



# Local Small Business Enterprise (LSBE) Preference Pilot Program Update



*Executive Management Committee*

*October 16, 2025*

## RECOMMENDATION / BACKGROUND

Receive and File the Local Small Business Enterprise (LSBE) Preference Program Pilot Final Report, and

Approve the Local Small Business Enterprise (LSBE) Preference Program

Background:

- Launched: August 2022
- Purpose: Expand opportunities for Local Small Business Enterprise
- Policy Expansion: Extended preference to state/local low-bid procurements in Jan 2023
- Applies to non-federally funded negotiated (RFP) and competitive low bid (IFB) procurements greater than \$100,000 with SBE/DVBE goals

# LSBE DESIGNATION

To qualify as a LSBE:

- A firm must be SBE certified with Metro and headquartered in the County of Los Angeles for at least the last 6 months prior to receiving the designation
- Headquartered means that the business physically conducts and manages all its operations from a location in the County.
- To maintain the LSBE designation or if seeking the LSBE designation for the first time, firms are required to submit supporting documentation (i.e. Metro's Supplemental Questionnaire, Utility Bills, and Lease Agreements, etc.)

# LSBE PREFERENCE APPLICABILITY

The 5% LSBE Preference is applied in two ways:

As a bid price reduction (for evaluation purposes only) on low-bid procurements; or

As bonus points added to the total score during the evaluation for negotiated procurement

To be eligible for the LSBE preference, Offerors must meet one of these LSBE requirements:

- (1) LSBE Prime; or
- (2) Non-LSBE Prime that subcontracts at least 30% of its contract value with LSBE subcontractors

## Key Outcomes

<b>Total Solicitations</b> 59 (47 RFPs, 11 IFBs, 1 RFQ)	<b>LSBE Primes</b> 10 awards, avg. LSBE commitment 47.05%	<b>Non-LSBE Primes w/&gt;30% LSBE subcontracting</b> Twenty-one	<b>LSBE Subcontractors</b> Sixty-six	<b>Total Dollars Committed to LSBEs</b> \$139.8M	<b>Avg. LSBE Commitment</b> 14.60%
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## Program Effectiveness

<b>Expanding Access</b> More LSBEs competing as primes & subcontractors	<b>Driving Equity</b> Contracts more evenly distributed	<b>Economic Growth</b> \$139.8M in commitments, supporting jobs and local growth	<b>Sustainable Practice</b> Consistently applied across RFPs, IFBs, RFQs
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## Strategic Insights

Preference influences both primes and subcontractors	High-dollar solicitations drive greatest LSBE impact	Gap exists between primes >30% and <30% subcontracting	Broad subcontractor pool (66 LSBEs engaged)	Program scalable and sustainable across procurement types	Strong alignment with equity & economic development goals
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# Q & A

Thank you



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