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Greuel: Small Businesses Lose Out on More than \$100 Million Due to City's Poor Track Record of Certifying Minority and Women Owned Businesses

LOS ANGELES – At a time when unemployment lingers at 11% in Los Angeles County, Controller Wendy Greuel has found that the city lags in certifying minority-, women-owned and disabled veteran-owned businesses to compete for city contracts, leaving countless jobs and nearly \$100 million dollars on the table for disadvantaged businesses.

“Business as usual will no longer cut it in Los Angeles,” said Greuel as she criticized the city’s contracting practices for minority and women owned businesses. “The city currently has a two-year backlog of certification requests for women and minority-owned business, causing small businesses to lose out on as much as \$100 million in contracts they couldn’t compete for. At a time when Los Angeles is still struggling to rebound from the worst economic recession since the Great Depression, it’s unacceptable that the city is not doing more to help businesses create jobs. Steps must be taken immediately to address this issue.”

Greuel’s review of the City’s Minority and Women Enterprise Contracting Program identified several areas of improvement. While all construction contracts were subject to the outreach requirements, only 37% of commodities and professional service contracts were subject to the requirements, denying disadvantaged businesses the opportunity to participate in City contracts totaling approximately \$100 million in 2009-2010 alone. Additionally, between 2008 and 2010 Departments submitted more than 453 waiver requests worth over \$955 million, further limiting the program’s impact. Greuel also found that the program is undermined by a lack of benchmark objectives, exemptions, and excessive waiver requests.

“We would like to thank Controller Greuel for shining a bright light on the issue of contracting equity,” said Gene Hale, Chairman of the Greater Los Angeles African American Chamber of Commerce. “As longtime advocates for increasing minority participation in city contracts, we understand and exemplify the connection between small business and local employment. We have seen some improvements in process and transparency, we look forward to working with the Mayor, Controller and others to provide real opportunities for our members to compete.”

“Increasing economic opportunity for minority and small business owners will create jobs in the city of Los Angeles,” said Roberto Barragan, President and CEO of Valley Economic

Development Center. "The city must join Controller Greuel in improving programs that create jobs and will improve our economy."

"I am thankful that Controller Greuel has brought attention to this issue," said Ruben Guerra, Chairman of the Board and CEO of the Latin Business Association. "At a time when every effort must be made to improve our economy, we must also focus on creating opportunity for minority business owners, ensuring that everyone has access to quality job opportunities."

"It is critical that we focus on expanding economic opportunities for minority business owners in Los Angeles," said Dennis Huang, Executive Director of the Asian Business Association. "I am grateful for Controller Greuel's contribution to this effort."

"We recognize that the Mayor's office has been working to improve equal access for women business owners, but, as Controller Greuel's report shows, we still have a lot work ahead of us," said Jane Pak, President/CEO of the National Association of Women Business Owners.

"In these challenging economic times, it's especially important that city leaders do everything they can to create a level playing field for all Angelenos including women, minorities and veteran small business owners," said Greuel as she called on the Mayor and City Council to ask Departments to step up their reporting for the program, including creating a standardized reporting template to ensure consistency in reporting categories.

"City Departments need to be held accountable," added Greuel. "And the Mayor and Council need to ensure that resources are available to prioritize this program to help stimulate job and business growth for the City of Los Angeles."

Controller Greuel has conducted more than 50 audits and uncovered nearly \$130 million that the City has lost to wasteful spending, fraudulent activity, and abuse of city resources.

For more information, log on to the Website of Los Angeles Controller Wendy Greuel: <http://controller.lacity.org/index.htm>

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