



Board Report

File #: 2018-0534, File Type: Contract

Agenda Number: 41.

**EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 20, 2018**

SUBJECT: DISADVANTAGED AND SMALL BUSINESS ENTERPRISE CERTIFICATION SERVICES

ACTION: AWARD BENCH CONTRACTS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. AWARD task order based bench Contract Nos. PS51863000 through PS51863002 to the firms listed below to provide disadvantaged and small business enterprise certification services for a four-year base term in an amount not to exceed \$1,997,880, with two, one-year options, each in an amount not to exceed \$499,470, for a total not to exceed amount of \$2,996,820, subject to resolution of protest(s), if any. The following firms are recommended for award:
 - 1. Gail Charles Consulting Services, LLC
 - 2. HSW Services, Inc.
 - 3. Small Business Enterprise Utilization Services
- B. EXECUTE individual task orders under these Contracts for disadvantaged and small business enterprise certification services in a total amount not-to-exceed \$2,996,820; and
- C. AUTHORIZE the CEO to award contracts to additional qualified firms throughout the term of this Contract to assist in the performance of this work.

ISSUE

The passage of Measure R, Measure M and the approval of the accelerated “Twenty-Eight by 28” projects task Metro with the responsibility to construct multi-billion dollars’ worth of rail and highway projects in Los Angeles County. Projects such as the Purple Line Extension, Crenshaw/LAX Transit project, and Regional Connector Transit project will provide an alternative transportation option and significant economic development. These projects will require an extensive pool of Disadvantaged Business Enterprise (DBE) and/or Small Business Enterprise (SBE) certified firms to meet the high volume of highway and transit infrastructure work and increase the pool of certified DBE and SBE firms available to participate in Metro contracts. With over 1,800 firms currently DBE and/or SBE certified with Metro, and the anticipated number of firms applying for certification with Metro’s growing

infrastructure, consultants will be able to assist Metro in meeting mandates that hold specific goals for engaging small businesses.

BACKGROUND

Metro is a certifying agency under the California Unified Certification Program (CUCP) in accordance with 49 Code of Federal Regulations (CFR) Part 26, Department of Transportation DBE program. The CUCP consists of four DBE certifying agencies in the Southern California region: City of Los Angeles (CLA), San Diego County Regional Airport Authority (SDCRAA), California Department of Transportation (Caltrans), and Metro. Though the CLA and SDCRAA are DBE certifying agencies the CLA has limited its acceptance of DBE certification applications to businesses only located within the City of Los Angeles and both CLA and SDCRAA focuses on Airport Disadvantaged Business Enterprise (ACDBE) certification. Metro receives the bulk of applications within Los Angeles County and the region. Along with certifying firms under the CUCP, Metro has its own SBE certification program which adds to the volume of applications processed on an annual basis.

DISCUSSION

Close to 400 firms were certified by Metro in Fiscal Year 2018 alone. With the mega projects and all other Metro projects that require goals, the number of applications for certification is expected to grow. Metro also processes expedited certifications for firms trying to meet bid or proposal due dates. Other agencies also refer applicants to Metro for DBE certification. The use of consultants will provide access to professional resources to maximize opportunity for businesses to obtain certification. Consultants will augment the current staff resources to ensure that Metro is compliant in accordance with 49 CFR Part 26 and Metro's SBE policy. The regulation requires strict protocols and criteria, including a detailed review of each firm's eligibility through mandated onsite visits. These consultants will also assist to provide technical assistance to business applicants.

DETERMINATION OF SAFETY IMPACT

Approval of these Contracts will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Funding of \$500,000 is included in the FY19 budget in cost center 2130, Diversity and Economic Opportunity under project 100001, General Overhead. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years.

Impact to Budget

The source of funds for these services is federal, state, and local which are eligible for bus and rail operating costs. No other sources of funds were considered because these funds are programmed for this use.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This item ties to Goal 5 - Provide responsive, accountable, and trustworthy governance within the Metro organization. Specifically, section 5.5 - Metro will expand opportunities for businesses and external organizations to work with us. As a certifying agency, Metro strives to provide small businesses with contracting opportunities through our DBE and SBE small business programs. Certification is the first step in that process.

ALTERNATIVES CONSIDERED

The Board could choose not to approve staff recommendations. The alternative would be to increase the staffing level of the Diversity and Economic Opportunity Department to handle increased workload. Currently the certification unit consists of four (4) FTEs that are also assigned to other certification related tasks such as application intake, monitoring and oversight of 1,800 active firms on the database, issuing of denial letters, assignment of files to the consultants, processing of annual updates affidavits, processing of additional North American Industry Classification System (NAICS) codes requests and in making final eligibility determinations as required by the regulations. In order to be able to do this work in house, Metro would need to match the current consultants staff augment of 8 staff members, thus adding eight (8) FTE positions. The current staff could not take on this additional responsibility and the alternative to add staff is not recommended as additional staff would be significantly more expensive than consultant support. Without the use of consultants, Metro would not be able to provide certification services as mandated by the regulations and cannot meet the 90 day regulatory processing time to complete applications.

NEXT STEPS

Upon Board approval, staff will establish and execute the bench contracts for disadvantaged and small business enterprise certification services, and issue task orders, on an as-needed basis.

ATTACHMENTS

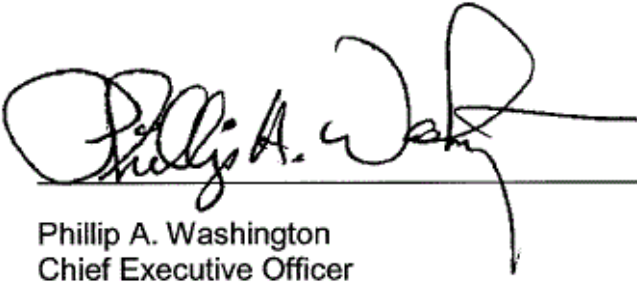
Attachment A - Procurement Summary

Attachment B - DEOD Summary

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