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

Metro

Board Report

File #: 2026-0235, **File Type:** Plan **Agenda Number:** 25.

EXECUTIVE MANAGEMENT COMMITTEE
OCTOBER 15, 2026

SUBJECT: ANNUAL STATUS REPORT OF 48 BY ’28 PLAN

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

A. RECEIVE AND FILE the annual status report on implementation of the 48 by ’28 Plan, update on Motion 26.1- Protecting Our Small Businesses, and an update on the 2023 Disparity Study recommendations; and

B. APPROVE an increase of the maximum contract threshold for the Small Business Prime (Set-Aside) Program for eligible non-federally funded procurements from $4.99 million to $10 million, and a corresponding adjustment to the lower contract threshold of the Medium-Sized Business Enterprise (MSZ-I) Program from $5 million to $10.01 million.

ISSUE

This report provides the annual status update on implementation of the Board-adopted 48 by ’28 Plan, including progress on completed and ongoing initiatives designed to increase participation by small and disadvantaged businesses in Metro contracting and procurement opportunities. The report also includes updates on actions undertaken in response to Motion 26.1 by Directors Bass, Dupont-Walker, Solis, Padilla, Dutra and Mitchell (Attachment A), and an update on the 2023 Disparity Study recommendations.

Additionally, this report includes a recommendation to increase the Small Business Prime (Set-Aside) Program maximum contract threshold for eligible non-federally funded procurements from $4.99 million to $10 million. The proposed threshold is informed by staff's review of recent Metro procurement activity and the capacity of Metro-certified small businesses, which identified significant contracting activity between $5 million and $10 million demonstrating that certified SBEs are successfully competing for and performing contracts within this range. The proposed increase would expand prime contracting opportunities for certified Small Business Enterprises (SBEs) and Medium Sized Business in support of Metro’s aspirational goal of achieving 48 percent small business participation by 2028.

BACKGROUND

Metro's Small, Disadvantaged and Disabled Veteran Business Enterprise programs and initiatives are a catalyst for economic opportunity and expand access to contracting opportunities for small and disadvantaged businesses throughout the region. Increasing the percentage of transportation dollars that remain within the region and benefit economically, and socially disadvantaged communities continues to be a priority and aligns with Metro's Board-approved Equity Platform. A series of Board approved motions have continued to reinforce this commitment.

In December 2021, the Board approved Motion 43, authored by Directors Solis, Hahn, Dupont-Walker, Sandoval, and Butts (Attachment B), establishing an aspirational policy objective for Metro to reach 48% participation by small and disadvantaged businesses on contracts and procurements by 2028. Staff returned in May 2022 with the 48 by '28 Plan, that the Board adopted. This plan outlined 8 initiatives to advance which could accelerate the trajectory of small and disadvantaged business participation in line with the objective.

Since adoption of the Plan, the Board has received and approved several initiatives intended to strengthen Metro's small business programs and procurement practices, including the Office of the Inspector General's Survey of Small Business Enterprise Certification Programs and Exploring Opportunity for Reciprocity, Motion 24 by Directors Hahn, Dupont-Walker, Solis, Butts, and Sandoval (Attachment C), and the 2023 Disparity Study, which identified recommendations to further reduce barriers and expand contracting opportunities for small and disadvantaged businesses.

In October 2025, the Board approved Motion 26.1 directing staff to support businesses impacted by federal changes to the Disadvantaged Business Enterprise (DBE) Program and identify opportunities to strengthen Metro's race- and gender-neutral small business programs.

This report provides the annual status update on implementation of the 48 by '28 Plan and includes updates on Motion 26.1 initiatives and the 2023 Disparity Study recommendations.

DISCUSSION

Status update for the initiatives within the 48 by '28 Plan:

Metro continues implementation of the Board-adopted 48 by '28 Plan, which established eight initiatives to increase participation by small and disadvantaged businesses, supporting the aspirational goal of achieving 48 percent small-business participation by 2028.

Since adoption of the Plan in May 2022, six of the eight initiatives have been completed, while the remaining initiatives continue as ongoing annual reporting and engagement efforts focused on Local Return participation, federal advocacy, and regional attainment monitoring. A summary of the completed and ongoing initiatives is provided in Attachment D.

Metro Attainment

During FY25 from July 1, 2024, through June 30, 2025, Metro awarded approximately $785.3 million

in contracts, of which approximately $229.2 million, or 29.18 percent, was awarded to small businesses certified under Metro's Small Business Enterprise (SBE) Program (including SBE, LSBE, LMCSBE), and certified DVBE firms. By comparison, during FY24, Metro awarded approximately $991.2 million in contracts, of which approximately $278.2 million, or 28.07 percent, was awarded to certified small businesses, representing a 1.11 percentage-point increase in small business participation in FY25.

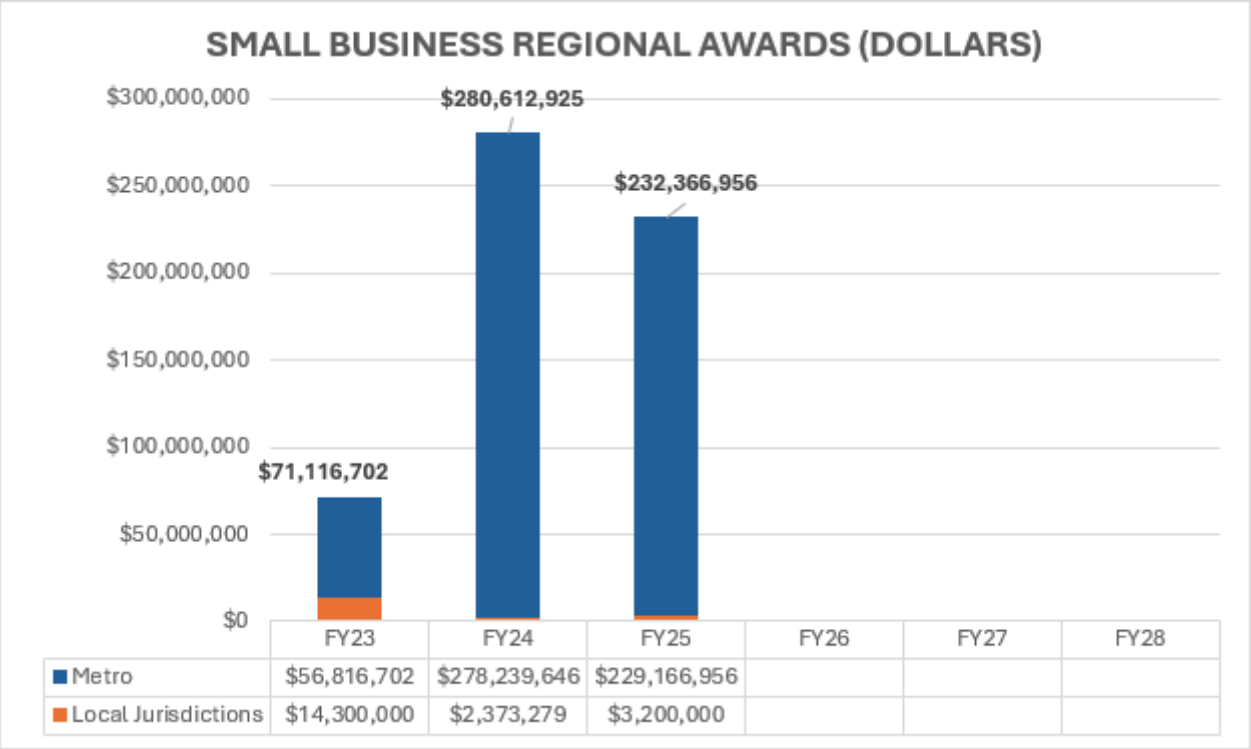
Local Return Jurisdiction Attainment

As part of the ongoing Local Return initiative, Metro continues engaging local jurisdictions and transit operators to encourage inclusion of SBEs in contracting opportunities funded through Local Return and other locally administered transportation investments. During this reporting period, Metro issued its fifth Local Return Survey to better understand jurisdictional practices and challenges associated with SBE participation.

Survey results found that while 88 percent of responding jurisdictions received Local Return funds during FY25, 11 percent reported awarding contracts to SBEs, and more than 82 percent indicated they do not currently track Local Return expenditures awarded to SBEs. Responding jurisdictions reported receiving approximately $133.9 million in Local Return funding in FY25, of which approximately $3.2 million (2.39 percent) was awarded to SBE firms. By comparison, during FY24, local jurisdictions reported awarding $2.3 million (1.98 percent) to SBE firms, representing a 0.41 percentage-point increase in small business participation in FY25.

For illustrative purposes, applying Metro's FY25 SBE participation rate of 29.18 percent to the $133.9 million in Local Return funds reported by responding jurisdictions would equate to approximately $39.1 million in SBE participation. This comparison illustrates the potential opportunity to expand small business participation through increased tracking, outreach, education, and regional collaboration.

Metro and local jurisdiction small business award activity in dollars is summarized in the table below.

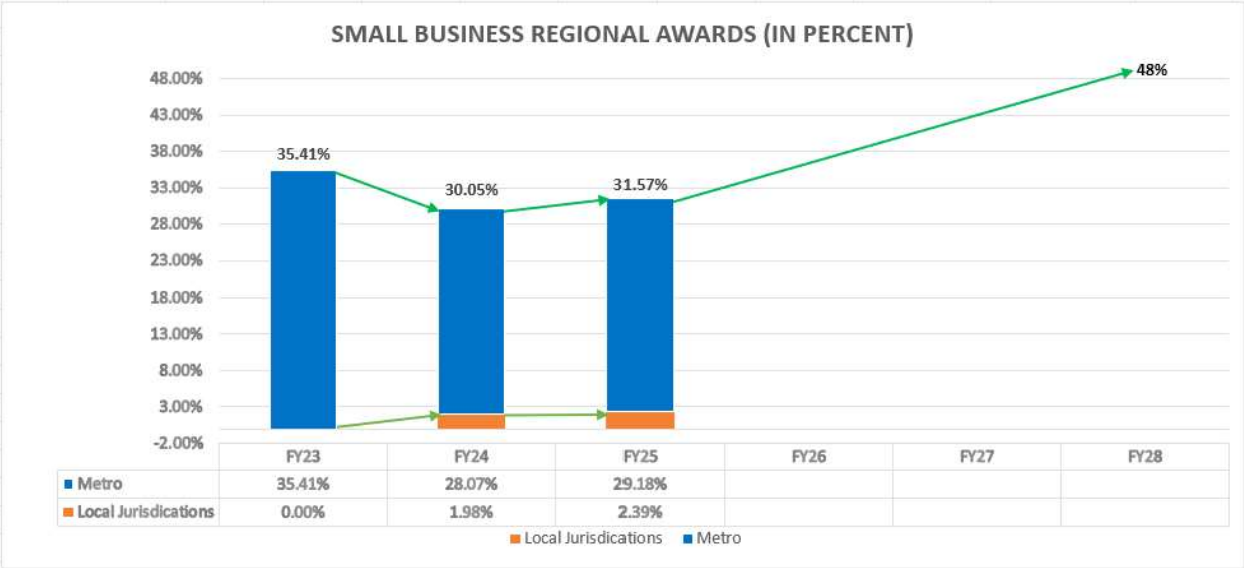


Regional Attainment

Metro continues to monitor regional attainment levels associated with small business participation. FY26 attainment data is still being collected. Therefore, FY25 remains the most recent reporting period for which complete Metro and local jurisdiction data are available to calculate regional attainment.

Based on the most recent complete regional data, SBE participation increased from 30.05 percent in FY24 to 31.57 percent in FY25, as shown in the table below, demonstrating continued progress toward the Board's aspirational goal of achieving 48 percent small business participation by 2028. The increase reflects the collective efforts of Metro, local jurisdictions, transit operators, and industry partners to expand contracting opportunities for small businesses throughout the region.

FY26 regional attainment will be incorporated into the next annual 48 by '28 status report. Metro will continue partnering with these stakeholders to advance the 48 by ’28 initiatives, expand contracting opportunities, and reduce barriers to participation throughout Los Angeles County.



Motion 26.1 - Protecting Our Small Businesses Updates

On October 23, 2025, the Board approved Motion 26.1 directing staff to take actions to support small businesses impacted by changes to the federal Disadvantaged Business Enterprise (DBE) Program resulting from the U.S. Department of Transportation's Interim Final Rule (IFR), while also identifying opportunities to strengthen Metro's race- and gender-neutral small business programs.

In April 2026, staff provided the Board with an update on the impact of the IFR, Metro's response strategy, and actions underway to support affected businesses. This section provides a status update on activities completed since that report back and ongoing efforts to implement Motion 26.1.

A. Reaffirmation of Metro's Commitment to DBEs and Small Business Inclusion

Metro continues to support small businesses during implementation of the IFR through timely communication, educational resources, outreach, and regular updates to industry stakeholders and the Transportation Business Advisory Council (TBAC). Metro's IFR advisories and updates are also posted on the Vendor Portal at <https://business.metro.net>. In addition, DEOD collaborated with Vendor/Contract Management to update federally funded solicitation and contract templates to incorporate IFR-compliant language and requirements.

Metro also continues to reinforce contractual obligations to prime contractors, including but not limited to, prompt payment, release of retainage, and compliance with applicable legal requirements such as the California Subletting and Subcontracting Fair Practices Act. Metro requires its prime contractors to pay their subcontractors for satisfactory performance of their contracts no later than 7 days from receipt of each payment. In FY26, prime contractor payments showed an improvement in payment timeliness. Although the total number of reported subcontractor payments decreased by 4.15%, payments made over the 7-day period decreased by 10.27%, resulting in the percentage of late payments declining from 16.89% to 16.01%-an improvement of 0.88 percentage points.

Lastly, Metro has continued to promote its Small Business Enterprise (SBE), Disabled Veteran Business Enterprise (DVBE), Local Small Business Enterprise (LSBE), and Medium-Size Business Enterprise (MSZ) Programs. These race- and gender-neutral programs remain in effect and unchanged, providing continued pathways for small businesses to participate in Metro contracting opportunities during implementation of the federal DBE requirements.

B. DBE Re/Certification Support Strategy

Metro continues collaborating with the California Unified Certification Program (CUCP) to implement the IFR requirements and establish a consistent statewide approach to the DBE re-evaluation process. Metro and other CUCP agencies developed procedures to guide application of the revised federal standards and coordinate statewide implementation.

DBE Reevaluation Process

On March 2, 2026, the statewide reevaluation process began, and Metro and other CUCP certifying agencies issued formal guidance to firms in the CUCP DBE database outlining the reevaluation requirements and documentation necessary to demonstrate Social and Economic Disadvantage (SED) under the new federal standards. CUCP member agencies collectively voted to provide firms certified as DBEs prior to October 3, 2025, with a 45-day submission window, through April 16, 2026, to submit a reevaluation application. Applications were to include a Personal Narrative (PN), an updated Personal Net Worth (PNW) form, and supporting documentation demonstrating social and economic disadvantage. The CUCP further determined that all firms meeting the April 16 submission date would be reviewed and processed first to establish a DBE directory.

Prior to April 16, Metro received 607 reevaluation applications, of which 550 were submitted by firms among Metro's 1,729 previously certified DBEs, representing approximately 32 percent of that population. The remaining applications included firms requiring review or certification through another CUCP jurisdiction, firms requiring a new DBE application, and duplicate submissions. As of July 7, 2026, all 607 applications have been reviewed: 267 were approved, 168 were denied, 57 were deemed ineligible, and 115 were returned for curative measures. As permitted under CFR 49 Part 26, curative measures provide firms an opportunity to address eligibility concerns identified during the certification review. Metro continues processing the 115 pending applications as responses are received.

On July 20, 2026, the CUCP officially notified the U.S. Department of Transportation (USDOT) of the statewide completion of phase one of the reevaluation process and restored the online CUCP DBE directory. The USDOT acknowledged the notice on July 21, 2026. Following the USDOT’s acknowledgement, the CUCP began accepting and processing new and interstate applications beginning on July 21, 2026.

Reevaluation Applications Submitted After April 16

Metro continued accepting reevaluation applications submitted after the April 16 deadline. As of August 13, 2026, Metro has received an additional 356 applications, bringing total reevaluation applications to 969, or 56% of Metro’s 1,729 previously certified DBE firms. The additional

applications are currently under review, and Metro will continue processing new, interstate, and reevaluation applications as quickly as practicable.

As firms navigate the revised DBE requirements, and in line with Motion 26.1, Metro has developed and implemented a support strategy which is inclusive of the following:

1. Providing technical assistance, training, and support:

   Metro hosted 12 DBE Information Sessions from March through August 2026 with in-person, virtual, and hybrid formats, attracting more than 400 registered attendees. Sessions provided guidance on the IFR, Personal Narrative and Personal Net Worth requirements, the reevaluation and new certification processes, and use of the B2G system. Metro also used annual update calls to provide individualized assistance and participated in 12 additional outreach events, including workshops with regional Chambers of Commerce. Collectively, Metro has provided technical assistance and individualized support to more than 1,500 firms.

   Metro also coordinated with regional and state certifying partners, including Caltrans, the City of Los Angeles, and Los Angeles World Airports (LAWA), to expand access to reevaluation information and resources. Metro and Caltrans jointly hosted a DBE information session, while the City of Los Angeles and LAWA promoted Metro's sessions to their respective business communities. A list of events hosted and attended by Metro is included as Attachment E.

   On June 25, 2026, Metro issued a Request for Interest and Qualifications (RFIQ), to establish a panel of qualified consultant service providers that firms may engage directly for technical assistance in navigating the new IFR requirements. The pre-qualified service provider panel is anticipated to launch Fall 2026.

   Effective April 1, 2026, the U.S. Department of Transportation increased the federal business size standard from $31.84 million to $32.82 million. Metro incorporated this change into both the DBE and Metro's SBE Programs, allowing eligible firms additional capacity for growth while maintaining certification eligibility.

2. Coordination with Peer Agencies:

   Metro continues collaborating with regional, state, and national transportation agencies to support consistent implementation of the IFR and the DBE reevaluation process. Since April 2026, Metro has engaged with the City of Los Angeles, LAWA, and Unified Certification Programs in Illinois, Michigan, Oregon, Ohio, Georgia, and Texas to exchange lessons learned, implementation strategies, and federal compliance information. Metro also remains active in national and regional workgroups, including WASHTO and Infrastructure LA, to coordinate implementation efforts and support consistent application of evolving federal requirements.

3. Outreach & Capacity Building:

   Metro continued delivering outreach, education, and capacity-building programs designed to

strengthen small business competitiveness and readiness for Metro contracting opportunities. Activities included Meet the Primes, Lunch & Learn sessions with prime contractors, workshops focused on contract administration, ethics, and audit compliance, and ongoing How to Do Business with Metro workshops.

In March 2026, Metro hosted one of its largest Meet the Primes events to date, bringing together 25 prime contractors and more than 250 participants to facilitate networking and potential business partnerships. Through Metro's Contractor Development and Bonding Assistance Program,15 firms also graduated from a five-week Bidding and Estimating training program designed to strengthen business operations, proposal development, and bonding readiness.

Metro also launched *How to Do Business with Metro - On the Road*, an outreach initiative designed to increase access to Metro contracting information and resources throughout the region. Staff will continue conducting outreach, training, and regional engagement activities that support small business development and increase awareness of Metro contracting opportunities.

Equity in Infrastructure Project (EIP)

Metro continues to participate in the Equity in Infrastructure Project (EIP), a national collaborative of transportation agencies, industry organizations, business advocates, and other stakeholders focused on advancing policies and practices that expand contracting opportunities for small and historically underutilized businesses. Through EIP, Metro collaborates with peer agencies nationwide to exchange best practices, share lessons learned, and identify strategies that support small business growth and capacity development.

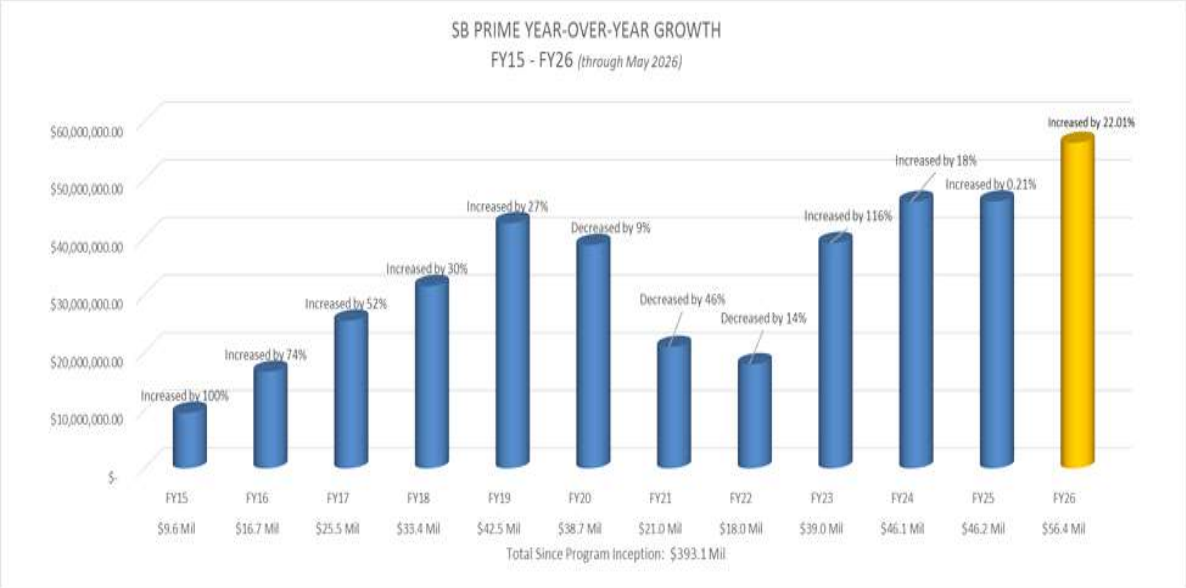
As a result of Metro's leadership and implementation of initiatives such as the Small Business Prime (Set-Aside) Program and Contractor Development and Bonding Assistance Program, Metro was invited to present at the EIP convening in San Francisco on June 4, 2026. During the meeting, Metro staff shared successful strategies and lessons learned that have contributed to increased small business participation and are being recognized as best practices that may be replicated by other agencies nationwide.

C. Expansion Opportunities for Race- and Sex-Neutral Programs (SBE, LSBE, DVBE, MSZ)

Consistent with Motion 26.1, Metro continues evaluating opportunities to strengthen race- and gender-neutral contracting programs and expanding access to contracting opportunities for small businesses. These efforts include enhancements to the Small Business Prime (Set-Aside) Program, continued promotion of Metro's SBE, LSBE, DVBE, and MSZ programs, and pursuit of federal approval to utilize SBE contract goals on federally funded procurements as a race- and gender-neutral strategy to maintain contracting opportunities for small businesses impacted by the Interim Final Rule (IFR). Additional information regarding the federal approval request is provided in Section D.

Since its inception, Metro's Small Business Prime (Set-Aside) Program has become a nationally

recognized best practice for expanding prime contracting opportunities for certified SBEs. Program awards increased from approximately $9.6 million in FY15 to $42.5 million in FY19 before experiencing temporary declines associated with the COVID-19 pandemic. Since FY23, the program has rebounded significantly, reaching more than $56 million in awards through May 2026. Overall, the Small Business Prime (Set-Aside) Program has generated approximately $393.1 million in contracting opportunities for certified small businesses, representing approximately 7.56% of Metro's contracting activity since program inception.



Recommendation

Based on the demonstrated success in the Small Business Prime (Set-Aside) Program, stakeholder feedback, Metro's assessment of industry capacity, and its ongoing commitment to advancing the goals of the 48 by '28 Plan and Motion 26.1, staff recommend increasing the maximum contract threshold for eligible non-federally funded procurements from $4.99 million to $10 million.

To assess the potential impact of this enhancement, staff evaluated Metro's procurement activity and certified small business marketplace. Over the past three years, Metro issued 33 procurements valued between $5 million and $10 million, representing approximately $265.2 million in contracting opportunities, of which 30 were professional services or operations-related procurements that would be immediately eligible for consideration under the proposed threshold increase. Of those 30 procurements, 11 (37 percent) were awarded to certified Small Business Enterprise (SBE) prime contractors, demonstrating that qualified SBEs have successfully competed for and performed on contracts within this range. These firms represent 15 North American Industry Classification System (NAICS) codes for which Metro currently has more than 1,100 certified small businesses, indicating a robust marketplace capable of competing for larger and more complex contracting opportunities.

Increasing the threshold will expand the number of procurements eligible for exclusive SBE

competition, create additional pathways for qualified firms to compete as prime contractors, and support continued business growth and capacity development within Metro's certified small business community. Current and proposed contract thresholds for negotiated procurements are summarized in the table below:

Small Business Prime (Set-Aside) Program - Negotiated Procurements

Procurement Type	Contract Threshold Non-Federally Funded Acquisitions (RFP/RFQ)	
	Current Formal SB Prime (Set-Aside)	New Recommended Formal SB Prime (Set-Aside)
Negotiated awards for supplies, equipment, materials and services, including all professional services, excluding Architecture and Engineering (A&E) Services	$100,000.01 - $4,999,999	$100,000.01 - $10,000,000

Competitive Low Bid

For non-federally funded competitive low bid procurements, Metro also recommends increasing the Small Business Prime (Set-Aside) Program maximum threshold from $4.99 million to $10 million for sealed bid and public works contracts. Any increase will require a legislative change to the Public Utilities Code Section 130232(f)(5)(vi). As such, the current threshold will remain in place as staff works with Government Relations to pursue the necessary legislative changes, as applicable, in the 2027 Legislative calendar. If the required legislative changes are enacted, staff would align the competitive low bid threshold with the proposed $10 million threshold recommended for negotiated procurements.

Medium Sized Business Enterprise Program

Metro's Medium-Sized Business Enterprise (MSZ) Program is designed to provide contracting opportunities for firms that have outgrown eligibility for certification (e.g., SBE) but are not yet positioned to compete for Metro's largest procurements. To maintain a seamless progression between the Small Business Prime (Set-Aside) and MSZ Programs, upon board approval, the lower contract threshold for the MSZ-I Program would be adjusted from $5 million to $10.01 million for eligible non-federally funded procurements to maintain alignment between the two programs. No changes are proposed to the MSZ-II Program threshold.

The proposed MSZ-I threshold change for non-federally funded competitive low bid procurements will also require a legislative change in accordance with Public Utilities Code Section 130232(f)(5)(vi). As such, the current threshold MSZ-I for competitively low bid procurements will remain in place as staff works with Government Relations to pursue the necessary legislative changes, as applicable, in the 2027 Legislative calendar. If the required legislative changes are enacted, staff will align the competitive low bid threshold with the proposed threshold change.

D. Advocacy Efforts

Metro continues coordinating with the Federal Transit Administration (FTA), the California Unified Certification Program (CUCP), regional partners, and federal stakeholders regarding implementation of the Interim Final Rule (IFR) and other evolving federal requirements. Through these efforts, Metro seeks to preserve and expand contracting opportunities for small businesses, strengthen its small business programs, and promote equitable access to economic opportunities throughout Los Angeles County.

Use of SBE Goals on Federal Transit Administration (FTA) - Funded Procurements

As reported in the Motion 26.1 April 2026 report back, Metro requested FTA approval for the use of Small Business Enterprise (SBE) contract goals on federally funded procurements as a race- and gender-neutral approach to maintaining contracting opportunities for small businesses impacted by the IFR. On May 12, 2026, FTA responded that Metro's request was not approved as said changes must be submitted to FTA as part of its DBE program. The DBE Program plan must be submitted to DOT for approval as soon as practicable after the CUCP completes the reevaluation process.

As Metro amends its DBE Program plan to ensure compliance with the IFR and related federal requirements, staff intend to incorporate revised language that would allow SBE goals to be applied to eligible federally funded procurements in the future. Metro will also review its current Federal Fiscal Year 2025 - 2027 (FFY25-27) triennial overall DBE goal following completion of the DBE reevaluation process, as required by the IFR. Updates to Metro's DBE Program and FFY25-27 overall DBE goal must be completed to comply with the IFR before Metro can submit its request to FTA for reinstatement of the DBE Program.

2023 Disparity Study Recommendations

In March 2024, the Board received the results of Metro's 2023 Disparity Study, which identified seven recommendations intended to strengthen equity in Metro's contracting and procurement practices and expand participation opportunities for small and disadvantaged businesses.

Since receiving the study, Metro has completed six of the seven recommendations, including most recently the implementation of the Local Micro Small Business Enterprise (LMCSBE) Program on December 15, 2025. A detailed summary of the completed and ongoing recommendations is provided in Attachment F.

Metro continues to advance the one remaining recommendation related to the Small Business Technical Assistance Program (SBTAP). Staff are refining the delivery model and plans to release a new solicitation that would establish a pre-qualified consultant panel that small businesses may engage with for technical assistance. Under this model, participating small businesses would contract directly with the selected consultants for services, resulting in no direct cost to Metro. This approach is intended to leverage private-sector expertise while expanding access to technical assistance resources in disciplines such as professional services, architectural and engineering (A&E), construction and project management services, and alternative project delivery.

DETERMINATION OF SAFETY IMPACT

There is no safety impact related to this action.

FINANCIAL IMPACT

There is no impact on the budget for the staff recommendation.

EQUITY PLATFORM

Metro's 48 by ’28 Plan advances the agency's Board-approved Equity Platform by increasing opportunities for small, disadvantaged, minority-owned, women-owned, veteran-owned, and other historically underutilized businesses to participate in Metro contracting and procurement activities. By reducing barriers to participation and expanding access to larger prime contracting opportunities through the proposed increase to the Small Business Prime (Set-Aside) Program threshold, and the adjustment to the lower contract threshold for the Medium-Size Business Enterprise Program. Metro helps create pathways for small businesses to build capacity, compete for more complex work, and share in the economic benefits generated by transportation investments.

In FY25, Metro awarded approximately $229.2 million, or 29.18 percent of all contract awards, to firms participating in Metro’s small business programs. During this period, 285 Small Business Enterprises (SBEs) received Metro contracts. Metro currently maintains a certification database of 2,176 SBEs. These results demonstrate continued progress toward Metro's aspirational goal of achieving 48 percent small business participation by 2028.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro’s significant investment in rail and bus transit.* Metro’s Board-adopted VMT reduction targets align with California’s statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it supports small, disadvantaged, minority-owned, and women-owned businesses by providing them with access to contracting opportunities and helping them grow their capacity to participate in Metro's large-scale infrastructure projects and day-to-day operations. In addition, supporting local businesses supports job creation in LA County and may increase the percentage of our workforce that is able to commute using LA Metro’s transit system and reduce car dependence for these workers. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from the highway performance monitoring system data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

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

ALTERNATIVES CONSIDERED

The Board may elect not to approve the recommended increase to the Small Business Prime (Set-Aside) Program contract threshold and maintain the current $4.99 million limit. However, maintaining the existing threshold would continue to exclude a significant number of procurements from eligibility under the Set-Aside Program. Staff's review of recent procurement activity identified contracting opportunities between $5 million and $10 million that would be immediately eligible for consideration under the proposed threshold increase. The analysis also demonstrated that certified SBEs have successfully performed contracts within this range and that Metro maintains sufficient industry capacity to support the proposed increase.

NEXT STEPS

Staff will continue implementing the initiatives of the 48 by ’28 Plan, supporting implementation of actions identified in Motion 26.1, and advancing the ongoing recommendations of the 2023 Disparity Study.

Upon Board approval, staff will implement the new Small Business Prime (Set-Aside) Program and MSZ-I contract thresholds and continue evaluating opportunities to expand contracting access and increase participation by certified Small Business Enterprises (SBEs).

Staff will also continue to provide annual updates to the Board on Metro’s efforts to advance the aspirational goal of achieving 48 percent small business participation by 2028.

ATTACHMENTS

Attachment A - Motion 26.1
Attachment B - Motion 43
Attachment C - Motion 24
Attachment D - 48 by ’28 Plan Initiatives
Attachment E - List of Events Hosted and Attended by Metro
Attachment F - 2023 Disparity Study Recommendations

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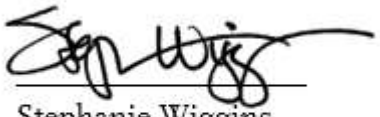

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Board Report

File #: 2025-0932, **File Type:** Motion / Motion Response **Agenda Number:** 26.1

EXECUTIVE MANAGEMENT COMMITTEE
OCTOBER 16, 2025

Motion by:

DIRECTORS BASS, DUPONT-WALKER, SOLIS, PADILLA, DUTRA AND MITCHELL

Protecting Our Small Businesses Motion

On September 30, 2025, the U.S. Department of Transportation (USDOT) issued an Interim Final Rule (IFR) that immediately changes how Disadvantaged Business Enterprise (DBE) certifications are evaluated. Effective October 3, 2025, the IFR removes race- and sex-based presumptions of disadvantage and requires all certified firms to submit new personal narratives and financial statements to demonstrate social and economic disadvantage on a case-by-case basis. As a result, all existing DBE certifications are undergoing reevaluation, and recipients of federal transportation funding, including Metro, must pause their DBE programs until the re/certification reviews are complete. Metro has already taken steps to inform stakeholders, align internal processes, and coordinate with peer agencies such as Caltrans and BART.

While Metro must comply with this federal directive, the agency remains committed to the principles underlying the DBE program: expanding access, removing barriers, and ensuring that small and disadvantaged businesses continue to thrive. Metro's Small Business Enterprise (SBE) Program was designed to comply with California Proposition 209, which prohibits the use of race- and sex-based preferences in public contracting.

Disadvantaged Business Enterprises (DBEs) are essential partners in delivering Metro's projects and advancing the agency's commitment to equity and economic inclusion, as seen in the planning and construction of projects such as the K Line, Regional Connector, LAX MTC, and many others. In Fiscal Year 2025 alone, Metro paid out $137,784,030 in eligible contracting dollars to certified DBE firms, helping ensure that small and disadvantaged businesses share in the economic benefits of Metro's capital and operational investments. Statewide, 5,997 firms are certified through the California Unified Certification Program (CUCP), and Metro serves as the certifying agency for 1,747, or approximately 29%, of those firms, demonstrating Metro's leadership role in growing and sustaining the DBE community that powers innovation, creates local jobs, and strengthens the regional economy. Furthermore, Metro maintains a robust portfolio of race- and sex-neutral programs, including its Small Business Enterprise (SBE), Local Small Business Enterprise (LSBE), Disabled Veteran Business Enterprise (DVBE), and Medium-Size Business Enterprise (MSZ), along with other initiatives designed to strengthen the region's small business community.

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Metro's DBE participation goals have long been based on evidence from disparity studies that demonstrate the ongoing need for preference in the contracting process. The IFR's changes, while federal in scope, intersect with a state framework that already relies on race- and sex-neutral measures grounded in documented disparities.

Metro must remain steadfast in its commitment to creating all lawful opportunities for small and disadvantaged businesses that have historically faced barriers to participation in public contracting. These firms are critical partners in delivering safe, equitable, and community-centered transportation projects across Los Angeles County.

SUBJECT: PROTECTING OUR SMALL BUSINESSES MOTION

RECOMMENDATION

APPROVE Motion by Bass, Dupont-Walker, Solis, Padilla, Dutra, and Mitchell that the Board:

A. Formally reaffirm its commitment to sustaining and expanding opportunities for Disadvantaged Business Enterprises (DBEs), Small Business Enterprises (SBEs), and other historically underrepresented firms, and to ensure Metro continues to advance economic equity;

WE FURTHER MOVE that the Board direct the Chief Executive Officer to:

B. Develop and implement a DBE Re/certification Support Strategy that assists firms through the new federal re/certification process by:

1. Providing technical assistance, training, and support;

2. Coordinating with peer agencies to ensure timely communication and consistent application of new standards; and

3. Maintaining ongoing outreach and capacity-building events to prevent disruption in contracting opportunities.

C. Identify opportunities to expand Metro's Small Business Enterprise (SBE), Local Small Businesses Enterprise (LSBE), Disabled Veteran Business Enterprise (DVBE), Medium-Size Business Enterprise (MSZ), and other race- and sex-neutral programs to continue fostering inclusive participation;

D. Engage in advocacy work with APTA, Caltrans, and other relevant entities to promote a federal framework that preserves access and opportunity for businesses that demonstrate the ongoing effects of discrimination in the local marketplace.

E. Report back to the Board in 60 days on the status of implementation efforts, including key actions taken, challenges encountered, and recommendations for further Board action to support continued progress.

Metro

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

Board Report

File #: 2021-0766, **File Type:** Motion / Motion Response **Agenda Number:** 43.

REGULAR BOARD MEETING
DECEMBER 2, 2021

Motion by:

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

48 by '28: Increasing Small and Disadvantaged Business Participation

The U.S. Department of Transportation (USDOT) requires state and local transportation agencies to establish goals for participation of disadvantaged business enterprises (DBE) on contracts and procurements supported by the USDOT. This DBE participation goal is determined by the state or local agency based on a variety of factors including the availability of qualified DBE's. Metro re-evaluates its DBE participation goal every three years and the current goal covering Federal Fiscal Years 2022 through 2024 is 28 percent. Metro also has a Small Business Enterprise (SBE) program for projects without federal funds, which was first established in 1997 with an initial goal of 15 percent SBE utilization. Today, Metro's overall SBE participation goal is 30 percent, and a participation goal of 3 percent for Disadvantaged Veteran Business Enterprises (DVBE) is also set any time an SBE goal is established for a contract. During any contract solicitation preparation process, Metro staff considers whether or not to establish a DBE, SBE and DVBE participation goal based on various factors such as funding type 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. We further understand that firms can meet DBE goals by submitting satisfactory evidence of having conducted Good Faith Efforts. These goals are partly intended to help address the disparities between the number of available small, minority- and women-owned businesses qualified to do certain kinds of work and the actual proportion of Metro contract/procurement dollars that are awarded to them.

Over 90 percent of businesses in Los Angeles County are small businesses with less than 20 employees, and Los Angeles County has more minority- and women-owned businesses than any other county in the nation. Those businesses are truly representative of the County, where over 70 percent of the population is a person of color. More than 15,000 small businesses have reported temporary and/or permanent closure as a result of the pandemic, and communities of color have borne the brunt of COVID-19's economic and public health impacts. In particular, Latinx individuals, who make up over 48 percent of the County, have seen severe impacts since the onset of the pandemic. In January 2021, daily death rates for Latinx communities in Los Angeles County exploded by 1,000 percent from 3.5 per 100,000 Latinx residents to 40 deaths per 100,000 Latinx residents. Small businesses, especially those in communities of color, have struggled to stay afloat and have been closing at higher levels due to drastically decreased revenues.

Metro is currently in the midst of delivering an ambitious program of capital projects called Twenty-Eight by ’28. This initiative mainly addresses planning, design and construction of projects and does not address where those contract dollars are going. With an $8 billion budget, Metro has the capacity to help accelerate recovery in Los Angeles County by directing as many contract and procurement dollars as possible towards small and disadvantaged businesses. To help accomplish this, Metro can establish a new policy objective to reach 48 percent participation by small and disadvantaged businesses on contracts and procurements.

SUBJECT: 48 BY ’28: INCREASING SMALL AND DISADVANTAGED BUSINESS PARTICIPATION

RECOMMENDATION

APPROVE Motion by Directors Solis, Hahn, Dupont-Walker, Sandoval, and Butts that the Board of Directors direct the Chief Executive Officer to establish an aspirational policy objective for Metro to reach 48% participation by small and disadvantaged businesses on contracts and procurements by 2028, and to report back in March 2022 with recommendations to achieve the goal.

Metro

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

Board Report

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.

ATTACHMENT D

48 by '28 Plan Initiative Status Update

Initiative	Status Update	Status
1. **15-Day Pay Initiative**	The 15-Day Pay Initiative remains available to eligible SBE and DBE prime contractors and continues to support improved cash flow and reduced financing burdens for participating firms.	Complete
2. **Enhance SBE Certification Program**	Metro implemented enhancements to its SBE certification program, including increased Personal Net Worth thresholds and reciprocity efforts.	Complete
3. **Coordinate Efforts with the Los Angeles Area Chamber of Commerce OneLA Collaborative**	Metro continues to partner with the OneLA Collaborative and the Get in the Game LA Supplier Resource Hub to increase awareness of Metro contracting opportunities, certification resources, and business development programs.	Complete
4. **Expand Outreach Through the City of Los Angeles RAMP Portal**	Metro continues utilizing the Regional Alliance Marketplace for Procurement (RAMP) platform to advertise outreach events and contracting opportunities and increase visibility among small businesses.	Complete
5. **Engage Local Return and Transit Operators**	Metro issued its fifth Local Return Survey in March 2026 to assess SBE participation, tracking capabilities, and technical assistance needs among local jurisdictions and transit operators. Metro will continue outreach, education, and regional collaboration efforts.	Report Annually
6. **Enhance Capacity Building and Access to Capital**	Metro continues supporting business growth through programs such as the Contractor Development and Bonding Assistance Program and other capacity-building initiatives intended to strengthen business competitiveness and readiness.	Complete
7. **Encourage Support for Federal Program Changes**	Metro continues engaging federal stakeholders, CUCP agencies, and industry partners regarding implementation of the Interim Final Rule (IFR), DBE Program modifications, and future federal transportation legislation.	Report Annually
8. **Increase Small Business Program Regional Attainments**	During FY25, regional SBE participation increased from 30.05% to 31.57%. Metro continues monitoring progress toward the Board's aspirational goal of achieving 48% small business participation by 2028.	Report Annually

LIST OF EVENTS HOSTED AND ATTENDED BY METRO

Date	Event
March 10, 2026	How to Do Business with Metro
March 12, 2026	Metro's Meet the Primes
March 17, 2026	DBE Information Session
March 18, 2026	MetroConnect Meet & Greet: Small Business Networking Event
March 19, 2026	HTDB on the Road: Valley Economic Alliance Community Center Westfield Topanga
March 24, 2026	DBE Information Session
April 3, 2026	Sky's the Limit Outreach Event (Hispanic Regional Chamber of Commerce)
April 9, 2026	DBE Information Session
April 14, 2026	How to Do Business with Metro
April 17, 2026	GLAAACC – Greater Los Angeles African American Chamber of Commerce
April 21, 2026	DBE Information Session
May 5, 2026	DBE Information Session
May 14, 2026	DBE Information Session
May 28, 2026	United Contractors' Public Works Summit: Small Business Participation in Public Works Construction
June 5, 2026	Sky's the Limit Outreach Event (Hispanic Regional Chamber of Commerce)
June 9, 2026	How to Do Business with Metro
June 16, 2026	DBE Information Session
June 30, 2026	DBE Information Session
June 30, 2026	Glass Panel Protection Solutions Outreach Event
July 1, 2026	DBE Information Session (Talent Hub)
July 7, 2026	DBE Information Session
July 21, 2026	DBE Information Session
August 4, 2026	DBE Information Session
August 25, 2026	Certification Workshop

2023 Disparity Study Recommendation Status Update

Recommendation	Status Update	Status
Recommendation 1 – Bench Contracts	Staff continue working with Metro departments and Cabinet Liaisons to evaluate rotational and small business-focused bench contracting models where operationally appropriate.	Complete
Recommendation 2 – Small Business Technical Assistance Program (SBTAP)	Metro is reimagining the delivery model for SBTAP to issue a RFIQ to establish a panel of qualified consultants capable of providing business development and technical assistance services directly to small businesses. Targeted for release in mid-summer 2026.	Ongoing
Recommendation 3 – Micro Small Business Program	Metro launched the Local Micro Small Business Enterprise (LMCSBE) Program on December 15, 2025, as a three-year pilot initiative designed to expand contracting opportunities for the region's smallest businesses.	Complete
Recommendation 4 – New Business Partnerships	Metro continues conducting outreach and engagement activities designed to foster relationships between prime contractors and small businesses and increase awareness of Metro contracting opportunities.	Complete
Recommendation 5 – Unbundling Contracts	Staff continue collaborating with Cabinet Liaisons during procurement planning to identify opportunities to divide large procurements into smaller scopes of work where feasible and operationally appropriate.	Complete
Recommendation 6 – Inflation Adjustments	Metro implemented escalation provisions utilizing the Bureau of Labor Statistics Employment Cost Index in certain multi-year professional services contracts to address inflationary impacts.	Complete
Recommendation 7 – Prequalification Requirements	Effective January 1, 2025, Metro increased the prequalification threshold from $100,000 to $500,000 to reduce administrative burdens and streamline procurement requirements for small businesses.	Complete

Annual Status Report of 48 by ‘28 Plan

Metro

Executive Management Committee
October 15, 2026

Recommendation

A. RECEIVE AND FILE the annual status report on implementation of the 48 by ’28 Plan, update on Motion 26.1- Protecting Our Small Businesses, and an update on the 2023 Disparity Study recommendations; and

B. APPROVE an increase of the maximum contract threshold for the Small Business Prime (Set-Aside) Program for eligible non-federally funded procurements from $4.99 million to $10 million, and a corresponding adjustment to the lower contract threshold of the Medium-Sized Business Enterprise (MSZ-I) Program from $5 million to $10.01 million.

Metro

Issue

The report covers key updates and proposals, including:

— **Plan & Motion Updates:** Progress on the 48 by '28 Plan, actions responding to Board Motion 26.1, and updates on the 2023 Disparity Study recommendations.

— **Threshold Recommendation:** A proposal to increase the Small Business Prime (Set-Aside) Program maximum contract threshold for eligible non-federally funded procurements from $4.99 million to $10 million.

Metro

Background

Metro's small business programs support economic opportunity, equitable access to contracting opportunities, and local business growth throughout Los Angeles County.

— In December 2021, the Board approved Motion 43, establishing an aspirational goal of 48% small business participation across Metro's capital program.

— In May 2022, the Board adopted the 48 by '28 Plan, establishing eight initiatives to increase small and disadvantaged business participation by the 2028 Olympic and Paralympic Games.

— Subsequent Board actions, including Motion 24, the OIG Reciprocity Study, and the 2023 Disparity Study, expanded Metro's efforts to reduce barriers and strengthen small business participation.

— In October 2025, the Board approved Motion 26.1 – Protecting Our Small Businesses, directing staff to support firms impacted by federal DBE Program changes and strengthen Metro's race- and gender-neutral small business programs.

Metro

Discussion

48 by ‘28 Plan Updates:

— 6 of 8 Initiatives completed

— Two initiatives continue through annual reporting and regional engagement.

2023 Disparity Study Updates:

— 6 of 7 Recommendations completed

— Small Business Technical Assistant Program (SBTAP) delivery model continues to be refined.

Metro

48 by ’28 Plan – Regional Attainment

Regional small business participation continued to increase in FY25.

FY24	FY25	
30.05%	31.57%	+1.52 percentage points year-over-year increase

Progress toward the Board’s aspirational goal

48% by 2028

FY25 remains the most recent period with complete Metro and local jurisdiction data available to calculate regional attainment.

Motion 26.1 – Protecting Our Small Businesses

Federal DBE Program changes required rapid implementation while Metro continued supporting small businesses.

12	1,500+	12
DBE INFORMATIONAL SESSIONS	FIRMS RECEIVED TECHNICAL ASSISTANCE / INDIVIDUAL SUPPORT	ADDITIONAL OUTREACH EVENTS

- Updated federally funded solicitation and contract templates for IFR compliance.
- Continued prompt-payment communication and enforcement.
- Expanded race- and gender-neutral strategies while federal DBE requirements evolve.
- Coordinated statewide reevaluation implementation through the CUCP.

Takeaway: Metro adjusted to the federal transition while maintaining direct support to affected firms.

Statewide DBE Reevaluation – Metro Implementation

Metro supported the statewide reevaluation process while continuing to process applications and curative responses.

607	550	969
REEVALUATIONS RECEIVED BY APRIL 16	FROM METRO'S 1,729 PREVIOUSLY CERTIFIED DBE FIRMS	TOTAL APPLICATIONS RECEIVED BY AUGUST 13

Key milestones

- CUCP launched the statewide reevaluation process on March 2, 2026.
- Phase One completed statewide; CUCP DBE directory restored July 20, 2026.
- USDOT acknowledged completion July 21; new and interstate applications resumed.
- Metro continues reviewing post-April 16 submissions and responses to curative measures.

550 applications represent approximately 32% of Metro's 1,729 previously certified DBE firms.

Small Business Prime Program – Proposed Expansion

The proposed $10 million threshold expands access where certified SBEs have demonstrated capacity to compete.

33	$265.2M	30
PROCUREMENTS BETWEEN $5M–$10M REVIEWED OVER 3 YEARS	TOTAL VALUE OF THOSE PROCUREMENTS	PROCUREMENTS ELIGIBLE FOR CONSIDERATION

11 of 30 | 37%

were awarded to certified SBE prime contractors through open competition

15 NAICS codes | 1,100+

certified small businesses represented across the relevant marketplace

Proposed action

Increase the Set-Aside maximum from $4.99M to $10M and align the MSZ-I lower threshold at $10.01M.

Next Steps

Upon Board approval

– Implement the new Small Business Prime (Set-Aside) and MSZ-I contract threshold changes.

– Continue Motion 26.1 implementation, DBE reevaluation support, and race- and gender-neutral strategies.

– Continue advancing the remaining SBTAP recommendation.

– Return with the next annual 48 by ’28 report, with the FY26 Metro, local jurisdiction, and regional attainment results.