

TO: Board of Supervisors Equity Committee
FROM: Miguel Mauricio, Sub-Committee on Small Business Enterprises Program
DATE: 05/10/23
SUBJECT: Recommendations for Contra Costa County Small Business Enterprises Program

I. Summary of Recommendations

- A. Increase the SBE program applicability threshold for purchasing and professional/personal service contracts from \$100,000 to \$200,000, or some higher limit, in order to provide more small businesses contracting opportunities with the County.
- B. Increase local bid preferences from 5% to 7% for SBE bidders on County contracts.
- C. Create a guide for applicants to follow in order to make it easier to apply for County contracts.
- D. Recommend including census tract data in analysis of contracts awarded.
- E. Improve contract tracking efforts in order to hold non-SBE contractors accountable for subcontracting requirements. Also improve tracking efforts to improve data collection.
- F. Analyze E-outreach program to guarantee maximum outreach.
- G. Increase outreach efforts via social media and other means, in order to connect more potential SBE to government contracting opportunities.

II. Deep Dive on Recommendations

- A. *Increase the SBE program applicability threshold for qualifying small businesses to \$200,000, or some higher limit in order to provide more contracting opportunities to more small businesses.* Currently, the Small Business Enterprise (SBE) Program applies to: (1) County-funded construction contracts of \$100,000 or less; (2) purchasing transactions of \$100,000 or less; and (3) professional/personal service contracts of \$100,000 or less.¹ The most recent reports on the County's progress of awarding at least 50% of contracts to small businesses through the SBE program annually shows that the County continues to miss their goal.²

For example, for all 334 professional/personal services contracts, 149 went to SBEs – 46.4% of all contracts for the category.³ For purchasing transaction contracts, 313 of the 1021 contracts awarded, or 21.2%, went to SBEs.⁴ The only category of contracts that met the 50% benchmark was the category of construction contracts, which awarded 100% of its contracts to SBEs.⁵ However,

¹ <https://www.contracosta.ca.gov/4517/Small-Business-Enterprise-Programs>

² Cynthia Shehorn (Procurement Services Manager), Memo Relating to Small Business Enterprise, Outreach, and Local Program Report for July through December 2021 (Mar. 21, 2022).

³ *Id.*

⁴ *Id.*

⁵ *Id.*

there were only 3 contracts in total for that category. Nonetheless, the biggest takeaway from the most recent data indicates that the County is not meeting its own imposed goal.

One way to help the County get closer to reaching its goal, while giving SBEs in the county a better chance to be awarded a County contract, would be to increase the contract limit as suggested above. Considering the increase in the cost of goods and services since the pandemic began, along with inflation, small businesses in the county could benefit from these contracts, while also helping the County reach its goal by potentially attracting new small businesses in the County.

- B. *Increase local businesses bid preferences from 5% to 7% for SBE bidders on County contracts.* In order to meet the County's goals under the SBE program, the Board of Supervisors should consider increasing the bid preference to 7%.

Currently, for opportunities exceeding \$25,000, the Local Business Preference Program allows for local businesses to submit a new offer if within 5% of the lowest bidder.⁶ In the most recent report, there were no instances of the Bid Preference utilized in this reporting period.⁷ Perhaps increasing this number would place small businesses in the area in more competitive positions when applying for contracts. At the very least, this would increase the likelihood that SBE bidders receive a government contract in scenarios where they are close to the highest bidder, which would get the County closer to its 50% goal.

- C. *Create a guide for applicants to follow in order to make it easier to apply for County contracts.* The current [website](#) is simple and straightforward.⁸ This is very good in my opinion. Sometimes government websites can be difficult to navigate or overly complex. However, I would add a guide for each of the programs listed on the SBE website, or a general guide for all the programs, for applying for a County contract pursuant to the SBE program.

Although the website is easy to navigate, it does not give enough direction to applicants who want to apply to the program. [Alameda County has a guide](#) for its program, but it is far too long and complex. A guide for applicants should be straightforward, easy to read, and relatively short. It should also be in multiple languages.

- D. *Recommend including census tract data in analysis of contracts awarded.* It would be helpful to include data on where exactly small businesses from Contra Costa that apply and receive government contracts are from. One way of collecting this data would be to disaggregate data by census tracts within the county or look at the various municipalities where small businesses are applying

⁶ *Id.*

⁷ *Id.*

⁸ <https://www.contracosta.ca.gov/4517/Small-Business-Enterprise-Programs>

from and receiving County contracts.

This would help us, as well as the County, answer questions such as: are small businesses from one part of the county overwhelmingly applying for County contracts? Is there a disproportionate allocation of contracts to small businesses from one census tract or municipality? Having this information would help us, and the Board of Supervisors, have better information to create policies around awarding contracts. Moreover, this information can help the County advance the cause of equal employment and contracting for everyone living in the county.

E. *Improve contract tracking efforts in order to hold non-SBE contractors accountable for subcontracting requirements. Also improve tracking efforts to improve data collection.* Alameda County tracks their contract awards in a centrally located database.⁹ They use this tracking system in order to have good data to make better informed policies and decisions and to hold contractors accountable. For example, if a contractor was awarded a County contract, but the contractor did not comply with all of the requirements that the County imposes on contractors, the County could use their tracking process to make sure that the contractor is not awarded a contract next time. Contra Costa should reevaluate its tracking policy and institute reforms to achieve similar goals.

F. *Analyze E-outreach program to guarantee maximum outreach.* The e-outreach system is an effective way to reach out to small businesses in the county. However, to truly analyze the program's impact, we recommend disclosing more data to determine if the system is reaching out to as many small businesses as possible.

For example, the current data in reports only discloses how many businesses that are contacted via this program actually apply for a County contract, but it does not disclose how the process of outreach occurs, which small businesses are contacted, or how small businesses are included in the outreach process to begin with.¹⁰ This disclosure of information would give the County better data to work with and provide a better picture to base future policies on.

G. *Increase outreach efforts via social media, and other means, in order to connect more potential SBE to government contracting opportunities.* One of the biggest barriers to improving the SBE program and awarding County contracts to potential SBEs in the county is outreach. One way to directly advertise County

⁹ Meeting with Alameda County Procurement Administrator Detra Dohen on 8/30/2022.

¹⁰ Taken from the March 2022 report mentioned above: "E-Outreach Report: In order to encourage the use of small, local, and disadvantaged businesses, the County's E-Outreach Program requires bids and Request for Proposals greater than \$10,000 to be solicited online. For this period, there were 34 bids totaling \$20,072,078 that fell within the parameters of the program. The data specific to electronic solicitations is developed and provided by the Purchasing Division of the Public Works Department and reflects outreach to small, women-owned, minority-owned, local, disabled veteran-owned, and disadvantaged business enterprises. During this reporting period, 34 bids were conducted using the BidSync e-outreach site. Notifications were sent to 267,328 businesses, of which 31.6% are considered small, local, or disadvantaged business enterprises."

contracts is via social media. Both Santa Clara and Alameda counties reported how outreach is one of the biggest barriers to reaching County goals and diversifying the small businesses in their counties that are awarded government contracts. Social media is an easy and accessible way to channel information and encourage small businesses to register as SBEs and apply for government contracts.

