


INTER-OFFICE CORRESPONDENCE
Facilities Services Division
Los Angeles Unified School District

Date: September 23, 2003
To: Members, Bond Oversight Committee
From: Isamu Yoshida 
Director, Facilities Contracts
Subject: Response to July 29th (rev.) BOC Report, Part II, Item "I. Jobs"

In the July 29, 2003 report entitled, "Healthy Schools, Healthy Parks, Healthy Community", the Bond Oversight Committee requested additional information regarding Facilities Procurement. The following question was posed in Part II of the report:

I. Jobs. As per the discussions between Dr. BJ Hawkins, Oversight Committee members and LAUSD staff, there are a number of issues that, if resolved, would be of assistance to both LAUSD Facilities and to the Centralized Purchasing Department as the new school construction and renovation programs are implemented. The following is largely based on information obtained from Dr. Hawkins from OFS, The Business Doctors.

Currently there are no adequate processes that allow small and local business access to RFP process. This, however, is a symptom and not the problem. LAUSD's requisition and approval processes for construction and similar activities are manual.

RESPONSE: There are a number of processes that allow local small businesses to access our Request for Proposal (RFP). Facilities Services Division advertises its business opportunities in newspapers of general circulation such as LA Times, Business Journal, La Opinion, etc. as well as in small local newspapers. We also list our RFP opportunities in our web site, www.laschools.org. Additionally, we market these opportunities at all outreach events and through distribution of our fliers to business and trade organizations. We also send notices to extensive lists of small businesses in Los Angeles who have worked with us or expressed their interests in doing so. Please see attached brochures and notices as well as our programs that we have used to involve local small businesses in our procurements (Attachment A).

This results in following:

- a. ***The Paper circulation process required for approval signature is time consuming, tedious and opens the possibility for errors and lost or misplaced documents.***

RESPONSE: This is a correct assumption, and we are working to resolve this through the Facilities Support Services IT consultant who is addressing and recommending IT solutions. Please see attached, which describes our progress (Attachment B).

- b. ***The bidding process is more exclusionary than inclusionary, which is partially the result of obsolete business process. Further, many of the existing policies are contrary to Best Practices in the field of public procurement.***

RESPONSE: The bidding process under the California Public Contracting Code is exclusionary in that the bidders must be licensed, bonded and pre-qualified. Our pre-qualification system is based on the safety records of the bidders, and we are very careful to exclude any contractors who do not meet the OSHA safety standards. I am not aware of any of our existing policies that are contrary to the best practices in the field of public procurement. If Dr. Hawkins would share exactly which practices, we will correct them immediately. I have discussed this issue with three staff members of Dr. Hawkins' company, and they were not aware of any contrary policies in the Facilities Contracts office. Please see our pre-qualification procedures and a list of pre-qualified prime contractors (Attachment C).

- c. ***Reporting is neither immediate nor accurate. Data is dispersed and neither easily accessible nor auditable.***

RESPONSE: Same response as "a" above.

- d. ***It is tedious, time consuming, and at times, impossible to provide timely and accurate reporting.***

RESPONSE: Same response as "a" above.

- e. ***If LAUSD on line bidding board is compared with the LADPW on line bidding solution, the facilities site contains confusing details and the bids are posted only as synopsis. Online bidding is not possible. A vendor is required to call to obtain the bid package. Important supporting documents are also dispersed: the specific school location repair, refurbishment, and modernization are linked and listed on a separate (www.eBidboard.com) bid board site; the specifications are listed on a separate site (www.cqxpress.com) site; and plans are listed on www.buzzsaw.com. All told, this makes acquiring the entire bid package difficult, if not impossible, for vendor or supplier.***

RESPONSE: The contract advertisement on e-Bidboard is not confusing, and it is clear as to the pertinent information that bidders need to decide whether

they want to bid on the contracts or not. The bidders need not call for the bidding documents, they may visit the construction contract office or any of the plan rooms to obtain the documents. They are also able to obtain the documents from the reprographic vendors. We are contemplating a procedure in which the documents can be made available through e-Bidboard, but we have not completed the discussions with that company. By any standard, it would be incorrect to state that obtaining bidding documents as difficult or impossible. Please see attached, which is a printout of e-Bidboard web page (Attachment D).

The requirements of this process limit competition, defeat outreach efforts to small businesses, and make it unlikely that the 25% goal from the LAUSD Board will be achieved.

RESPONSE: Our process does not limit competition or undermine our outreach program. In fact, our record shows that we are well over the 25% goal in meeting our SBE participation. Please see our preliminary assessment of Small Business utilization statistics, which is based on prime contractors only (Attachment E).

According to Dr. Hawkins, the OFSTM ProcurementNETTM solution successfully addresses:

- ***Business process***
- ***Best practice in public procurement***
- ***Increased awards to small and local business***
- ***Lengthy approval and bid processing time***

The OFSTM solution has an additional benefit: the reduction of direct and indirect costs associated with purchasing, procurement, and contracts. For example, Dr. Hawkins guarantees savings between 15 and 25% for any transaction that requires more than 7 days processing time.

RESPONSE: We have no doubt that a consulting company will be able to address those items listed above; however, we are already addressing business process improvements, best practices in public procurement, increased awards to SBE firms, and reducing procurement lead time. A guarantee to reduce operating expenses by 15 to 25% in this question is not a guarantee but a statement without a duty to perform and appears only to be marketing statement.

Without detailed assessment and evaluation, further substantive examples cannot be provided. Nonetheless, the OFS team has spent sufficient time reviewing LASUD process and in discussions with staff and vendors to have a clear understanding of what remedies must be implemented to provide a comprehensive solution, according to Dr. Hawkins.

3

RESPONSE: It is very telling that a statement such as FSD will not be able to meet 25% SBE goal is made when we have clearly met and exceeded the goal. FSD has clear understanding of the plan it needs to follow to continuously improve its acquisition processes. We will engage consultants as needed in order to augment our staff efforts for the process improvements when it makes sense and under competitive procurements.

Please note:

There are additional printed materials available for those interested.

Please contact the Bond Oversight Committee Office (213/241-4700) to request additional information.