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

Metro

Board Report

File #: 2024-0055, **File Type:** Motion / Motion Response **Agenda Number:** 9.

FINANCE, BUDGET, AND AUDIT COMMITTEE
FEBRUARY 14, 2024
EXECUTIVE MANAGEMENT COMMITTEE
FEBRUARY 15, 2024

SUBJECT: 48 BY '28 AND RECIPROCITY

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the progress report on the 48 by '28 8-point Plan and Certification Reciprocity.

ISSUE

On July 27, 2023, the Board passed Motion 24 by Directors Hahn, Dupont-Walker, Solis, Butts, and Sandoval requesting progress updates on the following: a) implementing the initiatives laid out in the "48 by '28 Plan" to increase small and disadvantaged business participation; b) recommendations included in the Office of the Inspector General (OIG) 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. This report is a progress update in response to Motion 24 (Attachment A).

BACKGROUND

With the passage of Measure R and Measure M, Metro has undertaken 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 post pandemic recovery and aligns with the Board-Approved Equity Platform.

In May 2022, the Board adopted the 48 by '28 8-point plan of eight new initiatives aimed at achieving a 48% aspirational target of small business participation on Measure R and Measure M funded expenditures by the 2028 Games. Through partnership with local jurisdictions, Metro seeks to increase the percentage of transportation dollars that remain in the region and within economically and socially disadvantaged communities.

In July 2022, Metro's OIG completed its draft report on the Survey of Small Business Enterprise (SBE) Certification Programs and Exploring Opportunity for Reciprocity. The OIG report discussed

powered by Legistar™

ongoing efforts to assist Metro in improving the efficiency and effectiveness of operations and provided recommendations that may improve the effectiveness of Metro's SBE Program. Metro's management responded to the OIG report in September 2022.

In July 2023, further action was taken related to the implementation of the previous initiatives and recommendations, as well as direction to report back on progress.

DISCUSSION

Metro staff have continued to advance the initiatives laid out in the 48 by '28 Plan, as well as to leverage partnerships to maximize opportunities for small businesses to participate on Metro contracts by expanding and increasing the pool of certified firms through certification reciprocity with other jurisdictions. Motion 24 further reinforced the importance of these efforts with specific actions cited.

Below is an update on this effort. Items A, B, and C directly correlate to Motion 24, demonstrating Metro's commitment to prioritize the small business community's concerns about increasing small business growth and capacity.

A. Implementing the Initiatives Laid Out in the "48 by '28 Plan" to Increase Small and Disadvantaged Business Participation in Metro Contracts.

Metro has commenced action on all eight (8) Initiatives in the Plan. This progress report covers activity from May 2022 through October 2023. Each initiative is summarized below:

1. Roll-Out 15-Day Pay Initiative for Small Business Enterprise (SBE) as Primes - Launched January 16, 2024:

Metro has made significant progress in rolling out the 15-Day Pay Initiative as an incentive to help mitigate cash flow constraints that many small businesses experience. Vendor Contract Management developed policy guidelines and collaborated with the Accounting Department to establish the process to implement this policy. The 15-Day Pay Initiative applies to non-federally funded negotiated and competitive low-bid procurements and will allow Metro SBE certified firms who are awarded a new contract as a prime contractor to receive expedited payment terms, net-15, instead of the standard net-30 payment terms. Metro presented this new Initiative to the Transportation Business Advisory Council (TBAC) and conducted a series of MetroConnect workshops in advance of the launch. Metro has targeted May 1, 2024 to launch expansion of the 15-Day Pay Initiative to DBE primes and SBE firms awarded a contract under the Small Business Prime (Set-Aside) program on FTA federally-funded solicitations.

2. Explore the feasibility of Increasing the SBE Certification Personal Net Worth (PNW) Cap and a Potential SBE Certification Reciprocity with the Los Angeles Unified School District (LAUSD):

Personal Net Worth (PNW)

Metro's SBE certification program, which mirrors the Disadvantaged Business Enterprise (DBE) Program, is considered the gold standard certification in California. On July 21, 2022, USDOT issued a Notice of Proposed Rulemaking, which is the first-time changes have been proposed to the DBE program since 2014. One of the primary components proposed is an increase in the PNW limit from $1.32 million to $1.6 million, representing an 8.25% increase. USDOT is also proposing an automatic PNW increase every 5 years based on Federal Reserve data. Additionally, USDOT has proposed removing the following from the PNW calculation: retirement assets, value of applicant firm, equity in personal residence, and consideration of state marital/community property law. Metro submitted comments on the proposed rule in favor of the changes. Metro recognizes this as a critical area to retain, expand, and increase the pool of eligible DBE and SBE firms for Metro and regional contracting. Metro is awaiting a positive response from USDOT on the matter and will move quickly to implement changes to Metro's DBE and SBE certification guidelines and notify the small business community of such program improvements. To date, USDOT has not issued a final rule on the proposed DBE Program rule changes.

Reciprocity

In seeking potential SBE reciprocity with the Los Angeles Unified School District, Metro reviewed LAUSD's SBE program. While LAUSD accepts Metro's SBE certification, LAUSD's own SBE certification process is through the State of California Department of General Services (DGS), which is a self-certification that does not have a vetted application verification process and does not consider PNW. Since Metro's SBE program has a PNW requirement and a formal process that verifies applicant information, reciprocity with LAUSD is not proceeding at this time. For more information on certification reciprocity, see Item C.

3. Coordination of Efforts with the Los Angeles Area Chamber of Commerce OneLA Collaborative:

In support of the Los Angeles Area Chamber of Commerce OneLA Collaborative (OneLA), DEOD conducted planning sessions with representatives from the Chamber to find ways to assist and encourage OneLA participants to apply for certification with Metro. The Certification Unit established a mechanism for granting OneLA graduate firms expedited certification, reducing the application processing time from 90 days to 30-45 days. Additionally, in June

2023, Metro's Certification team conducted a technical workshop for LA Chamber and OneLA cohort members. In FY24, Metro will continue to identify opportunities to collaborate with LA Chamber and OneLA cohorts for future seminars.

4. Enhancing the Reach of Metro's Small Business Outreach Efforts by Advertising Metro Events on the City of Los Angeles' RAMP Portal:

The City of Los Angeles created a new, comprehensive web-based portal, Regional Alliance Marketplace for Procurement (RAMP), for the regional vendor community. In August 2023, Metro staff began submitting MetroConnect outreach events for inclusion in the RAMP newsletter. Metro events are included to reach a greater number of firms, as the goal of RAMP is to provide a one-stop regional business marketplace. Metro will continue to share event information and look for ways to utilize the platform.

5. Engage Local Return and Transit Operators:

As required in the respective adopting ordinances, Local Return funds are allocated and distributed monthly to Local Return agencies and Transit Operators (local jurisdictions) on a "per capita" basis by Metro. To extend the 48 by '28 Plan regionally, Metro has begun to explore the opportunity to partner with local jurisdictions to increase the percentage of sales tax dollars available for SBE contracting opportunities to build momentum toward post pandemic recovery within the region. Prior to the Board approving the program, Metro staff engaged local jurisdictions to determine how many agencies have an SBE Program. It was determined from 65 responses that approximately 15% have a SBE Program and 85% do not. Metro also provided its certification database link to identify SBE firms.

In coordination with Local Programming within Countywide Planning & Development, DEOD issued a second survey to the local jurisdictions in August 2023. The survey included 12 questions. The first four questions focused on collecting agency contact information and included the link to Metro's certification database. The remaining questions focused on gathering data specific to the local jurisdiction's use of Local Return funds and how Metro can further assist with outreach to the small business community. The survey received 57 responses. Additionally, Metro staff attended the September meeting of the Local Transit Systems Subcommittee (LTSS) to provide an overview of the Plan and purpose of the survey.

Key findings from the survey are summarized below:

2023 Survey Results:

- 93% of survey respondents indicated that the local jurisdiction received Local Return funds from July 1, 2022 - June 30, 2023.
- 30% of survey respondents indicated the local jurisdiction awarded contracts to SBE firms with Local Return funds.
- 18% of survey respondents indicated they utilize Metro's certification database as a tool

to identify SBE firms for local return contracting opportunities.

- More than 65% of survey respondents lack tools to track Local Return funds awarded to SBE firms.
- Survey respondents were asked to identify the categories for which Local Return funds were used. In summary, the top three responses among respondents were: Construction (29%), Operations (29%) and Professional Services (16%). The remaining 26% were a combination of all three.

When asked how Metro can provide support to increase regional SBE participation on Local Return funded contracts, top responses included: providing a link to Metro's SBE database; instructions on how to utilize SBE lists; hosting a webinar on how to use SBE databases to identify SBEs for opportunities; ways to include SBEs in larger contracts; training and/or workshops; and software and tools for tracking SBE awards and payments. Based on this feedback and survey results, it is apparent that more education is needed about the benefits of implementing a SBE Program and dialogue to further engage local jurisdictions to advance small business strategies regionally.

Over the FY24 period, Metro will continue its efforts to educate the local jurisdictions about outreaching to and engaging with SBE firms on Local Return funded contracts. This will include the development of a workshop/ webinar focusing on utilization of the database, how to identify SBE firms for specific contracting opportunities, and an overview of Metro's certification programs. Knowing that some local jurisdictions have their own small business programs or may need technical assistance, staff will work to develop a tool to assist local jurisdiction with tracking SBE spend with Local Return funds for reporting over the next six years.

6. Enhance Capacity Building and Access to Capital- Launched in September 2023:

Metro understands the significant financial burden small businesses encounter with cash flow. The Contract Financing Assistance Program (CFAP) was launched and presented by Metro staff and Merriweather & Williams Insurance Services, Metro's Bond Program Administrator, at the September 2023 TBAC monthly meeting. The CFAP, a resource through Metro's Contractor Development and Bonding Assistance Program, will extend contract financing to certified SBE, DBE and Disabled Veteran Business Enterprise (DVBE) firms awarded or currently performing on Metro construction and construction professional services related contracts, either as direct contractors to Metro or as subcontractors to Metro primes.

The CFAP uses awarded contracts as collateral to advance contract specific funding to program enrolled certified firms. As such, funding is not based on the strength of a contractor's financials or their credit but relies upon contract progress payments as the source to repay advanced contract funding. These funds are exclusively used to fund contract specific labor, materials, and other contract specific expenditures in advance of submitting payment

applications and awaiting progress payments. The funding was arranged through Metro's Bonding Administrator in partnership with L.A. based Community Development Financial Institutions (CDFI's) including PACE and Pacific Coast Regional with no financial risk to Metro. The cost of CFAP funding, which includes a loan origination fee and interest charges based on outstanding funds, are borne by the contractor participant at commercially competitive rates. Metro conducted two MetroConnect workshop sessions on October 9th and October 16th, 2023, and will continue to conduct workshop series throughout FY24. The components of the CFAP are live on Metro's Vendor Portal and the Metro CFAP flyer is included as Attachment B to the report.

7. Encourage Support for Federal Program Changes:

Consistent with Board-adopted policies to increase small and disadvantaged business participation, including the Board's adoption of the "48 by '28: Increasing Small and Disadvantaged Business Participation," Metro's federal advocacy in Washington, DC has been supportive of efforts in this regard. Specifically, Metro has been broadly supportive of efforts by the U.S. Department of Transportation to enhance their disadvantaged business enterprises outreach - especially as it relates to highway and transit projects using federal funding. Last year (July 2022), the U.S. Department of Transportation issued a notice of proposed rulemaking focused on enhancing the ability of small businesses to better access federal funding.

Metro will continue to support efforts by the Biden Administration, under the leadership of Secretary of Transportation Pete Buttigieg, to make the small and disadvantaged business programs more equitable and effective. Likewise, Metro has been collaborating with a variety of stakeholders on Capitol Hill, including but not limited to U.S. Senator Alex Padilla's office, regarding efforts to enable businesses owned by socially and economically disadvantaged individuals to fairly compete for contracts and subcontracts being funded by the U.S. Department of Transportation. While opportunities to reform federal transportation programs related to small and disadvantaged businesses may be limited because of political stalemates across Capitol Hill, Metro will continue to explore, with both the Executive and Legislative Branches, policy initiatives to advance our Board-adopted position 48 by '28 Plan.

8. Increase Small Business Program Regional Attainments

Metro awarded $56.8M to small businesses across all SBE programs in FY23. Based on data obtained from the local jurisdictions, through survey results, $14.3M was awarded to small businesses during FY23. The total regional attainment for FY23 was $71,116,702 or 35.41%.

Recognizing that participation by the local jurisdictions is voluntary, in FY24, Metro will continue its ongoing efforts to provide guidance and technical assistance on how to engage with SBE firms for opportunities on Local Return funded contracts to realize year-over-year

improvements in a shared effort to reach the aspirational target.

B. Recommendations Included in the OIG Survey of Small Business Enterprise Certification Programs.

In response to the OIG recommendations, Metro initiated a review of BART's SBE certification program and verification process. Through benchmarking, Metro found that BART's SBE certification process and standards also mirror the DBE program and determined that Metro can accept SBE firms certified by BART to expand the pool of SBE certified firms. Metro and BART are currently working together on the SBE Reciprocity MOU. The proposed recommendation to authorize the CEO to enter into a MOU with BART for certification reciprocity and to make administrative changes to Metro's SBE Program and initiatives that will allow BART SBE certifications to be recognized to meet Metro's SBE contract goals and overall SBE goal will allow Metro to advance this initiative forward with launch on solicitations issued in 4th QTR FY24.

During the FY24 period, staff will reconnect with the City and County of Los Angeles' certification units to ascertain new interest to harmonize SBE programs and collaborate to develop criteria that aligns with and are comparable to Metro's SBE certification requirements. Staff will also continue to lead the dialogue regionally with other agencies to encourage them to use and learn from Metro's SBE program.

Metro performed an extensive review of the DGS' small business certification requirements. DGS's program uses a "self-certification" model, which has no verification checks or controls and does not require applicants to submit documentation supporting their application. Metro's robust verification process ensures that only firms that fully meet the SBE eligibility requirements are permitted to participate as SBEs. The OIG report stated that reciprocity with agencies who accept SBE certification from DGS obstructs Metro from accepting SBE certifications from those agencies, as it would compromise the integrity of Metro's SBE program. Further, the report stated Metro should not engage in SBE reciprocity with agencies who do not have their own formal SBE certification program but instead rely upon the SBE certification program from DGS. Staff agree that a vetted program ensures the integrity of the program and that legitimate SBEs benefit from the opportunities of the program.

Metro will continue to monitor the California DGS' small business certification program in case they make changes. Should DGS revamp their Small Business program, which includes removing self-certification, updating their certification requirements, along with having a thorough vetting process, Metro will reconsider accepting DGS' small business certification.

C. Developing an Annual, Fiscal Year-End Report on the Agency's Progress Toward Reaching the 48% target by 2028.

Below is a fiscal year-end report on Metro's progress toward this objective.

Metro's Small Business Enterprise (SBE) Results

In FY23, Metro awarded $160M in non-federally funded contracts of which 35.41% or $56.8M was awarded to small businesses across all SBE programs, demonstrating a 4.09% increase over FY22. During this same period, Metro paid $1.3B on non-federally funded contracts of which 14.67% or $201M went to small businesses across all SBE programs.

Small Business Regional Results

In the survey, Metro asked the local jurisdictions what amount of total Local Return funds was awarded to SBE firms from July 1, 2022 - June 30, 2023. Metro also asked what percentage of the total Local Return funds were awarded to SBE firms during this same period. However, without knowing the overall total of Local Return funds received by the local jurisdictions, Metro was unable to calculate a percentage of Local Return overall SBE participation. Metro was able to obtain from local jurisdictions that approximately $14.3M was awarded to small businesses during FY23.

Table 1 below shows the total SBE awards in dollars ($71,116,702) for both Metro and the local jurisdictions for FY23. Table 2 below shows the total SBE awards in percentage (35.41%) for both Metro and the local jurisdictions in percentage for FY23.

Table 1

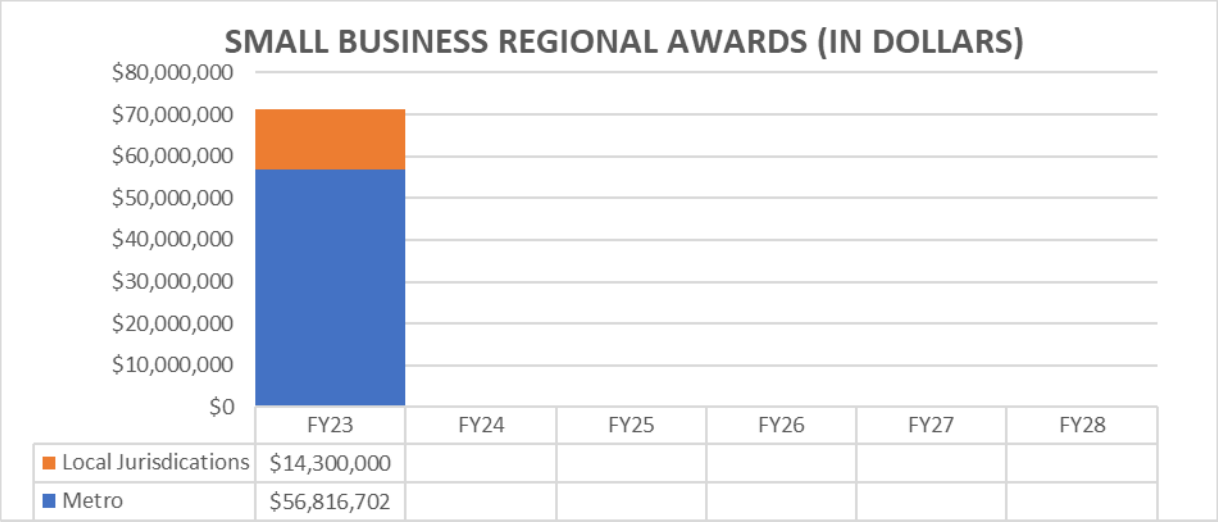
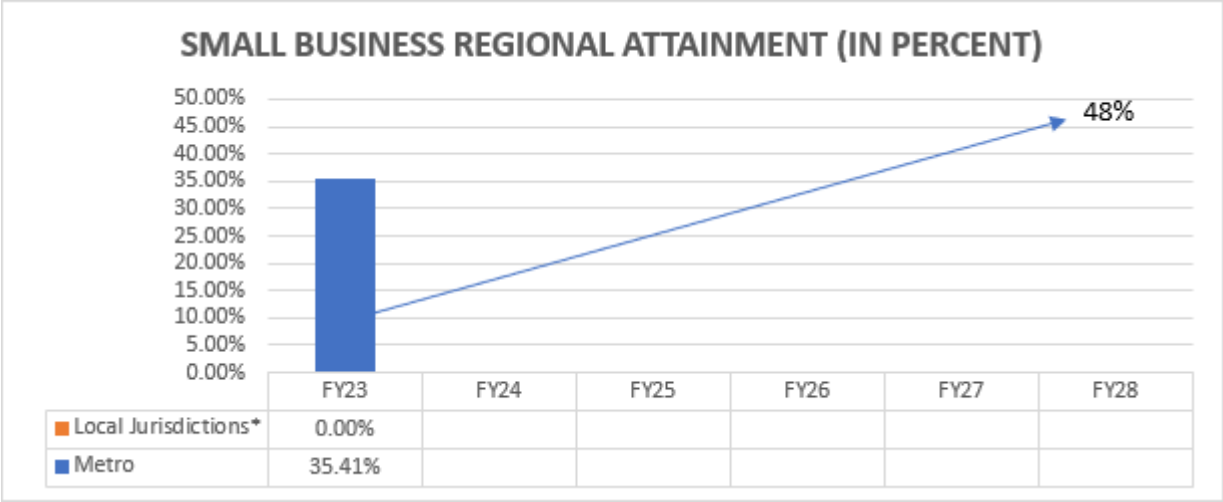


Table 2



*Survey responses lacked sufficient data to report percentage of Local Return funds awarded to SBE firms.

Metro believes through more refined survey questions coupled with developing and offering a universal reporting form and/or tool that can be used by the local jurisdictions, will enable more accurate reporting.

EQUITY PLATFORM

The purpose of the 8-point plan is to increase the percentage of transportation dollars that remain in the region and within economically and socially disadvantaged communities, contributing to LA County's economic recovery. Metro understands the significant financial burden smaller businesses encounter with cash flow on Metro contracts. The new CFAP is anticipated to help to advance equitable outcomes by mitigating cash flow delays and increasing access to capital while awaiting payment through the progress payment process. Additionally, Metro's continued engagement with local jurisdictions increases engagement with local partners and stakeholders regionally as Metro progresses toward reaching the 48% aspirational target by 2028.

In FY23, 35.41% of the total contracts awarded went to SBEs across all Metro small business programs. Additionally, 252 SBEs were awarded contracts during this period, of which 229 or 90.8% are also disadvantaged businesses. Currently, Metro has 2,154 SBE certified firms, of which 1,470 are also DBE certified. As a result, 68% of Metro's SBE certified firms are minority and/or women owned.

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 to implement and launch the ongoing Initiatives of the Plan and will proceed with

finalizing BART MOU and SBE certification program changes.

ATTACHMENTS

Attachment A - Motion 24
Attachment B - Metro Contract Financing Assistance Program Flyer

Prepared by: Ramon Ortiz, Certification Director, DEOD, (213) 922-7591
Raffi Hamparian, Deputy Executive Officer, Federal Affairs/Government Relations, (213) 922-3769
Elke Campbell, Deputy Executive Officer, DEOD, (213) 418-3081
Tashai R. Smith, Executive Officer, DEOD, (213) 922-2128

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101

Stephanie N. Wiggins
Chief Executive Officer

File #: 2023-0462, **File Type:** Motion / Motion Response **Agenda Number:** 24.

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.

CONTRACT FINANCING ASSISTANCE PROGRAM

Working Capital for Your Metro Contracts

Metro understands the significant financial burden smaller businesses encounter cash- flowing their Metro related contracts while awaiting payment through the progress payment process. We know that this presents challenges which can impact your entire business, including the ability to take on more than one project at a time, or have adequate working capital to support a larger contract. As part of its commitment to small business participation at Metro, we want to do something about this.

Metro's Contract Financing Assistance Program (CFAP), is a resource through Metro's Contractor Development and Bonding Assistance Program (CDABP), that will provide certified SBE, DBE and DVBE firms with access to working capital loans to provide cash flow support in conjunction with a contract you've been awarded on a Metro project – no matter if you're a prime, a sub or even a sub's – sub! This is just one example of Metro removing some of the barriers so your business can take full advantage of the wealth of opportunities to successfully do business with Metro and build your capacity for even more.

AVAILABLE FUNDING

Funding of up to $350,000 is available using your Metro awarded contract as a collateral source to make a portion of your future contract progress payments available to you up front, so you have the funds you need to get your work underway covering your costs for labor or contract specific material purchases you're going to incur while you are awaiting progress payments.

ELIGIBILITY

The CFAP is available for SBE, DBE and DVBE Prime or Subcontractors performing Construction or Construction Professional Services (including architectural and engineering services, construction and program management, etc.) work on Metro contracts.

HOW IT WORKS

ENROLL IN METRO'S CDABP

Step 1: Complete the program enrollment form.

Step 2: Get prequalified for Metro's Contract Financing Assistance Program (CFAP). Qualifying for CFAP is not specifically based on your financials or credit history – loan funds advanced to you are collateralized by your contract proceeds.

Step 3: Once you're pre-qualified, our CFAP Team will take you through the process to assess your project cash flow needs. If you're looking to submit a bid on a Metro project now that you're prequalified, let our CFAP Team know so we can anticipate your potential need for funding through CFAP.

Step 4: The CFAP Team will work with the CFAP Community Development Financial Institution (CDFI) partners to submit a contract loan funding request for approval.

- Once approved, Metro's CDABP will establish a trust account for you where the approved loan funding will be deposited and available to directly pay your upcoming contract specific expenses, such as labor and purchase of materials.
- Upon receipt of your first contract progress payment, a portion of your loan will be repaid along with any other outstanding contract specific payables, with the balance of funds going to you for your overhead and reimbursement of other contract related expenses you funded directly. Funds through CFAP will be there for you as long as they're needed all the way through the final stages of the contract.

COST

Although this is not free money, Metro has arranged for this to be competitively priced credit with fees at 1% of loan value, and interest rates at 3-4% over the Prime Rate.

- Example: A $100,000 loan with fee and interest to cover a 6 month project at current rates would cost $6,178 which compares very favorably with other short term or credit card interest rates. (This is for illustration only on the calculation of finance charges as interest rates fluctuate.)

Metro covers all other costs to make this resource available to their small business contracting partners.

GET STARTED!

To get started or to obtain more information contact Metro's CFAP Administrator – Merriwether & Williams (MWIS) and schedule a meeting with a MWIS Contract Based Finance Analyst right away.

Email MWIS at mwisinfo@imwis.com or call at 213-258-3000.

48 By ’28 and Reciprocity Progress Update

Finance, Budget, Audit Committee
February 14, 2024
Executive Management Committee
February 15, 2024

Metro

48 BY ‘28 - BACKGROUND

- In May 2022, the Metro Board adopted the 48 by ‘28 8-point plan of eight new initiatives aimed at achieving a 48% aspirational target of small business participation in Metro funded projects.
- In July 2023, the Metro Board passed Motion 24 requesting progress updates on:
  - 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) recommendations included in the September 2022 Office of the Inspector General (OIG) survey of small business enterprise certification programs.
  - c) developing an annual, fiscal year-end report on the agency’s progress toward reaching the 48% target by 2028.

Metro

48 BY ’28 - UPDATE

- Metro has commenced action on all eight (8) Initiatives in the Plan:
  - The 15-Day Pay Initiative was launched on January 16, 2024.
  - Significant tasks associated with the coordination efforts with the LA Area Chamber of Commerce OneLA Collaborative and advertising Metro’s Outreach efforts on the City of Los Angeles’ RAMP Portal have been completed.
  - Metro staff engaged local jurisdictions, through surveys, to determine how many agencies have an SBE Program, their use of Local Return funds, and how Metro can assist with outreach to the small business community.
  - The Contract Financing Assistance Program (CFAP) was launched in September 2023.

Metro

48 BY ’28 - UPDATE

- Metro has been supportive of efforts by the U.S. Department of Transportation to enhance their disadvantaged business enterprises outreach.
- Metro awaits issuance of the final rule on the proposed DBE Program rule change to increase the Personal Net Worth (PNW) limit from USDOT.
- Metro initiated a review of BART’s SBE certification program and verification process and will also reconnect with the City and County of Los Angeles’ to ascertain new interest to harmonize SBE programs.
- Metro will continue to review and evaluate other similarly vetted certification programs for possible reciprocity.

Metro

YEAR-END PROGRESS TOWARD 48 X '28 TARGET

Metro's fiscal year-end report is summarized below:

- In FY23, $56.8M or 35.41% of non-federally funded contract awards were awarded to SBEs across all Metro small business programs, demonstrating overall progress toward reaching the 48% aspirational target.
  - In FY24, staff will develop a reporting tool to facilitate reporting from the local jurisdictions. While Metro cannot mandate participation, staff will continue to collaborate, provide technical assistance and share ways to stand up SBE programs to increase equity and opportunities to SBEs regionally.

- **Next Steps:** Staff will continue to implement and launch the ongoing Initiatives of the Plan.

Metro