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**Agenda - Final**

**Thursday, September 15, 2022**

**9:00 AM**

To give written or live public comment, please see the top of page 4

## **Executive Management Committee**

*Ara J. Najarian, Chair*

*Janice Hahn, Vice Chair*

*Kathryn Barger*

*James Butts*

*Eric Garcetti*

*Hilda Solis*

*Gloria Roberts (Interim), non-voting member*

*Stephanie Wiggins, Chief Executive Officer*

**METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES**  
(ALSO APPLIES TO BOARD COMMITTEES)

**PUBLIC INPUT**

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

The public may also address the Board on non agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for one (1) minute during this Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

**CONDUCT IN THE BOARD ROOM** - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

**REMOVAL FROM THE BOARD ROOM** The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

**INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD**

Agendas for the Regular MTA Board meetings are prepared by the Board Secretary and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded and is available at [www.metro.net](http://www.metro.net) or on CD's and as MP3's for a nominal charge.

## DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency, additionally PUC Code Sec. 130051.20 requires that no member accept a contribution of over ten dollars (\$10) in value or amount from a construction company, engineering firm, consultant, legal firm, or any company, vendor, or business entity that has contracted with the authority in the preceding four years. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the LACMTA Board and Committee Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

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## LIMITED ENGLISH PROFICIENCY

A Spanish language interpreter is available at all Committee and Board Meetings. All other languages must be requested 72 hours in advance of the meeting by calling (213) 922-4600 or (323) 466-3876. Live Public Comment Instructions can also be translated if requested 72 hours in advance.



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x3 *中文 (Chinese)*

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**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

**Live Public Comment Instructions:**

Live public comment can only be given by telephone.

The Committee Meeting begins at 9:00 AM Pacific Time on September 15, 2022; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-251-2949 and enter  
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***Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.***

**Instrucciones para comentarios publicos en vivo:**

Los comentarios publicos en vivo solo se pueden dar por telefono.

La Reunion de la Junta comienza a las 9:00 AM, hora del Pacifico, el 15 de Septiembre de 2022. Puedes unirte a la llamada 5 minutos antes del comienso de la junta.

Marque: 888-251-2949 y ingrese el codigo  
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**Written Public Comment Instruction:**

Written public comments must be received by 5PM the day before the meeting.  
Please include the Item # in your comment and your position of "FOR," "AGAINST," "GENERAL COMMENT," or "ITEM NEEDS MORE CONSIDERATION."

Email: BoardClerk@metro.net

Post Office Mail:

Board Administration

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

**CALL TO ORDER****ROLL CALL**

APPROVE Consent Calendar Items: 18, 19, and 20.

Consent Calendar items are approved by one vote unless held by a Director for discussion and/or separate action.

**CONSENT CALENDAR****18. SUBJECT: LABOR COMPLIANCE MONITORING SERVICES BENCH**[2022-0189](#)**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD ten-year bench Contract Nos. PS75942001 through PS75942009, with firms listed in Attachment B, for a not-to-exceed amount of \$20,000,000 for the five-year base term, effective November 1, 2022, through October 31, 2027, plus \$6,000,000 for the first, three-year option term and \$4,000,000 for the second, two-year option term, for a combined total not-to-exceed amount of \$30,000,000, subject to resolution of protest(s), if any;
- B. ADD qualified firms to the Bench, as necessary, prior to exercising option 1 through the issuance of a competitive solicitation; and
- C. EXECUTE individual task orders under these Contracts for up to \$5,000,000 per task order

**Attachments:**      [Attachment A - Procurement Summary](#)  
[Attachment B - List of Recommended Contractors](#)  
[Attachment C - DEOD Summary](#)  
[Attachment D - Consultant List thru 6-30-22](#)  
[Presentation](#)

**19. SUBJECT: COMMUNICATIONS SUPPORT SERVICES BENCH**[2022-0276](#)**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD sixteen (16) task order-based bench Contract Nos. PS85397000 through PS85397015, for Communications Support Services, for a not-to-exceed amount of \$32,000,000 for a four-year term, effective October 1, 2022, through September 30, 2026, subject to resolution of

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protest(s), if any, with the following firms:

1. Arellano Associates
2. Communications Lab
3. Community Connections
4. Costin Public Outreach Group
5. Dakota Communications
6. Del Sol Group
7. Lazar Translating & Interpreting
8. Lee Andrews Group
9. MBI Inc.
10. Murakawa Communications
11. Natively Fluent
12. Northstar Alliances
13. Pacific Graphics Inc.
14. Redwood Resources
15. The Robert Group
16. VMA Communications

B. EXECUTE Task Orders under these Contracts for communications support services not exceed \$5,000,000 each.

**Attachments:**      [Attachment A - Procurement Summary](#)  
                                 [Attachment B - DEOD Summary](#)  
                                 [Presentation](#)

**20. SUBJECT:      APPROVE METRO'S 2022 TITLE VI PROGRAM UPDATE**

[2022-0566](#)

**RECOMMENDATION**

ADOPT the 2022 Title VI Program Update (Attachments A and B).

**Attachments:**      [Attachment A - 2022 Title VI Program Update](#)  
                                 [Attachment B - 2022 Title VI Program Update Appendix](#)  
                                 [Attachment C - FTA Title VI Circular 4702.1B](#)

**NON-CONSENT**

**21. SUBJECT:      LOS ANGELES AERIAL RAPID TRANSIT PROJECT  
                                 UPDATE**

[2022-0316](#)

**RECOMMENDATION**

RECEIVE AND FILE status report on the Los Angeles Aerial Rapid Transit Project.

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22. **SUBJECT:     MARKETING UPDATE - RESTORING CONFIDENCE IN  
                          THE SYSTEM** [2022-0224](#)

**RECOMMENDATION**

RECEIVE oral report on the safety marketing campaign focused on restoring confidence in the system through increased awareness and engagement about the public safety initiatives.

**Attachments:**       [Attachment A - Restoring Confidence in the System](#)

23. **SUBJECT:     SURVEY OF SMALL BUSINESS ENTERPRISE (SBE)  
                          CERTIFICATION PROGRAMS AND EXPLORING  
                          OPPORTUNITY FOR RECIPROCITY (REPORT NO. 22-AUD-  
                          05)** [2022-0525](#)

**RECOMMENDATION**

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Survey of Small Business Enterprise (SBE) Certification Programs and Exploring Opportunity For Reciprocity.

**Attachments:**       [Attachment A - SBE Reciprocity  
                                  Presentation](#)

24. **SUBJECT:     STATE AND FEDERAL REPORT** [2022-0551](#)

**RECOMMENDATION**

RECEIVE AND FILE September 2022 State and Federal Legislative Report.

- SUBJECT:     GENERAL PUBLIC COMMENT** [2022-0590](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

**COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S  
SUBJECT MATTER JURISDICTION**

**Adjournment**



## Board Report

File #: 2022-0189, File Type: Contract

Agenda Number: 18.

### EXECUTIVE MANAGEMENT COMMITTEE SEPTEMBER 15, 2022

**SUBJECT: LABOR COMPLIANCE MONITORING SERVICES BENCH**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD ten-year bench Contract Nos. PS75942001 through PS75942009, with firms listed in Attachment B, for a not-to-exceed amount of \$20,000,000 for the five-year base term, effective November 1, 2022, through October 31, 2027, plus \$6,000,000 for the first, three-year option term and \$4,000,000 for the second, two-year option term, for a combined total not-to-exceed amount of \$30,000,000, subject to resolution of protest(s), if any;
- B. ADD qualified firms to the Bench, as necessary, prior to exercising option 1 through the issuance of a competitive solicitation; and
- C. EXECUTE individual task orders under these Contracts for up to \$5,000,000 per task order

#### **ISSUE**

Metro is required to monitor the payment of prevailing wages to workers performing on Public Works projects in accordance with the California Labor Code and the US Department of Labor, Davis-Bacon, and Related Acts. The issuance of this contract will assist Metro with ensuring workers on construction projects are paid the required State and/or Federal prevailing wage and fringe benefits; and will help to prevent wage violations.

#### **BACKGROUND**

On June 16, 2011, the Board of Directors authorized the Chief Executive Officer to establish a qualified list of firms to perform labor compliance monitoring activities for Metro construction projects under RFIQ PS-2130-7700. The initial Labor Compliance Bench contract expired June 30, 2021. Over the ten-year term of the past bench, the Labor Compliance consultants were an effective tool for Metro in providing labor compliance monitoring and enforcement of the California Labor Code and Federal labor Davis Bacon and Related Acts, on ninety (90) Metro construction projects.



## **DISCUSSION**

The California Labor Code and Davis Bacon and Related Acts require Metro to ensure that all workers providing prevailing wage classification services on Metro projects are compensated according to the state and federal prevailing wage laws and regulations. The labor compliance monitoring bench consultants are responsible for evaluating, monitoring, and enforcing prevailing wage requirements on assigned projects. This includes maintaining all required records, providing assistance to field personnel, conducting field interviews and investigations, and other duties per applicable laws and regulations governing public works projects.

The previous Labor Compliance Monitoring Bench contract awarded ninety (90) task orders (See Attachment D) totaling \$21,053,318.96. The Bench has been an effective tool for Metro's mega high-profile projects. Metro's Small Business Enterprise (SBE) program, Small Business Prime program and Disadvantaged Business Enterprise (DBE) program were applied to the task order solicitations based on funding sources and estimated task order value. During the ten-year term of the last Bench contract, nine of the ten prime Bench consultants were certified as DBE's and SBE's and were awarded \$19,412,388.20 of the \$21,053,318.96, approximately 92% of the total value awarded.

As the Board approves new capital projects, the funds for labor compliance monitoring are included in the approved life-of-project budgets for each capital project. The not-to-exceed amounts cover the project's construction contracts (new) cost identified during the fiscal year budget process.

The previous bench successfully provided DBE/SBE opportunities, meeting established goals, maintaining effective monitoring based on state and federal regulations, and ensuring that workers on Metro's projects are being paid the correct prevailing wage rates.

## **DETERMINATION OF SAFETY IMPACT**

The approval of this recommended action will not directly impact the safety of our customers and employees.

## **FINANCIAL IMPACT**

Funding required in FY23 for Labor Compliance adherence is included in the respective capital projects utilizing the services provided by this contract.

### **Impact to Budget**

Funding for this contract is included in the life-of-project budgets of various capital projects requiring this service. Many of these capital projects are funded with Federal grant, State grant, and local funding sources, which are eligible for bus and rail operations.

## **EQUITY PLATFORM**

The Labor Wage and Retention Program unit is committed to ensuring pay equity by monitoring and enforcing prevailing wages, on Metro's Public Works projects. Prevailing wages are basic hourly rate of wages and benefits paid to workers in various trade classifications in several geographic areas. The prevailing wage requirements ensure a level playing field between the contractors bidding on the projects and those who work on the projects.

There are a total of nine (9) recommended firms (primes) on the Bench, eight (8) of whom are DBE and SBE certified. One prime is SBE certified only, and one prime is also DVBE certified.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this item supports the following Metro Strategic Goal 5.4: Application of prudent commercial business functions to create a more effective agency. The Labor Compliance monitoring bench provides a tool for effectively delivering prevailing wage compliance.

### **ALTERNATIVES CONSIDERED**

1. One alternative is to perform the duties using Metro staff by adding additional FTEs. A minimum of five (5) FTEs are forecasted to perform prevailing wage monitoring. The cost for this option is estimated at \$779,678 per year (based on minimum fully burdened hourly rates). This alternative is not recommended because the volume of capital construction work is constantly changing making this activity subject to peak periods alternating with periods of low activity.
2. Another alternative is to utilize existing DEOD Labor, Wage and Retention Programs Unit staff to provide labor compliance monitoring on the currently active task orders in addition to their current workload. This alternative is not recommended as this will cause delays in services and compliance monitoring efforts.

### **NEXT STEPS**

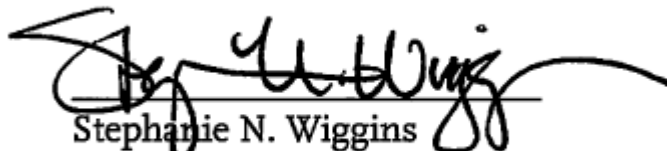
- Upon approval by the Board, staff will execute the bench contracts and begin to award individual task orders for prevailing wage compliance monitoring.
- Staff will continue to oversee the active task orders that will remain under existing bench contracts.
- Staff will begin issuing task orders for construction contracts with a total contract value of \$2,500,000 and below on a rotation basis; and complete all task orders for construction contracts with an estimated total contract value of over \$2,500,000 and/or Mega/Alternative Delivery projects.

### **ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - List of Recommended Contractors  
Attachment C - DEOD Summary  
Attachment D - Labor Compliance Bench Monitoring Consultants and Life of Project Values

Prepared by: Wendy L. White, Director, Labor Wage & Retention Programs  
(213) 922-2648  
Miguel Cabral, Executive Officer, DEOD, (213) 418-3270  
Debra Avila, Deputy Chief Vendor/Contract Management Officer, (213) 418-3051

Reviewed by: Nalini Ahuja, Chief Financial Officer, 213-922-3088



Stephanie N. Wiggins  
Chief Executive Officer

## PROCUREMENT SUMMARY

### LABOR COMPLIANCE MONITORING SERVICES BENCH/PS75942001- PS75942009

1.	<b>Contract Numbers:</b> PS75942001 through PS75942009	
2.	<b>Recommended Vendors:</b> See Attachment B	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFIQ <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> June 14, 2021	
	<b>B. Advertised/Publicized:</b> June 14, 2021	
	<b>C. Pre-Proposal Conference:</b> June 24, 2021	
	<b>D. Proposals Due:</b> August 4, 2021	
	<b>E. Pre-Qualification Completed:</b> January 28, 2022	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> August 11, 2021	
	<b>G. Protest Period End Date:</b> September 19, 2022	
5.	<b>Solicitations Picked up/Downloaded:</b> 51	<b>Bids/Proposals Received:</b> 13
6.	<b>Contract Administrator:</b> Aielyn Dumaua	<b>Telephone Number:</b> (213) 922-7320
7.	<b>Project Manager:</b> Wendy White	<b>Telephone Number:</b> (213) 922-2648

#### **A. Procurement Background**

This Board Action is to establish multiple-award labor compliance monitoring services bench contracts for a ten-year term inclusive of a five-year base term and two option terms. The first option shall be for a period of three years while the second option shall be for a two-year term. The contracts shall be effective November 1, 2022, with a cumulative total amount not-to-exceed \$30,000,000. The Bench is intended to provide Labor Compliance Program support services to monitor construction projects in accordance with the State of California and Federal Labor Code. Board approval of contract award is subject to resolution of any properly submitted protest.

Labor compliance monitoring services shall be performed on an “as-needed” basis and work shall be authorized through the issuance of task orders. Task Orders for construction contracts with a total contract value of \$2.5 million and below, shall be issued on a rotational, sequential basis while task orders for construction contracts with a total contract value over \$2.5 million shall be competed among firms on the bench.

Prior to exercising option 1, Metro may, as deemed necessary, add qualified firms to the Bench, through the issuance of a competitive solicitation similar to that required for Request for Information and Qualification (RFIQ) No. PS75942.

On June 14, 2021, RFIQ No. PS75942 was issued as a competitive procurement in accordance with Metro's Acquisition Policy and the contract type is an indefinite-delivery/indefinite-quantity.

A virtual pre-proposal conference was held on June 24, 2021. Twenty-one (21) questions were received, and Metro provided responses prior to the proposal due date.

Three (3) amendments were issued during the solicitation phase of this RFIQ:

- Amendment No. 1, issued on July 8, 2021, extended the proposal due date.
- Amendment No. 2, issued on July 16, 2021, amended the applicable Diversity and Economic Opportunity (DEOD) Program goals.
- Amendment No. 3, issued on July 19, 2021, revised LOI-01 – Notice and Invitation and Exhibit A – Scope of Services to clarify the task order ordering process.

Fifty-one (51) firms downloaded the RFIQ and were included on Metro's planholders' list. A total of 13 proposals were received by the due date of August 4, 2021, and are listed below in alphabetical order:

1. AFD Construction
2. Advanced Avant-Garde Corporation
3. Casamar Group, LLC
4. Comprehensive Housing Services, Inc.
5. Destination Enterprises, Inc.
6. GCAP Services, Inc.
7. Jaquith Consulting Group
8. Pacific Resource Services Corporation
9. Pacifica Services, Inc.
10. Parsons Constructors, Inc.
11. Perceptive Enterprises, Inc.
12. PPM Group, Inc.
13. TSG Enterprises, Inc. dba The Solis Group

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Diversity & Economic Opportunity Department and Administrative Business Services was convened and conducted a comprehensive technical evaluation of the proposals received. The proposals were initially evaluated based on the following pass/fail criteria:

Phase I Evaluation – Minimum Qualification Review: This is a pass/fail criteria. The criteria focused on the proposer's labor compliance/prevailing wage enforcement experience on large-scale public works projects within the State of California and the

experience of proposer's Principal in performing, conducting, and reviewing prevailing wage audits/enforcement experience on large-scale public works projects.

On August 5, 2021, the PET met to review the evaluation criteria package, process confidentiality and conflict of interest forms, and take receipt of the 13 proposals to initiate the evaluation phase.

On August 19, 2021, the PET reconvened and determined that all proposals met the minimum qualification requirements and proceeded with Phase II- Technical Evaluation based on the following criteria and weights:

- |  |            |
|--|------------|
| • Qualifications of the Proposer/Team                                  | 45 percent |
| • Experience of Key Personnel  | 30 percent |
| • Understanding the Scope of Services and Management Plan and Approach | 25 Percent |

The evaluation criteria are appropriate and consistent with criteria developed for similar services. Several factors were considered in developing these weights, giving the greatest importance to the qualifications of the proposer/team.

Evaluations were conducted from August 5, 2021, through September 24, 2021. From September 16 through September 21, 2021, the PET conducted virtual oral presentations with all 13 firms. The project managers and key team members from each firm were invited to present their firm's respective qualifications and respond to the PET's questions. At the conclusion of the presentations, the PET determined that of the 13 firms interviewed, only nine (9) firms were in the competitive range and were determined to be responsive, responsible, and qualified to perform the services based on the RFIQ's requirements. The nine (9) firms within the competitive range are listed below in alphabetical order:

1. AFD Construction
2. Advanced Avant-Garde Corporation
3. Casamar Group, LLC
4. Comprehensive Housing Services, Inc.
5. Destination Enterprises, Inc.
6. GCAP Services, Inc.
7. Jaquith Consulting Group
8. Perceptive Enterprises, Inc.
9. TSG Enterprises, Inc. dba The Solis Group

Four (4) firms were determined to be outside of the competitive range and were not included for further consideration.

Following the conclusion of evaluations and interviews, staff conducted discussions, clarifications, and requests for additional information with some of the firms.

Furthermore, staff conducted negotiations and fact finding for various cost elements with all the firms.

### **C. Cost/Price Analysis**

Each proposer submitted fully burdened hourly rates for labor classifications necessary to perform labor compliance monitoring services. The negotiated rates have been determined to be fair and reasonable based on price analysis, cost analysis, technical evaluation, fact-finding, and negotiations.

Work for this Bench Contract will be authorized through the issuance of separate task orders. Each task order will contain a specific Scope of Services and will be issued either on a rotation basis (for construction contracts with a total contract value of \$2.5 million and below) or will be competed among the firms on the bench (for construction contracts with a total contract value over \$2.5 million).

### **D. Background on Recommended Contractors**

#### **AFD Construction**

AFD Construction (AFD), a sole proprietorship, is located in Temecula, CA. AFD, together with its owner/principal, collectively, has over 25 years of experience providing federal and state labor compliance monitoring services to a number of public transportation agencies. Transportation agency clients of the AFD team include Southern California Regional Rail Authority (SCRRA), California High-Speed Rail Authority, Orange County Transportation Authority (OCTA), and Metro.

AFD is a certified disadvantaged business enterprise and a Metro-certified small business enterprise.

#### **Advanced Avant-Garde Corporation**

Headquartered in Pomona, CA, Advanced Avant-Garde has been in business since September 2002. It is a community-based programs agency specializing in funding administration, grant development and management, compliance management, and community outreach. It has provided labor compliance services to a variety of construction projects. Advanced Avant-Garde's clients include the Cities of Temple City, La Mirada, Bellflower, Pasadena, Alhambra and Rosemead, Los Angeles Department of Transportation (LADOT) and Los Angeles Department of Water and Power (LADWP). Advanced Avant-Garde has provided labor compliance monitoring services to Metro and performance has been satisfactory.

Advanced Avant-Garde Corporation dba Avant-Garde, is a Metro certified small business firm and a certified disadvantaged business enterprise.

## **Casamar Group, LLC**

Casamar Group, LLC (Casamar), established in 2007, is located in Newhall, CA. The firm provides project/construction management/administration support services focusing on contract labor compliance monitoring and enforcement and Project Labor Agreement (PLA) administration of public works construction projects.

Casamar's clients include Alameda Corridor Transportation Authority, Alhambra Unified School District, City of Long Beach, Inglewood Unified School District, Long Beach Transit, San Bernardino Community College District, San Diego Unified School District, City of Long Beach, and Pasadena Gold Line Authority. Casamar has provided labor compliance monitoring services to Metro and performance has been satisfactory.

Casamar is a disadvantaged business enterprise, a Metro-certified small business enterprise, as well as a disabled veteran business enterprise.

## **Comprehensive Housing Services, Inc.**

Comprehensive Housing Services, Inc. (CHS), established in 1991, is headquartered in Fountain Valley, CA. It provides labor compliance program support monitoring services and has evaluated, monitored, and enforced prevailing wage requirements from small-scale to large-scale (mega) public works/construction projects for state and local governments, non-profit developers, engineering firms, and non-profit agencies. CHS' clients include the Cities of Anaheim, Long Beach, Fullerton, and Metro.

CHS is a certified disadvantaged business enterprise and a Metro-certified small business firm.

## **Destination Enterprises, Inc.**

Destination Enterprises, Inc. (DE), located in Culver City, CA, has over 15 years of experience providing construction management, contract and cost administration, construction claims resolution, and litigation technical services to the public and private sector, including labor compliance services. DE's clients include North County Transit District, Expo Rail Authority, San Diego Association of Governments, City of Inglewood, and Metro.

DE is a certified disadvantaged business enterprise and a Metro-certified Small Business Enterprise.

## **GCAP Services, Inc.**

GCAP Services, Inc. (GCAP), headquartered in Costa Mesa, CA, has over 23 years of labor compliance experience and provides labor compliance support services for a variety of California agencies. GCAP's clients include the Los Angeles County Department of Public Works, San Diego Association of Governments, and the San Bernardino County Transportation Authority, and Metro.



GCAP is a Metro-certified small business enterprise.

### **Jaquith Consulting Group**

Jaquith Consulting Group (Jaquith), a Metro-certified SBE firm, is located in Tustin, CA. Collectively, the Jaquith team has over 40 years of experience assisting public agencies with developing and implementing Labor Compliance Programs and the management of multiple mega projects. Clients of the Jaquith team include SCRRA, City of Victorville, OCTA, and Metro.

Jaquith is a certified disadvantaged business enterprise and a Metro-certified small business enterprise.

### **Perceptive Enterprises, Inc.**

Perceptive Enterprises, Inc. (PEI), headquartered in Los Angeles, CA, was established in 1999. It provides labor compliance/contract compliance, diversity-based consulting services, community outreach, and public relations and administrative/program support services for both the public and private sectors. PEI is an approved Labor Compliance Program Third Party Administrator by the State Department of Industrial Relations.

PEI has provided prevailing wage consulting services to cities, school districts, colleges/universities and other public agencies. Its clients include LA Unified School District, California State University campuses, City of Long Beach, Rosemead School District, and Montebello School District. PEI has provided labor compliance monitoring services to Metro and performance has been satisfactory.

PEI is a certified disadvantaged business enterprise and Metro-certified small business enterprise.

### **TSG Enterprises, Inc. dba The Solis Group**

TSG Enterprises, Inc. dba The Solis Group, established in 1992, is headquartered in Pasadena, CA. It is an approved Labor Compliance Program Third Party Administrator by the State Department of Industrial Relation and has been providing labor compliance services to public sector clients for the past 19 years.

The Solis Group's California transit agencies include the Pasadena Blue Line Authority, Exposition Metro Line Construction Authority, OCTA, Gold Coast Transit, SCRRA, and the Alameda Corridor Transportation Authority. It has provided labor compliance monitoring services to Metro and performance has been satisfactory.

TSG is a Metro-certified small business enterprise and a certified disadvantaged business enterprise.

**LIST OF RECOMMENDED CONTRACTORS**

**LABOR COMPLIANCE MONITORING SERVICES BENCH/PS75942001- PS75942009**

	<b>CONTRACT NUMBER</b>	<b>FIRM</b>
1	PS75942001	AFD Construction
2	PS75942002	Advanced Avant-Garde Corporation
3	PS75942003	Casamar Group, LLC
4	PS75942004	Comprehensive Housing Services, Inc.
5	PS75942005	Destination Enterprises, Inc.
6	PS75942006	GCAP Services, Inc.
7	PS75942007	Jaquith Consulting Group
8	PS75942008	Perceptive Enterprises, Inc
9	PS75942009	TSG Enterprises, Inc. dba The Solis Group

## DEOD SUMMARY

## LABOR COMPLIANCE MONITORING SERVICES BENCH/PS75942001- PS75942009

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) will determine a Disadvantaged Business Enterprise (DBE), Small Business Enterprise (SBE), and the Disabled Veteran Business Enterprise (DVBE) goal for this bench contract prior to the issuance of each Task Order. A DBE or SBE/DVBE goal will be established based on the estimated dollar value for each Task Order, the funding source, the scope of work, and subcontracting opportunities. If the Bench has at least three (3) Metro SBEs, the Task Order solicitation will be subject to the Small Business Prime (Set-Aside) Program. Proposers were encouraged to form teams that include DBE, SBE, and DVBE firms to perform the scopes of work identified without schedules or specific dollar commitments prior to establishment of this contract.

There are a total of nine (9) Primes on the Bench, eight (8) of whom are DBE and SBE certified. One prime is SBE certified only, and one prime is also DVBE certified.

**Prime 1: AFD Construction**

	Subcontractors	ETHNICITY	SBE*	DVBE*	DBE
1.	AFD Construction (DBE/SBE Prime)	African American	X		X
2.	The Elite Guardian Consulting Services, Inc.			X	

**Prime 2: Advanced Avant Garde Corporation**

	Subcontractors	ETHNICITY	SBE	DVBE	DBE
1.	Advanced Avant Garde Corporation (DBE/SBE Prime)	Hispanic American	X		X
2.	The Elite Guardian Consulting Services, Inc.			X	

**Prime 3: Casamar Group, LLC**

	Subcontractors	ETHNICITY	SBE	DVBE	DBE
1.	Casamar Group, LLC (DBE/SBE/DVBE Prime)	Hispanic American	X	X	X

**Prime 4: Comprehensive Housing Services, Inc.**

	Subcontractors	ETHNICITY	SBE	DVBE	DBE
1.	Comprehensive Housing Services, Inc. (DBE/SBE Prime)	Caucasian Female	X		X

2.	Buchanan & Associates	African American	X		X
3.	R.L. Klein & Associates			X	

**Prime 5: Destination Enterprises, Inc.**

	Subcontractors	ETHNICITY	SBE	DVBE	DBE
1.	Destination Enterprises, Inc. (DBE/SBE Prime)	Caucasian Female	X		X
2.	PSM Associates, Inc.		X	X	

**Prime 6: GCAP Services, Inc.**

	Subcontractors	SBE	DVBE	DBE
1.	GCAP Services, Inc. (SBE Prime)	X		

**Prime 7: Jaquith Consulting Group**

	Subcontractors	ETHNICITY	SBE	DVBE	DBE
1.	Jaquith Consulting Group (DBE/SBE Prime)	Hispanic American	X		X
2.	The Elite Guardian Consulting Services, Inc.			X	

**Prime 8: Perceptive Enterprises, Inc.**

	Subcontractors	ETHNICITY	SBE	DVBE	DBE
1.	Perceptive Enterprises, Inc. (DBE/SBE Prime)	African American	X		X
2.	Gail Charles Consulting Services LLC	African American	X		X
3.	The Elite Guardian Consulting Services, Inc.			X	

**Prime 9: TSG Enterprises, Inc. dba The Solis Group**

	Subcontractors	ETHNICITY	SBE	DVBE	DBE
1.	TSG Enterprises, Inc. dba The Solis Group (DBE/SBE Prime)	Hispanic American	X		X
2.	ABBA Project Management			X	

\*The SBE/DVBE program is race and gender neutral.

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this contract.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.

LABOR COMPLIANCE BENCH MONITORING CONSULTANTS  
AND LIFE OF PROJECT VALUES AS OF 06/30/2022

DBE/SBE Awards				
Contract No.	Consultant ID	Total Task Orders Awarded To Date	Task Order Award Amount	Amount Paid To Date
PS21307700A	Avant Garde, Inc.	17	\$853,288	\$ 721,566
PS21307700B	Casamar Group	4	\$248,626	\$248,626
PS21307700J	Gail Charles Consulting	1	\$30,848	\$30,848
PS21307700C	Metro Compliance Services	16	\$5,125,823	4,125,005
PS21307700D	Opportunity Marketing Group	0	\$0.00	\$0.00
PS21307700E	Padilla & Associates	9	\$1,361,355	\$1,277,446
PS21307700G	Perceptive	13	\$3,879,594	\$3,879,594
PS21307700I	The "G" Crew	24	\$855,537	\$852,596
PS21307700H	The Solis Group	5	\$7,057,318	\$5,638,427
<b>Total Awarded Task Order Subtotal</b>		<b>89</b>	<b>\$19,412,389</b>	<b>\$16,774,108</b>
<b>Total Task Order Value</b>				

Non-DBE/SBE Awards				
Contract No.	Consultant ID	Total Task Orders Awarded To Date	Task Order Award Amount	Amount Paid To Date
PS21307700F	Parsons	1	\$775,531	\$775,531
	<i>Parsons DBE/SBE Subconsultant Value</i>		\$865,400	\$865,400
<b>Total Awarded Task Order Subtotal</b>		<b>1</b>	<b>\$1,640,931</b>	<b>\$1,640,931</b>
<b>Total Task Order Value</b>				

<b>Total Task Orders Awarded</b>	<b>90</b>	<b>Amount Awarded</b>	<b>Amount Paid to Date</b>
<b>DBE/SBE Task Order Value</b>		<b>\$20,277,789</b>	<b>\$17,639,508</b>
<b>Total Task Order Value</b>		<b>\$21,053,320</b>	<b>\$18,415,039</b>

# Labor Compliance Monitoring Services Bench



*Executive Management Committee  
September 15, 2022*

# PREVAILING WAGE REQUIREMENTS

Metro is required to monitor the payment of prevailing wages to workers performing on Public Works projects in accordance with the California Labor Code and the US Department of Labor, Davis-Bacon and Related Acts.

## **Public Works:**

- Construction, alteration, demolition, installation, or repair work done under contract and paid in whole or in part out of public funds.
- It can include preconstruction and post-construction activities related to a public works project.

**Anyone working on a public works project must be paid prevailing wages as determined by DIR. Projects of \$30,000 or more must meet DIR's apprenticeship requirements. Failure to comply with public works requirements can result in civil penalties, criminal prosecution, or both.**



# RECOMMENDED CONSULTANTS & DBE/DVBE/SBE STATUS

	<b>Consultants</b>	<b>Prime Certification Status</b>	<b>Sub Certification Status</b>
1.	AFD Construction	SBE/DBE	DVBE
2.	Advanced Avant-Garde Corporation	SBE/DBE	DVBE
3.	Casamar Group, LLC	SBE/DVBE/DBE	
4.	Comprehensive Housing Services, Inc.	SBE/DBE	SBE/DVBE/DBE
5.	Destination Enterprises, Inc.	SBE/DBE	SBE/DVBE
6.	GCAP Services, Inc.	SBE	
7.	Jaquith Consulting Group	SBE/DBE	DVBE
8.	Perceptive Enterprises, Inc.	SBE/DBE	SBE/DVBE/DBE
9.	TSG Enterprises, Inc. dba The Solis Group	SBE/DVBE	DVBE

# CURRENT & UP COMING PROJECTS

C1166	Rail to Rail Corridor
C1197	Airport Metro Connector Transit Station RFQ
C1217	Crenshaw/LAX Construction Punch Out Work
C52151C1169-2	C52151C1169-2 -Metro Center Street Project
C68946	Link US Project Phase A Construction Manager General Contractor
C70396C1204	I-5 North Capacity Enhancement Project
C72676C1207	1st/Central Eastside Access Improvement
C77307C1210	Rosecrans / Marquardt Grade Separation Project
C88836C1218	Soundwall Pkg. 10
C89664	Harbor Gateway Transit Center Electric Bus Charging Infrastructure
C0980	Regional Connector Transit Corridor D/B
C90552C1220	ESFV Advanced Utility Adjustment (AUA) DWP Power Design 1
PS89616	East San Fernando Valley Light Rail Transit Line Project

# CURRENT & UP COMING PROJECTS (CONTINUED)

West Santa Ana Transit Corridor LRT (Phase 1 & 2)

Green Line Extension to Crenshaw Blvd in Torrance

Metro G Line BRT Improvements

North Hollywood to Pasadena BRT

North San Fernando Valley BRT Improvements

I-605 from SR-91 to South Street Improvements

I-605 Beverly Interchange Improvements

I-710 Early Action Soundwalls Package 2

Sepulveda Phase 1 - Express Lanes

I-105 ExpressLane from I-405 to I-605

Doran Street Interim Separation Construction

EB SR-91 Atlantic to Cherry Improvements

Environmental Compliance and Sustainability Support Services

WB SR-91 Shoemaker to Alondra Improvements



**Metro**

## PREVIOUS LC BENCH SUCCESS

- A total of ten (**10**) Firms were awarded contracts on the initial Labor Compliance Bench
- Nine (**9**) of the ten firms were Small / Disadvantaged Enterprise (S/DBE) certified
- Ninety (90) task order issued within the 10-year term.
- Of the total amount awarded, 92% was awarded to SBE/DBE Consultants on the Bench.



Thank you



Metro®



**Board Report**

**File #:** 2022-0276, **File Type:** Contract

**Agenda Number:** 19.

**EXECUTIVE MANAGEMENT COMMITTEE  
SEPTEMBER 15, 2022**

**SUBJECT: COMMUNICATIONS SUPPORT SERVICES BENCH**

**ACTION: AWARD CONTRACTS**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

A. AWARD sixteen (16) task order-based bench Contract Nos. PS85397000 through PS85397015, for Communications Support Services, for a not-to-exceed amount of \$32,000,000 for a four-year term, effective October 1, 2022, through September 30, 2026, subject to resolution of protest(s), if any, with the following firms:

1. Arellano Associates
2. Communications Lab
3. Community Connections
4. Costin Public Outreach Group
5. Dakota Communications
6. Del Sol Group
7. Lazar Translating & Interpreting
8. Lee Andrews Group
9. MBI Inc.
10. Murakawa Communications
11. Natively Fluent
12. Northstar Alliances
13. Pacific Graphics Inc.
14. Redwood Resources
15. The Robert Group
16. VMA Communications

B. EXECUTE Task Orders under these Contracts for communications support services not exceed \$5,000,000 each.

**ISSUE**

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With the passage of Measure M in 2016, the agency's work effort has expanded greatly. To optimize the agency's existing communications workforce and to ensure adherence to Metro's 2028 Strategic Vision, Equity Platform, CBO Partnering Strategy, and Customer Experience Plans, efforts will require a combination of agency staff and contracted services through this bench award to ensure strategic and equitable community engagement programs for Metro's projects, programs, and initiatives. In addition, numerous processes require Communication support, such as LIFE Program, and over 50 projects currently in the planning or construction phases of development. Metro's Customer Experience Department developed this bench contract concept to supplement the agency's current and future communications needs. The bench is set to augment existing and future staff on Metro operational programs and initiatives, as well as the planning, design, and construction projects as the need arises.

Staff recommends awarding contracts to 16 teams to serve this on-call bench contract under six disciplines:

1. Strategic Communications
2. Translation/Interpretation
3. Special Events and/or Digital Production
4. Professional Facilitation
5. Mailing Services
6. Technical Writing

These services will be performed on an "as-needed" basis for which task orders will be issued.

## **BACKGROUND**

In December 2017, the Metro Board of Directors approved the establishment of ten Communications Support Services Bench contracts (Bench). The Bench contracts have been in place for five (5) years and have proven to be very successful in their utilization, with 48 Task Orders awarded totaling \$21,955,568. Nine of the ten firms were awarded task orders throughout the life of the Bench. One firm did not receive a task order because it ceased business operations and was unresponsive to task order solicitations as they were released. The Bench has now exhausted the not-to-exceed value and is set to expire on December 31, 2022. Therefore, new Bench Contracts are needed to continue communications support services to Metro's multiple projects, programs, and initiatives as requested in Recommendations A and B.

## **DISCUSSION**

Metro's Customer Experience Department houses internal and external communications throughout the agency. The Customer Experience (CX) Department is comprised of Community Relations, Public Relations, Arts and Community Enrichment, Marketing, Customer Care, and Customer Experience. The Bench contracts will supplement the functions in any of these CX units. However, the bulk of the work that is expected through the Bench will support the Community Relations and Public Relations Units in executing public engagement, public information, and community outreach

activities on projects in the planning and construction phases of development.

The RFP was issued in accordance with the Small Business Enterprise (SBE) Set-Aside Program and was only open to Metro-certified SBEs. The new On-Call Communications Support Services Bench contracts seek to establish a highly qualified pool of contractors specializing in each of the six disciplines listed above (and detailed below).

### **Discipline 1 - Strategic Communications**

In the development of the discipline's approach, an emphasis was placed on selecting "teams" encouraging proposers to team with other communications professionals to broaden their scope of services, experience, and areas of discipline. Proposers were also requested to include their approach for partnering with community-based/ community-based development organizations, faith-based groups, and other non-profit organizations to support the CBO Partnering Strategy's goal. Proposers will need to identify CBO partners, as appropriate, when Task Orders are issued based on the scope of work.

Twelve (12) teams were deemed qualified to be awarded a contract under Discipline 1:

1. Arellano Associates
2. Communications Lab
3. Community Connections
4. Costin Public Outreach Group
5. Dakota Communications
6. Lee Andrews Group
7. MBI Inc.
8. Murakawa Communications
9. North Star Alliances
10. Redwood Resources
11. The Robert Group
12. VMA Communications

### **Discipline 2 - Interpretation/Translation**

Teams specializing in interpretation/translation were requested to propose their approaches to delivering these services for the required languages identified in the Title VI Limited English Proficiency Four-Factor Analysis completed by the Office of Civil Rights and Inclusion. American Sign Language and other services to accommodate stakeholders who require services per the American Disabilities Act were also requested under Discipline 2.

Two following two (2) firms are being recommended to award Bench contracts under Discipline 2:

1. Lazar Translating & Interpreting
2. Natively Fluent

These two contractors demonstrated experience in facilitating interpretation and translation services for topics including transportation, equity, race, gender identity, and/or mental health. Further, they



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demonstrated experience in facilitating meetings that include groups with participants who speak other languages (other than English), use ASL, or have other disabilities that need to be accommodated if desired.

### **Discipline 3- Special Events and/or Digital Production**

Metro requested proposals from event production experts to support virtual, live, hybrid (virtual and live) special events and programs. For live events, Contractors will be responsible for logistical planning, including rentals, refreshments, audiovisual, and jurisdictional permits, among other activities. Special events include, but are not limited to, press conferences, project milestone events, and groundbreaking/ribbon-cutting ceremonies. As part of this task, Contractors may be asked to mobilize “street teams” that staff Metro-sponsored booths at community events and festivals throughout Los Angeles County or share materials that promote Metro projects, programs, or initiatives at transit stops and stations. For virtual events, contractors will produce interactive online platforms simulating a live event or other innovative digital production to support the promoted program or initiative.

Under Discipline 3, the following five teams are being recommended a Contract award:

1. Communications Lab
2. Del Sol Group
3. Lee Andrews Group
4. North Star Alliances
5. Redwood Resources

### **Discipline 4 - Professional Facilitation**

Contractors who specialize in professional facilitation of meetings, task forces, committees, etc., were encouraged to submit proposals under this discipline. Firms responding to this discipline provided examples of up to five past facilitation engagements which demonstrated their ability to facilitate productive meetings that: value the contributions of all participants; are designed to be supportive of participants who might otherwise be uncomfortable in a potentially contentious setting; provide the ability to have a group effectively learn and assess complex information, and allow recommendations from group discussions to emerge in a limited period of time.

One firm is being recommended an award under Discipline 4:

1. Del Sol Group

### **Discipline 5 - Mailing Services**

Metro produces a variety of printed and digital materials used in its communications. Printed materials include but are not limited to pamphlets, booklets, postcards, invitations, posters, flyers, and other printed materials. Some of these materials are printed and distributed via United States Postal Service (USPS) to community members, while others are distributed digitally. Projects often arise on an “as-needed” basis and are not known or scheduled in advance. Materials are commonly

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produced in relation to upcoming community events, Board directives, or agency initiatives. Discipline 5 contractors specialize in handling all logistical details in providing mailing services such as:

- Producing mailing distribution address lists.
- Picking up materials from the Metro headquarters building.
- Addressing, folding, stuffing, and delivering materials to USPS.
- Purchasing/securing and adhering postage, mailing permits for USPS delivery.
- Securing mailing certifications from USPS, as requested by Metro.

One firm is being recommended for a Bench Contract award:

1. Pacific Graphics Inc.

### **Discipline 6 - Professional Technical Writing**

Metro produces various reports for programs, initiatives, and projects. In consultation with Metro Communications staff, the recommended Contractors under Discipline 6 will develop copy, messages, and text for both print and electronic informational and outreach materials including, but not limited to:

- Technical reports and documents related to agency initiatives/programs.
- Public Relations support materials such as press release drafts, media advisories, briefing papers, key messages, talking points, and opinion editorials.
- Copywriting/editing for other materials such as fact sheets, frequently asked questions, take-ones, brochures, posters, blog posts, among other materials.
- Speech writing for Metro's Senior Leadership Team.

Under this discipline, Contractors may be tasked with developing content, editing, and delivering the final product for approval in accordance with Metro's brand guidelines and User Experience (UX) policy requirements.

Three firms are being recommended a Bench Contract award under Discipline 6:

1. Del Sol Group
2. Lee Andrews Group
3. Redwood Resources

### **DETERMINATION OF SAFETY IMPACT**

Contractors may be required to conduct tasks on Metro property where construction or operations

may be active. All safety requirements will be met with requisite training and clearance as established by Metro Safety, Construction, and Operations protocols.

## **FINANCIAL IMPACT**

The funding for the bench contract will parallel that of the benefitting projects charged, which may include sales tax, grants, fares, and other funding sources within the agency. There is no single source that will unilaterally fund these contracts. As specific work efforts arise, task orders will be issued and funded from the corresponding project budget upon approval by the responsible project manager or relevant department.

Funding for FY23 is included in the department and cost center budgets. Each task order awarded to a Contractor will be funded with the source of funds identified for that project. Since this is a multi-year contract, the department cost center managers will be responsible for budgeting costs in future years.

### Impact to Budget

The funding for these task orders is dependent upon the specific project and could consist of federal, state, or local funds.

## **EQUITY PLATFORM**

The On-Call Communications Bench Contract awards advance Metro's commitment to equity and inclusion by ensuring communications activities provide targeted approaches to engage all stakeholders, with specific focus on marginalized and vulnerable communities across the various disciplines: strategic communications, interpretation and translation, special events, professional facilitation, mailing and writing services. Enhanced community engagement opportunities for marginalized or vulnerable groups improve equitable outcomes by capturing and elevating voices that might not otherwise be heard or included in decision-making for Metro's projects, programs, or initiatives.

Additionally, all Discipline 1 (Strategic Communications) firms will be required to follow Metro's CBO Partnering Strategy, Public Participation Plan, UX Policy and other resources to ensure best practices are utilized in developing their communications services when responding to future Task Orders. For firms awarded under Disciplines 2-6, these policies will also be required, only if applicable, because these disciplines are more specific and focus mailing on providing mailing, interpretation/translation, facilitation, writing and event/digital production services. As appropriate, the evaluation criteria for each Task Order will also include higher scoring for teams that demonstrate their commitment to partnering with CBOs and provide innovative strategies for reaching low-income individuals, Black, Indigenous and people of color, equity-focused communities and other marginalized or vulnerable populations.

The Communications Support Services Bench contracts provide business opportunities for sixteen firms that are all certified as Small Businesses Enterprises. Additionally, 12 firms (75%) are minority-

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and 13 firms (81%) are women-owned businesses. Further, of the sixteen firms, eight (or 50%) are firms that are new to Metro as prime Contractors.

To ensure maximum opportunity for participation in this contract, this solicitation was advertised through periodicals of general circulation, posted on Metro's Vendor Portal, and an e-mail notice to SBE firms with applicable NAICS codes. Ample opportunity was provided for interested firms to ask questions and receive answers. The Proposal Evaluation Team (PET) was diverse. It was comprised of different department personnel with various backgrounds to comprehensively evaluate proposers and subconsultants to determine the most qualified teams. Proposers were encouraged to form teams that included opportunities to consider a mentee-mentor program where a small firm serves as a prime with larger contractor(s) mentoring the prime.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended actions support the following goals:

- Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.
- Goal 2: Deliver outstanding trip experiences for all users of the transportation system.
- Goal 3: Enhance communities and lives through mobility and access to opportunity.
- Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

A new Communications Support Services Bench will allow the agency to engage stakeholders in an authentic, meaningful, and responsive manner on all the agency's project, programs, and initiatives.

### **ALTERNATIVES CONSIDERED**

1. Pursue procurement processes and solicit proposals for each individual task when the requirement arises. This alternative is not recommended as it would place an undue burden on the small business community, requiring them to expend significant and costly resources to respond to multiple procurement processes each year. It would also require extensive staff time to develop a scope of work, internal estimate and proceed with a competitive procurement for each task. This would also delay the provision of services and prevent the opportunity to expedite services when needed. Additionally, procuring services on a per-assignment basis would impose a significant additional burden on the Customer Experience and Vendor/Contract Management departments.
2. Utilize existing Customer Experience staff to provide the required support services. If this alternative were exercised, Metro would need to hire dozens of additional staff with expertise in several disciplines to perform the desired work. Based on the magnitude of projects, programs and initiatives that require communications and community engagement programs, it is unlikely the agency can support this effort in-house.

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3. Direct departments to procure services for their own needs. This option burdens the small business community, requiring them to expend significant and costly resources to respond to multiple procurement processes each year. It also is counter to Metro's External Communications Policy, which is designed to consolidate, optimize, and strategically coordinate communications services across the agency.

### **NEXT STEPS**

Upon Board approval, staff will establish the Communications Support Services Bench contracts with each of the selected firms effective October 1, 2022. Once contracts are executed, staff will begin issuing task orders as needed.

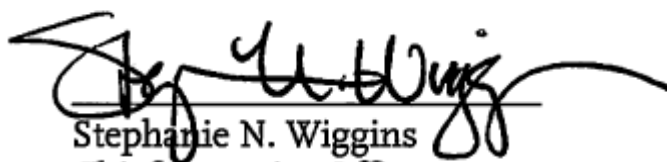
### **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Lilian De Loza-Gutierrez, Director, Community Relations, 213-922-7475  
Antwaun Boykin, Principal Contract Administrator, 213-922-1056  
Yvette ZR Rapose, Deputy Chief, Communications, 213-418-3154  
Debra Avila, Deputy Chief Vendor/Contract Management, 213-418-3051

Reviewed by: Jennifer Vides, Chief Customer Experience Office, 213-922-4060

  
Stephanie N. Wiggins  
Chief Executive Officer

## PROCUREMENT SUMMARY

## COMMUNICATIONS SERVICES BENCH / PS85397000-015

1.	<b>Contract Numbers:</b> PS85397000-015	
2.	<b>Recommended Vendors:</b> Arellano Associates; Communications Lab; Community Connections; Costin Public Outreach Group; Dakota Communications; Del Sol Group; Lazar Translating & Interpreting; Lee Andrews Group; MBI Media; Murakawa Communications; Natively Fluent; North Star Alliance; Pacific Graphics; Redwood Resources; The Robert Group; VMA Communications	
3.	<b>Type of Procurement : (check one):</b> <input checked="" type="checkbox"/> RFP <input type="checkbox"/> IFB <input type="checkbox"/> IFB-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> March 4, 2022	
	<b>B. Advertised/Publicized</b> March 10, 2022	
	<b>C. Pre-proposal Conference:</b> March 22, 2022	
	<b>D. Proposals Due:</b> April 28, 2022	
	<b>E. Pre-Qualification Completed:</b> Pending	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> May 18, 2022	
	<b>G. Protest Period End Date:</b> September 30, 2022	
5.	<b>Solicitations Picked up/Downloaded:</b> 116	<b>Proposals Received:</b> 34
6.	<b>Contract Administrator:</b> Antwaun Boykin	<b>Telephone Number:</b> (213) 922-1056
7.	<b>Project Manager:</b> Lilian De Loza-Gutierrez	<b>Telephone Number:</b> (213) 922-7479

**A. Procurement Background**

This Board Action is to approve the award of bench Contract Nos. PS85397000 through PS85397015 issued in support of the Metro Communications Department for a four-year term. The Contracts will be effective October 1, 2022 with a total not-to-exceed amount of \$32,000,000. These services will be performed on an “as-needed” basis for which task orders will be issued. Board approval of contract awards are subject to resolution of properly submitted protests.

Request for Proposals (RFP) No. PS85397 was issued in accordance with Metro’s Acquisition Policy and the contract type is task order based. The RFP was issued in accordance with the Small Business Enterprise (SBE) Set-Aside Program and was only open to Metro-certified SBEs.

Two amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on March 28, 2022 extended the proposal due date;
- Amendment No. 2, issued on April 4, 2022 provided a revised Scope of Services and Form 60;

A virtual pre-proposal conference was held on March 22, 2022 and was attended by 14 firms. A total of 116 individuals downloaded the RFP and were registered on the plan

holder's list. A total of 34 proposals were received on the due date of April 28, 2022 from the firms listed below in alphabetical order:

1. Arellano Associates
2. Communications Lab
3. Community Connections
4. Costin Public Outreach Group
5. Dakota Communications
6. Del Sol Group
7. Lazar Translating & Interpreting
8. Lee Andrews Group
9. MBI Media
10. Murakawa Communications
11. Natively Fluent
12. North Star Alliance
13. Pacific Graphics
14. Redwood Resources
15. The Robert Group
16. VMA Communications

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Metro Communications, Marketing, Countywide Development Public Relations was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

### Discipline 1: Strategic Communications

- Teaming Effort, Key Personnel Experience and Capabilities on the Contracting Team 30 percent
- Experience In Transportation, LA County or Similar County & Experience in Diverse Communities 25 percent
- Understanding of Work & Appropriateness of Approach for Implementation & Effectiveness of Management Plan 20 percent
- Cost Proposal 25 percent

### Disciplines 2-6: Various Communications Support Services

- Experience of Skills Within Discipline 30 percent
- Experience & Capabilities of The Contractors Key Personnel 25 percent
- Understanding of Work & Appropriateness of Approach for Implementation & Effectiveness of Management Plan 20 percent
- Cost Proposal 25 percent

Several factors were considered when developing these weights, giving the greatest importance to teaming effort, key personnel experience and capabilities on the contracting team, as well as, experience of skills within the discipline.

On May 10, 2022, the members of the PET were given copies of 34 written technical proposals to begin their evaluation. The PET concluded the evaluations on June 16, 2022.

The recommended firms for the bench are listed below in alphabetical order:

No.	Contract No.	Firm
1	PS85397000	Arellano Associates
2	PS85397001	Communications Lab
3	PS85397002	Community Connections
4	PS85397003	Costin Public Outreach Group
5	PS85397004	Dakota Communications;
6	PS85397005	Del Sol Group
7	PS85397006	Lazar Translating & Interpreting;
8	PS85397007	Lee Andrews Group
9	PS85397008	MBI Media
10	PS85397009	Murakawa Communications
11	PS85397010	Natively Fluent
12	PS85397011	North Star Alliance
13	PS85397012	Pacific Graphics
14	PS85397013	Redwood Resources
15	PS85397014	The Robert Group
16	PS85397015	VMA Communications

All recommended firms above are Metro certified SBE.

### **C. Price Analysis**

The proposed professional rates have been determined to be fair and reasonable based upon adequate competition, historical rates, and technical analysis. A price analysis will be conducted for every Task Order prior to issuance and award.

### **D. Background on Recommended Firms**

#### **Arellano Associates**

Arellano Associates is a Chino Hills based communications firm with over 23 years of experience. Arellano Associates is a Metro certified SBE consulting firm specializing in communications and public outreach, community and government relations, and strategic planning and marketing programs throughout Los Angeles County. They offer a team of professionals who provide comprehensive communications and planning services for the full spectrum of public projects from planning to construction or implementation.



## **Communications Lab**

Communications Lab is a City of Orange based communications firm with 12 years of experience. Communications Lab is a Metro certified SBE and DBE and has provided communications and public outreach for the Orange County Transportation Authority, Southern California Edison, and San Diego Gas and Electric.

## **Community Connections**

Community Connections is a Los Angeles based communications firm with over 20 years of experience. The firm is a Metro certified SBE firm and an outreach specialist with experience working with and for public agencies and municipalities.

## **Costin Public Outreach Group**

Costin Public Outreach Group (Costin) is a Corona based communications firm with over 20 years of experience. Costin is a Metro certified SBE firm who specializes in public relations, public affairs and communications. The firm has provided services for the Orange County Transportation Authority and San Bernardino Transportation Authority.

## **Dakota Communications**

Dakota Communications is a Los Angeles based communications firm with over 20 years of experience. Dakota Communications is a Metro certified SBE and has experience building community support for public policy initiatives and programs advanced by corporate, business, governmental, non-profit and community-based organizations.

## **Del Sol Group**

Del Sol Group is a Los Angeles based Metro certified SBE firm that was established in 2010. Del Sol Group has provided communications outreach services to University of Southern California, California Charter School Association and Southern California Edison.

## **Lazar Translating & Interpreting**

Lazar Translating & Interpreting is a Metro certified SBE firm based in Los Angeles with over 25 years of experience providing on-site interpreting, written translation, multilingual formatting and telephone interpreting. Lazar has provided these similar services for such agencies as the Orange County Transportation Authority and the California Department of Industrial Relations.

## **Lee Andrews Group**

Lee Andrews Group is a Los Angeles based communications firm with over 20 years of experience. Lee Andrews Group is a Metro certified SBE firm with experience managing multiple community outreach projects and providing support and guidance to local government agencies and private entities. Lee Andrews Group has provided community

and public outreach for Alameda Corridor-East Construction Authority and the City of Bakersfield.

### **MBI Media**

MBI is a Covina based communications firm with 28 years of experience. MBI is a Metro certified SBE firm and specializes in community relations, marketing, public relations and multi-media production. MBI has performed public outreach services for Metrolink and Los Angeles County Department of Public Works.

### **Murakawa Communications**

Murakawa Communications is a Redondo Beach based firm that has seen the development of public outreach at Metro since before the agency's inception in 1994. Its founder, Trisha Murakawa, worked in Community Relations at the Rapid Transit District while the agency merged with the Los Angeles County Transportation Commission and worked in public affairs handling bus operations issues, rail planning and moving projects. The firm has experience working with government agencies, including LA County Public Works and Mesa Water District.

### **Natively Fluent**

Natively Fluent is a Metro certified SBE firm based in Lake Forest with over 10 years of experience. Natively Fluent has provided translation services for clients such as: Netflix, Amazon Prime, Apple TV+, and DreamWorks.

### **North Star Alliance**

North Star Alliance is a Metro certified SBE Los Angeles based communications firm with over 10 years of experience in providing strategic communications services to public agencies. North Star provides comprehensive community engagement strategy, targeted outreach, and stakeholder development that helps its partners achieve and maximize strategic development goals. Companies that have worked with this firm include Google and Coca-Cola Company.

### **Pacific Graphics**

Pacific Graphics is a Metro certified SBE firm based in Los Angeles. Pacific Graphics provides full-service printing, mailing, fulfillment, and distribution services since being established in 1989. These services have been provided to other public agencies such as Southern California Edison, Orange County Transportation Authority, and Southern California Regional Rail Authority.

### **Redwood Resources**

Redwood Resource is a Metro certified SBE based in Marina Del Rey that was established in the 1990's. Redwood Resources has been working with agencies to identify and build messages that resonate with diverse communities. Redwood Resources has provided services for the Cities of Los Angeles and Oakland.

## **The Robert Group**

The Robert Group is a Los Angeles based communications firm with 25 years of experience. The Robert Group is a Metro certified SBE firm and is a public affairs firm with expertise in community outreach, strategic communications, and governmental relations. The firm has worked with public sector governmental agencies such as the City of Los Angeles Bureau of Sanitation and the City of Los Angeles Department of City Planning.

## **VMA Communications**

VMA Communications is a Claremont based Metro-certified SBE that was established in 1996. VMA specializes in creating marketing materials, websites, branding/public relations campaigns and advertising to relay core messages effectively to communities. Clients of VMA Communications include California High Speed Rail Authority, City of Covina and Los Angeles County Public Works.

## DEOD SUMMARY

## COMMUNICATIONS SERVICES BENCH / PS85397000-015

**A. Small Business Participation**

Effective June 2, 2014, per Metro's Board-approved policy, competitive acquisitions with three or more Small Business Enterprise (SBE) certified firms within the specified North American Industry Classification System (NAICS) as identified for the project scope shall constitute Small Business Set-Aside procurement.

Accordingly, the Contract Administrator advanced the solicitation, including posting the solicitation on Metro's website, advertising, and notifying certified small businesses as identified by NAICS code(s) that this solicitation was open to **SBE Certified Small Businesses Only.**

There is a total of sixteen (16) SBE Primes on the Bench that have committed to perform 100% of the work with their own workforce. Work throughout this contract will be issued on a task order basis, as needed.

**SMALL BUSINESS SET-ASIDE**

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Arellano Associates	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Communications Lab	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Community Connections	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Costin Public Outreach Group	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Dakota Communications	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Del Sol Group	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Lazar Translating & Interpreting	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Lee Andrews Group	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	MBI Inc.	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Murakawa Communications	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Natively Fluent	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Northstar Alliances	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Pacific Graphics Inc.	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	Redwood Resources	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	The Robert Group	100%
	<b>Total Commitment</b>	<b>100%</b>

	<b>SBE Prime Contractor</b>	<b>SBE Commitment</b>
1.	VMA Communications	100%
	<b>Total Commitment</b>	<b>100%</b>

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this contract.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.

# On-Call Communications Bench Support Services



Metro

# PROPOSED ACTION

- AWARD sixteen task-order-based contracts for On-Call Communications Support Services
- Amount not to exceed \$32M for a four-year term effective October 1, 2022 – September 30, 2026
- EXECUTE Task Order under these Contracts



# Proposed Firms

1. Arellano Associates
2. Communications Lab
3. Community Connections
4. Costin Public Outreach Group
5. Dakota Communications
6. Del Sol Group
7. Lazar Translating & Interpreting
8. Lee Andrews Group
9. MBI Inc.
10. Murakawa Communications
11. Natively Fluent
12. Northstar Alliances
13. Pacific Graphics Inc.
14. Redwood Resources
15. The Robert Group
16. VMA Communications

- > All firms (100%) are certified as Small Business Enterprises
- > 12 firms (75%) are minority-owned
- > 13 firms (81%) are woman-owned



# Disciplined Approach

Advance Metro's commitment to equity and inclusion by ensuring communications activities provide approaches to engage all stakeholders with specific focus on marginalized and vulnerable communities across six disciplines:

1. Strategic Communications
2. Translation/Interpretation
3. Special Events/Digital Production
4. Professional Facilitation
5. Mailing Services
6. Technical Writing



Metro

# New Bench Contracts Will:

- > Provide opportunities to Small Business Enterprises
- > Award contracts to six new primes (50%)
- > Incorporate Metro's adopted policies/programs
  - CBO Partnering Strategy
  - Public Participation Plan
  - Equity Framework
  - Title VI Limited English Proficiency Four-Factor Analysis



*Thank  
You!*



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**Board Report**

**File #:** 2022-0566, **File Type:** Motion / Motion Response

**Agenda Number:** 20.

**EXECUTIVE MANAGEMENT COMMITTEE  
SEPTEMBER 15, 2022**

**SUBJECT: APPROVE METRO'S 2022 TITLE VI PROGRAM UPDATE**

**ACTION: APPROVE RECOMMENDATION**

**RECOMMENDATION**

ADOPT the 2022 Title VI Program Update (Attachments A and B).

**ISSUE**

Title VI of the Civil Rights Act of 1964 (Title VI) prohibits discrimination on the basis of race, color, and national origin in programs that receive federal funding. The Federal Transit Administration (FTA) requires transportation agencies to demonstrate their compliance with Title VI by submitting a triennial Title VI Program Update in compliance with Title 49 CFR Section 21.9(b) and with FTA Circular 4702.1B "Title VI Requirements and Guidelines for Federal Transit Administration Recipients," issued October 1, 2012. FTA requires the Metro Board of Directors to review and approve the Title VI Program Update prior to its submittal.

**BACKGROUND**

Section 601 of Title VI of the Civil Rights Act of 1964 (Title VI) states the following:

"No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Title VI sets the minimum federal requirements to prevent discrimination or benefits from being denied to federally protected groups. The Title VI Program Update consists of a report and supporting documentation that provides evidence of the equitable distribution of services, promotion of full and fair participation in public transportation decision-making without regard to race, color, or national origin, and meaningful access to transit-related programs and activities by persons with limited English proficiency. The monitoring of service provides a means to measure and adjust for impacts and benefits to protected groups, which supports Metro's goal to ensure that impacts on marginalized groups are considered in transportation decisions and service delivery. FTA reviews and concurs with the Title VI Program Update as submitted or requests additional information.

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Metro last submitted a Title VI Program Update to the FTA in October 2019. On April 7, 2020, FTA sent Metro a Letter of Concurrence informing Metro that Metro's submitted Title VI Program Update met the requirements set out in the FTA Title VI Circular, 4702.1B. Metro's next Title VI Program Update is due on October 1, 2022.

## **DISCUSSION**

Metro updates the Title VI Program every three years through an agency wide coordination. A Title VI Steering Committee was established in 2019 which includes representatives from all departments responsible for items with updates. The Title VI requirements are incorporated into projects, service and fare changes, Limited English Proficiency (LEP) tools, and ensures that Metro's Equity Platform is also at the forefront. The Low-Income threshold of \$59,550 aligns with all of Metro's programs and the Public Participation Plan also includes thresholds for public engagement.

### *Metro's Title VI Obligations for the Program Update:*

Metro will submit a Title VI Program Update that incorporates all the requirements set forth in the FTA Circular 4702.1B. There are twelve requirements under Title VI that Metro must include in Board approved program:

1. The Notice to Beneficiaries of their civil rights under Title VI;
2. The development of complaint procedures and a complaint form;
3. A list of all transit-related complaints, investigations, or lawsuits;
4. A Public Participation Plan;
5. A Limited English Proficiency (LEP) Four-Factor Analysis and Language Assistance Plan;
6. Minority representation on planning & advisory committees;
7. The provision of assistance to and monitoring of subrecipients;
8. Equity evaluations relating to the site and location of facilities;
9. Service standards and system-wide service policies;
10. The collection and reporting of demographic data;
11. The requirement to monitor transit service and report results;
12. The requirement to evaluate service and fare changes following Board adopted policies;

A more detailed description of these requirements can be found in Attachment C of this report.

Although no substantial changes were made to the Title VI Program since the 2019 submission, Metro made the following updates to the Title VI Program:

- Updated the list of Metro's Title VI transit-related complaints, investigations and lawsuits;
- Updated the Public Participation Plan to include current demographic data on Metro's stakeholders, public outreach activities since October 2019, including virtual outreach efforts during the COVID stay at home mandate, and the addition of minimum baseline thresholds for public outreach to strengthen Metro's commitment to partner and engage with the public;
- Updated the Language Assistance Plan to include an updated LEP Four Factor Analysis and the initiation of a monitoring program for the Language Assistance Plan;
- Updated the demographic data for the participants of Metro's planning and advisory

committees to identify opportunities and bring different perspectives that are not yet represented in advisory bodies;

- Updated the Title VI Program due date for Metro's subrecipients;
- Provided information on Metro's Title VI equity evaluation for the siting of new constructed facilities;
- Provided Metro's current Board-adopted service standards and policies;
- Provided updated demographical data on Metro's stakeholders and distribution of service;
- Provided documentation on Metro's Board approval of Metro's service monitoring program;
- Provided documentation of Title VI equity analyses for Metro's fare and major services changes and documentation of Metro's board approval of the Title VI equity analyses for fare and major service changes, and
- Documentation of Metro's board approval of the 2022 Title VI Program will be added to the FTA submission once program is approved by Metro's Board of Directors.
- A copy of the Board Resolution will be submitted with the program as evidence of this approval.

The full Title VI Update is presented in Attachments A and B.

### **DETERMINATION OF SAFETY IMPACT**

The requested action in this report will have no direct impact on the safety of Metro's employees or customers.

### **EQUITY PLATFORM**

Title VI sets the minimum federal requirements to prevent discrimination or benefits from being denied to federally protected groups, as previously noted. In addition, the program incorporates Metro's low-income threshold as well as the public engagement thresholds for community engagement. The Title VI Program Update consists of a report and supporting documentation that provides evidence of the equitable distribution of services, promotion of full and fair participation in public transportation decision-making without regard to race, color, or national origin, and meaningful access to transit-related programs and activities by persons with Limited English Proficiency (LEP). Metro's equity efforts go above and beyond Title VI requirements, however, the Title VI Program update focuses on the Title VI protected groups as required by the FTA Title VI Circular for compliance. The setting of Service Standards, the monitoring of service and the adoption of a Major Service Change Policy provides a means to measure and adjust for impacts and benefits to protected groups, which supports Metro's goal to ensure that impacts to marginalized groups are considered in transportation decisions and service delivery. The requirement to conduct Service and Fare Equity Analysis following Metro's Disparate Impact and Disproportionate Burden thresholds and the impact to the minority and low-income populations aligns with Metro's equity policies.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendation supports strategic plan goal # 5, "Provide responsive, accountable, and

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trustworthy governance within the Metro organization” by adhering to civil rights requirements mandated by Title VI of the Civil Rights Act of 1964.

### **NEXT STEPS**

The Title VI Program Update will be submitted to the FTA no later than October 1, 2022.

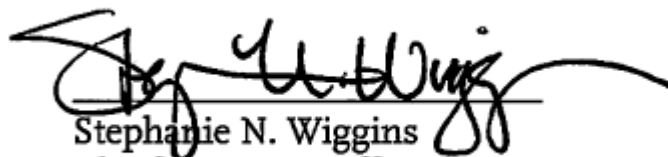
### **ATTACHMENTS**

Attachment A - 2022 Draft Title VI Program Update  
Attachment B - Appendix Section 2022 Title VI Program Update  
Attachment C - FTA Circular 4702.1B

Prepared by: Aida Berry, Senior Manager, Civil Rights Programs,  
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Reviewed by: Nicole Englund, Chief of Staff, (213) 922-7950



Stephanie N. Wiggins  
Chief Executive Officer



**ATTACHMENT A**

**2022 Title VI Program Update Sept 2022**

**Document Available Online at:**

**[http://libraryarchives.metro.net/DB\\_Attachments/LA Metro Title VI Program  
\\_20Update 20Sept2022 Draft.pdf](http://libraryarchives.metro.net/DB_Attachments/LA_Metro_Title_VI_Program_20Update_20Sept2022_Draft.pdf)**

**ATTACHMENT B**

**2022 Title VI Program Update Appendix**

**Document Available Online at:**

**[http://libraryarchives.metro.net/DB Attachments/Title VI Program Update AppendixFinal2022.pdf](http://libraryarchives.metro.net/DB_Attachments/Title_VI_Program_Update_AppendixFinal2022.pdf)**

**ATTACHMENT C**

**FTA Title VI Circular 4702.1B**

**Document Available Online at:**

[http://libraryarchives.metro.net/DB Attachments/Attachment FTA Title Circular 1B.pdf](http://libraryarchives.metro.net/DB_Attachments/Attachment_FTA_Title_Circular_1B.pdf)



## Board Report

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**File #:** 2022-0316, **File Type:** Informational Report

**Agenda Number:** 21.

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### EXECUTIVE MANAGEMENT COMMITTEE SEPTEMBER 15, 2022

**SUBJECT: LOS ANGELES AERIAL RAPID TRANSIT PROJECT UPDATE**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE status report on the Los Angeles Aerial Rapid Transit Project.

#### **ISSUE**

Metro is the California Environmental Quality Act (CEQA) lead agency for the Los Angeles Aerial Rapid Transit Project ("Project"), which is completely funded by the Aerial Rapid Transit Technologies (ARTT), including reimbursement of Metro staff time. This receive and file report provides an update through August 2022.

#### **BACKGROUND**

The Project will connect Los Angeles Union Station and Dodger Stadium via an aerial gondola system, expanding mobility options for transit riders. ARTT submitted an Unsolicited Proposal to Metro in April 2018 to fund/finance, design, construct, operate and maintain the Project. After reviewing the Phase I submittal, Metro requested a Phase II of ARTT's Unsolicited Proposal for the Project. In December 2018, Metro formally concluded the Unsolicited Proposal process and began exclusive negotiations with ARTT. A Memorandum of Agreement (MOA) between ARTT and Metro was executed in April 2019. Amendments to the MOA were executed in September 2021 and June 2022 to extend the date by which ARTT will submit updated project information, including construction and operating costs and a funding and financing plan, to September 30, 2022.

Metro issued the Notice of Preparation (NOP) for the Environmental Impact Report (EIR) under CEQA on October 1, 2020. During the NOP scoping period, Metro hosted a virtual scoping meeting, and a virtual open house was available throughout the scoping period. The Draft Environmental Impact Report (DEIR) is expected to be released in fall of 2022.

As a direct result of listening sessions within the communities along the alignment and engagement with proponents of Los Angeles State Historic Park, ARTT has chosen the preferred Broadway alignment, rather than the alternative Spring Street alignment. After discussions with the community about the potential for an intermediate station between Union Station and Dodger Stadium, the

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Project incorporated the Chinatown/State Park Station within the southernmost portion of the Los Angeles State Historic Park, an approximately 3-minute walk from Metro's L Line (Gold), together with proposed enhancements to the adjacent Los Angeles State Historic Park.

## **DISCUSSION**

### **Community Outreach**

ARTT has been engaging with stakeholders and garnering input on the Project's environmental review since the Notice of Preparation (NOP) was released in October 2020. The outreach employs a variety of opportunities for participation through interactive engagement at in-person gatherings and online.

Additional efforts are ongoing and consist of various avenues to inform and educate the public on the proposed project's details. ARTT has conducted outreach in several languages, including Mandarin, Cantonese, Spanish, and English and via various platforms: online, social media, in-person community briefings, one-on-one briefings, and door to door canvassing - knocking on doors of over 21,000 local neighbors and 500 businesses. ARTT has sent direct mail to over 17,000 homes adjacent to the Project's proposed alignment. This includes the communities of Chinatown, William Mead, Solano Canyon, Victor Heights, Angelino Heights, Olvera Street, Downtown, Echo Park, Lincoln Heights, and Downtown. LA ART also has a strong social media presence, which provides additional avenues of information to users on various platforms.

These levels of communication have enabled ARTT to discuss its design and proposed benefits with community members. They have facilitated communication about concerns and questions related to construction, parking, and traffic burdens in the area. Some community members, including those in Chinatown, have been vocal about the need for projects that help to promote the area and help with a post-COVID-19 economic recovery.

ARTT also initiated partnerships with various cultural and educational community organizations that represent communities of color and are crucial stakeholders in the communities the Project would serve. These efforts include providing mobility and promotional resources to groups such as Cathedral High School, the Chinese American Museum, Chinatown businesses, and the Olvera Street Merchants Association Foundation to help in addressing visitor, educational, and customer access to distressed businesses and institutions.

Concerns from the community have been expressed regarding gentrification, parking, traffic, and use of public property by a for-profit organization. There is also a misperception from some community organizations that Metro is funding and/or operating the project. Traffic and parking studies have been conducted that exceed what is required under CEQA. Metro is also conducting a peer review of the ridership, mode of travel, traffic and parking studies. LAART is committed to a community benefits package which is still being defined. The Project is being transitioned to a non-profit organization, Zero Emissions Transit, a supporting organization of Climate Resolve. See the below sections for more discussion. A lawsuit has been filed against Metro regarding the unsolicited proposal process which Metro is responding to through the court system.

### CEQA

Metro is the Lead Agency for the proposed Project. Under CEQA, the Lead Agency is responsible for the Draft EIR's adequacy and objectivity and must independently review and analyze the Draft EIR before releasing it for public comment. ARTT retained a Metro-approved EIR consultant, AECOM, to conduct the environmental process for the Project.

Metro anticipates that the Draft EIR will be released for a 45-day public comment period in the fall of 2022. The Draft EIR will analyze the proposed Project's potential environmental effects on: Aesthetics, Agriculture & Forestry, Air Quality, Biological Resources, Cultural Resources, Energy, Geology & Soils, Greenhouse Gases, Hazards and Hazardous Materials, Hydrology & Water Resources, Land Use & Planning, Mineral Resources, Noise & Vibration, Population & Housing, Public Services, Recreation, Transportation, Tribal Cultural Resources, Utilities & Service Systems, and Wildfire. During the Draft EIR public comment period, there will be numerous opportunities for the public to learn more about the Project and submit comments.

After the public review period ends, Metro will consider and respond to the comments received and prepare the Final EIR. As the Lead Agency, before Metro considers approval of the proposed Project, it must certify that the EIR complies with CEQA; require adoption of mitigation measures that will become conditions; make certain findings regarding alternatives, mitigation measures, and significant unavoidable impacts; and adopt a monitoring and reporting program for the mitigation measures. Metro is committed to ensuring the process is thorough, comprehensive, and transparent so that informed decisions can be made.

CEQA requires an EIR to identify and describe a reasonable range of feasible alternatives to the proposed project or its location that could feasibly attain most of the project's basic objectives while avoiding or reducing the project's significant environmental effects. The proposed Project Alternatives section will consider the analysis of a "no project" alternative. In addition, the Alternatives section will include a Transportation Systems Management Alternative under which the proposed Project would not be constructed, and instead the existing Union Station Dodger Stadium Express bus service on Dodger game days would be enhanced to increase the capacity of the Dodger Stadium Express bus service to match the capacity of the proposed Project.

### Traffic Studies

Traffic analysis and ridership forecast technical studies are ongoing and are being prepared in accordance with CEQA and the City of Los Angeles' Department of Transportation (LADOT) Assessment Guidelines (TAG). The scope of the transportation studies was developed in coordination with Metro and LADOT. The studies will be made available to the public once the Draft EIR is completed and released for public comment. The ongoing transportation analyses will be summarized in two separate reports:

- The *Draft Environmental Impact Report Transportation Impact Section* (and associated appendices) will include the ridership forecasts and analysis of the Project's potential for transportation impacts under CEQA and the City of Los Angeles TAG. This will include an evaluation of the Project's consistency with Plans, Programs, Ordinances or Policies, an evaluation of the Project's effect on Vehicle Miles Travelled, the evaluation of the Project's

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potential for impacts related to Geometric Hazards, and an evaluation of the Project's potential for impacts related to emergency response.

- A separate *Project Access, Circulation and Construction Transportation Study* will be prepared in accordance with the non-CEQA analyses required in the City of Los Angeles TAG. This separate technical report will evaluate the Project's potential effects on intersection level of service.

### Parking Study

Although CEQA does not require parking analysis, a comprehensive station area parking study was conducted for the Alameda Station adjacent to Union Station and the Chinatown/State Park Station at the southernmost entrance of the Los Angeles State Historic Park. The study was prepared to evaluate parking conditions in the study area and the proposed Project's potential to affect parking occupancy. The methodology for the parking study was developed in coordination with Metro's Parking Management group, as well as with LADOT. It will include a quantitative adjustment to account for the effects of the COVID-19 pandemic on parking occupancy.

All on-street and identified publicly available off-street parking spaces within a ½ mile walking distance of the proposed Alameda and Chinatown/State Park Stations have been inventoried to determine the total number of available parking spaces. Parking occupancy was collected in September 2021 on a weekday evening with a Dodger game, as well as a weekday evening without a game. Weekday evenings were selected for analysis because the majority of Dodger home games occur on weekday evenings. The parking study found that there are approximately 10,293 publicly available parking spaces (6,876 publicly available off-street and 3,417 on-street) within ½ mile walking distance of the proposed Project's Alameda and Chinatown/State Park Stations. Applying the COVID-19 quantitative adjustment, on the weekday evening with a Dodger game, approximately 4,190 vehicles were parked, with 6,100 available spaces.

The Draft EIR forecasts ridership through 2042, when the proposed Project is forecast to generate 10,000 riders for a Dodger game day. The majority of these riders (approximately 6,750 riders) are expected to take transit, walk or bike to a proposed Project station. However, some riders are still expected to drive and park. Parking space demand of approximately 790 vehicles is estimated for peak operations. Accordingly, the parking study determined there would be an adequate supply of parking ) in the study area after accounting for the peak demand of the proposed Project.

The parking study recommends that the proposed Project prepare a parking management plan (PMP) prior to commencing operations in coordination with Metro and LADOT. The PMP will focus on strategies and methods to encourage riders to use transit to connect to the proposed Project rather than driving and parking. In addition, it will identify neighborhood parking management measures to prevent parking spillover and will identify suitable off-street public parking facilities where those who choose to drive to a proposed Project station can park without negatively affecting parking availability for members of the community.

### Peer Review

Metro retained a consultant to do a peer review on traffic, parking, ridership, and mode of travel assumptions to ensure independent corroboration of the reasonableness of critical assumptions in

the environmental analysis. The cost of the peer review is fully reimbursed by ARTT.

SB 44 | Informational Workshops and Public Hearings During Draft EIR Public Comment Period

The proposed Project will utilize SB 44, which became effective January 1, 2022, which provides for streamlined judicial review for certain transit projects which will reduce GHG emissions, known as “environmental leadership transit projects.” As a transit project no more than two miles in length, the minimum required GHG reduction is 50,000 metric tons of GHG emissions in the Project’s corridor. While SB 44 only requires one informational meeting, Metro will host two informational workshops to inform the public of the key analyses and conclusions of the Draft EIR within 10 calendar days of its release. Similarly, while SB 44 only requires one public hearing to be held within 10 calendar days before the public comment period’s close, Metro will hold two public hearings to receive testimony on the Draft EIR.

Community Benefits

The Board’s June 2021 Motion noted that community benefit recommendations should consider, but not be limited to mitigations for potential parking impacts; local job creation; workforce training; small business support and partnerships; affordable housing; and housing/business preservation.

In addition to considering the community benefits identified in the Motion, ARTT has committed to improved air quality, and accessible and affordable fares to residents and employees of businesses in the adjacent communities. ARTT is also looking at several improvements along the route to enhance pedestrian safety and provide active-transportation connectivity. Many of these items are a direct result of the community engagement and comment process in advance of the release of the Draft EIR.

ARTT will also be providing a Community Access Fares Program that allows residents and employees located within the Community Access Program Area to utilize their Metro system access pass or individual fare in order to also utilize the LA ART system at no additional cost, outside of game and event-day periods.

In addition, Dodger fans with a game ticket will ride the gondola for free, just as fans currently ride the existing Dodger Stadium Express bus service from Union Station and the South Bay for free with a game ticket. Providing Dodger fans with free transit to games will encourage ridership and maximize the air quality benefits of LA ART, enhancing the fan experience and reducing traffic in the communities adjacent to the stadium.

It is anticipated that the environmental review process and planned stakeholder engagement will continue to help define potential community benefits with a more comprehensive list to be brought to the Board prior to certification of the Final EIR.

LA ART opened an exhibit at Dodger Stadium where fans and visitors can visit, view, and sit in a full-sized gondola cabin, experiencing what it will be like to ride the cabin in the future.

Governance

by ARTT(the developer of the proposed aerial gondola) has announced its intent to donate LA ART to



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a new non-profit organization called *Zero Emissions Transit (ZET)*. ZET was formed by Climate Resolve, a leading climate resiliency non-profit organization that supports equitable and sustainable transit. ARTT has stated its commitment to fund the Project through the environmental and entitlement phases. The financing plan (due September 30) will provide construction and operations financing plans. No Metro funds will be used for planning, construction or operations of the LA ART project. Under the terms of the MOA, Metro will have written approval authority over any assignment and will perform appropriate due diligence prior to issuing a consent.

## **EQUITY PLATFORM**

A major purpose of the Project is to reduce congestion from existing vehicle trips in connection with Dodger games and special events at the Stadium, leading to reduced greenhouse gas (GHG) emissions and improved air quality. By taking vehicles off the road, the proposed Project would reduce vehicle miles traveled (VMTs), providing GHG emissions benefits and increased access in the area between Union Station and Dodger Stadium. The proposed Project would increase transit access in a community burdened by pollution, offering emissions reductions benefits for an area that includes disadvantaged communities identified by CalEnviroScreen 3.0 as in the top 99 percent of California communities burdened by pollution. The Project can also provide additional access to recreation and parks. In addition to benefiting the immediate area along the alignment, these reductions in VMT and GHG emissions would further the objectives to reduce carbon emissions and benefit the region.

The Community Access Fares Program will allow residents and employees located within the Community Access Program Area to utilize their Metro system access pass or individual fare in order to also utilize the LAART system at no additional cost, outside of game and event-day periods. This will increase convenience for first/last mile connections for nearby residents and employees. As noted above, it is anticipated that the environmental review process and planned stakeholder engagement will continue to help define potential community benefits with a more comprehensive list to be brought to the Board for approval prior to certification of the Final EIR.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The proposed Project aligns with Strategic Plan Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The Project has the potential to provide an efficient mobility alternative for people to travel to Dodger Stadium car-free.

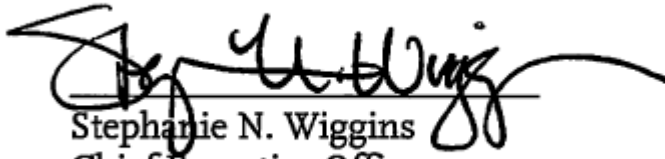
## **NEXT STEPS**

The Draft EIR and traffic studies will be released in the fall of 2022. ARTT will submit updated project information, including construction, operating costs and a funding and financing plan (including proposed fare structure) in September 2022, which will be reviewed by Metro staff and consultant experts. Community outreach will continue as noted above. The financing plan, construction agreement and operation agreements and Union Station shared use agreements will be brought to

the Board for approval prior to certification of the Final EIR.

Brandy Alvarez, Assistant Administrative Analyst, Real Estate, Transit Oriented Communities and Transportation Demand Management, 213-922-7348  
Kimberly Sterling, Sr. Transportation Planner, Countywide Planning & Development, (213) 547-4212  
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Reviewed by: James de la Loza, Chief Planning Officer, Countywide Planning & Development



Stephanie N. Wiggins  
Chief Executive Officer



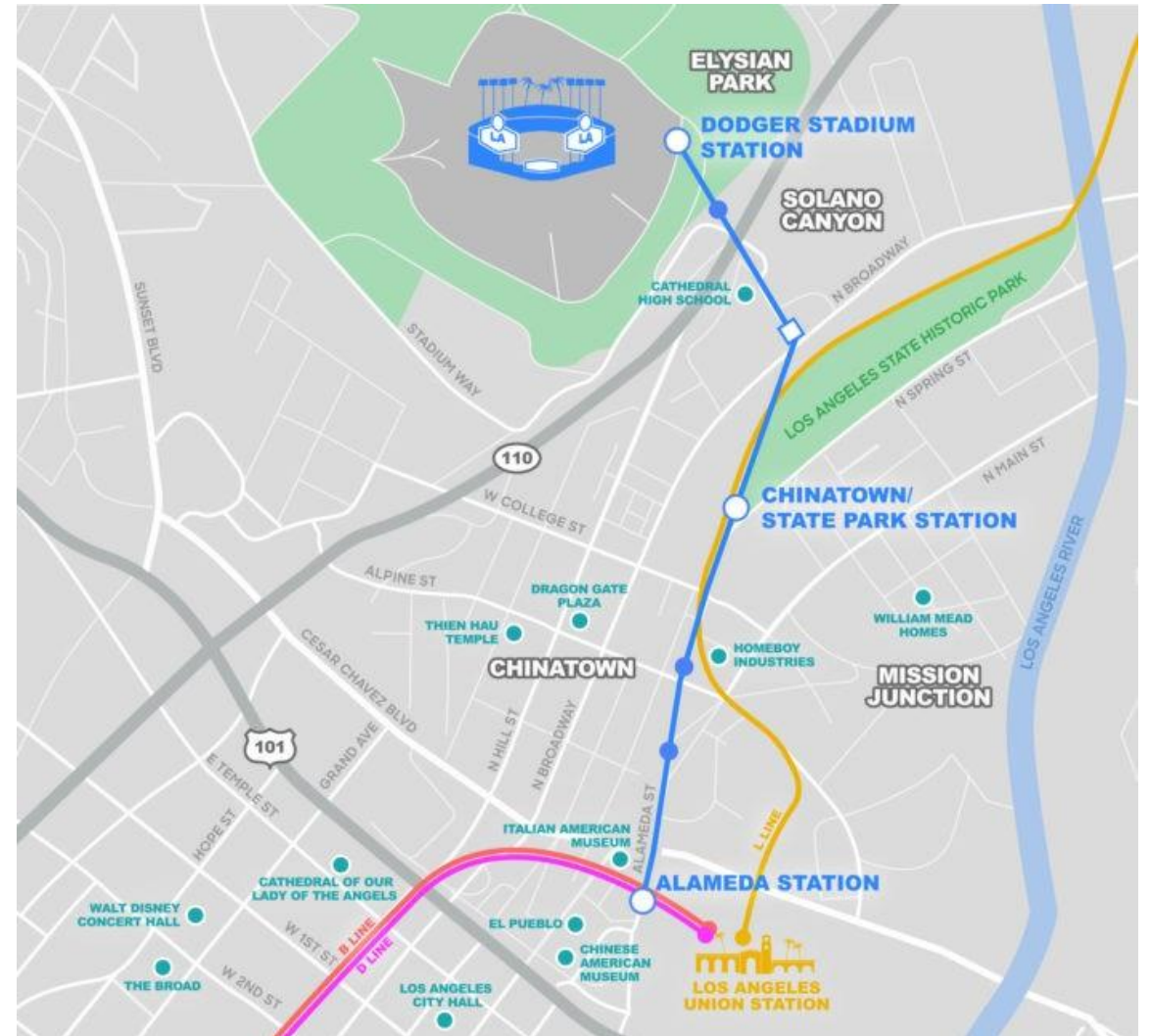
# Los Angeles Aerial Rapid Transit Update Executive Management Committee Receive and File

September 15, 2022

File: 2022-0316

# Background

- April 2018 - Aerial Rapid Transit Technologies LLC (ARTT) submitted an Unsolicited Proposal to fund, construct, operate, and maintain a gondola connecting Union Station to Dodger Stadium
- April 2019 – Memorandum of Agreement (MOA) between ARTT and Metro executed
- October 2020 – Notice of Preparation (NOP) issued
- Metro as CEQA lead agency
- ARTT reimburses Metro for all staff and consultant time



# Community Outreach

- Virtual scoping meeting held in late 2020; two informational virtual meetings held in June 2021
- Additional communication along the alignment and in adjacent neighborhoods through 2021 and 2022 via email, website updates, social media, stakeholders briefings, door to door canvassing (21,000 homes and 500 businesses) and direct mail (17,000)
- Communication in Mandarin, Cantonese, Spanish, and English.
- Exhibit at Dodger Stadium where fans and visitors can visit, view, and sit in a full-sized gondola cabin, experiencing what it will be like to ride the cabin in the future.
- Concerns raised include parking, traffic and gentrification. Also misunderstanding that taxpayer/Metro dollars or assets are being used for a private project



# California Environmental Quality Act (CEQA) and non-CEQA studies

## Draft EIR (CEQA)

- Incorporates Project modifications from NOP comments and stakeholder engagement
- Includes a traffic analysis and ridership forecast technical studies
- Includes a “no project” alternative and an Alternative that Dodger Stadium Express would be enhanced to match the capacity of the Project
- Anticipated to be released in next few weeks with 45-day comment period
- SB44 “environmental leadership transit project”

Parking Study (Non-CEQA)	Public Parking Inventory (within ½ mile of Alameda and Chinatown/State Park Station)	Dodger Game Day Use	Remaining Public Parking Spaces Available	Projected additional LAART use (with 10,000 gondola riders)
On street	3,417	2,017	1,405	
Off street	6,876	2,173	4,703	
Total	10,293	4,180	6,108	790

***Parking management plan critical to project success and will be approved by Metro and LADOT prior to LAART operations***

**Peer Review** - Metro retained a consultant to do a peer review on ridership, mode of travel, parking and traffic

# Additional Information

## Governance

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- ARTT has announced its intent to donate LAART to a new non-profit organization called *Zero Emissions Transit* formed by Climate Resolve
- ARTT has restated its commitment to continue to fund the project through environmental and entitlement approvals
- MOA contains a provision for Metro written approval for any assignment

## Community Benefits

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- Improved air quality
- Free fares for residents and employees on non-game/event days
- Dodger fans ride free with a game ticket
- Potential improvements along the route to enhance active transportation connectivity
- Community benefits will continue to be assessed based on feedback from community

## Next Steps

- Draft EIR released
- 45-day comment period
- Four public meetings during DEIR circulation
- Finalize Metro peer review
- Receive and review project financing plan
- Review proposed donation to Zero Emissions Transit
- Upon conclusion of the CEQA process, Metro board to consider certification of the Final EIR







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File #: 2022-0224, File Type: Oral Report / Presentation

Agenda Number: 22.

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**EXECUTIVE MANAGEMENT COMMITTEE  
SEPTEMBER 15, 2022**

**SUBJECT: MARKETING UPDATE - RESTORING CONFIDENCE IN THE SYSTEM**

**ACTION: ORAL REPORT**

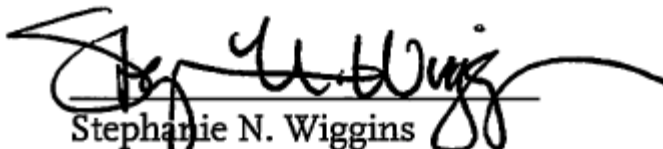
**RECOMMENDATION**

RECEIVE oral report on the safety marketing campaign focused on restoring confidence in the system through increased awareness and engagement about the public safety initiatives.

**EQUITY PLATFORM**

Equity is at the forefront of Metro's effort to reimagine public safety. Re-imagining public safety supports Metro's Equity Platform goals by engaging historically underserved communities, utilizing well defined metrics, and listening and responding to our customer's needs and concerns.

Prepared by: Jennifer Vides, Chief Customer Experience Officer, (213) 922-4060



Stephanie N. Wiggins  
Chief Executive Officer



# RESTORING CONFIDENCE IN THE SYSTEM



Metro®

# Our Goal: Make Metro the top transportation choice for Angelenos and visitors

How? By providing an exceptional customer experience. That means offering a service that's **easily accessible, reliable** and that **anticipates customer needs**.

But first, we need to **restore confidence** that the system is **safe**.

## Safety MarComms Campaign objectives:

- Raise rider and community awareness of our comprehensive safety plan
- Create purposeful engagement and communication with current and future riders
- Regain the trust of riders and the community
- Retain and increase ridership



# The communications strategy: simple, honest, engaging

Make it **simple** by grouping all the things we have done and will do to improve safety into three easy-to-remember categories:

## Security

We strategically deploy security to enforce Metro rules and law enforcement to address crime.

We're installing more security cameras and lighting.

And our Transit Watch app enables you to reach out to us to report issues.

Violence will not be tolerated on our system.

## Cleanliness

A clean place is a safe place, so we've increased cleaning crews and frequency of cleaning.

We're replacing our cloth seats with vinyl seats that are easier to clean and maintain.

We're placing special emphasis on monitoring our elevators to ensure they are clean.

## Service and Care

Metro Ambassadors, who will be aboard trains and buses and at stations, will help you navigate our system.

We're doubling our homeless outreach teams.

We're adding crisis intervention teams.

# The communications strategy: simple, honest, engaging

Make it **honest** by clearly acknowledging the problem, and telling them how we're solving it

**You've told us you don't feel safe.**

## **Security**

We strategically deploy security to enforce Metro rules and law enforcement to address crime.

We're installing more security cameras and lighting.

And our Transit Watch app enables you to reach out to us to report issues.

Violence will not be tolerated on our system.

**You've told us our system is dirty and smells.**

## **Cleanliness**

A clean place is a safe place, so we've increased cleaning crews and frequency of cleaning.

We're replacing our cloth seats with vinyl seats that are easier to clean and maintain.

We're placing special emphasis on monitoring our elevators to ensure they are clean.

**You've told us you want everyone to be treated with dignity and respect.**

## **Service and Care**

Metro Ambassadors, who will be aboard trains and buses and at stations, will help you navigate our system.

We're doubling our homeless outreach teams.

We're adding crisis intervention teams.

# The communications strategy: simple, honest, engaging

Make it **engaging** by soliciting their feedback and support via call, text or the Transit Watch app.

You've told us you don't feel safe.

## **Security**

We strategically deploy security to enforce Metro rules and law enforcement to address crime.

We're installing more security cameras and lighting.

And our Transit Watch app enables you to reach out to us to report issues.

Violence will not be tolerated on our system.

**Tell us if you see a safety issue.**

You've told us our system is dirty and smells.

## **Cleanliness**

A clean place is a safe place, so we've increased cleaning crews and frequency.

We're replacing our cloth seats with vinyl seats that are easier to clean and maintain.

We are placing special emphasis on monitoring our elevators to ensure they are clean.

**Help us keep the system clean and let us know if you see something.**

You've told us you want everyone to be treated with dignity and respect.

## **Service and Care**

Metro Ambassadors, who will be aboard trains and buses and at stations, will help you navigate our system.

We're doubling our homeless outreach teams.

We're launching crisis intervention teams.

**Tell us how we're doing.**

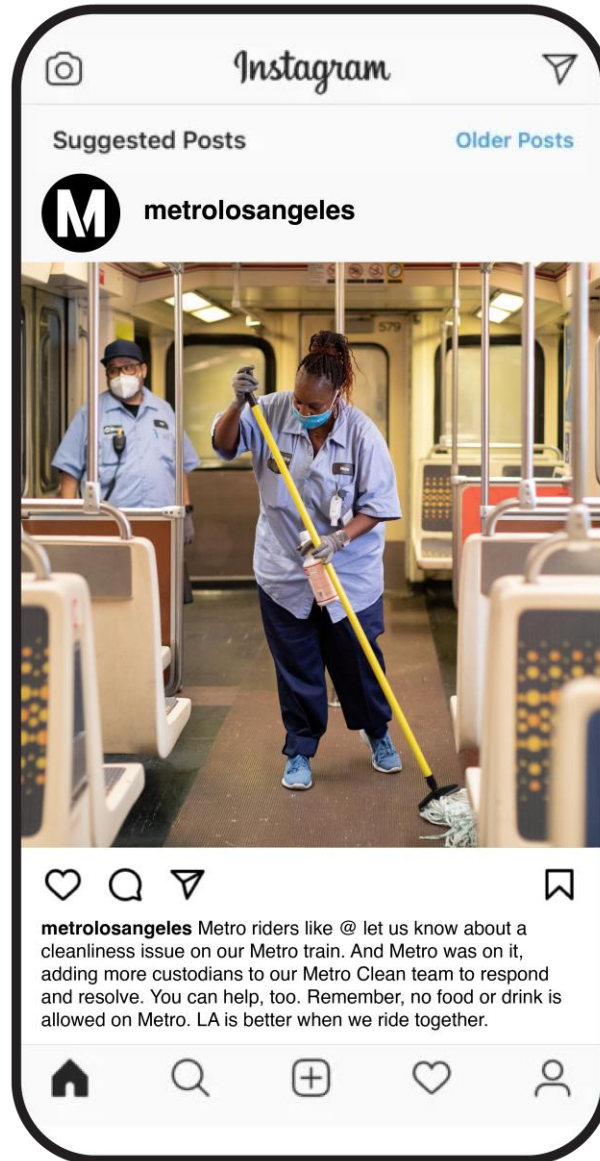
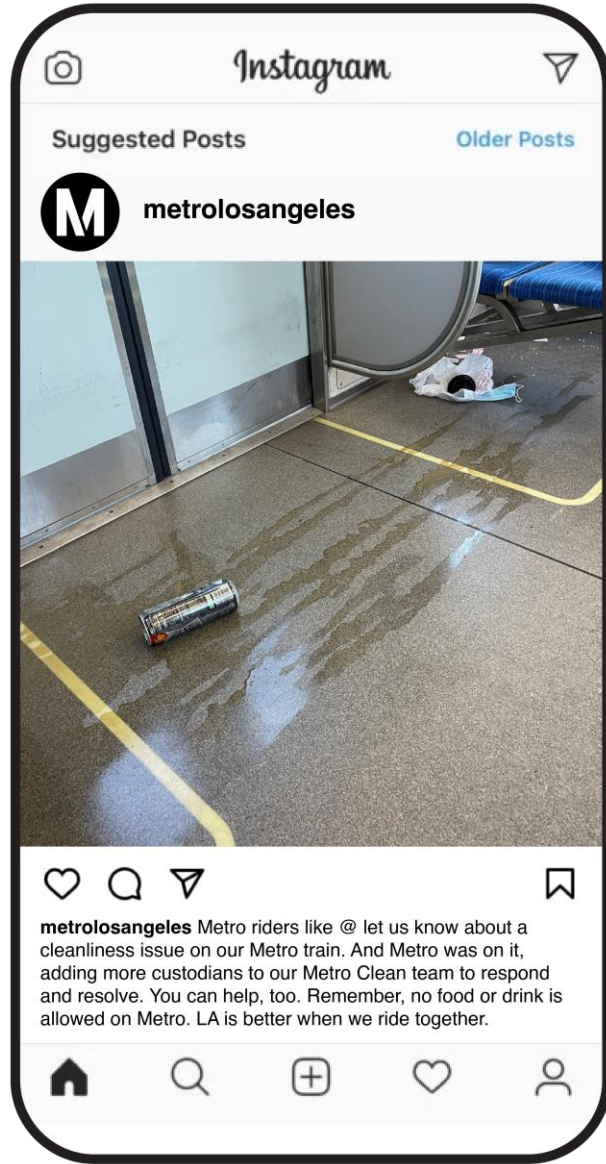
A feedback loop is key to the engagement, and we will respond

**You said **x** was a problem.**

**We are doing **y** to fix it.**

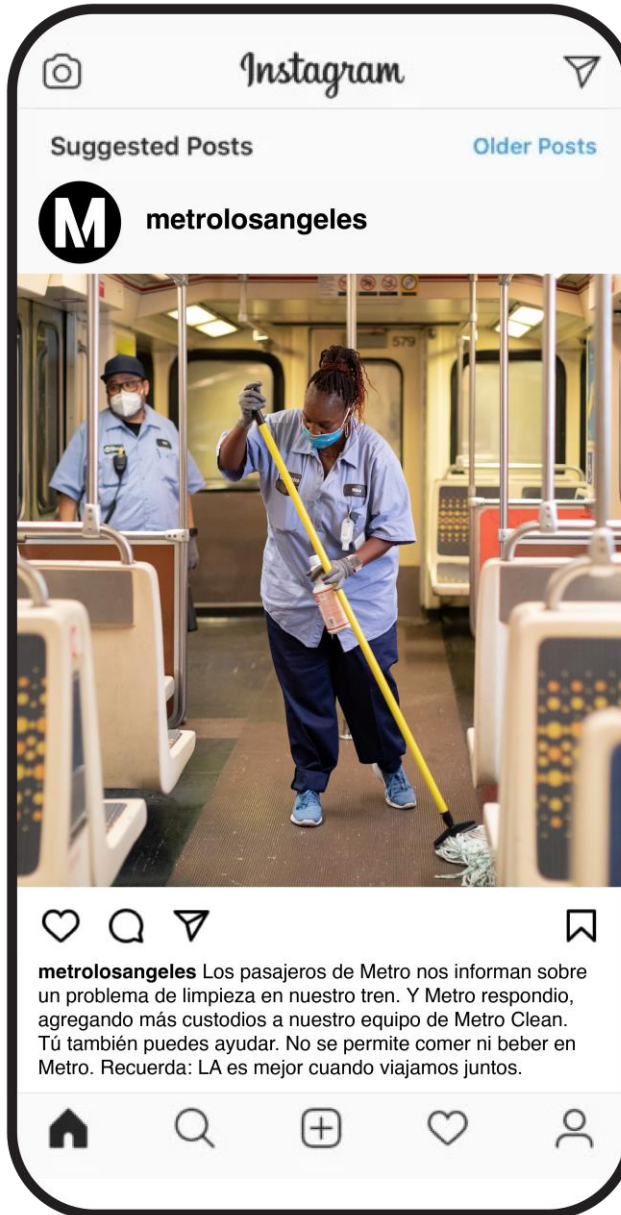
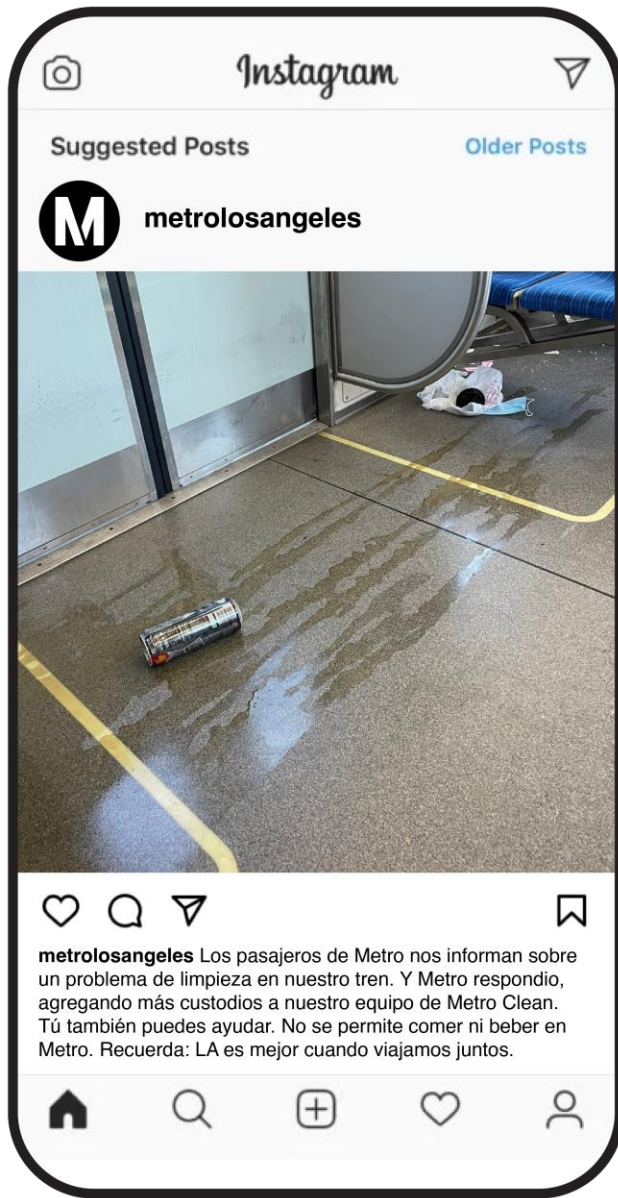
**You can do **z** to help.**

# Here's how it might look on social media

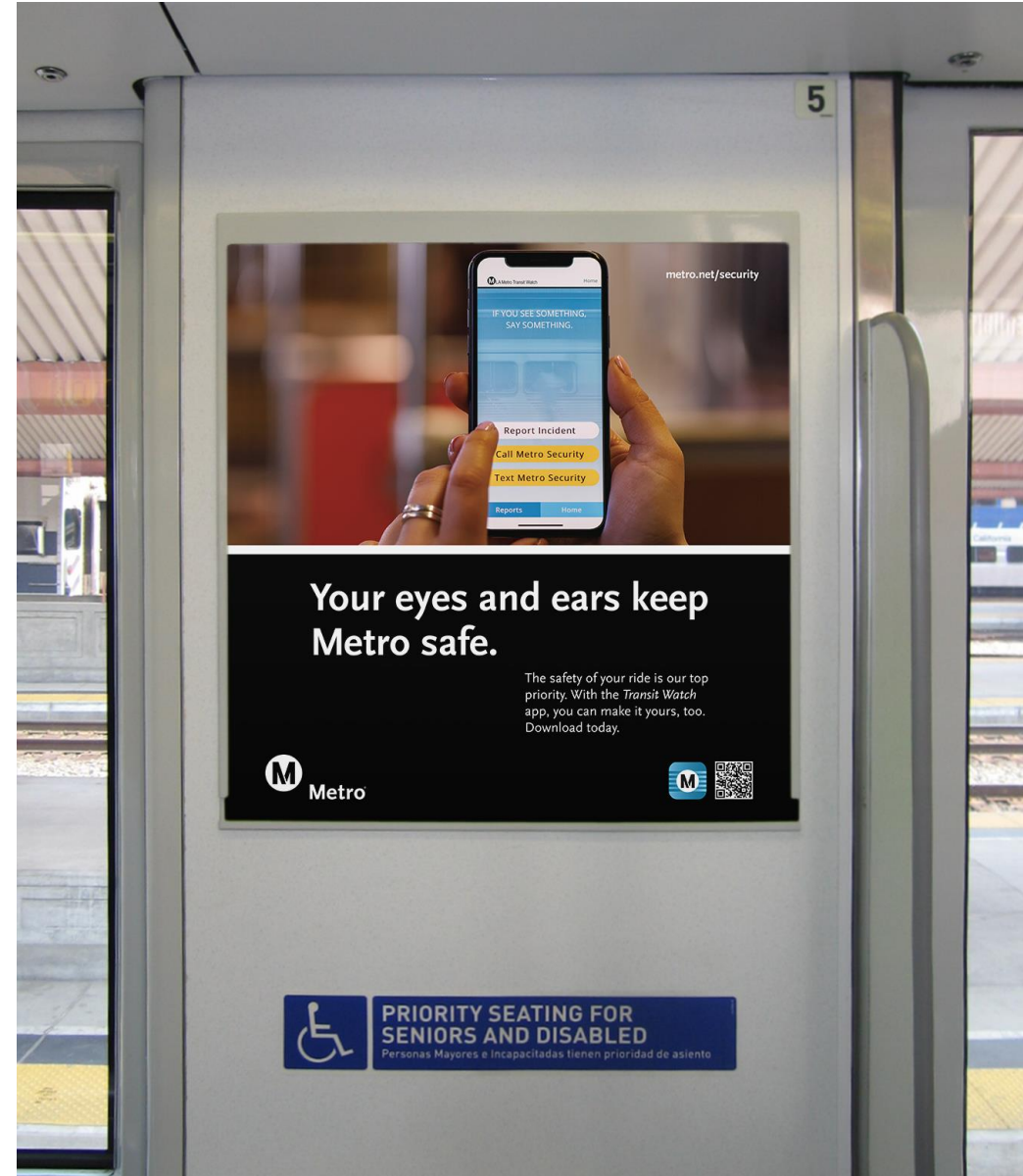




# ... and not just in English

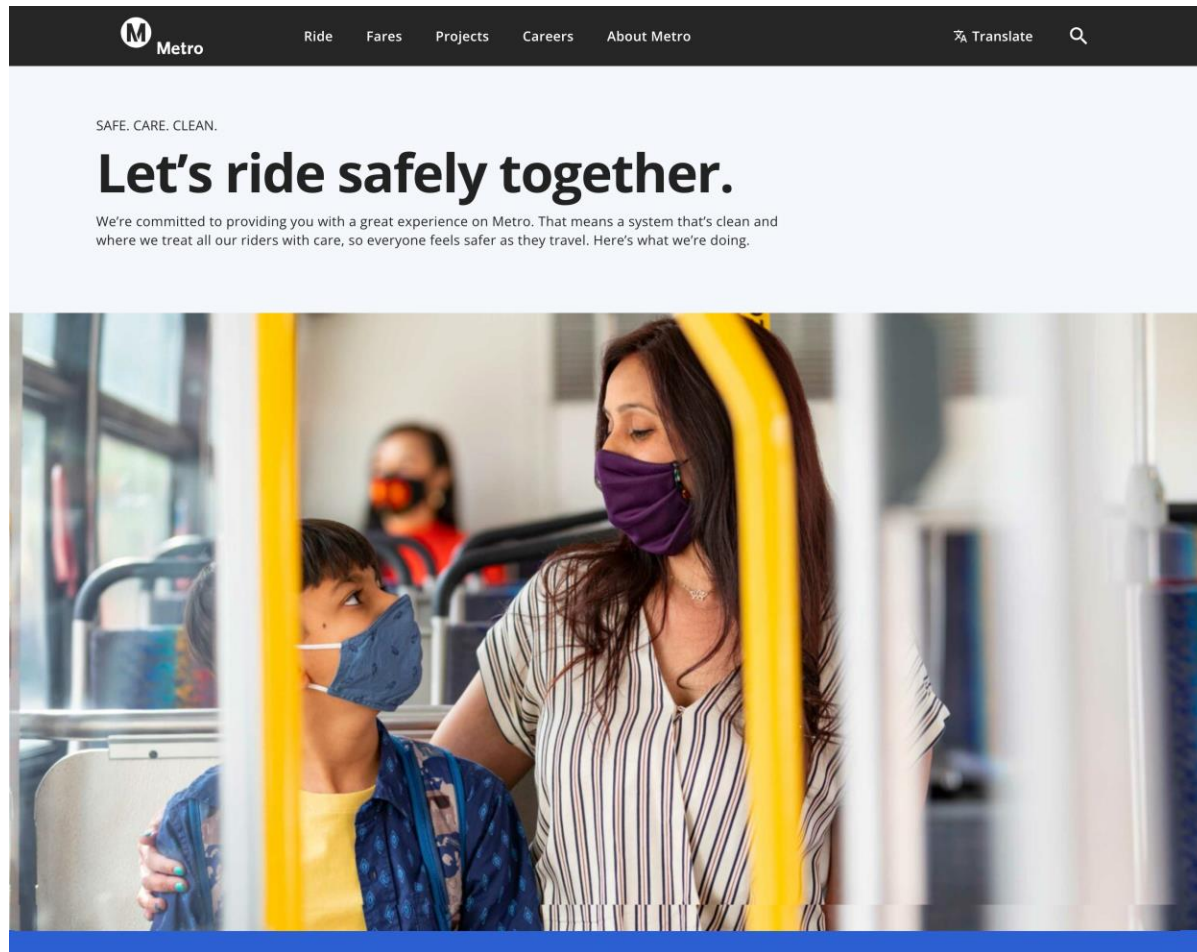


# ...on our system in English and Spanish



# We'll make safety information both easy to understand and easy to find

## METRO SAFETY PAGE



## SOCIAL MEDIA RESPONSES

- M** (1/3) Hi Jane. Thank you for riding — we appreciate it. We're sorry you had a sour experience and we're glad you're okay. We want you to know we're spending a lot of time + \$s on more staff, more tech, more basic upgrades to make our system safer (more).
- M** (2/3) That means more homeless outreach staff, Transit Ambassadors to help riders and help us quickly fix problems, new lighting and blue light call boxes. And more fare checks — to ensure our system is used by riders. (more)
- M** 3/3) We have work to do. You know it, we know it. If you need to reach our security team, pls call [888.950.SAFE](tel:888.950.SAFE) (7233) or text 213.788.2777. Our Transit Watch app can also be used to report issues — it's avail in the App Store and Google Play. Tx for reaching out!

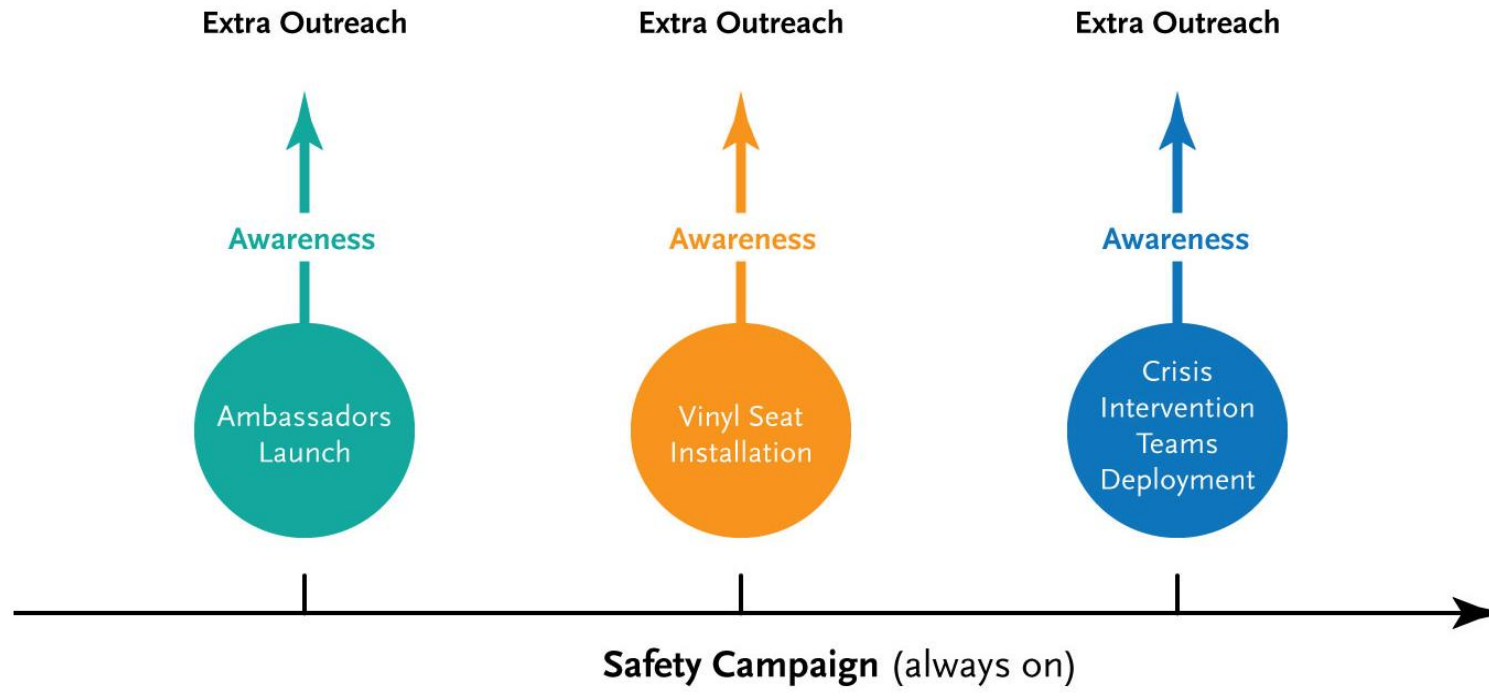
 [Everyone can reply](#)

## We'll communicate honestly and transparently every way we can

- Email to customers and community members who have subscribed to receive communications
- Ads and advertorials in hyper-local general market and ethnic newspapers and digital publications
- Media interviews and editorial meetings to discuss our approach to public safety
- CEO and staff pop-ups at bus hubs
- Street teams passing out information about safety initiatives

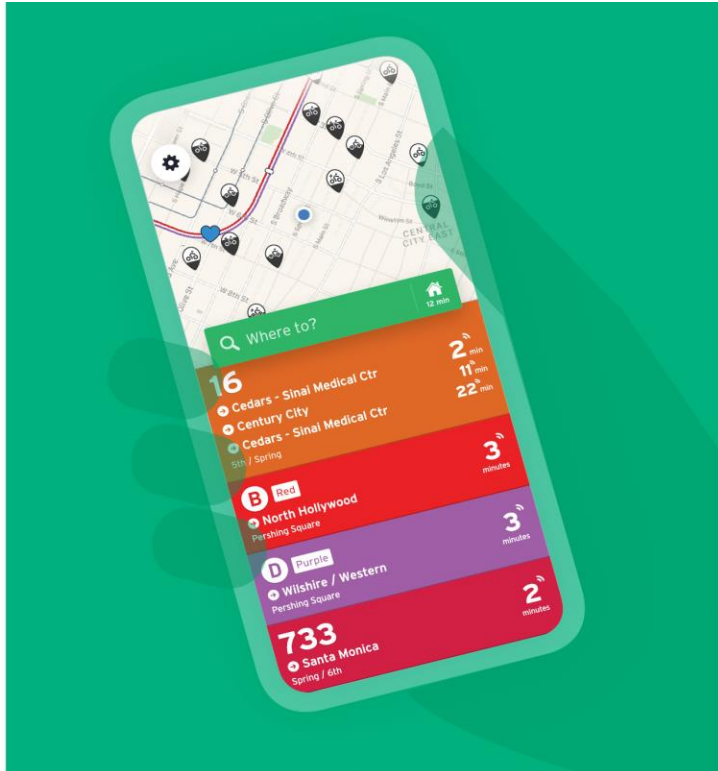
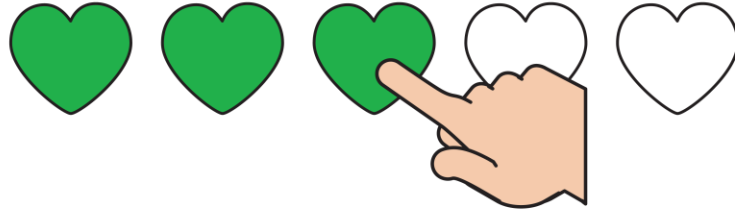
... and more

# And as we reach each new milestone, we'll talk about it in a big way



# Most importantly, we'll keep asking our customers for feedback

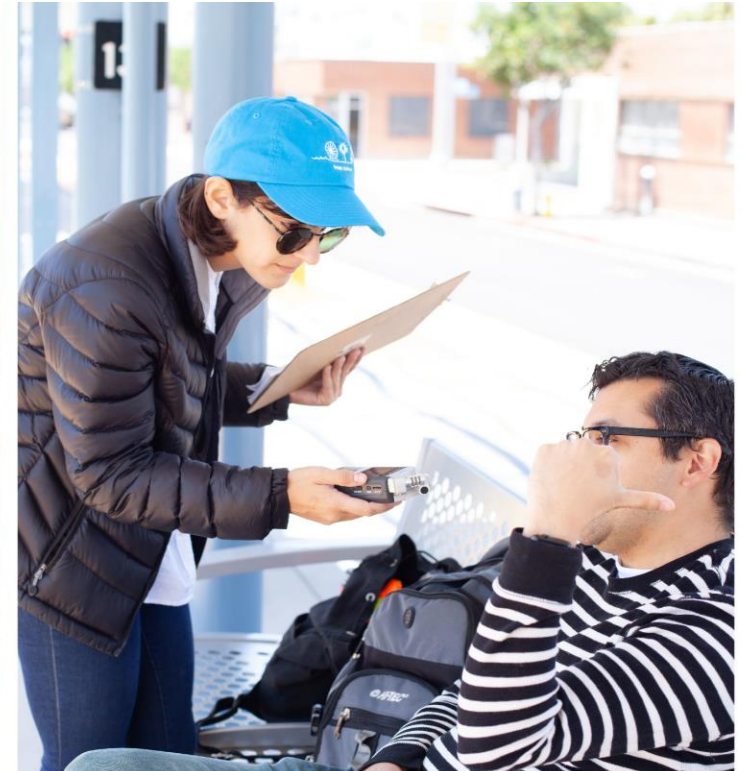
How did we do?



TRANSIT APP



CUSTOMER CENTER



IN PERSON ON THE SYSTEM

# How will we measure success?

- Positive **changes in actual safety, and perception of safety** on Metro as measured by customer surveys and market research
- **Increases** in downloads and usage of the *Transit Watch* app and text-reporting systems
- Improved social media **engagement** and **sentiment**
- Customer **comment** and **complaint** volume and sentiment
- And ultimately, restoring confidence that the system is safe, **increasing ridership**

## Next Steps - by end of September

- Finalize website, press and digital materials
- Create and distribute social media tool kits for Board use to amplify messaging
- Begin marketing and public relations roll-out



**Board Report**

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**File #:** 2022-0525, **File Type:** Informational Report

**Agenda Number:** 23.

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**EXECUTIVE MANAGEMENT COMMITTEE  
SEPTEMBER 15, 2022**

**SUBJECT: SURVEY OF SMALL BUSINESS ENTERPRISE (SBE) CERTIFICATION PROGRAMS  
AND EXPLORING OPPORTUNITY FOR RECIPROCITY (REPORT NO. 22-AUD-05)**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Survey of Small Business Enterprise (SBE) Certification Programs and Exploring Opportunity For Reciprocity.

**ISSUE**

As part of our ongoing effort to assist Metro in improving the efficiency and effectiveness of operations, the OIG performed a survey of selected government agencies, including (a) the 10 California Unified Certification Program (CUCP) certifying member agencies, (b) the California Department of General Services (DGS), and (c) the City and County of Los Angeles.

The objective of this survey was to determine whether Metro and selected government agencies could increase reciprocity of SBE certifications, simplify the certification process, and increase SBE participation.

**BACKGROUND**

The Disadvantaged Business Enterprise (DBE) program has a standard eligibility criterion which is set forth in the Code of Federal Regulations; primary eligibility criteria are:

- Individuals who are U.S. citizens are considered disadvantaged if they meet the federal definition of socially and economically disadvantaged as defined in 49 CFR Part 26.67. Individuals who are women, Black, or Hispanic are presumed to be disadvantaged.
- Personnel net worth must not exceed \$1.32 million (excluding the individual's ownership in the business and equity in their primary residence, and including only the present value of assets in pension plans, IRAs and 401 (k) accounts, less the tax and interest penalties that would accrue if the asset were distributed at the present time).

Metro's Small Business Prime Set Aside Program is race and gender-neutral, sets aside applicable

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contracts for small businesses, and enables small businesses to compete only against other small businesses for projects up to \$5 million. Only Metro-certified SBEs can participate in the Small Business Prime Program. As of December 31, 2021, Metro certified 2,338 SBE firms, of which 689 firms were awarded Metro contracts. Under Metro's Program, applicants must meet five requirements.

1. Personal Net Worth: Personal Net Worth must not to exceed \$1.32 million.
2. Business Size Standard: A firm (including affiliates) must be a small business as defined by the Small Business Administration. Annual gross receipts must not exceed \$26,290,000.
3. Ownership: The business must be a for-profit small business concern with the applicant/owner having at least 51% interest and control management of the daily business operations.
4. Independence: The business must not be affiliated to another firm in such a way as to compromise its independence and control or its eligibility as an SBE.
5. Management and Control: The applicant owner(s) must possess the power to direct or cause the direction of the management and policies of the firm and to make day-to-day decisions, as well as long-term decisions on matters of management, policy and operations.

## DISCUSSION

### 1. Summary

The DBE program has uniform standards and criteria, and all 10 CUCP member agencies accept DBE firms certified by the other CUCP members. However, there are no uniform requirements and standards for SBE certification and no statewide reciprocity program to accept SBE firms certified by other agencies. Each agency surveyed had its own program, standards and criteria to certify and accept or not accept small business firms certified by other agencies, and some agencies did not have an SBE certification program.

### 2. Survey Results

A. SBE Certification Programs. The survey found that:

- 1) Five of the 10 CUCP member agencies have their own SBE certification program (Metro, City of LA, San Francisco Bay Area Rapid Transit District (BART), San Mateo County Transit District (SamTrans), and Santa Clara Valley Transportation Authority (VTA); one agency (BART) had the same certification requirements as Metro, and the other three agencies did not have a personal net worth requirement.
- 2) The remaining 5 agencies do not have an SBE certification program (Caltrans, City of Fresno, San Diego County Regional Airport Authority (SDCRAA), San Francisco International Airport (SFO), and San Francisco Municipal Transportation Agency (SFMTA).
- 3) None of the 10 CUCP member agencies, DGS, or the County of Los Angeles had unlimited or unconditional reciprocity to accept SBEs certified by any government agency.
- 4) Nine agencies (Caltrans, City of LA, SDCRAA, BART, SFO, SFMTA, SamTrans, VTA, and County of Los Angeles) have limited reciprocity to accept certifications from certain government agencies, and they also accept DGS certifications. Metro and the City of

Fresno do not accept DGS certifications.

B. California Department Of General Services. The DGS small business certification program follows State law, which in some areas differ from Metro 's requirements. For example, DGS's program does not have a personal net worth (PNW) requirement and has a self-certification process, while Metro has a PNW requirement and verifies application information. Therefore, Metro does not accept DGS SBE certifications because it could compromise the integrity of Metro's Program.

C. Metro Does Not Accept SBE Certifications From Other Agencies. Metro has a robust verification process to ensure applicants actually meet SBE eligibility requirements. Metro currently does not accept SBE firms certified by other agencies, in part, because of concerns that others may not adhere to the same standards as set forth in Metro's SBE Program and may not verify SBE application information. Additionally, Metro conducted a test of DGS's program by creating a fictitious company and was granted SBE certification in a matter of minutes. It appears that DGS's self-certification had little to no verification whether the applicant qualifies as a small business.

D. Some Agencies Accept SBE Certifications Of Others. We found that some agencies accept small businesses certifications of other agencies, which demonstrates an interest and need for reciprocity. For example:

- 1) The City of Los Angeles accepts small business certification from DGS, and the City's propriety departments accept SBE certification from several agencies including Metro and LSBE certifications from the County of Los Angeles.
- 2) SDCRAA accepts SLBE certifications from the City of San Diego, DGS, and other agencies that use SBA size standards.
- 3) BART accepts SBE certifications if there is an MOU for reciprocity with the certifying agency.
- 4) SFO accepts SBE certifications from other agencies that use SBA size standards.
- 5) SFMTA accepts San Francisco Local Business Enterprise and DGS certifications.
- 6) SamTrans accepts small business certifications from VTA and DGS.

In addition, four agencies (SDCRAA, BART, SFO, and SFMTA) accept a certified DBE as an SBE.

### 3. Opportunities For Improvement

Our survey found opportunities to increase contracting opportunities for small businesses by increasing SBE certification reciprocity with other agencies, which will improve the effectiveness of the Metro SBE Program. In our opinion, Metro may consider accepting SBE certifications from other agencies or developing SBE certification reciprocity with other agencies if the other agencies have a formal SBE Program and use the same or similar certification requirements as Metro and those agencies or Metro verify the information of the applications. BART uses the same five SBE certification requirements as Metro. Thus, an opportunity for SBE reciprocity exists there.

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Metro is recognized as a leader in the certification of SBE applicants in the State and is viewed by other agencies with confidence in its verification process. Metro may increase its leadership role and improve its acceptance of other agencies SBE certifications, or at least increase acceptance of Metro's SBE certifications by other agencies, by conducting increased outreach to other agencies for that purpose.

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, whose Small Business Program does not currently meet or exceed Metro's SBE certification requirements or verification standards. If Metro's Program were to become rife with fraud, it would diminish the reputation of the agency and dilute Program benefits for legitimate SBE vendors.

#### **4. Recommendations**

1. Review and evaluate BART's 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 a Los Angeles County SBE Certification Summit to discuss program terms, requirements, minimum standards, and reciprocity among other agencies.
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.
5. Continue to review and evaluate the California DGS's small business certification program and standards to determine whether Metro can recognize or accept some DGS certifications without compromising Metro's own SBE certification standards.

#### **FINANCIAL IMPACT**

There is no financial or budgetary impact by accepting the report. However, Metro's compliance with the recommendations would improve the effectiveness of its SBE certification program by working with other agencies to achieve increased reciprocity and potentially expand the SBE pool for Metro.

#### **EQUITY PLATFORM**

It is the OIG's opinion that there is no equity consideration or impact caused by this report. However effective implementation of the recommendations herein has the potential to improve SBE participation and contract awards for entities, and job opportunities for persons, that live and work in disadvantaged and low income areas in our region.

#### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendations support strategic plan goal number 5.5: "Metro will expand opportunities for

businesses and external organizations to work with us.”

### **NEXT STEPS**

Metro management has provided the OIG with its response to our report. They agree with our recommendations and to take action to carry out the recommendations within a reasonable time. The OIG will assist as requested to help them carry out those endeavors.

### **ATTACHMENTS**

Attachment A: Final Report on the Survey of Small Business Enterprise (SBE) Certification Programs and Exploring Opportunity For Reciprocity (Report No. 22-AUD-05)

Attachment B: PowerPoint Presentation

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George Maycott, Senior Director, Special Projects, (213) 244-7310

Reviewed by: Karen Gorman, Inspector General, (213) 922-2975

**Los Angeles County  
Metropolitan Transportation Authority  
Office of the Inspector General**

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**Survey of Small Business Enterprise (SBE)  
Certification Programs and Exploring  
Opportunity for SBE Reciprocity**

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Report No. 22-AUD-05

September 2, 2022



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# **ACRONYMS AND ABBREVIATIONS**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
ACDBE	Airport Concessions Disadvantaged Business Enterprise
BART	San Francisco Bay Area Rapid Transit District
CALTRANS	California Department of Transportation
CFR	United States Code of Federal Regulations
CITY OF LA	City of Los Angeles
CORE	City of Los Angeles Certification Outreach Regulations Enforcement
CUCP	California Unified Certification Program
DBE	Disadvantaged Business Enterprise
DEOD	Metro Diversity & Economic Opportunity Department
DGS	California Department of General Services
DVBE	Disabled Veteran Business Enterprise
EDWOB	Economically Disadvantaged Women-Owned Business
LA METRO	Los Angeles County Metropolitan Transportation Authority
LAUSD	Los Angeles Unified School District
LSB	City of Los Angeles – Local Small Business
LSBE	Local Small Business Enterprise
MB	Micro Business
MOU	Memorandum of Understanding
NAICS	North American Industry Classification System
OCR	Office of Civil Rights
OHA	SBA’s Office of Hearings and Appeals
OSDS	Office of Small Business and DVBE Services
PNW	Personal Net Worth
PW	Public Works
SAMTRANS	San Mateo County Transit District
SBA	Small Business Administration
SBE	Small Business Enterprise
SDCRAA	San Diego County Regional Airport Authority
SFMTA	San Francisco Municipal Transportation Agency
SFO	San Francisco International Airport
SLBE	Small/Local Business Enterprise
SMBE	Small Minority Business Enterprise
SWBE	Small Women Business Enterprise
USDOT	United States Department of Transportation
USWCC	US Women’s Chamber of Commerce
VTA	Santa Clara Valley Transportation Authority
WBEC – WEST	Women’s Business Enterprise Council West
WOSB	Women-Owned Small Business



**DATE:** September 2, 2022

**TO:** Metro Board of Directors  
Metro Chief Executive Officer

**FROM:** Yvonne Zheng, Senior Manager, Audit  
Office of the Inspector General

**SUBJECT:** Final Report on Survey of Small Business Enterprise (SBE) Certification Programs and Exploring Opportunity for Reciprocity (Report No. 22-AUD-05)

## **EXECUTIVE SUMMARY**

As part of our ongoing effort to assist Metro in improving the efficiency and effectiveness of operations, the Office of the Inspector General (OIG) performed a survey of selected government agencies including (a) 10 California Unified Certification Program (CUCP) certifying partner agencies (members), (b) California Department of General Services (DGS), and (c) the County of Los Angeles to explore the possibilities of increasing Small Business Enterprise (SBE) certification reciprocity with other agencies, which is an area of interest of the Metro Board.

Our survey of 10 California Unified Certification Program (CUCP) member agencies (including Metro) found that the agencies have reciprocity to accept Disadvantaged Business Enterprise (DBE) firms certified by other CUCP members. However, there are no uniform requirements and standards for SBE certification and no reciprocity program to accept SBE certification by other agencies. Each agency surveyed had its own program, standards, and criteria to certify and accept or not accept SBE certification by other agencies, and some agencies did not have an SBE certification program. Our survey found opportunities to increase contracting opportunities for SBEs by increasing reciprocity with agencies that have similar standards as Metro. The effectiveness of the SBE Program can be improved by:

- Working with other agencies to develop SBE reciprocity including the City of Los Angeles, County of Los Angeles, and San Francisco Bay Area Rapid Transit District.
- Leading a Los Angeles County SBE summit to discuss requirements, standards and reciprocity with other County agencies and other municipalities.
- Making Metro's SBE Program better known to other State agencies, encouraging them to accept Metro's SBE certification, and offering them the opportunity to develop SBE reciprocity by informing Metro of their SBE Program and verification process.

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- Reviewing and evaluating California DGS’s small business certification program and standards to determine whether Metro can recognize or accept some DGS certifications without compromising Metro’s own SBE certification standards.
  - Metro is already recognized as a leader in SBE certifications. Continue to act as a lead agency in the State and encourage reciprocity by others of Metro’s certifications.
- A. The California Unified Certification Program provides “one-stop shopping” certification services to small, minority and women owned businesses seeking to participate in the United States Department of Transportation (USDOT) DBE Program. The CUCP is charged with the responsibility of certifying firms and compiling and maintaining the database of certified DBE firms for USDOT grantees in California, pursuant to 49 CFR Part 23 and 26. The database is intended to expand the use of DBE firms by maintaining complete and current information on those businesses and the products and services they can provide to federal grantees in California. The 10 CUCP certifying agencies are:
1. Los Angeles County Metropolitan Transit Authority (LA Metro)
  2. California Department of Transportation (Caltrans)
  3. City of Fresno
  4. City of Los Angeles (City of LA)
  5. San Diego County Regional Airport Authority (SDCRAA)
  6. San Francisco Bay Area Rapid Transit District (BART)
  7. San Francisco International Airport (SFO)
  8. San Francisco Municipal Transportation Agency (SFMTA)
  9. San Mateo County Transit District (SamTrans)
  10. Santa Clara Valley Transportation Authority (VTA)
- B. SBE Certification Programs. We found that 5 of the 10 CUCP member agencies have their own SBE certification program (Metro, City of LA, BART, SamTrans, and VTA); one agency (BART) uses the same certification requirements as Metro, and the other three agencies do not have a personal net worth requirement, which is a Metro requirement. In addition, 5 agencies do not have an SBE certification program (Caltrans, City of Fresno, SDCRAA, SFO, and SFMTA). Matrix 1 shows the various CUCP members’ SBE certification requirements compared to Metro’s key requirements.

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**Matrix 1: CUCP Members’ SBE Certification Key Requirements**

Item	California Unified Certification Program (CUCP) Member	Personal Net Worth (PNW)	Business Size (Annual Gross Receipts)	Ownership	Independence	Management Control
		< \$1,320,000	< \$26,290,000	For-Profit Small Business (>51% Interest)	Not Affiliated with Another Firm	Owner Control of Operations
A	LA Metro	X	X	X	X	X
B	Caltrans	No SBE Program				
C	City of Fresno	No SBE Program				
D	City of Los Angeles	No criteria on PNW	X	X	X	X
E	SDCRAA	No SBE Program				
F	BART	X	X	X	X	X
G	SFO	No SBE Program				
H	SFMTA	No SBE Program				
I	SamTrans	SamTrans currently recognizes DGS and VTA only for SBE certification and uses their standards				
J	VTA	No criteria on PNW	X	X	X	X

*For more details of each CUCP member’s SBE certification requirements, see Attachment B, CUCP Members’ Requirements for SBE Certification.*

Our review also found that none of the 10 CUCP member agencies and the 2 other agencies reviewed had unlimited or unconditional reciprocity to accept SBEs certified by all other agencies that certify small businesses. However, nine agencies (Caltrans, City of LA, SDCRAA, BART, SFO, SFMTA, SamTrans, VTA, and County of Los Angeles) have a limited reciprocity to accept SBE certifications from certain government agencies.

In addition, 8 of the 10 CUCP members and the County of Los Angeles accept California Department of General Services (DGS) small business (SB) certifications, and Metro and the City of Fresno do not accept DGS SB certifications. All of the 10 CUCP member agencies accept DBEs certified by other CUCP members, as shown in Matrix 2 below. This is because DBE programs all use the same federal standards but SBE standards have not been adopted State wide.

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**Matrix 2: CUCP Members and Other Agencies DBE & SBE Certification Programs**

	California Unified Certification Program (CUCP) Member	DBE Reciprocity	SBE Program in Place	SBE Unlimited Reciprocity	SBE Limited Reciprocity	Accepts DGS SB Certification
<b>A</b>	LA Metro	Yes	Yes	No	No	No
<b>B</b>	Caltrans	Yes	No	No	Yes	Yes
<b>C</b>	City of Fresno	Yes	No	No	No	No
<b>D</b>	City of Los Angeles	Yes	Yes	No	Yes	Yes
<b>E</b>	SDCRAA	Yes	No	No	Yes	Yes
<b>F</b>	BART	Yes	Yes	No	Yes	Yes
<b>G</b>	SFO	Yes	No	No	Yes	Yes
<b>H</b>	SFMTA	Yes	No	No	Yes	Yes
<b>I</b>	SamTrans	Yes	Yes	No	Yes	Yes
<b>J</b>	VTA	Yes	Yes	No	Yes	Yes
	<b>Other Agencies</b>					
<b>K</b>	California DGS		Yes	No	No	N/A
<b>L</b>	County of Los Angeles		Yes	No	Yes	Yes

*Note to Matrix 2: For the purposes of this report, “SBE Unlimited Reciprocity” means that an agency accepts or recognizes SBE certifications from all agencies that certify small businesses. “SBE Limited Reciprocity” means that an agency accepts or recognizes SBE certifications from a limited number of agencies.*

- C. County of Los Angeles is not a CUCP member. The County has a certification program called Local Small Business Enterprise (LSBE) preference program that uses the same eligibility criteria as DGS, which is not consistent with Metro’s certification requirements in areas such as personal net worth and application verification.
- D. Metro’s Diversity & Economic Opportunity Department (DEOD) is responsible for administrating the SBE and DBE Programs. The DEOD Director stated that Metro uses the same application form for DBE and SBE certifications. Metro accepts CUCP member’s DBE certifications from other CUCP members because all members follow the same Federal regulations to certify DBEs. However, Metro currently does not accept SBE firms certified by other agencies due to concern that their SBE certification requirements are not up to Metro’s standards. Also, each agency has its own certification standards and procedures, and DEOD has concerns that the verification process of other agencies is inadequate.

## **BACKGROUND**

To determine the DBE and SBE eligibility, agencies normally adopt and follow rules published by the United States Code of Federal Regulations (CFR) and the Small Business Administration (SBA). Metro considers the DBE standards in developing its SBE standards, such as the personal net worth element. The following sections are excerpted from CFR rules and SBA Size Eligibility Provisions, and Standards.

### **A. Rules to Determine Social and Economic Disadvantage (DBE Standards)**

Pertinent sections of CFR Title 49, Subtitle A, Part 26, Subpart D § 26.67, to determine social and economic disadvantage are:

(a) Presumption of disadvantage.

(1) You must rebuttably presume that citizens of the United States (or lawfully admitted permanent residents) who are women, Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, or other minorities found to be disadvantaged by the SBA, are socially and economically disadvantaged individuals. You must require applicants to submit a signed, notarized certification that each presumptively disadvantaged owner is, in fact, socially and economically disadvantaged.

(2)

(i) You must require each individual owner of a firm applying to participate as a DBE, whose ownership and control are relied upon for DBE certification, to certify that he or she has a personal net worth that does not exceed \$1.32 million.

(ii) You must require each individual who makes this certification to support it with a signed, notarized statement of personal net worth, with appropriate supporting documentation. To meet this requirement, you must use the DOT personal net worth form provided in appendix G to this part without change or revision. Where necessary to accurately determine an individual's personal net worth, you may, on a case-by-case basis, require additional financial information from the owner of an applicant.

(iii) In determining an individual's net worth, you must observe the following requirements:

(A) Exclude an individual's ownership interest in the applicant firm.

(B) Exclude the individual's equity in his or her primary residence.

(C) Do not use a contingent liability to reduce an individual's net worth.

(D) With respect to assets held in vested pension plans, Individual Retirement Accounts, 401(k) accounts, or other retirement savings or investment programs in which the assets cannot be distributed to the individual at the present time without significant adverse tax or interest consequences, include only the present value of such assets, less the tax and interest penalties that would accrue if the asset were distributed at the present time.

## **B. Small Business Administration (SBA) Size Standards**

CFR Title 13, Chapter I, Part 121, Subpart A - Size Eligibility Provisions and Standards provides the following rules to determine small business size:

### §121.101 What are SBA Size Standards?

(a) SBA's size standards define whether a business entity is small and, thus, eligible for Government programs and preferences reserved for “small business” concerns. Size standards have been established for types of economic activity, or industry, generally under the North American Industry Classification System (NAICS).

### §121.102 How does SBA Establish Size Standards?

(a) SBA considers economic characteristics comprising the structure of an industry, including degree of competition, average firm size, start-up costs and entry barriers, and distribution of firms by size. It also considers technological changes, competition from other industries, growth trends, historical activity within an industry, unique factors occurring in the industry which may distinguish small firms from other firms, and the objectives of its programs and the impact on those programs of different size standard levels.

(b) As part of its review of a size standard, SBA will investigate if any concern at or below a particular standard would be dominant in the industry. SBA will take into consideration market share of a concern and other appropriate factors which may allow a concern to exercise a major controlling influence on a national basis in which a number of business concerns are engaged. Size standards seek to ensure that a concern that meets a specific size standard is not dominant in its field of operation.

(c) As part of its review of size standards, SBA's Office of Size Standards will examine the impact of inflation on monetary-based size standards (e.g., receipts, net income, assets) at least once every five years and submit a report to the Administrator or designee. If SBA finds that inflation has significantly eroded the value of the monetary-based size standards, it will issue a proposed rule to increase size standards.

### **C. California Unified Certification Program (CUCP)**

The United States Department of Transportation (USDOT) requires that a Unified Certification Program, governed by 49 Code of Federal Regulations (CFR), Part 26, be implemented that allows applicants for the Disadvantaged Business Enterprise (DBE) program to apply once for a DBE certification that will be honored by all recipients in a state.

The California Unified Certification Program (CUCP) provides “one-stop shopping” certification services to small, minority and women businesses seeking to participate in the USDOT DBE Program. The CUCP database is intended to expand the use of DBE firms by maintaining complete and current information on those businesses and the products and services they can provide to all grantee agencies in California. The database is available to government agencies within the state.

The California Department of Transportation (Caltrans) processes DBE applications statewide. There are other certifying agencies that certify geographically based on their region. The main eligibility requirements for DBE are:

1. Social and Economic Disadvantage. A disadvantaged owner must be a U.S. Citizen (or resident alien) and meet the federal definition of socially and economically disadvantaged as defined in 49 CFR, Part 26.67. Presumptive groups include women, African Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, or any individual found to be socially and economically disadvantaged on a case-by-case basis.
2. Personal Net Worth. Only disadvantaged persons having personal net worth (PNW) of less than \$1.32 million can be considered as a potential qualified DBE.
3. Business Size Standard. A firm (including affiliates) must be a small business as defined by the SBA. Average annual gross receipts over the previous three fiscal years may not exceed \$22,410,000 (\$52,470,000 for airport concessions in general, with some exceptions).
4. Ownership. Must be a for-profit small business concern, where socially and economically disadvantaged individuals own at least 51 percent interest in the firm.
5. Management and Control. The DBE owner(s) must possess the power to direct or cause the direction of the management and policies of the firm and to make day-to-day decisions, as well as long-term decisions on matters of management, policy, and operations.
6. Independence. The business must not be affiliated with another firm in such a way as to compromise its independence and control.
7. On-Site Visit. Federal regulations require an On-Site Review be conducted for all DBE applicants.



## **OBJECTIVE, METHODOLOGY AND SCOPE OF SURVEY**

The objective of this survey is to determine whether Metro and selected government agencies could increase reciprocity of SBE certifications, simplify the certification process, and increase SBE participation.

To achieve the survey objective, we performed a review of Metro DBE and SBE certification programs and related documents. We also visited government agencies websites and contacted certification officials of the selected government agencies to obtain information related to their DBE and SBE certification programs. Our review focused on SBE certification programs and the opportunity for SBE reciprocity. During the survey, we:

- Reviewed Metro’s website and related documents to obtain an understanding of Metro’s DBE and SBE certification programs;
- Obtained DBE and SBE data from Metro’s DEOD;
- Clarified issues related to DBE and SBE certification programs with DEOD personnel;
- Met with Metro officials to discuss SBE reciprocity and obtained updated information;
- Visited CUCP and other selected government agencies’ websites to review their SBE certification programs; and
- Contacted agencies to clarify issues related to SBE certification standards and reciprocity opportunities.

This survey was not an audit and limited in scope. Government Audit Standards were not strictly applied in this survey.

## **RESULTS OF SURVEY**

The following sections discuss Metro and the other nine CUCP certifying agencies’ DBE and SBE Programs. Because Metro is located in the County of Los Angeles, we included the County of Los Angeles SBE certification program in this survey even though it is not a CUCP member. We also included California Department General Services (DGS) in the survey because some of the CUCP members accept DGS SBE certification.

### **A. Los Angeles County Metropolitan Transportation Authority (Metro)**

Metro currently certifies DBEs and SBEs. Metro’s SBE and DBE eligibility requirements are virtually the same with one notable exception; the SBE Program is race, ethnic, and gender neutral and the DBE Program is not.

Disadvantaged Business Enterprise Program. Metro’s DBE Program requires the applicant be socially and economically disadvantaged as outlined in CFR 49 Part 26. Metro is a member of the California Unified Certification Program (CUCP) and accepts DBEs certified by other member agencies.

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Metro receives federal financial assistance from the USDOT through Caltrans, and as a condition of receiving this assistance, Metro signed the California Department of Transportation Disadvantaged Business Enterprise Implementation Agreement. Metro agreed to implement the State of California, Department of Transportation DBE Program Plan, which is based on 49 CFR 26 requirements.

DBE Certification Requirements. Under Metro’s DBE Program, applicants must prove Social and Economic Disadvantage. Presumptive groups include women, Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian-Americans, or other minorities found to be disadvantaged by the regulations or any individual found to be socially and economically disadvantaged on a case-by-case basis. Also, a disadvantaged owner must be:

- A U.S. Citizen (or resident alien), and
- Meet the federal definition of socially and economically disadvantaged as defined in 49 CFR Part 26.67.

Small Business Enterprise Program. Metro is the recipient of non-federal funds from state, local, and other sales tax funding sources. Metro implemented an SBE Program, as a condition of assistance, and in compliance with the Metro Board adopted Small Business Enterprise Program, and in response to Proposition 209 that amended the state constitution to prohibit state governmental institutions from considering race, sex, or ethnicity, specifically in the areas of public employment, public contracting, and public education. The SBE Program is a race and gender-neutral. Metro sets forth the policies and procedures to be implemented in order to assure that small businesses have the maximum opportunity to participate in Metro’s non-federally funded competitive negotiated and competitive bid contracts.

SBE Certification Requirements. Under Metro’s program, there are five requirements that all applicants for SBE and DBE certification must prove (see Attachment A for more details).

1. Personal Net Worth: Personal Net Worth (PNW) of less than \$1,320,000. Items excluded from a person's net worth calculation include an individual's ownership interest in the applicant firm and equity in his or her primary residence.
2. Business Size Standard: A firm (including affiliates) must be a small business as defined by the Small Business Administration. It must not have annual gross receipts over \$26,290,000, in the previous three or five fiscal years. Effective January 6, 2022 the gross receipt average calculation will go from a three-year average to a five-year average. Through this transition period, firms may choose between using a three-year averaging period or a five-year averaging period. Depending on the type of work the business performs, other size standards may apply. The North American Industry Classification System (NAICS) is used to determine industry and additional size standards.
3. Ownership: Must be a for-profit small business concern with the applicant/owner having at least 51% interest and control management of daily business operations.

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4. Independence: The business must not be affiliated to another firm in such a way as to compromise its independence and control. These include, but are not limited to, areas such as personnel, facilities, equipment, financial and/or bonding support, and other resources.
5. Management and Control: The applicant owner(s) must possess the power to direct or cause the direction to the management and policies of the firm and to make day-to-day decisions, as well as long-term decisions on matters of management, policy and operations.

Certification Process. Metro has one application form for both the DBE and SBE Programs. The applicant indicates which program(s) the applicant would like to apply for by checking a box on the form. The certification process involves a comprehensive review of the submitted certified application and supporting documentation. Metro contacts the applicant if additional information is needed. Site visits are performed for DBE applications to further evaluate eligibility.

- DBE Certifications. Our review found that Metro accepted 324 DBE certifications from 7 of the 10 CUCP agencies as of December 31, 2021 (Caltrans, City of Fresno, City of Los Angeles, BART, SFMTA, SamTrans, and VTA).
- SBE Certifications. Data provided by DEOD showed that Metro certified 2,338 SBE firms as of December 31, 2021, of which 689 SBE firms were awarded Metro contracts.

According to the Director of DEOD, Metro’s SBE certification and database only includes firms certified by Metro. To participate in Metro’s SBE Program, a firm must be certified by Metro. DEOD staff stated, “*There is no way for us to know what other certifications firms may hold with other agencies.*”

Reciprocity of SBE Certifications. Metro does not have SBE certification reciprocity with other state agencies. Metro’s DEOD Manager of Certification & Economic Development stated the following reason for not accepting SBEs certified by other agencies:

*In considering accepting the Certification of other agencies that certify firms as SBEs, one of the biggest concerns was whether other SBE programs adhere to the same certification standards as set forth in Metro’s SBE Program. For example, the Department of General Services (DGS) has a self-certification SBE program that has little to no verification into whether the applicant firm qualifies as an SBE. Metro conducted a test, creating a fictitious company and was granted certification in a matter of minutes. Therefore, to maintain the integrity of the program, Metro decided to not seek reciprocity.*

The DEOD Director stated that although Metro uses the same application form for DBE and SBE, Metro only accepts DBEs certified by other CUCP agencies and does not accept SBEs certified by other agencies. Metro accepts DBEs certified by others because all CUCP members follow the same Federal regulations to certify DBEs.

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The Director explained Metro does not accept SBE certifications from other agencies because they either do not have an SBE Program that meets Metro standards, or the agencies accept DGS's SBE certifications which do not have an application verification process. DGS's small business certification process uses a "self-certification" model which has no verification checks or controls and does not require applicants to submit documentation supporting their application, such as a license, tax information, or revenue statements. The Director said this lack of SBE application and documentation verification allows anyone to apply and obtain SBE certification, as was proven in DEOD's test over a year ago.

The Director stated that "*Metro's SBE program is very stringent, and the process is very detailed; accepting DGS's SBE certification discredits our excellent program and will create many problems for Metro and compromise the integrity of Metro's program.*"

The Director added that other agencies accept Metro's certification because "*we are the gold standard.*" Metro conducts an annual review of certified firms and if they find that they are not up to par, they begin the process to de-certify – a process that other agencies may not be performing.

While it might seem that if agencies are verifying DBEs it would be easy enough to do the same for SBEs, however the number of SBEs far exceeds those applying for DBE status.

Summary. Metro accepts DBEs certified by CUCP member agencies, has an SBE Program, and does not accept SBE firms certified by other agencies.

## **B. California Department of Transportation (Caltrans)**

Caltrans Website. Caltrans' Office of Civil Rights (OCR) is responsible for the contract participation of Small Business (SB), Disadvantaged Business Enterprise (DBE), and Disabled Veteran Business Enterprise (DVBE) firms.

- DBE. The website states that firms wanting to apply for DBE certification may contact any one of the 10 CUCP certifying partners. Caltrans provides DBE certification reciprocity with other CUCP certification partners.
- SBE. Caltrans does not have an SBE certification program. For small business applications, the Caltrans website directs applicants to the California Department of General Services (DGS) website.

DGS Small Business Program. We contacted a DGS Certification Officer, Procurement Division, regarding the Caltrans website directing small business applicants to the DGS website, who responded:

*"We are a different program from Caltrans. Our agency is called Department of General Services, and we do a lot of the purchasing for the other state agencies.*

*Because we do so much of the purchasing, California law gives us the authority to have our own certification program with state rules and terminology. We don't have the authority to accept other certifications, either in certification reciprocity with other organizations or to be accepted for benefits on a state bid. I think the Caltrans website is confusing because they call our State of California Small Business Certification (SB) a different name — Small Business Enterprise (SBE). Our certification uses state size standards (\$15 million), rather than the NAICS-based federal standards used in federal programs. Still, many organizations treat them as if they are equivalent. Caltrans doesn't have an SBE program. It appears that they use our program instead, but I'm not sure how they use SBE in their contracts."*

SBE Reciprocity. We also contacted Caltrans Office Chief Certification Branch, Office of Civil Rights, to verify whether Caltrans provides SBE certification reciprocity, who responded:

*"Caltrans does not accept SBE certifications from CUCP members or other government agencies. The only certification Caltrans will accept, on a federal contract, is a DBE certification."*

Summary. Caltrans accepts DBE certified by CUCP member agencies, does not have an SBE Program, does not provide SBE certification reciprocity, and accepts SB certifications by DGS.

### **C. City of Fresno**

DBE. The City of Fresno is a recipient of Federal Highway Administration, Federal Aviation Administration and Federal Transit Administration funds and as a condition of receiving these funds, the City has implemented the US Department of Transportation DBE and Airport Concessions Disadvantaged Business Enterprise Programs based on 49 CFR, Part 23 and 26 requirements. The City participates in the CUCP and accepts DBEs certified by other CUCP member agencies.

SBE. We did not find a small business program on the City's website. We contacted the DBE Business Coordinator to inquire about the City's SBE Program, who responded, *"The City of Fresno does not have an SBE Program. I usually point vendors to the City of San Francisco SBE Program. However, I hope to start one here in the future."*

Summary. The City of Fresno accepts DBEs certified by CUCP member agencies and does not have an SBE certification program.

### **D. City of Los Angeles (City of LA)**

DBE. We contacted the City of Los Angeles Certification Outreach Regulations Enforcement (CORE) Officer about the City's DBE certifications reciprocity, who told us that as a member of the CUCP, the City of LA accepts all DBE firms certified by other CUCP member agencies.

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SBE. The City has 2 SBE certification programs:

- SBE (LA) - A recognition program relying on the CA Department of General Services small business certifications. Other than DGS, the City does not recognize SBE certification from any other agency including Metro.
- SBE (Proprietary) - A recognition program used by the City's proprietary departments such as Department of Water & Power (DWP), Los Angeles World Airport (LAWA), and Port of Los Angeles. The preliminary criteria to be certified as an SBE firm are:
  - An independently-owned and operated business.
  - A small business that meets the size criteria set forth by the SBA 8(a) Business Development Program or the State of California DGS Small Business Program.
  - Organized as a for-profit business.

If a firm is currently certified with any of the following agencies, the firm does NOT need to submit the SBE (Proprietary) Application:

- Los Angeles County Metropolitan Transportation Authority (Metro) – Small Business Enterprise (SBE).
- Federal Small Business Administration (SBA) – 8(a) Business Development Program.
- State of California Department of General Services (DGS) – Small Business (SB), Micro Business (MB) and Public Works (PW).
- California Department of Transportation (Caltrans) – Small Minority/Women Business Enterprise (SMBE/SWBE).
- US Women’s Chamber of Commerce (USWCC) – Women-Owned Small Business (WOSB) & Economically Disadvantaged Women-owned Business (EDWOSB).
- National Women Business Owners Corporation (NWBOC) – Women-owned Small Business (WOSB) & Economically Disadvantaged Women-owned Business (EDWOSB).
- Women’s Business Enterprise Council West (WBEC - West) - Women-owned Small Business (WOSB).
- City of Los Angeles – Local Small Business (LSB).
- Los Angeles County – Local Small Business Enterprise (LSBE).
- California Unified Certification Program (CUCP) – Disadvantaged Business Enterprise (DBE) member agencies including LA Metro.

Summary. The City of LA accepts DBEs certified by other CUCP member agencies and has two SBE certification programs. The City accepts small business firms certified by DGS, but no one else including Metro. In other instances, the City’s proprietary departments such as DWP, LAWA and Port of LA accept SBEs certified by Metro and several other sources.

**E. San Diego County Regional Airport Authority (SDCRAA)**

SBE Program. According to the Interim Manager/Small Business Development, SDCRAA does not have a specific SBE Program. The Interim Manager advised us,

*“If we have a firm that has a DBE certification from the state of California, we consider them to be an SBE. We will also accept the SLBE from the City of San Diego or any agency that certifies firms with the guidelines of the SBA size standards.”*

Small Business Preference Program. The Authority has a small business Preference Program. To be considered a small business and eligible for a preference, a business concern must meet one of the following criteria.

- An enrollee in the Authority’s Bonding and Contract Financing Assistance Program; or
- A certified DBE by the CUCP; or
- A business concern that possesses a valid certification issued by an agency, approved by the Authority that verifies the firm is within SBA size standards.

Acceptable Certifying Entities. SDCRAA’s website shows the following agencies that have certifications acceptable to the Authority:

- California Department of General Services (DGS) Small Business Certification provided that the SBA size standard for the specific trade does not exceed \$14 million or 100 employees; or
- DGS Micro Business Certification provided that the SBA size standard for the specific trade does not exceed \$3.5 million or 25 employees; or
- City of San Diego Small Local Business Enterprise (SLBE) certification provided that the SLBE must provide evidence to the City that it meets the SBA size standards. The Authority will seek such verification from the City. It is the SLBE’s responsibility to provide that information to the City’s SLBE program prior to submission of any proposals to the Authority.

Summary. SDCRAA does not have an SBE certification program, but it has a small business preference program and considers a DBE certified by CUCP eligible for preference. It also accepts certifications from DGS, the City of San Diego SLBE certifications, or an agency that certifies firms that are within SBA size standards. It would likely accept Metro certifications.

**F. San Francisco Bay Area Rapid Transit District (BART)**

SBE Program. BART has an SBE certification program. The booklet titled “BART SBE Certification Application” indicates that BART is responsible for certification of firms and compiling and maintaining the database of certified firms. General guidelines for a firm to be certified as an SBE by BART are:

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- The firm must be at least 51% owned and controlled by one or more individuals whose personal net worth does not exceed \$1.32 million, excluding the individual's ownership interest in the applicant firm and the equity in his/her primary residence.
- The firm must be an independent business, and one or more of the owners must control its management and daily operations.
- Only an existing, for-profit firm is eligible to be certified as an SBE. Applicants are first subject to the applicable small business SBA size standards. Additionally, the average annual gross receipts for the firm (and its affiliates) must not exceed the USDOT cap of \$22.41 million.
- The applicant must be a U.S. Citizen or a lawfully admitted permanent resident alien.

BART's Senior Manager of Economic Opportunities & Policies stated:

*“If firms are certified as a DBE in the State of California by the CUCP or one of its participating agencies is presumptively held to have met the requirements and the firm remains eligible as a CUCP-certified DBE, then BART accepts it as SBE. If there is an MOU for reciprocity of SBE firms from the certifying agency, we accept reciprocity.”*

Summary. BART has an SBE Program. BART presumptively accepts CUCP certified DBE firms as an SBE and accepts SBE certification if there is an MOU for reciprocity with the certifying agency. BART may be a candidate for SBE reciprocity with Metro if they adhere to similar standards as Metro.

#### **G. San Francisco International Airport (SFO)**

SBE Program. The SFO website provides only limited information regarding small businesses. Therefore, we contacted staff in the SFO Vendor Diversity Administrator Chief Operating Officer's Office who told us that SFO does not have its own SBE Program and accepts SBE certifications of other agencies that use the SBA size standards, and also presumptively accepts DBE certification to qualify as an SBE.

Summary. SFO does not have an SBE certification program in place. Without an SBE Program, SFO would not be an SBE reciprocity agency for Metro. Metro could approach them about accepting Metro certifications.

#### **H. San Francisco Municipal Transportation Agency (SFMTA)**

SBE Program. The SFMTA website did not have specific information about an SBE Program. Therefore, we contacted the SFMTA Manager, Contract Compliance Office, who stated:

*“We have an SBE verification process for firms wishing to do business with the SFMTA. This process is not necessary if the firm is certified as a DBE, SBE (with the*



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*California Department of General Services Agency), or as a San Francisco Local Business Enterprise (LBE). I'm not showing any other exceptions."*

Summary. SFMTA has an SBE verification process, but not a certification program in place. SFMTA also accepts a certified DBE as an SBE, accepts DGS small business certification, and San Francisco certified LBEs.

### **I. San Mateo County Transit District (SamTrans)**

SBE Program. SamTrans has an SBE Program. In addition, it accepts SBE certifications from a limited number of agencies including:

- Small Business (SB) certification performed by the California Department of General Services (DGS) for the following industries only: (a) Construction (NAICS 230000), (b) Manufacturing (NAICS 310000-330000), (c) Wholesaling (NAICS 420000), and (d) Trucking (NAICS 484000).
- All Microbusiness (MB) certifications by the DGS for all industries.
- Small Business Enterprise (SBE) certification by the Santa Clara Valley Transportation Authority (VTA).

Our discussion with the SamTrans DBE Administrator confirmed the only agencies SamTrans currently recognizes for small business certification are DGS and VTA.

Summary. SamTrans has an SBE Program, and accepts small business certification from DGS and Santa Clara VTA. SamTrans may be a candidate agency to accept Metro SBE certifications because Metro's SBE certification requirements meet or exceed the minimum requirements of DGS and VTA.

### **J. Santa Clara Valley Transportation Authority (VTA)**

SBE Program. VTA has implemented an SBE Program to provide an equal opportunity for all small business firms to participate in non-federally funded contracts. The VTA Business Diversity Programs Management Analyst told us that VTA certifies small businesses, and also accepts certifications by the Department of General Services (DGS). VTA's certification process does not include a personal net worth requirement.

Summary. VTA has an SBE certification program and accepts DGS small business certifications. With no net worth standard, Metro would not provide reciprocity for VTA certifications, but Metro could approach VTA about accepting Metro certifications.

### **K. California Department of General Services (DGS)**

DGS is the State's certifying agency that administers the small business, small business for the purpose of public works, and DVBE certification programs. In order for a small business to be eligible for small business certification, it must meet the following requirements:

- Be independently owned and operated;
- Not dominant in field of operation;
- Principal office located in California;
- Owners (officers, if a corporation) domiciled in California; and
- Including affiliates, be either:
  - A business with 100 or fewer employees; an average annual gross receipt of \$15 million or less, over the last three tax years;
  - A manufacturer with 100 or fewer employees; or
  - A micro business – a small business will automatically be designated as a micro business, if gross annual receipts are \$5,000,000 or less; or the small business is a manufacturer with 25 or fewer employees.

Our review found that 8 of the 10 CUCP members accept DGS SB certifications; LA Metro and the City of Fresno do not accept DGS SB certification. See Matrix 2 of this report.

We contacted the DGS Certification Officer, Procurement Division, Office of Small Business & DVBE Services (OSDS) to clarify the difference between DGS's SB certification and LA Metro's SBE certification standards/requirements in five areas - (1) Personal Net Worth, (2) Business Size Standard, (3) Ownership, (4) Independence, and (5) Management and Control (see Attachment A). The Certification Officer's response included the following pertinent information.

*Our Small Business program, which includes State of California Small Business (SB) and Small Business for the Purpose of Public Works (SB-PW) certifications, is not a federal-style SBE program; however, localities and special districts use our SB Certification as if it is federal SBE.*

*The difference is that our certification is based completely on state of California laws and regulations:*

*All of the criteria are in the California State laws and regulations, but some rules are not clear to readers, for example:*

- *There are no citizenship requirements for SB certification*
- *There are no ethnicity, race, gender, social disadvantage, or economic disadvantage requirements for SB certification*
- *Certified SBs must be for-profit enterprises*
- *An applicant cannot be dominant in their industry; meaning, have the ability to exercise a controlling or major influence, on a statewide basis, in a kind of business activity.*

*For your specific questions:*

- *For state of California certifications, there is no review of **Personal Net Worth**, and net worth information is not collected from the applicants.*
- ***Size standards** do not link to NAICS codes, and there are only two size categories for SB, one category for SB-PW, and two categories for microbusinesses (SB/Micro):*
  - *SB certification [...]has the following size limits:*
    - *The applicant firm, together with affiliates, has average gross annual receipts equal to or less than \$15 million.*
    - *The applicant firm, together with affiliates, has 100 or fewer employees.*
  - *SB certification for manufacturers [...]have the following size limits:*
    - *No average gross annual receipts limit for manufacturers.*
    - *The applicant firm, together with affiliates, has 100 or fewer employees.*
  - *Small Business for the Purpose of Public Works (SB-PW) certification [...]has the following size limits:*
    - *The applicant firm, together with affiliates, has average gross annual receipts equal to or less than \$36 million.*
    - *The applicant firm, together with affiliates, has 200 or fewer employees.*
  - *Smaller businesses will automatically receive the Micro designation on their SB certification (not including SB-PW) if:*
    - *SB certifications [...]has average gross annual receipts equal to or less than \$5 million.*
    - *SB certifications for manufacturers [...]has 25 or fewer employees. Manufacturers do not have a Microbusiness gross receipts limit.*
- ***Ownership** must be disclosed in the application and match support documents and research.*
  - *Ethnicity, race, gender, social disadvantage, or economic disadvantage, etc. are not evaluated and there is no “qualifier.”*
  - *In general, owners or officers must be domiciled in California.*
- *Applicant business must be **Independently Owned and Operated**.*
  - *There is no “qualifier” who must be independent, but the entire business must be independent.*
  - *Most subsidiaries are not certified due to this rule.*
  - *We do not evaluate affiliation under this section; it is evaluated with the size standard.*
- ***Management and control***
  - *This is not a separate issue that is evaluated for individuals. See Independently, above.*

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- *There is no “qualifier” who must have management and control, but the entire business must be managed and controlled by its own leadership.*

See Attachment C for additional information on certification eligibility requirements for DGS programs on Small Business, Small Business-Micro Business, and Small Business for Purpose of Public Works.

Summary. While other CUCP member agencies may accept SBE certifications from DGS, it may not be a reciprocity agency for Metro due to the exceptions in their program, which are not consistent with Metro’s certification requirements in areas such as personal net worth and application verification.

#### **L. County of Los Angeles (County of LA)**

Small Business Community Enterprise (CBE). The County of Los Angeles has a Small Business CBE Program that encourages business owners who are minorities, women, disabled veterans, or disadvantaged to capitalize on opportunities in government and private-sector procurement programs. To be eligible to participate in the CBE Program, a business must be certified as any one of the following:

- Minority Business Enterprise (MBE)
- Women Business Enterprise (WBE)
- Disadvantaged Business Enterprise (DBE)
- Disabled Veteran Business Enterprise (DVBE)

CBE Program Accepts DBE Certification. The County does not certify DBEs. However, the County’s CBE Program recognizes DBEs for program participation purposes. To qualify for the CBE program as a DBE, a business must be certified by:

- A. The State of California Department of Transportation’s CUCP.
- B. Any agency authorized to certify under the CUCP.

Local Small Business Enterprise. The County also has a Local Small Business Enterprise (LSBE) Preference Program, which boosts contracting opportunities for small businesses in the County. The County uses the same criteria to define local small businesses as DGS.

Summary. The County of Los Angeles has an LSBE preference program and uses the same criteria as DGS, which do not equate to Metro’s certification requirements in areas such as personal net worth and application verification. The Program also has an additional requirement for a business to have its main office in Los Angeles County for at least 12 months.

## CONCLUSION

The survey found that all 10 CUCP member agencies accept DBE firms certified by the other CUCP members. However, there are no uniform requirements and standards for Small Business Enterprise (SBE) certification and no statewide reciprocity program to accept SBE firms certified by other agencies. Each agency surveyed had its own program, standards and criteria to certify and accept or not accept small business firms certified by other agencies, and some agencies did not have an SBE certification program.

SBE Certification Program. We found that 5 of the 10 CUCP member agencies have their own SBE certification program (Metro, City of LA, BART, SamTrans, and VTA); one agency (BART) had the same certification requirements as Metro, and the other three agencies did not have a personal net worth requirement. Moreover, 5 agencies do not have an SBE certification program (Caltrans, City of Fresno, SDCRAA, SFO, and SFMTA).

Our review also found that none of the 10 CUCP member agencies and the 2 other agencies reviewed had unlimited or unconditional reciprocity to accept SBEs certified by any government agency. However, nine agencies (Caltrans, City of LA, SDCRAA, BART, SFO, SFMTA, SamTrans, VTA, and County of Los Angeles) have limited reciprocity to accept certifications from certain government agencies.

In addition, 8 of the 10 CUCP members and the County of Los Angeles accept Department of General Services (DGS) SB business certifications; Metro and the City of Fresno do not accept DGS certifications.

California Department of General Services. DGS has various types of small business certification programs, but not an SBE Program. DGS small business certification programs follow State law, which in some areas differ from Metro 's requirements. For example, DGS's program does not have a personal net worth (PNW) requirement and has a self-certification process, while Metro has a PNW requirement and verifies application information. Therefore, 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.

Metro Does not Accept SBE Certifications from Other Agencies. Metro has a robust verification process to ensure applicants actually meet SBE eligibility requirements. Metro currently does not accept SBE firms certified by other agencies, in part, because of concerns that others may not adhere to the same standards as set forth in Metro's SBE Program and may not verify SBE applications. Additionally, Metro conducted a test of DGS's program by creating a fictitious company and was granted SBE certification in a matter of minutes. It appears that DGS's self-certification had little to no verification whether the applicant qualifies as an SBE.

Some Agencies Accept SBEs Certified by Others. We found that some agencies accept small businesses certifications of other agencies, which demonstrates an interest and need for reciprocity. For example:

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- The City of Los Angeles accepts small business certification from DGS, and the City’s propriety departments accept SBE certification from several agencies including Metro and LSBE certification from the County of Los Angeles.
- SDCRAA accepts SLBE certification from the City of San Diego, DGS, and other agencies that use SBA size standards.
- BART accepts SBE certification if there is an MOU for reciprocity with the certifying agency.
- SFO accepts SBE certification from other agencies that use SBA size standards.
- SFMTA accepts San Francisco Local Business Enterprise and DGS certifications.
- SamTrans accepts small business certifications from VTA and DGS.

In addition, four agencies (SDCRAA, BART, SFO, and SFMTA) presumptively accept a certified DBE as an SBE.

Path Forward. Our survey found opportunities to increase contracting opportunities for small businesses by increasing SBE certification reciprocity with other agencies, which may improve the efficiency and effectiveness of the SBE Program. In our opinion, Metro may consider accepting SBE certifications from other agencies or developing SBE certification reciprocity with other agencies if the other agencies have a formal SBE Program and use the same or similar certification requirements as Metro. BART uses the same five SBE certification key requirements as Metro. Thus, an opportunity for SBE reciprocity exists there.

Metro is recognized as a leader in the certification of SBE applicants in the State and is viewed by other agencies with confidence in its verification process. Metro may increase its leadership role and improve its acceptance of other agencies SBE certifications, or at least increase acceptance of Metro’s SBE certifications by other agencies by conducting increased outreach to other agencies for that purpose.

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, whose SB Program does not meet Metro’s SBE certification requirements. If Metro’s program were to become rife with fraud it would diminish the reputation of the agency and dilute program benefits for legitimate SBE vendors.

## **OBSERVATIONS**

### **Metro’s Recent SBE Program Development**

In response to the Board Motion 43 on December 2, 2021, Metro has developed a 48 by ’28 plan, which includes the following top 8 initiatives:

1. Roll-Out 15-Day Pay Initiative for Small Business Enterprise (SBE) as Primes.

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2. Explore 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).
3. Coordination of Efforts with the Los Angeles Area Chamber of Commerce OneLA Collaborative.
4. Enhancing the reach of Metro's Small Business Outreach Efforts by Advertising Metro Events on the City of Los Angeles' RAMP Portal.
5. Engage Local Return and Transit Operators.
6. Enhance capacity building and access to capital.
7. Encourage Support for Federal Program Changes.
8. Increase Small Business Program Regional Attainments.

In 2021, Metro enhanced the SB Prime program by increasing its contract threshold requirement, creating two new tiers, MSZ-I and MSZ-II, in the Medium Sized program, and the development of a Dashboard and Scorecard to track prime contractor performance in meeting and or exceeding SBE/DBE and DVBE contract goals.

In February 2022, the Board approved the Local Small Business Enterprise (LSBE) Preference program to strengthen the local economy and maximize contracting opportunities that increase the capacity and growth of local small and historically under-utilized businesses within the communities in which Metro's transportation projects are being built. Metro is continuing its efforts to launch the LSBE Preference program by June 1, 2022.

To increase the pool of Certified SBE firms, Metro has begun to research the feasibility of a Personal Net Worth (PNW) adjustment formula. In addition, Metro is exploring the viability of establishing small business certification reciprocity with the Los Angeles Unified School District (LAUSD).

**Metro Board Report (Item 34) April 15, 2021**

An April 2021 Metro Board Report responded to Board Motion 51 on strategies to create new pathways for the increase of contracting opportunities for SBEs including determining the feasibility of achieving certification reciprocity with agencies that have similar baseline standards as Metro. The Board Report stated:

*Metro's analysis revealed that the City of Los Angeles, LAWA, LAUSD, and the County of Los Angeles accept both Metro and DGS certification. In addition, the County of Los Angeles has had conversations with Metro regarding its SBE Program and is considering developing their own program that would emulate Metro's.*

*This may present an opportunity for 1) the City, County and Metro to develop reciprocity agreements for a County Wide Small Business Program where both the city and the county accept Metro Certification, or 2) the City and County adhere to Metro certification standards.*

### **DBE Application Fraud**

In April 2022, the U.S. Department of Transportation, together with the U.S. Attorney's Office for the Central District of California, entered into a deferred prosecution agreement with a DBE who underreported the company's gross income to qualify for the DBE Program. The agreement included a \$650,000 criminal penalty. The company has since agreed not to apply for DBE certification at any time in the future.

This company was a certified DBE with Metro up until 2018. Metro's DEOD found the company had issues with its reported income and no longer met the eligibility standards to be certified as a DBE and was removed from the CUCP DBE database. Identifying DBEs who falsify their applications and removing them from the agency SBE/DBE Programs maintains the integrity of the Programs and avoids potentially negative publicity for the agency. Metro's reluctance to accept SBE certifications by others is in large part due to skepticism about others verification efforts.

## **RECOMMENDATIONS**

Our survey identified opportunities to improve the efficiency and effectiveness of Metro's SBE certification program by working with other agencies to achieve reciprocity. We recommend Metro's Diversity and & Economic Opportunity Department:

1. Review and evaluate BART's SBE certification process and standards, which appears to have the same SBE standards and requirements as Metro and determine whether Metro can (1) accept SBE firms certified by BART, and (2) develop SBE certification reciprocity with BART to enter an agreement with them for that purpose.
2. Work with the City and County of Los Angeles to harmonize their SBE Programs, develop SBE certification reciprocity, and accept certifications with these two agencies.
3. Consider leading a Los Angeles County SBE Certification Summit to discuss program terms and requirements, minimum standards, and reciprocity among other agencies to achieve recognition of SBE certification with those entities.
4. Continue to be a lead agency by making Metro's SBE Program known to other agencies throughout the State, encourage them to accept Metro's SBE certifications, and offer them the opportunity to develop SBE reciprocity by informing Metro of their SBE Program and verification process.
5. Continue to review and evaluate the California Department of General Services (DGS) small business certification program and standards to determine whether Metro can recognize or accept some DGS certifications without compromising Metro's own SBE certification standards.



## **MANAGEMENT COMMENTS TO RECOMMENDATIONS**

On July 15, 2022, we provided Metro Management a draft report. On August 11, 2022, we received their response, as shown in Attachment D.

## **OIG EVALUATION OF MANAGEMENT RESPONSE**

Metro Management's response is responsive to the survey results and recommendations in the report. Therefore, we consider all issues related to the recommendations resolved and closed based on the actions taken.

## **ATTACHMENTS**

# Metro Small Business Certification Requirements



## Small Business Certification Requirements

Metro strives to promote contracting opportunities for small business and certifies businesses to increase their visibility through the **Small Business Enterprise Program (SBE)** and the **Disadvantaged Business Enterprise Program (DBE)**.

The SBE and DBE eligibility requirements are virtually the same with one notable exception. The SBE program is race, ethnic and gender neutral and the DBE program is not.

**The following five requirements must be proved by all applicants.**

**Personal Net Worth:** Personal Net Worth (PNW) of less than \$1,320,000. Items excluded from a person's net worth calculation include an individual's ownership interest in the applicant firm and his or her equity in their primary residence.

**Business Size Standard:** A firm (including affiliates) must be a small business as defined by the Small Business Administration (SBA). It must not have annual gross receipts over \$26,290,000, in the previous three or five fiscal years. Effective January 6, 2022 the gross receipt average calculation will go from a three-year average to a five-year average. Through this transition period, firms may choose between using a three-year averaging period or a five-year averaging period. Depending on the type of work the business performs, other size standards may apply. The North American Industry Classification System (NAICS) is used to determine industry and additional size standards.

**Ownership:** Must be a for-profit small business concern With the applicant/owner having at least 51% interest, control management of daily business operations.

**Independence:** The business must not be affiliated to another firm in such a way as to compromise its independence and control. These include, but are not limited to, such areas as personnel, facilities, equipment, financial and/or bonding support, and other resources.

**Management and Control:** The applicant owner(s) must possess the power to direct or cause the direction to the management and policies of the firm and to make

day-to-day decisions, as well as long-term decisions on matters of management, policy and operations.

**The following requirement must be proved by DBE applicants only:**

**Social and Economic Disadvantage:** A disadvantaged owner must be a U.S. Citizen (or resident alien) and meet the federal definition of socially and economically disadvantaged as defined in 49 CFR Part 26.67. Presumptive groups include women, Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian-Americans, or other minorities found to be disadvantaged by the regulations or any individual found to be socially and economically disadvantaged on a case-by-case basis.

**Certification Process:**

There is only one application required for both the DBE and SBE programs. The applicant indicates which program(s) they would like to apply by checking a box. The certification process involves a comprehensive review of the submitted certification application and supporting documentation. The applicant is contacted by Metro if additional information is needed. Site visits are performed for DBE applications to further evaluate the eligibility of applicants. The time frame varies depending on the completeness of documentation submitted by the applicant and number of applications in review.

Once a firm has gone through an extensive review Metro will contact the firm to inform them if they have been granted DBE and/or SBE certification.

Metro does not charge applicants for processing DBE/SBE certifications.

**The on-line application may be accessed at:**  
[metro.gob2g.com](http://metro.gob2g.com)

**For More Information:**  
Email: [CertificationUnit@metro.net](mailto:CertificationUnit@metro.net)  
Tel. 213-922-2600  
[metro.net/connect](http://metro.net/connect)

## Summary of CUCP Members' Requirements for SBE Certification

Item	CUCP Member	Personal Net Worth	Business Size Standard	Ownership	Independence	Management and Control	Notes
A	LA Metro	Less than \$1,320,000. Items excluded from a person's net worth calculation include an individual's ownership interest in the applicant firm and his or her equity in their primary residence.	Must not have annual gross receipts over \$26,290,000, in the previous three or five fiscal years.	Must be a for-profit small business concern with the applicant/owner having at least 51% interest, control management of daily business operations	Not affiliated to another firm in such a way as to compromise its independence and control.	Applicant owner(s) must possess the power to direct or cause the direction to the management and policies of the firm and to make day-to-day decisions, as well as long-term decisions on matters of management, policy and operations.	No SBE reciprocity
B	California Department of Transportation (Caltrans)	Caltrans does not have an SBE program.					Caltrans has Small Minority Business Enterprise (SMBE) and Small Women Business Enterprise (SWBE) programs which they process for certification. Caltrans doesn't use SMBE/SWBE certifications on federal contracts. SMBE or SWBE certified by Caltrans use their certifications with DGS, state projects.
C	City of Fresno	City of Fresno does not have an SBE program.					
D	City of Los Angeles	No criteria on personal net worth	Small business that meets the size criteria set forth by the Small Business Administration 8(a) Business Development Program or the State of California DGS Small Business Program.	Organized as a for-profit business  Owners, officers, members/managers, and/or partners must be domiciled in California	Independently owned and operated	Independently owned and operated  Not dominant in field of operations; principal office located in California	Have two kinds of SBE: SBE (LA) - relies on DGS certification SBE (Proprietary) - Program used by the City's proprietary departments: DWP, LAWA and Port of LA; firms already certified by accepted agencies do not have to complete SBE (Proprietary) application and will be recognized as SBEs by proprietary department.
E	San Diego County Regional Airport Authority (SDCRAA)	SDCRAA does not have an SBE program.					No specific SBE program; considers firm to be SBE if DBE certified. Also accepts SBE from the City of San Diego or any agency that certifies firms with the guidelines of the SBA size standards.

## Summary of CUCP Members' Requirements for SBE Certification

Item	CUCP Member	Personal Net Worth	Business Size Standard	Ownership	Independence	Management and Control	Notes
F	San Francisco Bay Area Rapid Transit (BART)	Does not exceed \$1.32 million, excluding the individual's ownership interest in the applicant firm and the equity in his/her primary residence.	For-profit firm; average annual gross receipts for the firm (and its affiliates) must not exceed the USDOT cap of \$22.41 million.	At least 51% owned and controlled by one or more individuals.	The firm must be an independent business.	One or more of the owners must control its management and daily operations.	Applicant must be a U.S. Citizen or a lawfully admitted permanent resident alien.  Firm certified by CUCP as DBE considered as an SBE.
G	San Francisco International Airport (SFO)	SFO does not have an SBE program.					SFO does not have criteria; accepts SBE certification of other agencies that use the SBA size standards; also accepts DBE certification to qualify as an SBE.
H	San Francisco Municipal Transportation Authority (SFMTA)	SFMTA does not have an SBE program.					Process not necessary if the firm is certified as a DBE, SBE (with the California Department of General Services Agency), or as a San Francisco Local Business Enterprise (LBE).
I	San Mateo County Transit District (SAMTrans)	SamTrans currently recognizes DGS and VTA only for SBE certification and uses their standards.					Also recognizes SBA 8(a) by the Small Business Administration provided that a firm's average annual gross receipts do not exceed the cap of \$23.98 million.
J	Santa Clara Valley Transportation Authority (VTA)	No criteria on personal net worth	Average annual gross receipts of less than \$22.41 million	Must be real, substantial, and continuing	Independent	Involved in daily operations	Accepts certifications by DGS.

### Other Agencies

Item	Agency	Personal Net Worth	Business Size Standard	Ownership	Independence	Management and Control	Notes
K	California Dept. of General Services (DGS)	No criteria on personal net worth	Varies - depending on the type of certification  See Attachment C	For-profit enterprise  Owners, officers, members/managers, and/or partners must be domiciled in California	Independently owned and operated	Managed and controlled by its own leadership  Not dominant in field of operation	Not a CUCP participating agency
L	County of Los Angeles	The County has an SBE certification program - Local Small Business Enterprise (LSBE) - with the following requirements:					
		No criteria on personal net worth	With 100 or fewer employees and average annual gross receipts of \$15 million or less over the last three years (including affiliates); or  Manufacturer with 100 or fewer employees	Owners (officers in case of corporation) live in California	Independently owned and operated	Not dominant in its field of operation  Main office in Los Angeles County for at least the last 12 months	Not a CUCP participating agency

**Certification Eligibility Requirements of California Department of General Services**

Certification Eligibility Requirements of California Department of General Services						
DGS Certification Program	Personal Net Worth	Business Size Standard	Ownership	Independence	Management and Control/Others	Notes
Small Business (SB)	No review of personal net worth	For non-manufacturers: Average gross annual receipts (GARs) cap of <b>\$15 million</b> over the last three tax years (including affiliates, and applicant, together with affiliates, has 100 or fewer employees  For manufacturers: No average gross annual receipts limit, and applicant, together with affiliates, has 100 or fewer employees	For-profit enterprise  Owners, officers, members/managers, and/or partners must be domiciled in California	Independently owned and operated	Managed and controlled by its own leadership  Not dominant in field of operation  Principal office located in California	The SB certification can be used and counted on all types of contracts including public works contracts/projects.
Small Business - Microbusiness Designation (SB/MB)		For non-manufacturers: Average gross annual receipts (GARs) cap of <b>\$5 million</b> over the last three tax years (including affiliates); or  For manufacturers: No average gross annual receipts limit, and applicant, together with affiliates, has 25 or fewer employees				
Small Business for the Purpose of Public Works (SB-PW)		Average gross annual receipts (GARs) cap of <b>\$36 million</b> over the last three tax years (including affiliates); and  With 200 or fewer employees				The SB-PW certification can only be used and counted on public works-related contracts/projects.

## Management Comments to Draft Report

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**Metro**

### Interoffice Memo

Date	September 2, 2022
To	Yvonne Guan Zheng, Senior Manager, Office of the Inspector General
From	Miguel Cabral, Executive Officer, DEOD <small>Digitally signed by Miguel Cabral DN: cn=Miguel Cabral, o=LA Metro, ou=DEOD, email=miguel@metro.net, c=US Date: 2022.09.02 16:02:02 -0700</small>
Subject	Response to OIG Report on the Survey of SBE Certification Programs

Metro management's response to the survey recommendations are noted below:

#### **Recommendation 1**

Review and evaluate BART's SBE certification process and standards, which appears to have the same SBE standards and requirements as Metro and determine whether Metro can (1) accept SBE firms certified by BART, and (2) develop SBE certification reciprocity with BART to enter an agreement with them for that purpose.

#### **Management Response**

On January 28, 2021, the Metro Board passed Motion 51 (Directors Dupont-Walker, Hahn, Mitchell, Butts, Najarian and Solis) requesting strategies to create new pathways for the increase and continued access to contracting opportunities for Small Business Enterprises (SBEs) through the enhancement of Metro's SBE Programs. At this time, Metro reviewed and evaluated BART's SBE certification process and standards and determined that Metro can accept SBE firms certified by BART. Metro reached out to BART to inquire about entering an SBE reciprocity agreement with Metro in which BART expressed interest.

Metro and BART prepared an MOU, and the MOU was then cleared by Metro's legal counsel for signature. Metro sent the final MOU over to BART to be signed and finalized, at which point there was no action taken on BART's end. Though Metro continued to reach out for multiple months via email and phone calls to follow up on the MOU, BART did not respond.

At this point Metro is continuing its efforts to focus on our local and regional partner agencies such as the City and County of Los Angeles. Focusing on regional partners will support our newly launched Local Small Business Enterprise (LSBE) Program. As stated in our response to Recommendation 2, Metro will reach out to the City and County of Los Angeles Certification units to attempt to harmonize their SBE programs, and work with them to develop criteria that meets Metro's SBE standards. This will enhance Metro's SBE program by further increasing the pool of SBE certified firms which will also benefit Metro's LSBE program. Additionally, Metro has also already started on a regional reciprocity process by partnering with OneLA, which is a coalition of regional public agencies and the Chamber

## **Management Comments to Draft Report**

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of Los Angeles, designed to streamline the procurement process and Small Business requirements.

### **Recommendation 2**

Work with the City and County of Los Angeles to harmonize their SBE Programs, develop SBE certification reciprocity, and accept certifications with these two agencies.

### **Management Response**

In seeking ways to create new pathways for increased and continued access to contracting opportunities for Small Business Enterprises (SBEs), Metro also conducted extensive benchmarking of other agencies' SBE programs. Metro reviewed and evaluated the City and County of Los Angeles' SBE program and found that both accept DGS certification which does not have an application verification process. DGS' program does not have a personal net worth (PNW) requirement and has a self-certification process, while Metro has a PNW requirement and verifies applicant information. Therefore, SBE reciprocity with both the City and County of Los Angeles would compromise the integrity of Metro's SBE program.

The City and County of Los Angeles both accept Metro's SBE certification and in July 2021, Metro reached out to the City and County of Los Angeles regarding obtaining a formal letter of agreement with their agency to leverage the strength of Metro's certification for small businesses that choose to be certified with Metro. The City and County of Los Angeles did not express interest.

Metro will reach out to the City and County of Los Angeles Certification units within the next three months, completed by December 2022, to attempt to harmonize their SBE programs, and work with them to develop criteria that meets Metro's SBE standards, so that we may develop SBE certification reciprocity and eventually accept certification from the City and County of Los Angeles.

Metro has additionally been a part of the OneLA initiative spearheaded by the Los Angeles Area Chamber of Commerce. OneLA is a coalition of regional public agencies and the Chamber designed to streamline the procurement process and Small Business requirements. Metro will continue to advocate for consistent Small Business certification requirements from participating agencies, as well as certification reciprocity amongst the members.

### **Recommendation 3**

Consider leading a Los Angeles County SBE Certification Summit to discuss program terms and requirements, minimum standards, and reciprocity among other agencies to achieve recognition of SBE certification with those entities.



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### **Management Response**

Metro's DEOD program is considered to be the best in the industry. Metro will continue in this leadership role by conducting increased outreach through various channels. Additionally, Metro has already started a partnership with the OneLA initiative spearheaded by the Los Angeles Chamber of Commerce. OneLA is a coalition of regional public agencies and the Chamber designed to streamline the procurement process and Small Business requirements.

Metro's SBE certification program, which mirrors the DBE program, is considered the gold standard certification in California. On July 21, 2022, USDOT proposed to make changes to the Disadvantaged Business Enterprise Program regulations. This is the first-time changes have been proposed to the DBE program since 2014. One of the primary components proposed in the change is an increase in Personal Net Worth (PNW) limit which would go from \$1.32 million to \$1.6 million. USDOT is also proposing to have an automatic 5-year PNW increase based on Federal Reserve data. Additionally, USDOT will also be removing retirement assets, value of applicant firm, equity in personal residence along with removing consideration of state marital/community property law from the PNW calculation. Metro will be providing comments and be in support of this rule change. Once these proposed changes are in effect, Metro will be implementing these changes to Metro's SBE program.

These changes will enhance both the DBE and Metro's SBE program by further creating opportunities for small businesses who otherwise may not qualify, increase the pool of certified firms, and will hopefully encourage other agencies to see the benefit in accepting Metro's SBE certification.

### **Recommendation 4**

Continue to be a lead agency by making Metro's SBE Program known to other agencies throughout the State, encourage them to accept Metro's SBE certifications, and offer them the opportunity to develop SBE reciprocity by informing Metro of their SBE Program and verification process.

### **Management Response**

Metro will continue its leadership role in the Small Business Programs industry. After evaluating local and regional SBE programs, Metro found that many agencies throughout the State, such as City of Los Angeles, the County of Los Angeles, Los Angeles Community College District, Metrolink, Los Angeles World Airports (LAWA) and the Los Angeles Unified School District, already accept Metro's SBE certification.

In being a lead certifying agency, Metro's SBE program matches the DBE program. Under the revised rule more firms will qualify for DBE certification, therefore, more firms will also qualify for SBE certification. Metro will continue to make Metro's revised SBE Program known to other agencies throughout the State, including California Unified Certification Program (CUCP) agencies, to encourage them to accept Metro's SBE certification. This will be part of Metro's ongoing outreach efforts.

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### **Recommendation 5**

Continue to review and evaluate the California Department of General Services (DGS) small business certification program and standards to determine whether Metro can recognize or accept some DGS certifications without compromising Metro's own SBE certification standards.

### **Management Response**

DGS' small business certification requirements in areas such as PNW, application verification, and size standards, are not consistent with Metro's SBE certification requirements. DGS's SBE certification process uses a "self-certification" model which has no verification checks or controls and does not require applicants to submit documentation supporting their application. The lack of application and documentation verification allows any firm to apply and obtain SBE certification, whether or not they qualify.

Metro has a robust verification process to ensure applicants meet SBE eligibility requirements to ensure that small businesses are only competing with other legitimate small businesses. As the OIG report recognized on page 19, "Therefore, 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." The OIG report also documented on page 20, "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, whose SB program does not meet Metro's SBE certification requirements. If Metro's program were to become rife with fraud, it would diminish the reputation of the agency and dilute program benefits for legitimate SBE vendors."

Metro has conducted an extensive review of the DGS self-certification, including creating a mock business that was certified in minutes without supplying any documentation. As noted by the OIG report above, they also recommend that we should not rely on SBE certification through DGS, nor engage in SBE reciprocity with agencies who do not have their own formal SBE certification program, as DGS' SB program does not meet Metro's SBE certification requirements. Should DGS revamp their whole SB program which includes removing self-certification, updating their certification requirements, along with having thorough vetting, Metro will then consider accepting DGS' SB certification.

CC: Nalini Ahuja, Chief Financial Officer  
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# Survey of Small Business Enterprise (SBE) Certification Programs and Exploring Opportunities for Reciprocity

*OIG Report No. 22-AUD-05*  
Karen Gorman, Inspector General

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September 15, 2022



# Objective

Determine whether Metro and selected government agencies could increase reciprocity of SBE certifications, simplify the certification process, and increase SBE participation.



# Results

- **Reciprocity exists among CUCP members on Disadvantaged Business Enterprise (DBE) firms**
- **No uniform requirements and standards for SBE certification**
- **No reciprocity program exists to accept SBE certification by other agencies**
- **Reciprocity may be done with agencies that have similar standards as Metro**



# Recommendations

- **Contact BART to attempt to negotiate SBE certification reciprocity.**
- **Work with the City and County of Los Angeles to attempt to harmonize their SBE Programs and develop SBE certification reciprocity.**
- **Consider leading a Regional SBE Certification Summit to discuss reciprocity among other agencies.**
- **Continue to be a lead certifying agency, make Metro's SBE Program known to other agencies, and encourage others to accept Metro's SBE certifications.**
- **Work with the California Department of General Services (DGS) small business certification program, determine whether Metro can accept DGS certifications without compromising Metro's own SBE certification standards (e.g.: accept subject to verification).**

