,000 | \$ 1,500,000        | \$ 1,500,000 | \$ 1,500,000 |
| <b>15% of Lowest Bid (Exceeds Cap)</b> |              | \$ 225,000          |              |              |
| <b>Preference Program Cap</b>          |              | \$ 150,000          |              |              |
| <b>Bidder's Price (B)</b>              | \$ 1,500,000 | \$ 1,450,000        | \$ 1,700,000 | \$ 1,550,000 |
| <b>New Lowest Bid Price (A)</b>        | 1,450,000    | 1,450,000           | 1,450,000    | 1,450,000    |
| <b>Total Points = (A) / (B) * 4000</b> | <b>3866</b>  | <b>4000</b>         | <b>3411</b>  | <b>3741</b>  |

- A non-certified company (Company 1) submits the lowest bid of \$1,500,000
- A certified DVBE (Company 2) requests a preference, but the preference amount exceeds the cap of \$150,000
- The certified DVBE (Company 2) receives the maximum price preference of \$150,000
- Bids are evaluated using the new lowest bid price of \$1,450,000
- The certified DVBE (Bidder C) receives the award because they are the lowest bid, but will be paid the original bid price of \$1,600,000

**Example Four**

| PROPOSER                                      | Company 1  | Company 2<br>(DVBE) | Company 3  | Company 4  |
|---|------------|---------------------|------------|------------|
| <b>TOTAL PROPOSED PRICE</b>                   | \$ 300,000 | \$ 240,000          | \$ 280,000 | \$ 260,000 |
| <b>Lowest Cost Price (A)</b>                  | \$ 240,000 | \$ 240,000          | \$ 240,000 | \$ 240,000 |
| <b>15% of Lowest Cost</b>                     |            | \$ 36,000           |            |            |
| <b>Proposer's Cost Price (B)</b>              | \$ 300,000 | \$ 204,000          | \$ 280,000 | \$ 260,000 |
| <b>New Lowest Cost Price (A)</b>              | \$ 204,000 | \$ 204,000          | \$ 204,000 | \$ 204,000 |
| <b>Total Cost Points = (A) / (B) * 4000</b>   | 2720       | 4000                | 2914       | 3138       |
| <b>Non-Cost Points (6000 possible points)</b> | 3985       | 3596                | 4852       | 4265       |
| <b>Total Points (10,000 possible points)</b>  | 6705       | 7596                | 7766       | 7403       |

- A certified DVBE (Company 2) proposes the lowest cost price (\$240,000), and requests and receives a preference
- Bids are evaluated using the new lowest bid price of \$204,000
- The certified DVBE (Company 2) receives the maximum amount of Cost Points (4000)
- Company 3 receives the award because they receive the highest Total Points once Cost and Non-Cost Points are combined