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

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EXECUTIVE MANAGEMENT COMMITTEE
NOVEMBER 18, 2021

SUBJECT: DEVELOPING A BUSINESS UTILIZATION SCORECARD TO ENCOURAGE DBE, SBE AND DVBE PARTICIPATION

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

RECEIVE AND FILE report on Business Utilization Scorecard.

ISSUE

On July 22, 2021, the Board passed Motion 41 (Directors Solis, Butts, Najarian, Dupont-Walker, and Sandoval) requesting a report back in November 2021 on strategies to develop a business utilization scorecard to encourage Disadvantaged Business Enterprises (DBE), Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises (DVBE) participation on Metro contracts. This report outlines the development of the Prime Contractor Small Business Utilization Dashboad and the recognition program for Prime Contractors that meet DBE, SBE, DVBE commitments.

BACKGROUND

Small businesses are the lifeblood of our economy, making up over 90% of businesses in Los Angeles County. Over the last year, our small business community has seen disproportionate impacts caused by the pandemic. The County has lost more than 400,000 jobs and saw 7,500 small businesses permanently close due to local, state and federal public health orders. As the County begins recovering from the pandemic, Metro can utilize its resources to re-invigorate the business community.

During any contract solicitation preparation process, Metro staff considers whether or not to establish a Disadvantaged Business, Small Business, and Disabled Veteran Business Enterprise participation goal based on various factors such as funding type (local, state, or federal) 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. On U.S. DOT funded contracts with DBE goals, it is understood that Metro, by law, is required to consider good faith efforts to meet goals.

Additionally, the Board does not have data available for primes and/or first-tier sub-contractors that have previously contracted with Metro to assess how often awardees actually meet their Small, Disadvantaged and/or Disabled Veteran business utilization commitments. Developing a business utilization scorecard framework for all primes and first-tier sub-contractors doing business with Metro can encourage more small, disadvantaged, and disabled veteran-owned business participation and provide transparency on whether or not awardees have historically honored their participation commitments.

DISCUSSION

A. A certified Small, Disadvantaged, and Disabled Veteran business utilization scorecard framework for applicable primes and first-tier subcontractors doing business with Metro that demonstrates how often the firms have met their previous Disadvantaged Business, Small Business, and Disabled Veteran Business Enterprise participation commitments on Metro contracts (certified in accordance with Metro standards);

Utilizing the Vendor maintained B2Gnow data, Metro Vendor Contract Management (V/CM) staff developed an online dashboard and data model which provides a visual representation of overall utilization and drill-down functionality to view individual vendor achievements. B2Gnow is a third-party contract tracking system designed to monitor prime contractor payments to sub-contractors. Sub-contractors must verify payments have been received as claimed by prime contractors which the Diversity and Economic Opportunity Department (DEOD) staff monitors for compliance with contract goal requirements. DEOD staff utilizes this system to monitor prime and subcontractor prompt payment, tracking and reporting on contract compliance activity. Metro staff uploads awarded Metro contracts that contain small business goals into the B2Gnow system, and subcontractors must verify payments in the system that are entered by prime contractors. The dashboard tracks the overall percentage of firms that meet or exceed goals and those that do not meet their goals.

Staff additionally examined the feasibility of including 1st tier subcontractors. However, Small business goal requirements are contract goals applied to the overall contract, which is only executed by the prime contractor. The contractor is ultimately responsible to meet small business contract goals. For this reason, the feasibility of illustrating the 1st tier sub-contractor's performance relative to contract goals is not practical. Staff recommends that the dashboard be created to track prime contractor performance with utilization data based on contract commitments and payments made to their listed certified small businesses **at all tier levels.**

The dashboard landing page is presented at a summary level with the ability to drill down into the specific detail by Vendor, and includes filtering capability by fiscal year, award status, diversity type, ethnicity, and source of funds. The vendor detail includes information such as contract number, total contract value, participation goal by percentage and contract value, and contract start and end dates. Staff is currently working on a method that will quantify a vendor's utilization. While testing will be required, consideration for refreshing the data frequently, using up-to-date vendor information, would facilitate dynamic dashboard visualizations. The draft images below reflect dashboard samples developed by staff. (See

Figures 1, 2, and 3)

Figure 1 depicts the summary view of all vendor reported information that can be filtered by contractor level, fiscal year, contract number, contract status, and source of funds.

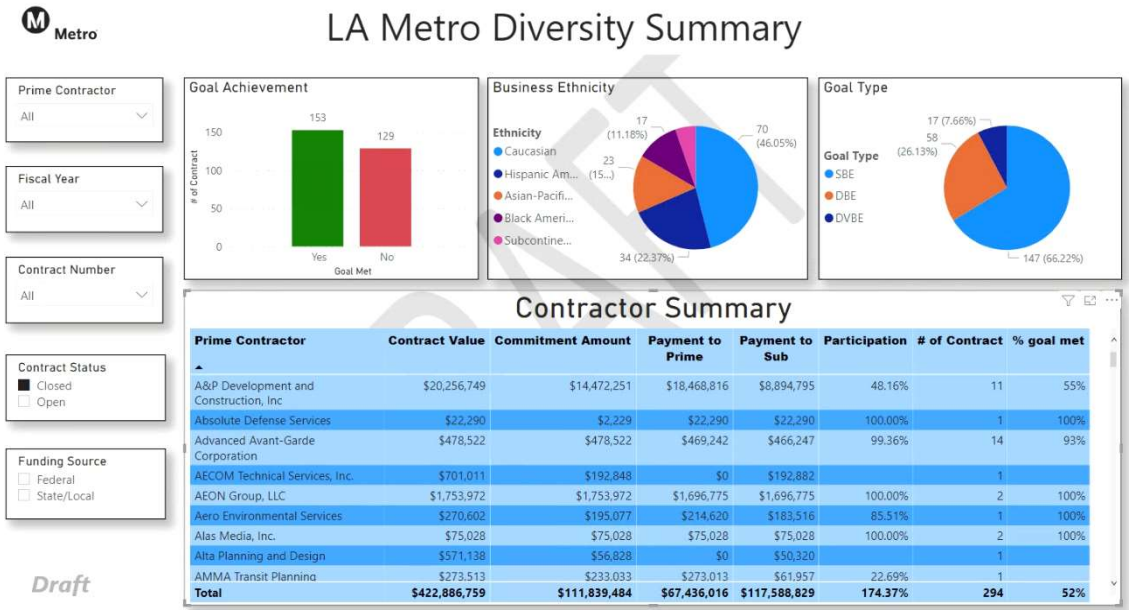

Figure 2 shows an example of a summary view of a specific vendor that has reported on eleven (11) closed contracts. Vendor selection can be made by picking from a dropdown slicer or by clicking on a vendor in the Contractor Summary table.

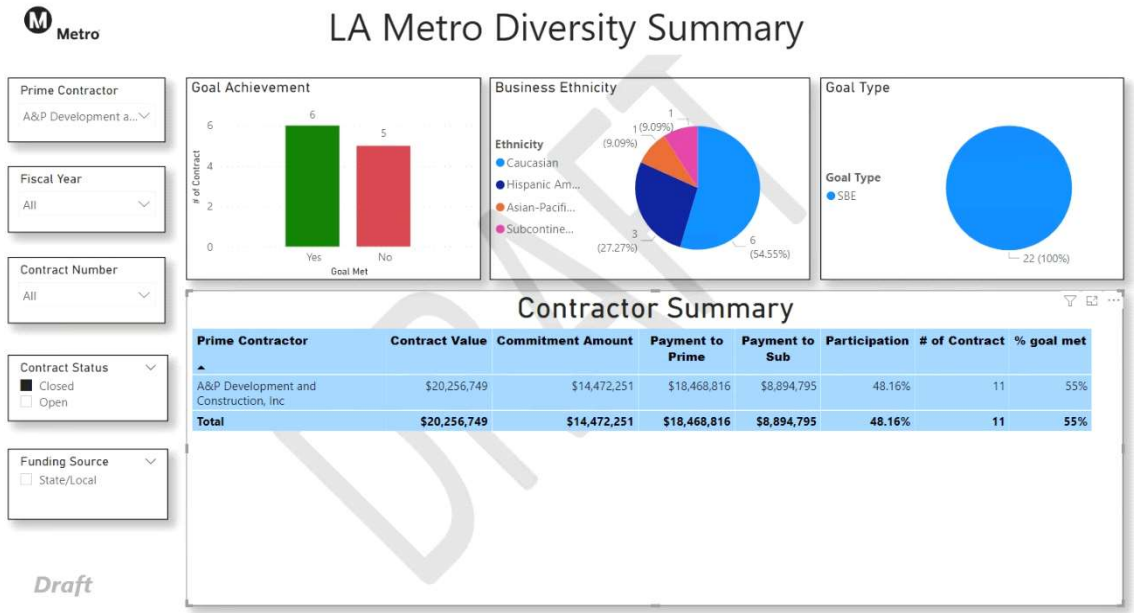

Figure 3 is the drill-down detail from the summary table in figure 2. This detail shows the

specific information by contract that has been reported by the vendor.

Contractor Detail

Prime Contractor	Contract #	Contract Value	Commitment Amount	Payment to Prime	Payment to Sub	Goal %	Participation	Goal Met	Status
A&P Development and Construction, Inc	AE66279001	$252,178	$168,480	$252,178	$245,938	66.81%	97.53%	Yes	Closed
A&P Development and Construction, Inc	C1108	$3,759,597	$1,856,489	$3,713,192	$1,920,143	49.38%	51.71%	Yes	Closed
A&P Development and Construction, Inc	C1122 C21603C1122	$1,818,882	$1,818,882	$1,649,955	$1,650,320	100.00%	100.02%	Yes	Closed
A&P Development and Construction, Inc	C1126 C23414C1126	$2,192,158	$663,785	$2,192,157	$1,543,691	30.28%	70.42%	Yes	Closed
A&P Development and Construction, Inc	C1165000	$644,200	$403,076	$644,200	$407,600	62.57%	63.27%	Yes	Closed
A&P Development and Construction, Inc	DB1782100C1090	$496,871	$360,480	$496,871	$440,571	72.55%	88.67%	Yes	Closed
A&P Development and Construction, Inc	C1107	$631,512	$292,769	$631,512	$37,912	46.36%	6.00%	No	Closed
A&P Development and Construction, Inc	C1110	$5,848,523	$4,487,572	$5,602,421	$614,055	76.73%	10.96%	No	Closed
A&P Development and Construction, Inc	C1163-2000	$2,649,000	$2,588,338	$0	$0	97.71%		No	Closed
A&P Development and Construction, Inc	C23949C1123-2	$1,362,500	$1,334,841	$2,685,000	$1,605,851	97.97%	59.81%	No	Closed
A&P Development and Construction, Inc	HUB-11335	$601,328	$497,539	$601,331	$428,714	82.74%	71.29%	No	Closed
Total		**$20,256,749**	**$14,472,251**	**$18,468,816**	**$8,894,795**		**48.16%**		

B. Feasibility of considering a proposer's/bidder's business utilization scorecard as part of evaluation criteria for future contract awards;

Federal procurements are clear that utilization performance shall not result in punitive actions and many solicitations, with the exception of RFPs, are made based on price, thus limiting the implementation and effectiveness of trying to include this in an evaluation criterion. The results of a proposer's scorecard that measures business utilization would not be feasible in all conditions. Staff has reached out to various transit agencies and have found significant inconsistencies using this information as part of an evaluation criteria. However, many of these agencies do track utilization and use the information to monitor performance. It is key to recognize that Metro can only rely on utilization information from its contract awards and commitments. Metro only has access to its specific set of data, that if used in evaluation criteria, could be limiting to fully understanding a firm's overall utilization potential. Also, firms with no history with Metro presents a concern that a lack of information is inadequate to assess a firm's capability, potentially posing a negative impact on a firm's competitive position.

Additionally, staff considered comments from the Transportation Business Advisory Council (TBAC) and the Southern California Chapter of the Associated General Contractors (AGC) on using a contractor's past performance as an evaluation criterion. Many concerns were

consistent with Metro's findings above, while others will be considered as part of Metro's recommended Recognition Program.

C. **Any additional recommendations to encourage better utilization of Disadvantaged Business, Small Business, and Disabled Veteran Business Enterprises, as well as recommendations to increase disadvantaged and female worker participation as part of Metro contracts.**

It is recommended that Metro implement the dashboard to collect and track utilization performance and provide a visual representation that illustrates the Vendor's past performance. This information will be used during overall performance reviews including closing out a contract. Also, it is important for Metro to ensure timely data accuracy reported by Vendors and internal contract updates. While it is not recommended that this information is used in evaluation criteria, staff recommends the development of a Metro Connect recognition program for firms that have met or exceeded their goals (based on the letter grading system developed in support of the dashboard) to highlight and recognize high performers and try to drive overall improvements against goal attainment. In addition, Metro recognizes that for a Vendor to be successful in meeting its goals that it must do so in such a manner that supports its obligations to promptly pay its subcontractors. Since monitoring prompt payment extends to all subcontractors, staff will research developing an additional tracking and grading tool to track and capture this information to evaluate how it can support results for utilization.

DETERMINATION OF SAFETY IMPACT

The recommendation does not impact the safety of Metro employees, passengers and/or customers.

FINANCIAL IMPACT

There is no immediate budget impact to this Recommendation report

EQUITY PLATFORM

Staff recommendations are to enhance equity by providing greater transparency in the utilization of small, disadvantaged, and disabled veteran-owned business participation on Metro contracts. A framework to report prime contractor performance in meeting its contract commitments throughout the life of the contract ensures that certified small businesses, most of which are minority and/or women-owned, are utilized, and projects get the benefit of diverse collaboration and contribute to the economic recovery of small businesses in the region. As Metro continues to establish progressive goals on projects to increase opportunities, the new recommendations will help to reinforce the importance of awardees honoring their participation commitments.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This report supports strategic plan Goal 5.5, "Expanding opportunities for businesses and external organizations to work with Metro."

NEXT STEPS

Staff will continue with the implementation of the dashboard to illustrate the Contractor's utilization participation and recognition program, targeted to launch Q3 FY22.

ATTACHMENTS

Attachment A - Motion 41 (July 22, 2021 Board Meeting)

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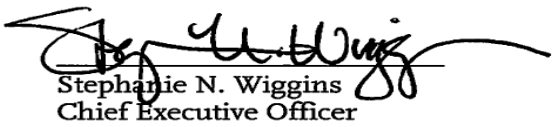

Stephanie N. Wiggins
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File #: 2021-0501, **File Type:** Motion / Motion Response **Agenda Number:** 41.

REGULAR BOARD MEETING
JULY 22, 2021

Motion by:

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

Developing a Business Utilization Scorecard to Encourage DBE, SBE and DVBE Participation

Small businesses are the lifeblood of our economy, making up over 90% of businesses in Los Angeles County. Over the last year, our small business community has seen disproportionate impacts caused by the pandemic. The County has lost more than 400,000 jobs and saw 7,500 small businesses permanently close as a result of local, state and federal public health orders. As the County begins recovering from the pandemic, Metro can utilize its resources to re-invigorate the business community.

During any contract solicitation preparation process, Metro staff considers whether or not to establish a Disadvantaged Business, Small Business, and Disabled Veteran Business Enterprise participation goal based on various factors such as funding type (local, state or federal) 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. On U.S. Dot funded contracts with Disadvantaged Business goals, it is understood that Metro, by law, is required to consider good faith efforts to meet goals. Additionally, the Board does not have data available for primes and/or first-tier sub-contractors that have previously contracted with Metro to assess how often awardees actually meet their Small, Disadvantaged and/or Disabled Veteran business utilization commitments. Developing a business utilization scorecard framework for all primes and first-tier sub-contractors doing business with Metro can encourage more small, disadvantaged, and disabled veteran-owned business participation and provide transparency on whether or not awardees have historically honored their participation commitments.

SUBJECT: DEVELOPING A BUSINESS UTILIZATION SCORECARD TO ENCOURAGE DBE, SBE, AND DVBE PARTICIPATION

RECOMMENDATION

APPROVE Motion by Directors Solis, Butts, Najarian, Dupont-Walker, and Sandoval that the Board of Directors direct the Chief Executive Officer or her designee to report back in November 2021 with the following:

A. A certified Small, Disadvantaged, and Disabled Veteran business utilization scorecard framework for applicable primes and first-tier subcontractors doing business with Metro that demonstrates how often the firms have met their previous Disadvantaged Business, Small Business, and Disabled Veteran Business Enterprise participation commitments on Metro contracts (certified in accordance with Metro standards);

B. Feasibility of considering a proposer's/bidder's business utilization scorecard as part of evaluation criteria for future contract awards; and

C. Any additional recommendations to encourage better utilization of Disadvantaged Business, Small Business, and Disabled Veteran Business Enterprises, as well as recommendations to increase disadvantaged and female worker participation as part of Metro contracts.