

**Board Report**

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**REGULAR BOARD MEETING
DECEMBER 2, 2021****Motion by:****DIRECTORS SOLIS, HAHN, DUPONT-WALKER, SANDOVAL, AND BUTTS****48 by '28: Increasing Small and Disadvantaged Business Participation**

The U.S. Department of Transportation (USDOT) requires state and local transportation agencies to establish goals for participation of disadvantaged business enterprises (DBE) on contracts and procurements supported by the USDOT. This DBE participation goal is determined by the state or local agency based on a variety of factors including the availability of qualified DBE's. Metro re-evaluates its DBE participation goal every three years and the current goal covering Federal Fiscal Years 2022 through 2024 is 28 percent. Metro also has a Small Business Enterprise (SBE) program for projects without federal funds, which was first established in 1997 with an initial goal of 15 percent SBE utilization. Today, Metro's overall SBE participation goal is 30 percent, and a participation goal of 3 percent for Disadvantaged Veteran Business Enterprises (DVBE) is also set any time an SBE goal is established for a contract. During any contract solicitation preparation process, Metro staff considers whether or not to establish a DBE, SBE and DVBE participation goal based on various factors such as funding type and availability of subcontracting opportunities. When these participation goals are established, they become a mandatory condition of award and awardees are expected to meet or exceed their participation goals over the duration of the contract. We further understand that firms can meet DBE goals by submitting satisfactory evidence of having conducted Good Faith Efforts. These goals are partly intended to help address the disparities between the number of available small, minority- and women-owned businesses qualified to do certain kinds of work and the actual proportion of Metro contract/procurement dollars that are awarded to them.

Over 90 percent of businesses in Los Angeles County are small businesses with less than 20 employees, and Los Angeles County has more minority- and women-owned businesses than any other county in the nation. Those businesses are truly representative of the County, where over 70 percent of the population is a person of color. More than 15,000 small businesses have reported temporary and/or permanent closure as a result of the pandemic, and communities of color have borne the brunt of COVID-19's economic and public health impacts. In particular, Latinx individuals, who make up over 48 percent of the County, have seen severe impacts since the onset of the pandemic. In January 2021, daily death rates for Latinx communities in Los Angeles County exploded by 1,000 percent from 3.5 per 100,000 Latinx residents to 40 deaths per 100,000 Latinx residents. Small businesses, especially those in communities of color, have struggled to stay afloat and have been closing at higher levels due to drastically decreased revenues.

Metro is currently in the midst of delivering an ambitious program of capital projects called Twenty-Eight by '28. This initiative mainly addresses planning, design and construction of projects and does not address where those contract dollars are going. With an \$8 billion budget, Metro has the capacity to help accelerate recovery in Los Angeles County by directing as many contract and procurement dollars as possible towards small and disadvantaged businesses. To help accomplish this, Metro can establish a new policy objective to reach 48 percent participation by small and disadvantaged businesses on contracts and procurements.

SUBJECT: 48 BY '28: INCREASING SMALL AND DISADVANTAGED BUSINESS PARTICIPATION

RECOMMENDATION

APPROVE Motion by Directors Solis, Hahn, Dupont-Walker, Sandoval, and Butts that the Board of Directors direct the Chief Executive Officer to establish an aspirational policy objective for Metro to reach 48% participation by small and disadvantaged businesses on contracts and procurements by 2028, and to report back in March 2022 with recommendations to achieve the goal.