



LAWA INCLUSIVITY ASSESSMENT

Business, Jobs & Social Responsibility Report

An Initial Executive Review of LAWA'S Inclusion Efforts with Recommendations for Action

I. EXECUTIVE SUMMARY

INTRODUCTION

In establishing the new Business, Jobs, & Social Responsibility (BJSR) division of Los Angeles World Airports (March, 2018), Chief Executive Officer Deborah Flint requested a 90-day assessment of the current status of LAWA's diversity and inclusion policies, initiatives, and outcomes, in addition to recommendations to improve those outcomes. The BJSR performs this task with the knowledge that diversity and inclusion are foundations of LAWA's success.

While diversity and inclusion are core values and achievements in their own right, diversity and inclusion are also integral to the business success of LAWA, and to the political and community support we are able to garner for LAWA's multi-billion dollar capital development program.

As a set of values, diversity and inclusion are a testament to an organization's recognition of the worth of every Angeleno and that organization's resolve to tap into the potential contributions of its community to deliver a gold-standard airport. To do so successfully requires treating people with respect and dignity.

As a business proposition, maximizing diversity and inclusion are strategic approaches to ensure that the labor and contractor supply (human capital) exists to meet the demands of LAWA's once-in-a-lifetime, multi-billion dollar capital development program.

Diversity and inclusion are also political realities. It would be difficult for LAWA to execute its ambitious airport development program, with the unintended consequences and predictable disruptions of massive construction, without the robust support of elected officials, policy makers, and the communities we serve. The best way to garner that support is to ensure that our communities reap the economic benefits from the massive infrastructure investments that LAWA is making over the next 10 years.

The aim of the analysis and recommendations presented in this report is to strengthen diversity and inclusion to meet LAWA's strategic goals, while aspiring to live out the highest values of dignity and respect for all community stakeholders.

BACKGROUND

At this time, BJSR presents its analysis and recommendations based on the inputs identified below in "Methodology". BJSR is keenly aware of the complexities of inclusion, diversity, and social responsibility. BJSR understands that as we move forward, we will have to revise the findings in this assessment to reflect new findings and evolving understanding of the environment and changing conditions. This is an initial assessment that will sharpen and deepen along with our command of the subject matter. [Note: As of December 4, 2018, the BJSR has already updated some information in this report to reflect more recent information and activities.]

During the 90-day assessment period, BJSR has relied largely on the observations shared with us in writing and in person from various stakeholders, consultants, and decision-makers at LAWA and in LAWA's programs. With the broad range of stakeholders and sources consulted, BJSR has made significant progress toward identifying the critical conversations and issues at hand, and the next steps and decisions that are critical for LAWA to consider.

METHODOLOGY

The inputs to our report include:

- Policy papers and reports (detailed in Appendix 1)
- Meetings with LAWA internal staff (detailed in Appendix 2a)
- Meetings with external partners (detailed in Appendix 2b)
- Series of focus groups with LAWA contractors (detailed in Appendix 3)
- Analysis of Policy Authority Environment (detailed in Appendix 4)

The areas of analysis:

The team analyzed key programs and topics related to diversity and inclusion strategy and initiatives. We have uniformly summarized each program/topic by addressing:

- 1) Purpose/reason for existing
- 2) General strategy for achieving its stated objectives
- 3) Observations made in reviewing the information on each topic
- 4) Achievements to Date
- 5) Challenges/opportunities to make change
- 6) Current and recommended Metrics
- 7) Resource needs

Additional memos and supporting documents:

- Appended to this report are a summary of the documents referenced and other program information, including the BJSR organizational chart, the LAMP inclusivity program summary, and a *draft* summary of the BJSR Division. [Note: As of December 4, 2018, the BJSR has removed these appendices for brevity. Please contact BJSR to review the appendices the BJSR removed.]
- We have included in this document the notes and recommendations of our program partners Merriwether & Williams Insurance Services (MWIS.) While the recommendations have been included in their entirety, in some cases, BJSR proposes doing additional analysis to validate or support the recommendations. For example, BJSR staff recommends additional research and analysis before adopting the recommendation for external monitoring. As of the writing of this assessment, BJSR is still reviewing information to establish the value of this recommendation, especially if an external monitor would still be relying on data generated internally from LAWA staff.

GLOSSARY OF TERMS USED IN THE ASSESSMENT REPORT

Apprentice: An individual registered and participating in an apprenticeship program approved by the State of California, Department of Industrial Relations, Division of Apprenticeship Standards (DAS).

Apprenticeship Program: A joint union and contractor administered apprenticeship program certified by the Division of Apprenticeship Standards, Department of Industrial Relations of the State of California.

Apprenticeship Readiness Program: A structured eight to ten-week program that prepares unskilled individuals for a career in construction through an introduction to construction math fundamentals, how to read blueprints, labor studies, hands-on construction, safety training and exposure to union apprenticeship programs.

Certified Firms: Throughout the report, the term “certified firms” is used interchangeably with “XBE’s” or “XBE Firms” to reference the categories of firms whose access and opportunity LAWA’s business inclusion programs and policies are designed to address. These include Small Business Enterprise (SBE), Local Business Enterprise (LBE), Local Small Business Enterprise (LSBE), Minority Business Enterprise (MBE), Women Owned Business Enterprise (WBE), Disabled Veteran Business Enterprise (DVBE), Disadvantaged Business Enterprise (DBE), and Airport Concessions Disadvantaged Business Enterprise (ACDBE).

Contractors: Where the term “contractors” is used, the reader may understand it to be inclusive of both prime and subcontractors in the regional market or at LAWA specifically.

Inclusivity /Reflectivity: In the assessment, the writers of this report use these terms interchangeably to encompass intentional actions and policies to include people who might otherwise be excluded or marginalized, as well as to ensure that those who are included are reflective of the wider community composition.

Project Labor Agreement (PLA): A collective bargaining agreement between contractors and the Building and Construction Trades Department, AFL-CIO, Los Angeles/Orange Counties Building and Construction Trades Council, its affiliated unions, and the Southwest Regional Council of Carpenters. A project labor agreement (PLA) ensures that there are no work disruptions, provide for a supply of qualified and trained craft labor, establishes uniform labor dispute resolution procedures, and contain Local Worker Hiring Program provision to ensure the participation of local residents in project work.

Prime Contractor/Developer: The main contractor that submits a bid for and wins the contract award to perform project work, and is subsequently responsible for the day-to-day oversight of a construction site, management of subcontractors and suppliers, and the communication with all involved parties throughout the course of building the project.

Social Responsibility: When an agency makes itself accountable to its stakeholders and the public. The objective is to sustain the equilibrium between economic development and the welfare of communities and the environment impacted by this development.

Subcontractor: A construction company subcontracted to perform specialty craftwork by a prime contractor.

Workforce Development: The strategic alignment of supportive services and resources that enable an individual with limited skills or opportunity to prepare for and obtain employment.

OVERVIEW OF FINDINGS

Below BJSR has identified key themes and findings of the programs and topics reviewed.

Summary of key findings:

- 1) **The importance of diversity, inclusion, and social responsibility to LAWA's leadership has been heard loud and clear by the market, and by many important community stakeholders.** There is wide-ranging agreement that the political will now exists at LAWA to implement meaningful and substantive inclusivity and social responsibility initiatives. At this time, stakeholders commented that the LAMP procurement, the visible outreach preceding it, and the establishment of the new Business, Jobs, & Social Responsibility (BJSR) Division demonstrate sincere LAWA efforts in the right direction. Going forward, strategic focus and investment of adequate resources are the foundation for bringing our commitments to fruition.
- 2) **More uniform and centralized strategy development and operational implementation** throughout LAWA divisions will strengthen diversity and inclusion policies and practices. Currently there are organizational gaps (a.k.a. "silos") in coordination, understanding, and implementation. Addressing these gaps and making coordination more efficient is likely to improve the effectiveness of LAWA inclusion programs. As referenced above, the establishment of the BJSR is a pro-active measure to create greater strategic coordination and alignment throughout LAWA on issues of inclusivity. Coordination and implementation are also related to:
- 3) **The need for deliberate and intentional focus on LAWA's internal organizational culture** in order to ensure that inclusivity policy and practices are "sticky" within LAWA's daily operations. LAWA leadership made it an organizational priority to embed safety into the culture of LAWA and that emphasis on safety led to an industry-leading record on safety. Similarly, LAWA'S investment in sustainability has led to ambitious sustainability programming and mandates that have influenced our contacting partners. In the same vein, we now have the opportunity and the responsibility to ensure that inclusivity becomes part of the LAWA culture by being understood and enacted as an organizational value and an important market risk mitigation strategy.
- 4) LAWA exists within a rich eco-system of workforce, business capacity building, and industry and community networks. **LAWA has critical mass to incentivize the market to meet its diversity, inclusion, and social responsibility goals and should leverage existing resources** rather than seek to re-create effective programs and networks to grow job and contracting opportunities.
- 5) Given the anticipated demands on regional contractor and labor supply, there is a risk of not being able to tap into sufficient numbers of qualified firms and workers to meet our appropriately aggressive inclusion goals. Even with aggressive outreach and recruitment, there may not be sufficient resources currently in the market with the capacity to deliver LAWA's anticipated projects. Given this risk, **BJSR recommends that along with finding #4 above, LAWA prioritize investment in capacity building**, in coordination with a network of regional partners.
- 6) While the specific financial compliance structure from the Public Private Partnership (P3) that was used to procure the Automated People Mover (APM) and the Consolidated Rent-A-Car Center (ConRAC) projects cannot simply transposed into all LAWA contracts, the BJSR team has identified many **lessons from the LAMP procurements that can be applied throughout LAWA contracting. These include the importance of evaluating and scoring inclusivity approach during the procurement, requiring that contractors provide and adhere to an inclusivity plan, just as we**

require their adherence to project schedules and design submittals, and the importance of LAWA executive messaging around what we seek from our contracting partners.

- 7) The key and constant approach to both jobs and business capacity building can be described as a **pipeline development strategy**. Critical to our pipeline development efforts will be implementing **an ongoing structured format in which to interact with all the key stakeholder segments** on whose participation and support our success is contingent. One approach the BJSR team suggests is a Business, Jobs, and Community Round Table. It will be discussed in detail later in the assessment.
- 8) **The shadow of the Bradley West development in the Tom Bradley International Terminal (TBIT) looms large**—and not just that of its impressive physical profile. Prior to the current CIP projects in development, Bradley West was the last highly visible, ambitious, and transformative development project at LAX. At some point, each of the key stakeholder constituencies- elected officials, primes, ACDBE'S, consultants, subcontractors, workforce and community organization partners- referenced tough lessons or bitter experiences from the Bradley West/TBIT development. This is also related to finding #9 below.
- 9) **Strategic attention to the political landscape is critical. There are soaring expectations for LAWA's investments in the regional economy. This means that LAWA's inclusivity efforts have to be visible, transparent, and effective. In order to stand up to the community's scrutiny, LAWA cannot just talk about jobs and business opportunities; we have to deliver. We have to measure. We have to show.**

II. BUSINESS PROGRAMS ASSESSMENT

Business Outreach

Contractor Outreach is our approach to ensure that suppliers, contractors, professional service providers and the general business community are aware of and have the opportunity to pursue business at LAWA.

Currently, LAWA's outreach efforts are heavily event-based, focusing on LAWA-hosted events attending events hosted by other agencies, partners and community organizations. The cost to put on such events is large and increasing. Without credible data to justify its overall effectiveness, LAWA will continue to spend tens of thousands on outreach events (venues, food, consultants, marketing) without a clearly defined return on investment. Another big hurdle is LAWA's inter-departmental coordination for outreach events. Oftentimes different divisions independently create outreach initiatives for their own procurement, resulting in a lack of general knowledge internally about current and upcoming opportunities. The BJSR team recommends more coordinated inter- division event planning.

The other prong of LAWA's outreach efforts is the reliance on the LABAVN platform, which is also the primary platform for all of the City's procurement opportunities. While effective, LABAVN needs to be updated with user-friendly software utilizing key words for notifications and less on NAICS codes which are difficult for both subcontractors and prime firms to use.

Recommendations:

Increase Focus on Media & Online Engagement

- **BJSR page on LAWA website should be revamped with more robust resources** for businesses, including webinars on topics such as certification, doing business with LAWA, referrals to capacity building resources from LAWA and LAWA's pipeline organization partners, as well as a calendar of networking and business opportunities.
- **Improved online access to procurement opportunities is critical.** One of the most important uses of technology that LAWA could advance would be the establishment of one portal on which multiple agencies and prime contractors can post procurement opportunities. It would also display the capacities of XBE firms. XBE firms always cite their efforts to track down procurement opportunities over multiple platforms as one of their key challenges. There is currently no easy way for prime firms to search a database or website to find subcontractors that meet their needs.

Ideally, the online solution would be a regional solution on which multiple public agencies and their prime firms could post at one site, but barring full multi-agency or even citywide implementation, LAWA must make strides towards improving firms' online access to procurement opportunities at LAWA. This online platform should possess the capabilities to compile all of the opportunities on LABAVN, all of the opportunities posted directly by LAWA and all of the bidding opportunities posted by our diverse prime partners. By doing so, it would be an improvement over the current system in which subcontractors must register with multiple online websites and databases, including LABAVN to receive information. This approach can cause delays, create confusion and slow the process of informing and onboarding potential subcontractors.

More Strategic Use of Outreach Events

- At this time, LAWA's event-based outreach strategy has two major disadvantages: 1) Event planning is very resource intensive, requiring large amounts of money and staff time to produce a quality event. 2) There is no easy way to assess the impact of these pricey highly produced events.
- In order to address these disadvantages, BJSR recommends that LAWA outreach events be strategically prioritized and as limited as possible. All Departments at LAWA should prioritize their outreach efforts for inclusion in a LAWA-wide annual event schedule. Executives could review the annual event calendar quarterly to address any unforeseen/emergent needs.
- A centralized organizational event-planning firm/set of firms should manage the event planning. LAWA staff should be responsible only for coordinating the program content. Having a set of pre-identified firms, rates, and event-planning budget would allow LAWA greater resource control and planning.
- Saving money on pricey, produced events would free up resources for LAWA to enhance its online presence, and use of social and traditional media, including producing online content such as webinars, videos highlighting LAWA success stories, and ad buys in targeted media outlets.

Additional Recommendations

- Develop a method of tracking outreach activities conducted by LAWA, its contractors, and tenants
- Explore sector- specific matchmaking events
- Propose "Lunch & Learn" sessions- [METRO Diversity & Economic Opportunity Department]
- Take the Doing Business with LAWA Program "on the road" (into the community) every other month.

Achievements:

- The use of LABAVN as the main portal for procurement opportunity to contractors
- The implementation of Industry Days and outreach events for prime and subcontractor engagement
- The pilot program of an online procurement tool to help improve the process of contractor engagement
- The establishment of Business Jobs and Social Responsibility Division
- Doing Business with LAWA workshop

Metrics:

- Lower average event cost (to indicate reflecting a mix of larger, large and small events)
- Measuring online engagement as well as in-person attendance
- Number of outreach events by LAWA AND PRIME contractors
- Increasing competitors bidding on LAWA and primes' opportunities
- Primes meet and exceeding contractor inclusivity goals

Resources:

- Michael Owh, Chief Procurement Officer has prioritized leading an effort to develop a better regional or citywide platform
- Avisare, a renewed look at the online platform to examine its strengths and how it can be better utilized
- Outreach consultants for added support on engagement strategies
- Event-planning professional staff/consultants

Inputs to this Section:

- Meetings with LAWA Procurement
- Meetings and event planning engagement with LAWA Planning and Development
- Focus Groups (2016 & 2018)
- Contractor Surveys
- Merriwether and Williams
- Meetings with Procurement
- BJSR experience in planning June 14th Contractor Matchmaking Event

Certified Firm Contractor Pipeline Development Program- Proposed Structure

As repeatedly referenced in this assessment, BJSR findings indicate that successful business and job outcomes require implementation of a “pipeline strategy”. Pipeline strategies address all major phases/elements of developing a reliable supply of workers and firms. In this section, BJSR is describing the proposed strategy for developing a pipeline of XBE firms, although the structure for the workforce development pipeline will be similar.

Elements of a pipeline strategy include: identification (targeting), recruitment, capabilities assessment, capacity building to address gaps in capability, and promoting engagement between firms that are assessed to be business-ready and the prime firms that need their services to deliver all of LAWA’s projects.

Using a consistent, organized, structured approach for working with various stakeholder groups with ties to XBE firms will maximize impact and efficiency. Benefits to the approach include:

- 1) Having a prepared set of materials and processes that can be deployed efficiently/relatively quickly with various stakeholder groups
- 2) Enabling LAWA to apply a common set of standards for assessing firms’ capacity and capacity-building needs
- 3) Leveraging existing business networks to identify/target XBE firms for development and recruitment
- 4) Leveraging existing business capacity building programs and resources to build the capacity and support certification of targeted firms
- 5) Controlling quality of capacity building resources by ensuring that firms are directly only to resources that are pre-vetted against stringent LAWA criteria
- 6) Supporting existing business networks to increase capacity, certification, and ultimately success, in their memberships/constituencies. The future successes of firms with greater capacity to execute work will accrue to the organizations from which the firms were recruited, strengthening the reputations of those organizations and their perceived value to local agencies and prime contractors/developers.

- 7) Building the confidence of local agencies and prime contractors to use firms that come out of the LAWA-implemented pipeline, based on their understanding of the standards applied in assessing and developing the firms' capacity
- 8) Using a standard framework/process with various organizations will facilitate measuring the relative outcomes (ROI) between organizations, allowing LAWA to focus its resources on those community partners with the most consistent, high-quality outcomes.

Proposed elements of the pipeline program implementation described below:

1. **Engage Targeted Organization Partners:** LAWA establishes or re-engages connection with organizations with business memberships and/or existing capacity building programs. LAWA would prioritize those organizations with ties to industries, demographics and geographies that LAWA is targeting for greater inclusion. LAWA may choose to formalize the organizational partnerships with MOU's outlining the roles, responsibilities, and commitments of all parties participating in the pipeline program.

Work with Organization Partners to Identify and Target Businesses for Pipeline Participation:

Upon entering into partnership, partner organization would agree to share/review its database/network of firms with LAWA in order to identify companies within their memberships/network that meet criteria. Partner Organization would assist LAWA to recruit identified firms for assessment and participation in LAWA pipeline program.

2. **Capacity Assessment:** Upon agreeing to participate in pipeline program, and agreeing to carry out specific program commitments, firm would be assessed. Assessment to include evaluation of financial capacity, management and operational capacity, experience, personnel and other relevant criteria. At the end of the assessment, LAWA and organization will recommend the most relevant resources and training to address the firm's gaps in capacity.

The existing MWIS Contractor Capacity Development Assessment is a baseline document that BJSR proposes be updated with the input of prime contractors, LAWA project managers, and external subject matter experts.

3. **Capacity Building:** BJSR will have pre-identified and pre-vetted a variety of capacity building resources, including classes, mentorships, consulting services, leadership development programs, and financial resources. Each of the resources identified will be vetted for quality control, relevance, and expertise.
During capacity building, partner organizations would commit to support their firms' completion of the program and help maintain accountability of their member firms.

In addition to leveraging other organizations' quality capacity-building programs, LAWA's value-add programming to include the following:

- a. The proposed LAWA Contractor Development Academy. Based on the existing MWIS Contractor Capacity Development Program, the LAWA Academy would include curriculum modules targeted to construction subcontractors, professional services subcontractors, ACDBE's, and airport operational and policy issues that affect all firms operating at LAWA. BJSR will prioritize integrating LAWA prime contractors as instructors and mentors in the capacity building sessions hosted by LAWA.
- b. Regularly convening formal and informal opportunities for the participants in the capacity building programs to interact with each other and with LAWA primes

- c. Each cohort will be rigorous and will require commitment, as we want to ensure that these businesses are properly trained with direct outcomes and expectations.

- 4. **Post Assessment:** Upon completion of the program, firms would be re-assessed to determine their levels of readiness. Those firms, whose assessment reveals that they meet pre-established readiness criteria, would be acknowledged by LAWA and their sponsoring organization in some form.

The form of acknowledgment is to be further developed in collaboration with the Office of the City Attorney. While BJSR'S objective is both to help firms build their capacity and thereby help bolster primes' confidence in the participating firms' readiness, LAWA will need to be explicit that assessment of a firms' readiness is in no way a guarantee of future performance.

LAWA will also conduct exit interviews with firms completing the program, primes that have interacted with them, and the partner organizations that sponsored them to gather intelligence on the program and advise on any areas of improvement.

Engagement with Firms: Upon receiving acknowledgement of readiness (in a form to be determined), LAWA will facilitate engagement between firms completing the pipeline program and LAWA Prime Contractors. It is the expectations that Primes will interview firms completing the program both formally and informally in forums such as matchmaking, networking events, industry and work scope-focused, receptions and other events tailored to spark direct relationships, access, and opportunity.

As this program matures and as we receive more information from candidates who go through the program and get placed, LAWA will make certain determinations as to how we evaluate and leverage partnerships with business development organizations. Upon effective delivery of successful candidates, LAWA will support and reinvest in those organizations who live up to their commitments and whose sponsored firms perform well against the readiness criteria to be developed.

LAWA Certified Firm Goal-Setting Methodology

As LAWA seeks to maximize the inclusion of LSBEs in its procurement, attention must be paid to the process of goal setting on LAWA projects. Some of the challenges/issues for small local businesses relating to goal setting include:

- Goals being set low based on the perception that there is a limited number of LSBEs willing, able and available to perform work for LAWA.
- Some departments and units are comfortable working with who they have traditionally worked with and do not understand the need to increase and diversify their supplier pool.
- Some departments themselves provide input to indicate where SLBE goals should be set on a particular procurement. They may lack the appropriate knowledge or sensitivity to be objective in their input, thereby sustaining the status quo.
- Small local businesses may not be certified because they have been unsuccessful obtaining public work, they find the certification process overwhelming or confusing, or they believe that LAWA's LSBE goals are set so low that there appears to be no opportunity for them. Firms that fail to pursue certification, then in turn are not counted in the certification databases, which consequently lowers the assessment of "available" firms.
- LAWA should create more opportunities for LSBEs to compete as primes with similarly sized businesses rather than only being utilized as subcontractors. A small primes program would also help grow the "ready and available" pool of LSBEs for subcontracting goal setting.
- Small local businesses represent a unique and identifiable target group, and should not be a subset of the "local" goal.
- Small businesses are unable to compete as a prime on large projects. Competing with much larger firms limits their opportunities to potentially be considered for sub contracted work, but when goals are set too low this opportunity too is diminished
- It may be appropriate to separate goal setting from the overall procurement process. This is the structure with some other public agencies such as SFO. In this way, staff with the most knowledge and expertise on the capacity and availability of LSBEs, who also are more organically advocates for greater LSBE inclusion oversee this critical function as it quite literally is the largest single task impacting the level of LSBE participation at LAWA

In recognition of the important role that small, local businesses have on local and regional economies, other entities have adopted more expansive goal setting methodologies, resulting in greater utilization of small local businesses. Enhancing current methodology, by getting a true assessment of LSBE availability, identifying upcoming opportunities for LSBE's to compete as primes or as subcontractors on more appropriately sized projects, and setting goals with an eye towards local economic development and capacity building, LAWA will expand the capacity and enlarge the pool of LSBE firms ready and able to bid on and successfully complete work with and for LAWA.

Using more comprehensive sets of available data and well-tested and well-developed availability assessment tools, LAWA would be able to get a better assessment of the thousands of small local businesses able to compete for and perform LAWA work. LAWA would then apply the more accurate data in setting its inclusivity goals for LSBE firms.

Procurement and department culture and communication will need to change to adopt LAWA's heightened focus on diversity and inclusion. BJSR could play a role in helping departments to understand more fully the availability and capacity of small local firms and take a leading role in the actual goal-setting process. In most agencies, as aforementioned, procurement is separate from inclusivity goal setting or procurement works hand-in-hand with small business development and capacity building departments.

An enhanced goal-setting methodology should be coupled with aggressive training, education and capacity building so that, over time, the availability of small, local capable firms is increased, creating more local economic development and inclusion.

With consultant support, BJSR could begin the process of assessing local capacity over a six-month period, during which time historical data should also be assessed, as well as benchmarking the process convened by other similar agencies. In the meantime, opportunities appropriate for small local businesses should be identified throughout LAWA, in all departments and in all delivery methods. A baseline, overall goal could be set for LAWA. The goal setting methodology would then be applied with intentionality to every procurement, to maximize opportunities for small local businesses. With inclusion as a goal, the appropriate delivery method and procurement methodology would be identified.

The City's Contractor Development and Bonding Program (CDABP) team has expertise in assessing availability and creating stronger methodologies for inclusionary goal setting. We anticipate it would take nine to twelve months to develop an improved, more accurate and inclusive LSBE goal-setting methodology based on data that are more comprehensive.

Recommendations:

- Conduct benchmark assessment of firms' availability
- Increase goals set for LSBE participation, including establishing a baseline LAWA-wide goal for LSBE participation
- Update goal-setting methodology, including providing an opportunity for the affected markets to give input on goal-setting
- Identify projects suitable for LSBE/SBE primes

Contractor Capacity Building

Given the anticipated demands on regional contractor market supply, there is a risk of not being able to tap into sufficient numbers of qualified certified firms to meet LAWA's appropriately aggressive inclusion goals. Even with aggressive outreach and recruitment, there may not be sufficient contractors with the capacity and viability to complete LAWA's anticipated projects. Given this risk, BJSR recommends that LAWA prioritize investment in contractor capacity building. Not only can carefully structured contractor capacity building programs help us to meet the needs in the medium-term, but LAWA can make a longer-term impact in market availability that may have salutary effects on competition and ultimately, price, for LAWA's long-range capital program.

The literature reviewed, and in particular, the two sets of contractor focus groups conducted by MWIS in 2016 and jointly with BJSR & MWIS on May 9, 2018, supplemented by interviews with external capacity-building partners [including interviews with Sharon Evans, SCA, MWIS, K. Maddox, LAMP Executives] provided substantial support for the findings below.

- There is a gap between what certified firms think they need to be successful, what their potential customers (primes and public agencies) think is needed, and what the organizations dedicated to capacity building understand with respect to both sets of needs. It appears that the BJSR is well-positioned to work in an interdisciplinary fashion to bridge those gaps and identify opportunities for collaboration, growth, and deepening understanding between stakeholders.
- Despite the gaps in what specific capacity issues were identified, the challenges prime contractors, subcontractors, concessionaires, and external capacity building partners identified fell into three general categories:
 1. Lack of Financial Capacity- Meaning lack of access to the large amount of operating capital it takes to mobilize and deliver a capital project or enter into concessions operations, including paying for materials, equipment, payroll, bonding and insurance required to operate in the airport environment.
 2. Lack of Operational and Management Capacity
 3. Lack of Access to/Relationships with Decision-Makers at Prime Firms

Certified Firm Financial Capacity Building

Observations:

- Capital shortfalls tend to be most acute at the beginning of project mobilization when upfront supplies, materials, and labor must be paid for, but invoicing/payments from primes or agencies has not yet begun. Another often-named precipitator of subcontractor cash crunches are contractor payment delays on change orders. Other payment delays were named as well, but more analysis is required to determine whether there are LAWA primes that are consistently violating prompt pay requirements.
- Lending institutions consider a large percentage of construction contractors to be sub-prime. This is in part due to the typically small margins at which contractors operate, as well as the inherently cyclical nature of capital development projects. However, another significant factor in lenders' assessment of credit-worthiness is their review of contractors' internal operational and management capacity. These gaps will be explored further in the section below dedicated to operational and management capacity.

- Often lenders' assessment that a firm is sub-prime is based on the firm's lack of operational capacity (e.g. scheduling, technology implementation, marketing/business development, customer service), management capacity (e.g. process improvement, ethical governance standards, compliance, proper hiring and employment practices, risk management), and accounting capacity (conflicts of interest, co-mingling of personal and business lines of credit, lack of financial and project controls.) Unfortunately, contractors are often blind to the impact that gaps in their operational capacity have on their credit-worthiness, or they simply are not willing or not able to invest in the staff, technology, and processes required to build internal capacity.
- There is a mismatch between the types of financial products offered by lending institutions and the kind of credit and financing best suited to the construction industry. Often construction firms need short-term working capital, specifically revolving credit, that can expand based on contract values rather than term loans based purely on their historical financial performance or assets to be used as collateral.

Recommendations:

- Work with internal LAWA staff and/or a consultant to do a robust market assessment, including review of the comprehensive analysis currently being conducted by the industry sector task forces convened by the Partnership for Lending in Underserved Markets (PLUM). The City of Los Angeles, the City's Chief Procurement Officer, and the Milken Institute are some of the participants in the PLUM. The construction sector report is slated for release in July.
- Work with expert task force and key advisors, such as financial industry executives (e.g. former bank presidents, experts in the Community Reinvestment Act), to identify appropriate financial vehicles and products for addressing the needs of the contractors in both the construction and professional services sectors, with an emphasis on addressing the needs of LSBE'S, new firms, and firms with sub-prime credit.
- Work with LAWA executives, Office of Mayor, City of LA Chief Procurement Officer, and key external advisors to identify which financial structures might be appropriate for LAWA and/or the City of LA to invest in directly, and which might be appropriate for LAWA to incentivize its primes to invest in, or some combination thereof, in a P3 structure.
- Integrate rigorous financial assessment with technical and operational capacity building programs followed up by referral to appropriate financial products and resources. Closing gaps in operational and management capacity may have the positive effect of improving lenders' assessment of a firm's credit worthiness.
- Develop contract language that encourages transparent and equitable financial arrangements between primes and XBE partners
- Develop standard procedures for reviewing XBE JV/partnership agreements, particularly with respect to the ACDBE program and any future programs developed by LAWA in which there is a procurement incentive to form a JV with an XBE.
- Review slow pay issues at LAWA and work with PDG, LAWA accounting, and other affected divisions to develop administrative solutions and enforcement mechanisms that can be applied. Review the proposed Metro slow pay policy and other agencies' policies to address slow pay issues.

Certified Firm Operational & Management Capacity Building

Capacity Building as it relates to the LAWA subcontracting and professional services community is helping firms to develop the financial, operational, management/administrative ability to effectively compete for and execute projects at LAWA and/or with its Prime Contractors. As identified above, lack of operational capacity affects every aspect of a firm's viability, including its rating of credit-worthiness. Further, as stated multiple times in this assessment, the anticipated regional demand on contractors means that LAWA cannot rely solely on recruiting, outreaching, or even certifying existing firms (although LAWA must do that as well.) It is critical that LAWA invest in building the capacity of contractor firms that LAWA will rely upon for the next ten years to deliver its gold standard, transformative capital development program.

Observations:

- Primes and subcontractors alike repeatedly cited onboarding at LAWA as a particular challenge with which LAWA should assist.
- Contractors also identified that non-union contractors require additional training, support, and access to resources in order to comply with the PLA

Recommendations:

- Develop and launch LAWA's Contractor Capacity Building Program in conjunction with MWIS. Program to have curriculum modules tailored to construction subcontractors, professional services sub-consultants, and concessionaires, respectively. Core element of program will be to recruit existing LAWA primes to participate as mentors and instructors.
- Robust online resources including webinars
- Develop structured mentor-protégé program to link new contractors at LAWA with more experienced LAWA contractors, especially in advance of and throughout the initial on-boarding process
- Develop LAWA Small Prime Program to build SBE capacity to compete for, win, and execute contracts directly with LAWA (see *additional information in "Small Primes" below*)
- As appropriate, establish procurement or other market incentives for primes to invest in their subcontractors' capacity.
- For ACDBE'S, work with CDG and concession primes to identify and develop new opportunities for entry into the concessions field, including pop-ups, kiosks, and business incubator spaces.
- Revamp "Doing Business with LAWA" training to make it a more robust introduction to working at LAWA, working effectively with LAWA primes, and take it into the community (see *contractor outreach. UPDATE: This activity is in progress. The revamped business training will be presented in conjunction with Council District 9 and Council District 8 in late 2018 and early 2019, respectively.*)
- Implement a "LAWA Lunch & Learn" Program to have ongoing capacity-building sessions for LAWA contractors, particularly for those not enrolled in the full contractor capacity-building program. The Lunch & Learn Programs could be great introductions and opportunities to identify firms for participation in LAWA's capacity building offerings.
- Coordinate closely with Planning & Development Group's Contractor 411 (formerly BECCO) programs, to ensure that messaging, materials, and content are consistent and that programs are complementary
- Engage primes as partners in developing the capacity ("readiness") assessment rubric

Achievements:

- Established LAMP RFP requirements incentivizing developers to invest in and implement XBE capacity-building programs for subs and ensure that there are strict compliance measures for meeting subcontracting participation goals
- The establishment of the Business Job and Social Responsibility Division which signals support of Executive Leadership for programming and initiatives to maximize access to business opportunities at LAWA and provide centralized business navigation and capacity building support

- Preparations to launch LAWA's tailored version of the Contractor Development Program, in partnership with Merriwether and Williams (MWIS)
- The establishment of the Doing Business with LAWA workshop to broadly address opportunities to work in the airport environment

Metrics:

- Number of firms participating in capacity building programs sponsored by LAWA and its prime contractors and developers.
- Growth in number of projects executed by certified prime firms
- Growth in contract dollars paid to certified firms
- Number of SBE'S ready, willing, and able to bid on Small Prime Projects once the small, prime project program is developed
- Increased number of certified firms bidding on opportunities at LAWA
- Increase in number of firms in certified firm databases
- Establish baseline of the proposed metrics

Key Relationships/Resources:

- Consulting support on capacity building program development
- Office of the Mayor
- LA Business Council
- Public Works
- City of LA Chief Procurement Officer
- LAWA prime contractors & developers
- LAWA Commercial Development Group
- LAWA Planning and Development Group
- LAWA Procurement Services Division
- State and Local certifying agencies
- Business and trade organizations



Small Primes Program

Direct contracting with agencies is important for XBE'S (particularly SBE'S & LSBE'S) to gain the experience, capacity, and credentials needed to qualify for larger projects and procurements. One of the most effective approaches to building SBE capacity is through "Small Primes" programs.

Small Primes programs can be structured in many ways. Some of the benchmark programs and guidance that BJSR reviewed include: [The Metro Small Prime Program, the SFO Small Program and the AE3 Partners Report]

Per the SBE ordinance, small primes would automatically receive 100% credit for SBE participation. Therefore, inclusion of small prime direct contracting throughout LAWA divisions could greatly improve our program-wide performance with respect to SBE and LSBE goals.

- Metro's small primes program is an SBE set-aside. Due to Charter parameters governing competition and price selection in procurement, LAWA would need to take precaution in how its Small Primes Program is structured, and may not be able to implement the program in exactly the same fashion as other local public agencies. In addition to the need for caution in structuring the Small Primes Program, there are other risks to be cognizant of, but which are worth managing for the benefits that a Small Primes Program can provide for building small primes' capacity, increasing XBE competition, and the economic development benefits that will accrue to the small primes and their respective communities.
- For example, there is a small risk that creating a small primes program is yet another arena that would encourage the "Peter Pan" syndrome; an incentive not to grow up. Having a "medium size" prime program is a critical deterrent against the unintended outcome (ancillary consequence) of incentivizing firms to stay small. The medium size prime program might also be structured as a JV comprised of SBE firms.

- JV composed solely of SBE'S could get a 10% bid discount
- JV with at least 30% SBE participation could get a 5% bid discount
- Other structures are possible as well, e.g. a sliding scale of bid discount based on the amount of XBE prime participation [AE3 Partner Paper & MWIS consulting]

There is also the risk that a small prime could fail on a critical project. **To manage that risk**, LAWA divisions can identify smaller projects (for example, projects under \$5M) that would be suitable for small prime firms. Before submitting for small prime solicitation, the projects would be vetted by LAWA CIP governance group to identify projects and delivery methods that fit within LAWA's acceptable risk profile. For example, criteria for acceptance could include a project for which there is sufficient contractor market availability that additional contractors could be brought in if necessary and that the selected small prime project could not pose unacceptable risk to any of the cornerstone CIP projects.

Additionally, doing a pre-analysis/validation of approach through a preliminary solicitation (sources sought or RFQ) would help LAWA pre-vet the capacities of its contractor pool.

Careful assessment of capacity during preliminary solicitation and subsequent procurement would allow LAWA to provide feedback to firms after preliminary solicitation to help them better prepare for subsequent procurement. This proposed procurement approach would help LAWA identify vendors at the entry-level that could be groomed and developed up through the small, medium, and larger procurement opportunities.

- **Inclusivity programs, like small primes programs, often carry the political risk of** resistance to a program that appears to be a set-aside. Fortunately, the success of the S/M/L approach for the LAMP PMCM contracts is a direct rebuttal and strategy to address fairness concerns. LAWA could identify opportunities suited only to medium and large firm competition, to ensure that all market categories of firms could easily identify suitable opportunities at LAWA.
- **There are risks that small prime programs do not meet their capacity building objectives when the small prime** partner in a JV is a partner in name only and not actually executing important management responsibilities within the partnership, thereby not gaining the capacity building benefits of the program. These risks are managed by carefully structuring within the joint venture agreement the mentoring and management responsibilities of the larger firm in the JV, making contract award contingent on small prime's participation in LAWA's oversight and capacity building program aimed at ensuring the small primes' growth and successful project completion, and delineating clear scope of work division within the JV agreement [AE3 Partner Paper]
- LAWA can also minimize risk of launching its small primes program by establishing a list of **micro-projects** (under \$1.5M) [Benchmark: SFO] that would be awarded directly to LSBE and SBE firms.
- It is critical to note that at this time, the recommendation is not that only micro-firms would be eligible to compete for the micro-projects. This is for two reasons: 1) Because LAWA has never done a small primes program, there is a pool of small, experienced subcontractors who have never had the opportunity to contract directly with LAWA and they should be given the chance to compete for both small and micro projects. 2) At this time, until the market can be further analyzed and a pipeline of firms identified for various LAWA contracting opportunities, prematurely creating a micro-BE designation may unnecessarily limit the firms in the vendor pool capable of delivering even a micro-project consistent with LAWA's standards and administrative requirements.

XBE Access to Primes & Relationship Capacity Building

By far, the most common and overwhelming frustration expressed by XBE'S is their real and/or perceived lack of access to primes. Subcontractors believe that they are expending huge amounts of energy, time, and

money chasing business at various structured forums, panel discussions, outreach, and contracting awareness events and coming up short. The reality is that no matter what inclusion policies and programs are in place, people are more likely to do business with persons with whom they have developed a rapport and some level of trust.

Rather than ignore the importance of building relationships in the business environment, BJSR proposes to create more opportunities for subs and primes to interact and organically develop the kinds of relationships that are typically a pre-condition for teaming/partnership opportunities by:

- Supplementing/substituting some of the large contractor outreach events with more frequent, less formal opportunities to socialize. [Prime/subcontractors focus groups, AE3 report], including building such opportunities into the Contractor Development Program Schedule, e.g. scheduling a regular mixer after training sessions.
- Engage primes as advisors, mentors, and instructors in the contractor capacity-building program.

Recommendations:

- Develop and launch LAWA’s Contractor Capacity Building Program in conjunction with MWIS. Program to have curriculum modules tailored to construction subcontractors, professional services sub-consultants, and concessionaires, respectively. Core element of program will be to recruit existing LAWA primes to participate as mentors and instructors.
- Develop structured mentor-protégé program to link new contractors at LAWA with more experienced LAWA contractors, especially in advance of and throughout the initial on-boarding process
- Supplementing/substituting some of the large contractor outreach events with more frequent, less formal opportunities to socialize, including building such opportunities into the Contractor Development Program Schedule, e.g. scheduling a regular mixer after training sessions.
- Engage primes as advisors, mentors, and instructors in the contractor capacity building program, particularly in helping to develop the contractor capacity assessment
- Use the proposed BJCRT (also referenced as AnchorLAX Round Table) to recruit business and job mentors in key sectors and demographics



III. BUSINESS ENTERPRISE PROGRAMS- CONCESSIONS & COMMERCIAL DEVELOPMENT (ACDBE)

The Airport Concessions Disadvantaged Business (ACDBE) program was created to provide access to airport concessions opportunities for diverse and disadvantaged business enterprises. The program is governed by Code of Federal Regulations 49, Part 23 of airport activities considered Concessions. The newly established goal is in keeping with the FAA requirement of no less than 27%. Prime Contractors must submit documentation of “Good Faith Effort” to obtain certified ACDBE subcontractors if their pledge is short of the FAA/LAWA goal. Prime Concessionaire must meet or exceed ACDBE goal with a pre-determined team of Certified ACDBE subcontractors.

Achievements:

- LAWA has adopted an ACDBE participation goal of 27%.
- Entered into partnerships with Westfield and other terminal concessions operators with resources committed to creating programs to build ACDBE participation
- MSC solicitation managed by Westfield includes strong inclusivity mandates and strategic approaches to ACDBE inclusion, such as the designation of certain concessions spaces for small and local ACDBE'S and the creation of smaller concessions opportunities such as kiosks and pop-up shops, which require lower capital investment to access than traditionally required by retail and food concessions.
- The relatively long tenures of past and current successful ACDBE's

Program Challenges/Opportunities:

- The concessions marketplace is inherently competitive based on the built in market constraints posed by a finite number of physical concessions spaces in the terminals and the long-term concessions leasing/operations agreements that provide operational stability, but also limit new opportunities to enter the market, relative to the number of opportunities that routinely emerge in construction and professional services.
- Lack of capacity building for current ACDBE's to help meet original objective of the ACDBE program to develop ACDBE'S into Primes and to support operational and management capacity that would improve their financial viability during their term as concessionaires
- In the near-to-medium term, ongoing LAWA construction poses risk to ACDBE'S (along with prime concessionaires) as it will affect customer, employee, and supplier access to an already challenging work site environment, and create inconvenience/difficult guest experiences, including potential temporary terminal closures and/or airline relocations.
- Lack of access to the significant amounts of capital needed to establish and operate airport concessions is the largest barrier to entry into the market for ACDBE'S
- An inherent challenge in the program is that it is managed by the CDG with limited engagement from other divisions; it has been operating in a "silo". This means that the staff most familiar with setting contracting inclusivity goals and then monitoring and reporting on these goals (PSD) does not work closely with the CDG on a daily basis. In fact, monitoring responsibilities were transitioned back to CDG from PSD so that the monitoring responsibilities would be more closely managed by those who work directly with the operators. These challenges now require the re-establishment of enhanced inter-divisional coordination to ensure sufficient FAA compliance, monitoring and reporting on inclusivity achievement, and supporting the recruitment, certification, and capacity building of ACDBE firms.
- As of last federal fiscal year, LAWA missed the ACDBE Non-Car Rental concessions goal set by the FAA by 6.3% (Goal = 27.20% and Achievement = 20.90%). In LAWA's report to FAA [FAA 2017 REPORT], LAWA stated that the major reasons for the shortfall included: (1) the division setting the participation goals did not do so in accordance with FAA parameters based on existing agreement achievement capacity and (2) goals were not identified for temporary concessions operating during the construction period. Current goals (FFY 2018-2020) have been adjusted to address the reasons for the shortfall with additional focus on outreach.

If the top-line purpose of the program could have been missed through this lack of coordination/program clarity, this is a clear indicator of the need for a deeper dive into FAA compliance and inter-division coordination procedures. BJSR anticipates that other oversight and coordination issues need to be addressed, some of which were identified in the 2017 SCA Report. Since the submission of the SCA report, CDG has hired dedicated ACDBE program staff, who have begun to address some of these compliance and coordination issues. Now is the time to assess what progress has been made since the onboarding of the dedicated ACDBE program staff, and to provide coordinated inter-division support to further develop the ACDBE compliance, recruitment, and capacity building program. [UPDATE: Since BJSR submitted this report to the CEO, the BJSR has worked with CDG to assess program needs and to draft a comprehensive scope of work seeking a consultant for support to develop key parts of the ACDBE program.]

Recommendations:

- Engage a consultant to follow up with many of the findings and recommendations of SCA in its 2017 report to CEO on ACDBE program, as well as to develop standardized operational and training manuals on the core functions of the ACDBE program, including: outreach, staff training, monitoring and reporting, coordination with prime partners, FAA compliance, JV agreement review and longer-term capacity building and certification support for ACDBE'S.

- Implement strong ACDBE capacity-building program facilitated by BJSR and CDG in partnership with Westfield and other prime concessionaires. The contractor capacity-building program currently in development with MWIS can serve as the platform for ACDBE capacity development. Ideally, modules from AMAC would be integrated directly into the ACDBE capacity-building program.
- Analyze the possibility of LAWA encouraging (or requiring) potential ACDBE concessionaire to participate in capacity building programs in advance of bidding on entering into concessions agreements.
- Develop consistent concessions contract language, financial reporting, and monitoring of ACDBE concessions agreements through the B2GNow contractor utilization monitoring system. Consistent contract language and enforcement procedures should strengthen financial transparency and help establish minimum standards for equity in ACDBE partnership agreements
- Optimize B2GNow system reporting and agreement management functions by tight enforcement of reporting requirements and providing necessary training
- Work with LAWA internal divisions, primarily PSD, BJSR, and Office of City Attorney to update and standardize coordination and administration of ACDBE agreements, compliance, and reporting, with the dual goals of ensuring that LAWA is fully FAA compliant and that we have a model ACDBE program.
- Research ways that LAWA could incentivize Concession Primes to help cross-guarantee or collateralize loans for ACDBE partners
- Explore Tenant Improvement strategies that help manage build out costs from contractors, by for example, procuring job contractors with standardized pricing, that could schedule and manage multiple fit outs to make the jobs more efficient and with contained costs.
- Create standard LAWA guidelines on common challenges, examples include: Buying / Merchandising, Proforma / P&L Review, Human Resources/Payroll/Unions, Prime & ACDBE Coordinating Procedures along with any other LAWA specific operations.
- Identify and develop new opportunities with pop-ups, kiosks, and incubator spaces

Metrics:

- LAWA meets and exceeds ACDBE inclusion goals
- LAWA meets or exceeds FAA requirements and standards
- Current ACDBE'S graduating into prime concessionaires
- ACDBE'S participate in onboarding and capacity building programs
- Improve ACDBES' qualitative perceptions of their operating capacity

Observations:

- In speaking with several sources within and external to LAWA, it has become apparent that LAWA has not yet implemented a program to onboard or develop the capacity of existing and potential concessionaires.
- The loss of one key ACDBE partner was central to the reason why LAWA did not achieve the ACDBE goals for FY 17.
- While LAWA, Westfield terminal concessions manager, and other prime operators are seeking newer concessions concepts featuring local brands to convey a stronger LA brand identity/sense of place and also identifying concessions with a lower barrier to entry, working in the airport environment remains challenging. The airport is a high-wage, high employee turnover, and high-expense environment, which is reflected in the prices concessionaires must charge to be profitable at the airport.
- Most of the new opportunities in the near-to-medium term will come via Westfield in the MSC.

- Future opportunities include new food and beverage and retail concessions at the expiration of agreements for Terminals 4, 5, 7 and as well as the development of future terminals, currently being explored by LAWA.
- Contractors in the Concessions program are highly politically engaged. This observation applies to both the primes and ACDBE'S. With that in mind, extra caution is warranted.

Some demands concessionaires are making to LAWA appear aimed at securing their concessions opportunities past expiration dates in 2023 leading up to the 2028 Olympics, anticipating the windfall that may bring.

Primary Sources:

- Commercial Development Group- Several meetings with CDG Staff
- Individual meetings with Westfield Vice-President responsible for ACDBE program
- Informal individual discussions with prime concessionaires and ACDBE'S
- ACDBE focus group- 5/30/18
- SCA Report
- Procurement Services Division Presentation RE: LAWA BE Programs
- 2017 CDG report to FAA

IV. WORKFORCE & JOBS – CAPITAL IMPROVEMENT PROGRAM

Project Labor Agreement (PLA)

In 1999, the LAWA Project Labor Agreement (PLA) was executed between contractors, Building and Construction Trades Department, AFL-CIO, and the Los Angeles/Orange County Building and Construction Trades Council to ensure the prevention of work stoppages or slowdowns, ensure access to skilled labor and standardized grievance procedure, set forth 30% local worker hiring goal and workforce development system, and facilitate access to union apprenticeship training to cultivate a local skilled workforce that would help LAWA contractors execute high quality project work. The PLA also included provisions that encouraged the hiring of minorities and women, and contracting with diverse small businesses.

Achievements:

- Established active partnership between LAWA, contractors and labor unions.
- Increased LWHP performance from 23% to 30.1%.
- Established HireLAX Workforce Development System to cultivate local workforce in partnership with City, County and CBOs to support pathway to union apprenticeship and address barriers for disadvantaged workers not addressed in PLA.
- Established monitoring approach for all LAWA projects, including project-specific workforce hiring plans.
- Increased public access to LWHP performance tracking and PLA contract documents via LAWA website.

Observations:

- Lack of access to real-time, timely or accurate local worker hiring performance data from City Online Certified Payroll System (OCPS).
- Costly contractor double-entry burden into OCPS and LCPTTracker online data reporting system due to contractor confidence in LCPTTracker system.
- Limited incentives or penalties for contractors not meeting the LWHP goal.
- Inconsistent application of PLA and use of OCPS in all project contracts, specifically PLA and OCPS requirement not included on all LAWA contracts.
- Lack of PLA provisions that specifically support the hiring of disadvantaged and underrepresented workers, and increasing the competitive capacity of SBE/LBE firms performing LAWA project work.
- PLA Administration staffing resources are strained and inadequate to support volume of additional project work, and the ongoing implementation of the HireLAX Apprenticeship Readiness Program.

Recommendations:

- Establish the use of LCPTTracker as an alternative for submission of certified payroll reports on current active projects where feasible, and require its use for LAMP and all future contracts.
- Establish incentives for contractors to exceed the LWHP goal, and explore penalties such as withholding payment and deducting scoring points on future procurements.
- Establish a local worker-hiring requirement and include a provision for the specific hiring of disadvantaged and underrepresented workers in future PLA extension/amendment/letter of clarification. However, in the interim establish provisions as RFP requirements that support the hiring of such new first period apprentices graduating from HireLAX Apprenticeship Readiness Program and other community based pre-apprenticeship training programs.

- Include provisions to support the participation and capacity building of small contractors in future PLA extension/amendment/letter of clarification.
- Authorize staffing increase for PLA Administration Services, specifically three (3) project labor coordinators, and one (1) workforce administrative coordinator to support existing and future project work.

HIRELAX APPRENTICESHIP READINESS PROGRAM



Mayor Eric Garcetti
@MayorOFLA

Follow

Meet Tyrhonda! She's part of our #HireLAX program, learning a new trade as she helps to build a concourse at #LAX! This initiative gives our neighbors the tools they need to start a career in construction and support their families as they help our city reach new heights.



The HireLAX Apprenticeship Readiness Program (HireLAX ARP) was created on July 13, 2017 via a Memorandum of Understanding (MOU) between LAWA, Los Angeles Trade Technical College, Los Angeles Southwest College, and the Los Angeles/Orange County Building and Construction Trades Council to cultivate a local skilled workforce that would help LAWA contractors achieve the PLA'S local worker hiring goal. The HireLAX ARP MOU also includes the participation of the City and County workforce systems, Flintridge Center, and community partners to address the employment barriers confronted by disadvantaged and underrepresented workers residing within the LAX Impact Area and the City. The HireLAX ARP establishes a pathway to high paying construction careers via union apprenticeship and positions local residents to benefit directly from LAWA's capital project investments dedicated to building a Gold Standard airport. The HireLAX ARP was created by and is managed by the LAWA PLA Administrator (Parsons).

Achievements

- Established the HireLAX ARP in the LAX Impact Area through partnership between LAWA, LA/OC BCTC, LACCD, City, County and CBOs.
- Program is serving diverse, disadvantaged and underrepresented workers at levels higher than any other apprenticeship readiness program in Los Angeles.
 - Sixty-two percent (62%) are African American; 23.6% are women; and 45.7% have a history of incarceration.
- Increased the number of disadvantaged workers, women, and African Americans who work on LAWA projects.
- Established a case management framework to provide supportive services that eliminate barriers to employment for disadvantaged and underrepresented residents.
- Helped develop Workforce Manager to track on a regional scale long-term ROI on training investments, manage trainee intake and achievements, perform integrated case management, forecast workforce availability and demand, and quantify economic impact through job creation and wages.

Observations

- HireLAX training funding dependent on grant funds that sunset in 2020.
- Limited staff resources to maximize placement of HireLAX graduates, specifically as the number of training cohorts increase.
- Uneven hiring of HireLAX graduates by contractors performing LAWA project work.
- Disadvantaged and underrepresented populations (re-entry, women, youth) require significant case management and wrap-around services to address varying barriers to employment.
- Women and youth (emancipated foster youth and homeless youth) would benefit from comprehensive case management that is rooted in serving these unique populations.
- Not all HireLAX graduates will enter union apprenticeship programs, therefore alternative quality career job opportunities/pathways are needed, including consideration for entry into the LAWA Targeted Local Hire positions, and linkage to other agencies with capital development programs
- HireLAX ARP training is not accessible to all City residents due to geographic location.
- HireLAX ARP coordination with other agency local worker hiring programs is ongoing and beneficial to program graduates seeking immediate placement opportunities.

Recommendations

- Expand access to HireLAX training in underserved areas and populations, specifically in South LA and disadvantaged youth.
- Establish RFP requirements that oblige proposers to determine project specific new first period apprentice hiring commitments.
- Dedicate adequate staff resources for placement of HireLAX graduates and graduates from community based training programs.
- Identify and secure case management support and partners that can best serve women and youth.
- Identify and secure long-term funding for program through CIP completion in 2028.
- Identify career pathways within the Civil Service System and competitively position HireLAX graduates for City career jobs.
- Identify future grant funding to sustain training operations through the completion of the LAWA capital development program in 2028.
- Explore creating a 30% women participation goal (ARP currently at 23.6 %)
- Exploring County of Los Angeles training grant to expand program into South LA
- Put LCP Tracker system in place to do more robust tracking of ARP grads to determine return on investment in various elements of the program, shape strategic program direction, and focus recruitment on critical sectors.

I. WORKFORCE & JOBS –NON-CRAFT (Retail, Civil Service, Regional Employers)



AnchorLAX: A Strategy for Job Creation & Quality Careers

Background

LAX is the fifth busiest airport in the world, second in the United States, and was named Skytrax' 2017 Top 10 Most Improved Airports. LAX served more than 80.9 million passengers in 2016. LAX offers 742 daily nonstop flights to 101 cities in the U.S. and 1,280 weekly nonstop flights to 77 cities in 42 countries on 64 commercial air carriers. LAX ranks 14th in the world and fifth in the U.S. in air cargo tonnage processed, with more than 2.2 million tons of air cargo valued at over \$101.4 billion. LAX handled 697,138 operations (landings and takeoffs) in 2016.

An economic study based on 2014 operations reported LAX generated 620,600 jobs in Southern California with labor income of \$37.3 billion and economic output (business revenues) of more than \$126.6 billion. This activity added \$6.2 billion to local and state revenues and \$8.7 billion in federal tax revenues. The study also reported that LAX's ongoing capital-improvement program creates an additional 121,640 annual jobs with labor income of \$7.6 billion and economic output of \$20.3 billion, \$966 million in state and local taxes, and \$1.6 billion in federal tax revenues.

This robust level of economic activity represents a demand for entry level and skilled labor that presents an opportunity for Angelenos seeking employment or access to a quality career job. Los Angeles has a comprehensive workforce, education and training infrastructure that can meet employer needs and provide industry-recognized certifications.

Description:

AnchorLAX is an economic development strategy designed to maximize local resident access to quality career jobs and small business contracting opportunities generated directly and indirectly by LAX operations through high-value, multi-stakeholder collaboration intersecting five sectors: aviation, hospitality/culinary, logistics, retail/concessions, and environmental (green jobs). AnchorLAX is the strategic evolution of the First Source Hiring Program currently in place.

Mission:

Provide local residents and Small Business Enterprises (SBEs) and Local Small Business Enterprises (LSBEs) an opportunity to pursue every job and contracting opportunity created directly and indirectly by LAX operations within the AnchorLAX Impact Area.

AnchorLAX seeks to accomplish the following objectives:

1. Meet multi-sector stakeholder demand for skilled and unskilled labor by aligning workforce, education and training assets;
2. Create career pathways to improve entry-level job access and enhance upward mobility through continuous incumbent worker training;
3. Connect SBE and LSBE firms to contracting opportunities available through multi-sector stakeholder;
4. Enter into an MOU to establish framework for collaboration and data sharing among multi-sector stakeholders, including:
 - a. AnchorLAX Business & Jobs Roundtable (also referenced as “Business, Jobs, Community Roundtable- BJCRT)
 - b. Post positions through FSHP
 - c. Share hiring and wage data – to track economic impact
 - d. Share position skills requirements - to inform and direct pipeline development and training resources
 - e. Strategy development for entry level and incumbent worker training for upward mobility
 - f. Economic coordination, projections and tracking
 - g. Policy and practice that is sector specific – advise on inclusivity and pipeline best practices that are sector specific
 - h. Mentoring
5. Create and/or implement a data platform to monitor and track workforce investments, job placements, wages earned, and career trajectories to report on LAX workforce and economic impact (LCP Tracker).

Guiding Principles:

- Access: Local residents will have access to jobs and SBEs and LSBEs will have access to contract opportunities.
- Equity: Local residents and community stakeholders are active participants and direct beneficiaries.
- Place-Focused: AnchorLAX is a geographically targeted initiative focused on harnessing economic opportunities generated by airport operations, including the commercial and retail activities

undertaken within a 3-mile radius of LAX with direct impacts on those residing within the LAX Impact Area and the City.

- Multi-Sector Stakeholder: Collaborations that include public agencies, commercial and retail businesses, community-based organizations, labor, educational institutions (K-16), advocacy organizations and more.
- Leveraging Sector Resources: The use of multi-stakeholder assets to cultivate supply to meet demands that strengthen communities, one worker at a time.

Resources

- City WorkSource Centers and County AJCC
- Unite/HERE Local 11 Culinary & Hospitality Workers Union
- Private and Public Universities
- LACCD—Nine community colleges
- Harbor College logistics program
- K-12 school districts
- CBOs
- Union Apprenticeship Training Programs
- LA Trade Tech Center

OTHER NON-CRAFT JOB PROGRAMS

- First Source Hiring Program/HIP/Business Job Resource Center*
- Targeted Local Hire*

VI. LAWA INTERNAL OPERATIONS & CULTURE

Observations

In every conversation, report, and source consulted in the BJSR assessment process, the message is consistent: inclusivity programs can only be as effective as the commitment of the leadership. LAWA's leadership has demonstrated commitment abundantly. Over the past three years, LAWA's leadership has conveyed consistently and forcefully that business and job inclusion are central to LAWA's mission and success.

In addition to LAWA executives' (CEO, COO, CDO) consistent leadership on matters of inclusion, the Board of Airport Commissioners (BOAC) has also publicly demonstrated its support for prioritizing inclusivity.

The BOAC has expressed its support for business and job inclusion through the following actions:

- 1) Supporting LAWA's HireLAX partnership;
- 2) Ensuring that inclusivity efforts are duly reported upon in all project reports to the Board;
- 3) Supporting procurement approaches on major projects, including LAMP, that prioritize inclusivity achievement for scoring and evaluating RFP'S;
- 4) Supporting the award of PM/CM contracts to small, medium, and large firms; pushing forward LAWA policies such as the local business and disabled veterans' inclusion programs that were later adopted by the City as ordinances;
- 5) Requiring that LAWA staff give frequent and regular reports on LAWA's inclusivity efforts and outcomes and that staff publicly address shortfalls in inclusivity achievement.

With LAWA leadership's support for inclusion in place, it is now time to ensure that the values and processes that will make inclusivity penetrate more deeply into the LAWA culture and organizational operations.

Observations based primarily on conversations with LAWA internal staff and review of internal administrative procedures reveal the following:

- The majority of LAWA staff do not understand what "inclusivity" is. Some staff members are not even acquainted with the term, while others may have heard the term but only vaguely understand that inclusivity has something to do with "diversity", often understood primarily through the lens of race/ethnicity. Many staff and contractors do not understand that inclusivity, as used in the context of airport operations, refers to efforts to maximize equitable access to both job and business opportunities.
- Limited training and guidance have been provided to LAWA staff to help them understand how their respective divisions should implement inclusivity procedures.
- There are gaps in inter-divisional/LAWA-wide coordination (also known as "silos) that impede the effectiveness of LAWA's inclusion programs. The issue with the goal-setting shortfall on the ACDBE program is reflective of a gap in coordination between two internal LAWA divisions.
- Lack of a real-time cross-division approach to data entry and analysis means that divisions are reliant upon PSD to generate inclusivity monitoring reports. In turn, PSD'S reports still rely on significant amounts of manually entered data pulled from multiple sources, leading to human error in the data, as well as being unnecessarily time-consuming and inefficient to produce. [Briefing meetings with Procurement Services Division; Presentation On B2G Now]

What's worse, because of the functional gaps between our contracting software (B2G Now) and the two systems in use to track certified payroll and workforce status (LCP Tracker and the Bureau of Contract Administration's Online Certified Payroll System (OCPS), there are significant gaps in critical data not being captured or validated. Examples of this include the tracking of workers as they transition from pre-apprenticeship/training programs through the stages of their career to determine the outcomes and effectiveness of various programs and strategies, the inability for subs at all tiers to verify and validate

invoicing and certified payroll records; the inability to track robust workforce demographic information- such as categories and status of disadvantaged workers- that could inform LAWA's workforce development strategies.

Recommendations

- **IMPLEMENT LCP TRACKER**- Implementing a data system that has the capacity we need to track and monitor all critical labor data in real-time is foundational to the success of the existing and proposed inclusivity initiatives. The critical element of LCP Tracker is that it allows not only real-time validation of certified payroll data, but it includes modules for tracking critical data and outcomes over *time*, helps small contractors avoid costly errors, provides extensive contractor training, and is the industry standard. [Please see further details in attached LCP Tracker/OCPS assessment memo from Parsons PLA Administrator]
- Need more robust orientation for contract managers to review and understand XBE/DBE goals and enforcement- [meeting with Chief Operating Officer]
- Standardized training on evaluating inclusivity for anyone required to do scoring & evaluation on procurements and solicitations
- LAWA executives' strong market signaling has paid off. Need to ensure that message is consistently expressed by all LAWA executives to their staff and stakeholders
- PSD has allowed wide deference to individual divisions to enforce contract compliance. There should be better coordination and more standardized procedures for enforcing inclusivity provisions. Standardization can include simple administrative solutions such as creating a standardized template on which project managers submit their project scopes of work to PSD for goal-setting determination. Right now, scopes are submitted in various formats (Excel spreadsheet, PDF, narratives) and at various stages of RFP development.
- Giving visible recognition and praise for LAWA contractors that exceed goals and implement innovative inclusivity programs; primes, LSBE'S, capacity building partners, ACDBE'S, LAWA staff and executives. For example, LAWA could create a database of "Top Tier" contractors and recognize them at an awards presentation
- Standardize inclusivity kickoff process for contractors at the beginning of contract mobilization; set clear expectations, layout internal enforcement and reporting mechanisms; identify resources and share communications protocols, including ombudsman/biz navigation services
- Align scopes of work with enforcement timing; it's not enough to look at percentage of participation achieved, vs. spend; also need a more robust dive on when spends should be happening based on specific scopes of work/packages going out based on production schedule.
- Need to review and identify solutions to the contractor challenges posed by LAWA's staff augmentation process.
- Internal Executive Inclusivity working group- policy, messaging to its own divisions, priorities, alignment with strategic plan
- LAWA Internal Implementation Working Group- line staff including contract managers, staff augmentation analysts, accounting staff, procurement staff, and others that implement contract provisions to conduct a coordinated review of LAWA administrative procedures [Interview with Janet Hackney], help develop guidance for contractors (e.g. Top 5 mistakes they see; Top 5 pieces of advice), as well as to regularly address process improvement to minimize barriers [Resource: engagement with the Mayor's Office of Innovation to do Process Improvement Training]
- Using inclusivity as a metric of division and individual executive performance. Criteria could be: 1) improvement in subcontracting participation and/or onboarding additional certified firms for contracts under its purview 2) engagement with LAWA inclusivity efforts (the degree to which they understand the programs, the degree to which they clearly and consistently communicate this priority to their staff, the degree to which they engage their staff and resources to appropriately address/resolve contractor and workforce issues); and 3) Commitment to inclusivity within internal LAWA staff; hiring, promotions, and employee development practices

- Conduct further benchmarking studies of effective inclusivity cultures at other organizations to fine-tune recommendations and identify critical implementation guidance [SF Inclusivity Strategy and Implementation Benchmark Interviews Report- Hana Rhee]

Sources for this Section:

- “Doing Business with LAWA” Presentation
- Metro Department of Economic Opportunity Overview
- Avisare Demo
- LCP Tracker & LCP Workforce Manager Demos
- B2G Now Demo
- LAWA Goal-Setting Process- PSD PRESENTATION
- Parsons PLA Administrator LCP Tracker/OCPS Memo
- Conversations with multiple contract managers and contractor staff responsible for entering data
- All Focus Groups conducted

VII. LESSONS LEARNED FROM LANDSIDE ACCESS MODERNIZATION PROGRAM (LAMP)

LESSONS LEARNED FROM LAMP

While the specific financial compliance structure from the P3 model cannot simply be transposed into all contracts at LAWA, the BJSR team has identified many lessons from LAMP procurements that can be applied throughout LAWA contracting.

One of the strongest lessons learned is that what the owner says matters; and the market is listening to LAWA.

In focus groups with primes, and in nearly every interaction with executives from LAWA’s major contracting partners, including at social events such as the Treasures luncheon hosted by the Central City Association, executives have unequivocally affirmed that LAWA’s commitment to inclusivity was clear and that they understood they had to meet it. Examples:

- At the meeting with LATTC, [appendix 2] LATTC Vice President Leticia Barajas stated that in the week after the APM workforce showcase where LATTC was featured as a regional workforce development resource, LATTC was inundated with calls and requests for meetings from APM proposer team members. The eventual winner of the procurement initiated an ongoing partnership with LATTC for workforce development support, including for its future train operations workforce.
- After being awarded the APM contract, the Inclusivity Manager of the LINXS team approached the Program Executive and the leader of the RFP Inclusivity Task Force and thanked LAWA for writing the RFP language as it had been written. She stated that it empowered her to do a robust inclusivity program with the full support of the joint venture’s executives. In particular, she stated that it gave her the opportunity to try creative approaches to address sectors of the workforce that face employment barriers, including foster youth, whom she had always wanted a reason to integrate into her workforce programs.

PROJECT	BUSINESS INCLUSION REQUIREMENTS					WORKFORCE INCLUSION REQUIREMENTS	
	PHASE	SBE	LBE	LSBE	DVBE	PHASE	LOCAL & DISADVANTAGED WORKERS
APM	DESIGN	22%	8%	3%	3%	DESIGN	No requirement
	BUILD	18%	7%	5%	3%	BUILD	30% of total workers October 2018 Actual: 36%
	O & M	17%	10%	5%	3%	O & M	60% of hours performed- local 10% of hours performed- disadvantaged 50% of hours performed- from LAX impact zone
CONRAC	DESIGN	18%	50%	10%	3%	DESIGN	No requirement
	BUILD	22%	20%	5%	5%	BUILD	30%
	O & M	20%	7%	5%	3%	O & M	60% local 30% disadvantaged
ITF-W	DESIGN & BUILD	20%	10%	5%	3%	PHASE	LOCAL WORKERS
		Plus all firms named in the proposal				BUILD	30% local worker goal
LULEP	DESIGN & BUILD	19.63%	12.5%	7.49%	(contract precedes DVBE ordinance)	PHASE	LOCAL WORKERS
						BUILD	30% local worker goal September 2018 Actual: 30.5%

APM

CERTIFIED BUSINESS INCLUSION ACHIEVEMENT*

CURRENT PHASE-DESIGN	SBE	LBE	LSBE	DVBE
Current % Achievement Paid to Date	3.8%	2.3%	6.5%	11.2%
Current \$ Paid to Date	\$ 1,157,318.29	\$ 258,292.76	\$ 266,291.44	\$458,704.90
Total Commitment Value \$	\$29,974,652	\$10,899,874	\$4,087,453	\$4,087,453

LOCAL HIRE ACHIEVEMENT

Local Hire Requirement	• 30% of total workers
Current Actual	• 36% of total workers • 42.56 % of hours worked
Total Workers	• 168 • 73 apprentices, 125 journeymen, 6 foremen
Total Wages Earned	• \$1,787,253.72
Average Hourly Wage	• \$59.41

BACKGROUND:

- Contract Awarded: February, 2018
- Notice To Proceed: April, 2018

Recommendations

- Require the submission of an inclusivity plan (in the form of a template developed by LAWA with every major proposal.
- Integrate as contract commitments key elements of the inclusivity proposal into the subsequently awarded contract
- Given the billions in planned investment in LAWA’s capital development program and anticipated continued growth at LAX, LAWA has critical leverage to incentivize the market to meet its diversity, inclusion, and social responsibility goals. This must be conveyed as a consistent public message from LAWA Executives and leaders, as well as expressed in the procurement procedures and contract documents that will make incentives concrete.
- Not only do consistent public messaging and procurement strategies work to focus the market on inclusivity, they effectively shift the risk and responsibility for meeting robust inclusivity commitments to the project team/prime/developer, and incentivize lead firms to engage with XBE’S at the earliest time during core team formation, which is almost always well in advance of when RFP’S are issued. Once RFP’S are issued, there are often only smaller scopes available for XBE subs that were not part of the core team. [AE3 Paper; interviews with primes]
- In addition to adopting some of the discrete inclusivity commitments and applying language developed from the LAMP inclusivity RFP template into other RFP’S/RFB’S, there are opportunities to apply creative performance incentives into contracts across LAWA divisions.

Incentives can be applied in the form of bid price discounts based on contract commitments, scoring credits toward future procurements based on project performance, and procurement scoring and evaluation structured to reward both exemplary past performance at other agencies and innovative approaches to meet or exceed inclusivity commitments.

VIII. POLICY AND AUTHORITY ENVIRONMENT

Background

LAWA has embarked on the largest capital improvement program in the City's history. The potential for local economic development is significant. LAWA can measure this impact through various metrics, including local job creation, wages earned, and the number of contracting opportunities and Local Business Enterprise (LBE) and Small Business Enterprise (SBE) contract awards. LAWA's efforts to promote diversity and inclusivity are also driven by and required by a number of policies at the federal, state and local levels. While LAWA must adhere to these complex policies, it must find the methods to integrate priorities for the City and surrounding communities.

In order to ensure that LAWA is tracking its efforts and outcomes as they relate to the various policies it adheres to, the Department must establish a standardize procedure for how data and information is retained and shared with the public. Establishing these types of robust policies and procedures would maximize LAWA's transparency and accountability to its surrounding communities.

Observations

In reviewing several reports and our attendance at meetings during the assessment process, the BJSR found that while there are Department policies that address inclusivity, these are also widely dispersed and they contain inclusivity language and goals that are neither consistent nor consistently understood by internal and external stakeholders. As stated in the LAWA Inclusivity Strategy and Operations: Diagnostics and Recommendations Report, Department-wide inclusivity goals are unclear. Goals vary contract to contract and are set by a joint effort between the Procurement Services Division (PSD) and the project team.

Challenges

- LAWA needs a unified LAWA long-term strategy and plan to optimize inclusivity and diversity efforts. This effort must include four areas:
- Maximize inclusivity language and reporting in the procurement process and contracts
 - PSD's function is to purchase goods and services, not set inclusivity policy, especially with minimal participation from staff focused on inclusion and diversity
- Guidance for internal operations
 - Interdepartmental coordination
 - Internal process improvement
 - Department-wide LAWA inclusivity goals are unclear. Some goals are independent of Federal and State regulations, while others are governed by those regulations. LAWA's capacity to respond to changes in those regulations is limited by lack of staff focused on assessing and communicating regulatory changes to affected divisions.
 - There is inconsistent LAWA-wide tracking and reporting of inclusivity performance. LAWA tracks inclusivity performance largely by individual project or contract.
- Establishing policies to guide inclusivity process/review
 - Policies that address inclusivity do not have consistent language or a common policy basis that is understood by internal and external stakeholders

Recommendations

- LAWA must prioritize develop and implement department-wide standard inclusivity language
- Measurable goals must be aligned and communicated department wide, and be consistent with and reflect changes in all regulations, ordinances and Federal or State Laws
- Tracking and reporting LAWA's inclusivity performance should be instituted and required at the Departmental and relevant divisional levels. The "dashboard" should be regularly updated and include Department/Divisional/Contract performance vs. planned, comprehensively including job creation in targeted communities, business development in targeted communities. Furthermore, where goals have been spelled out in the Federal, State or local laws, ordinances, and regulations, LAWA must report on how well we are meeting those goals. Appendix IV lists the relevant Federal Regulation, State Regulation, City Ordinances and Executive Directives, as well as LAWA Board Policies
- BJSR in collaboration with PSD and other divisions, should develop an executive inclusivity policy guidance
- The job creation impact is complex and entails a sophisticated analysis of input. In order to ensure that we capture this information, it is necessary to engage an expert that can best design and manage a system that can capture such input.
- LAWA must establish a mandatory minimum of inclusivity levels and enforcement. Such language should be included in all LAWA contracts.
- Launch LAWA Internal Process Review Task Force. The primary function of the task force would be to review and update administrative processes.
- Launch LAWA Internal Inclusivity Coordinating Body. The primary function of this body would be to ensure that each division had an inclusivity liaison responsible for providing input into inclusivity policy development and managing inclusivity implementation at the level of their respective divisions.

Achievements

As presented during the "How to do Business with LAWA" monthly workshop, the Procurement Services Division (PSD) has encouraged the participation and inclusion of diverse, small and disadvantaged businesses in contracts and uses the following programs to procure goods, equipment and services:

- 1) Small and Local Business (SLB);
- 2) Local Business Preference Program (LBPP);
- 3) Local Small Business Enterprise (LSBE); Small Business Enterprise (SBE);
- 4) Disadvantaged Business Enterprise (DBE);
- 5) Airport Concessions Disadvantaged Business Enterprise (ACDBE); and
- 6) Disabled Veterans Business Enterprise (DVBE).

Due to the success of these programs, as noted in the LAWA Business Inclusion Programs Status Report to the BOAC, LAWA's overall department goals for SBE participation have increased from 15% in the first year to 25% in years three to five.

IX. SOCIAL RESPONSIBILITY

Background

While this report focuses its assessment on business and jobs, the BJSR has started to explore further the social responsibility component. As of now, most of our analysis has consisted of reviewing, LAWA's Sustainability Plan, the Mayor's Sustainability City pLAN and LAWA's Strategic Plan – Action Plan to identify mandates and strategic objectives.

In our initial conversations and discussions with other LAWA Divisions and Partners, we have begun to identify projects, initiatives, and opportunities where we can collaborate. We have identified such opportunities as the AnchorLAX Initiative (as stated earlier in this report), the LAWA/LAUSD Collaboration, the Foster Youth Initiative, and the creation of the BJCRT

Foster Youth Initiative:

The focus of the Foster Youth Initiative is to provide Los Angeles' foster youth with pathways to quality career jobs through the LAX Capital Improvement Program, airport operations, and local anchor industry (i.e. aviation-related) partners. The initiative includes the alignment of training, supportive services, multiple County agency resources (Department of Children & Family Services/Department of Mental Health/Workforce Development Board), LAUSD, LACCD, and community based organizations to provide stability, housing, education, training, and retention support to Los Angeles' most vulnerable population. The initiative will focus on construction and non-construction quality jobs and careers.

LAWA/LAUSD Collaborative Agreement on Student Career Pathways

The LAWA / LAUSD Collaborative is a commitment to create a pathway for LAUSD's students to access employment, internship and apprenticeship opportunities in industries that support commerce in and around Los Angeles International Airport. The purpose of the collaboration is to develop a comprehensive strategy to expose and connect LAUSD students to jobs and careers in aviation, and related industries, e.g. building and construction, hospitality engineering and business and finance. The collaboration focuses on both LAUSD adult-education students, who may be ready for placement on jobs after a relatively brief training and preparation period, as well as LAUSD minor/traditional-age students.

The BJSR has also been in several discussions with LAWA's Environmental Programs Group (EPG) regarding the intersection between sustainability and social responsibility. This has led to the BJSR serving as part of the Sustainability Action Plan Task Force. Going forward we will continue our analysis and work to further develop the BJSR's role with respect to supporting LAWA social responsibility initiatives.

Recommendations

- Facilitate ongoing conversations with LAWA Divisions to further identify LAWA wide social responsibility initiatives and priorities
- Establish external strategic partnerships to further LAWA's social responsibility priorities, including through the Business, Jobs, and Community Round Table proposed by BJSR in this assessment.
- Implement a Corporate Social Responsibility Program that will develop and finalize social responsibility priorities and metrics
- Further develop the AnchorLAX, LAWA/LAUSD Collaborative, and the Foster Youth Initiative as part of a larger Corporate Social Responsibility Program, focusing on the element of environmental career opportunities ("green jobs")
- Deliver an Economic Impact Report on Jobs and Contracts

- Obtain a Corporate Social Responsibility Ranking
- Recruit and prepare for the Business, Jobs, Community Roundtable (BJCRT)

Internal Partnerships

- Environmental Programs Group
- Human Resources
- LAWA Executives
- LAMP
- PDG
- CDG
- LAWA Chief Innovation Officer

External Partnerships

- BJCRT
- Faith-Based Coalitions
- LURN
- Los Angeles Alliance for a New Economy
- Community Coalition
- Coalition for Responsible Community Development
- LAUL
- LA Community College District
- Lennox Coordinating Committee
- Other City Family Agencies, including the Department of City Planning, Office of the Mayor and City Council Offices

Role of BJSR Division with respect to LAWA’s Social Responsibility Priorities

We believe that the role of the BJSR should be:

- Help LAWA define its social responsibility priorities
- Help drive strategic partnerships on social responsibility priorities
- Identify how we want to measure social impact, including measuring the economic impact of jobs and business in and around LAWA
- Lead role to ensure organizational alignment on social responsibility priorities
- Lead role in implemented Corporate Social Responsibility Program
- Measure and share accurate data about LAWA’s economic impacts through an Economic Impact Report
- Ensure LAWA is fulfilling social responsibility requirements – Equity, Access and Affordability

[UPDATE: Since the release of the BJSR initial assessment report, the BJSR has worked with CDG and Community Relations to lead the development of a workforce pathways development program with the LA Unified School District. The LAUSD Pathways Agreement development is serving as the initial phase of the Anchor LAX strategy. While BJSR has not yet initiated the explicit establishment of the BJCRT as initially envisioned in this report, the engagement with aviation related industry employers, supportive service and outreach partners, as well as training partners is mobilizing the key elements envisioned in the Anchor LAX strategy. As partners in the agreement are formalized, the structure of the Anchor LAX strategy will continue to take shape.]



Appendix I
Document Inputs to Business, Jobs and Social Responsibility Assessment

Title of Document	Author
“We Build” Program: Key to Local Economic Development The Network for Economic Opportunity Presentation	Emerald Cities Collaborative
2012 Disadvantaged Business Enterprise (DBE) Program Disparity Study Update	Mason Tillman Associates, Ltd. Metro
A Mini Guide to Partnering	San Francisco Public Works Office of Communications and Public Affairs
AE3 Report	AE3 Architects
Basic Metrics-Worksheet	Los Angeles World Airports
Briefing: LAWA Business Outreach & Workforce Development	Deborah Flint, Chief Executive Officer
Case Studies & Best Practices Presentation	Emerald Cities Collaborative
City Ordinances	City of Los Angeles (Various)
Community Benefits Agreement Attachment C	First Source Hiring Program for Airport Employers
Community Benefits Agreement LAX Master Plan	Agreement between LAX Coalition and LAWA (ARSAC)
ConRAC RFP	Los Angeles World Airports
Disadvantaged Business Enterprises (DBE) Program Achievement Report on Contracts with DBE Goal (Prime Contractors and Subcontractors)	Los Angeles World Airports P.S.D
Disadvantaged Business Enterprise Availability, Utilization, and Disparity Study for the San Francisco Municipal Transportation Agency (SFMTA)	Rosales Business Partners LLC Exstare Federal Services Group, LLC
Diversity and Economic Opportunity Department Overview Presentation	Metro
Empowering LA’s Solar Workforce: New Policies that Deliver Investments and Jobs	LABC Institute Los Angeles Business Council
Focus Group Notes	Merriwether & Williams Insurance Services
Hartsfield – Jackson Atlanta International Airport Concessions Monthly Business Report Calendar Year through January 2018	Hartsfield – Jackson Atlanta International Airport
HIRE LAX Report	Parsons, PLA Administrator
ITF West Inclusivity Proposals	ITF West Proposing Teams
LAWA Business Inclusion Programs Status Report to Board of Airport Commissioners Presentation	Samson Mengistu, COO
LAWA DA-5105	Agile-1
LAWA Delivery	Agile-1

Title of Document	Author
LAWA Employee Data	LAWA Human Resources Division
LAWA Goal Setting Process SBE, LBE/LSBE and DVBE Programs Presentation	Procurement Services Division
LAWA Inclusivity Strategy & Operations Diagnostics and Recommendations 2017 Presentation	Hana Rhee, Fuse Fellow
LAWA Strategic Plan- Action Plan	Los Angeles World Airports (Various)
LAX / VNY Planning & Development Group Logistical Coordination Master Schedule	C.A.L.M Coordination and Logistics Management Team
LCP Tracker Public Works Investment = Job Creation & Transformation Presentation	Veronica Soto, Program Director Emerald Cities Collaborative
List of ACDBE Firms	FAA Civil Rights Connect
Local Craft Worker Utilization Report Los Angeles County	Los Angeles County
Local Hire Reports	Parsons, PLA Administrator
Metrics and Measurement: The Newbie Way	Nicole Johnson-Reece
Metro Connect Our Commitment to Small Business Success Small Business Toolkit	Metro
Minority and Women Business Enterprises (MBE/WBE) Program Achievement Report on Contracts with MBE/WBE ALOP	Los Angeles World Airports P.S.D
MWIS Report	Merriwether & Williams Insurance Services
PLA	Unions and Contractors
PLAN Transforming Los Angeles Environment/ Economy / Equity	Mayor's Sustainability Team
PLAN Transforming Los Angeles Environment/ Economy/ Equity 3rd Annual Report 2017-2018	Mayor's Sustainability Team
Planning & Development Group Executive Management Program Status Report	Planning & Development Group LAWA
SCA Report for Los Angeles World Airports, Concessions Development Group	SCA Strategic Consulting Associates
Targeted Local Hire Summary	Los Angeles World Airports Human Resources
Uniform Report of ACDBE Participation	Commercial Development Group FAA Civil Rights Connect

SUMMARY OF PROPOSED LAWA CAPITAL IMPROVEMENT PROGRAM

Major Category	Total Project Cost
Major Tenant Projects	\$5,584,329,837
LAMP Projects	\$5,500,000,000*
Terminal Projects	\$2,149,240,332
Utilities & Environmental Projects	\$518,148,350
Airside Projects	\$451,782,625
Security & IT Projects	\$427,338,879
Landside Projects	\$38,452,770
Planning / Study Projects	\$24,235,000
TOTAL	\$14,693,527,793*

*LAMP Subtotal is currently being finalized

Note: Figures are expressed in 2018 dollars and are subject to escalation. Does not include estimate for Asset Renewal or Program Reserve.

BJSR YEAR 1 WORK PRIORITIES

WORK AREA	30 DAY (July 2018)	60 DAY (August 2018)	90 DAY (September 2018)	180 DAY (December 2018)	365 DAY (June 2019)
<i>Activities in BOLD are top priorities</i>	BUILD AND PLAN				
BUSINESS	<ul style="list-style-type: none"> Prepare for APM Inclusivity Kickoff 6/14/18 Matchmaking Event Prepare for ConRAC Inclusivity Proposal Evaluation Coordinate w/CDG re: ACDBE outreach & participation plan 	<ul style="list-style-type: none"> Engage consultant to develop ACDBE implementation program APM Inclusivity Kickoff Conduct ConRAC Inclusivity proposal evaluation Develop Contractor Capacity Building Program Launch re-vamped "Doing Business with LAWA workshops" 	<ul style="list-style-type: none"> ITF-W Inclusivity Kickoff Recruit Initial Contractor Pipeline Partner Organizations 	<ul style="list-style-type: none"> Launch Contractor Pipeline Initiative ConRAC Inclusivity Kickoff Develop "Small Primes" program LAWA make policy decision re: online procurement platform 	<ul style="list-style-type: none"> First contractor pipeline cohort in process Launch Small Primes Procurement
JOBS & WORKFORCE	<ul style="list-style-type: none"> Make policy decision RE: LCP Tracker 	<ul style="list-style-type: none"> Hire BJSR Jobs & Workforce Manager Implement LCP Tracker 	<ul style="list-style-type: none"> Secure resources to support HireLAX ARP expansion to South LA Develop "Anchor LAX" job strategy 	<ul style="list-style-type: none"> Launch "Anchor LAX" job strategy/job fair including LAWA Green jobs initiative (also SR) Develop HireLAX ARP Expansion 	<ul style="list-style-type: none"> Anchor LAX job initiatives ongoing Implement Hire LAX Expansion in South LA
SOCIAL RESPONSIBILITY	<ul style="list-style-type: none"> Engage with EPG to develop consultant SOW for social responsibility analysis 	<ul style="list-style-type: none"> Engage consultant to support facilitation/management of the Business, Jobs, Community Round Table (BJCRT) 	<ul style="list-style-type: none"> Propose corporate social responsibility priorities & impact metrics Prepare for and recruit for the Business, Jobs, Community Round Table (BJCRT) 	<ul style="list-style-type: none"> LAWA Green jobs initiative (also SR) 	<ul style="list-style-type: none"> Business, Jobs, & Community Round Table (BJCRT) ongoing
LAWA INTERNAL DEVELOPMENT	<ul style="list-style-type: none"> Get CEO Feedback on BJSR Assessment Onboard LAMP Inclusivity Team Work w/PSD & CDG to establish inclusivity coordination procedures and scopes of responsibility Hire requested BJSR staff 	<ul style="list-style-type: none"> Develop BJSR Strategic Plan Hire remaining BJSR staff Finalize and get approval to implement the Business, Jobs, Community Round Table (BJCRT) Launch LAWA Internal Process Review Task Force (review & update administrative processes, e.g. staff augmentation processes, insurance requirements, etc.) 	<ul style="list-style-type: none"> Launch LAWA Internal Inclusivity Coordinating Body (Divisions have inclusivity liaisons) Identify LAWA-wide inclusivity policy priorities for the next 12 months Update inclusivity information & resources on LAWA website Develop BJSR Communications Plan 	<ul style="list-style-type: none"> Put resources in place for LAWA Contractor Ombudsman/Whistle-Blower Functions 	<ul style="list-style-type: none"> Evaluate progress & update strategic plan