Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

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REVISED
EXECUTIVE MANAGEMENT COMMITTEE
JULY 20, 2023

Motion by:

DIRECTORS HAHN, DUPONT-WALKER, SOLIS, BUTTS, AND SANDOVAL

48 by ’28 and Reciprocity Motion

More than 90% of businesses in Los Angeles County are small businesses, with fewer than 20 employees. In fact, LA County has approximately 250,000 small businesses that account for 43% of the local workforce.

With the passages of Measure R and Measure M, Metro is now undertaking a historic infrastructure capital program that provides numerous opportunities for businesses across the region to compete for projects that create thousands of jobs. Increasing the percentage of transportation dollars that remain in the region and within economically and socially disadvantaged communities is vital to LA County’s economic recovery and aligned with the Board-approved Equity Platform.

In December 2021, the Board adopted “48 by ’28: Increasing Small and Disadvantaged Business Participation” (2021-0766) by then-Board Chair Solis, Directors Hahn, Dupont-Walker, Sandoval, and Butts, to create Metro’s aspirational target to reach 48% participation by small and disadvantaged businesses on agency-wide contracts and procurements by 2028. That motion led to Metro’s “48 by ’28 Plan” (2022-0101), presented to and approved by the Board in May 2022. This plan laid out eight new initiatives that the agency intended to significantly increase the level of participation by small and disadvantaged businesses in Metro’s contracts.

Further, in September 2022, the Office of the Inspector General (OIG) provided a report (2022-0525) that offered findings regarding reciprocity for small business certifications across 10 California Unified Certification Program member agencies. That report raised concerns about the State Department of General Services (DGS) small business self-certification program, stating it “does not currently meet or exceed Metro’s SBE certification requirements or verification standards.” The report further provided a set of recommendations for next steps that Metro could undertake to advance reciprocity opportunities with other certifying agencies.

The eight initiatives laid out in the May 2022 “48 by ’28 Plan” include:

1. 15-Day Pay Initiative for SBEs as Primes,
2. Increasing SBE certification Personal Net Worth cap and potential certification

reciprocity with the Los Angeles Unified School District,
3. Coordination with the LA Area Chamber of Commerce's OneLA Collaborative,
4. Advertising Metro events on the City of Los Angeles' Regional Alliance Marketplace for Procurement (RAMP) Portal,
5. Engaging local return and transit operators,
6. Enhancing capacity building and access to capital,
7. Federal program changes, and
8. Increasing regional attainments.

The five recommendations provided for next steps in the September 2022 OIG report include:

1. Review and evaluate the Bay Area Regional Transit (BART) SBE certification process and standards to determine if reciprocity can be developed with them,
2. Work with the City and County of Los Angeles to harmonize their SBE programs and develop SBE certification reciprocity,
3. Consider leading an LA County SBE Certification Summit to discuss program terms, requirements, minimum standards, and reciprocity,
4. Continue to be a lead agency by making Metro's SBE program known to other agencies throughout the State and encourage them to accept Metro's SBE certifications, and,
5. Continue to review and evaluate California DGS small business self-certification program and standards to determine whether Metro can recognize or accept some DGS certifications without compromising Metro's own SBE certification standards.

The "48 by '28 Plan" was approved in May 2022, and the OIG offered its report regarding reciprocity in September 2022. The Board is warranted an update by Metro staff concerning the actions recommended in each of these reports to strengthen Metro's small and disadvantaged business programs while protecting their integrity.

SUBJECT: 48 BY '28 AND RECIPROCITY MOTION

RECOMMENDATION

APPROVE Motion by Directors Hahn, Dupont-Walker, Solis, Butts, and Sandoval that the Board direct the Chief Executive Officer to provide progress updates on the following:

A. Implementing the initiatives laid out in the May 2022 "48 by '28 Plan" to increase small and disadvantaged business participation in Metro contracts;

B. The recommendations included in the September 2022 Office of the Inspector General survey of small business enterprise certification programs; and

C. Developing an annual, fiscal year-end report on the agency's progress toward reaching the 48% target by 2028.

WE FURTHER MOVE that the Board direct the Chief Executive Officer to report back on the above directives in October 2023.