

**METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES**  
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- 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.

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# Metro Agenda

## Executive Management Committee

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

*Eric Garcetti, Chair*  
*Sheila Kuehl, Vice Chair*  
*James Butts, 2nd Vice Chair*  
*Jacquelyn Dupont-Walker*  
*John Fasana*  
*Mark Ridley-Thomas*  
*Carrie Bowen, non-voting member*

*Phillip A. Washington, Chief Executive Officer*

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Thursday, February 15, 2018	11:30 AM	One Gateway Plaza, Los Angeles, CA 90012, 3rd Floor, Metro Board Room
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Executive Management Committee	Agenda	February 15, 2018
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### CALL TO ORDER

### ROLL CALL

31.

RECEIVE AND FILE State and Federal Legislative Report.

32.

RECEIVE oral report on Administration's National Infrastructure Program.

33.

APPROVE Metro's Equity Platform Framework.

34.

RECEIVE oral report on Metro's NextGen Bus Study.

35.

RECEIVE oral update on TAP Regional Integration.

36.

RECEIVE AND FILE the Final 2017 Disparity Study report.

## **Adjournment**

### **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.



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File #: 2018-0030, File Type: Oral Report / Presentation

Agenda Number: 29.

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**EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 15, 2018**

**SUBJECT: ORAL REPORT ON NATIONAL  
INFRASTRUCTURE PROGRAM**

**ACTION: RECEIVE ORAL REPORT**

**RECOMMENDATION**

RECEIVE oral report on Administration's National Infrastructure Program.

**DISCUSSION**

Oral report on the Administration's National Infrastructure Program.

The background features a large, stylized graphic of the letters 'M' and 'A' in a light beige color, set against a dark green circular backdrop. This is further framed by a large, curved orange shape that sweeps across the top and right sides of the slide. The overall design is modern and professional.

# **Trump Administration Infrastructure Plan – What We Know**

**February 15, 2018 – material prepared by Metro  
advocates Holland & Knight**



**Metro**

# Trump Administration Infrastructure Plan

## Infrastructure Incentives Program Funding

### •Funding:

- A total of \$100 billion for a new incentive (competitive) grants program. This money would be distributed primarily between U.S. Department of Transportation (DOT), Army Corps of Engineers (Corps), and the U.S. Environmental Protection Agency (EPA) —and then other Federal agencies could ask DOT, the Corps, and EPA for funding.
- The amount of an incentive grant would be capped at 20 percent and could be combined with a Federal loan or a private activity bond (PAB). Each State cannot receive more than 10 percent of the total amount available under the Incentives Program.

### •Applicability:

- The proposal says the program "would provide support to wide-ranging classes of assets, including the following governmental infrastructure: surface transportation and airports, passenger rail, ports and waterways, flood control, water supply, hydropower, water resources, drinking water facilities, wastewater facilities, stormwater facilities, and Brownfield and Superfund sites."

# Trump Administration Infrastructure Plan

## Infrastructure Incentives Program Funding (continued)

### Program:

- Each lead Federal agency would solicit applications after the enactment of the Incentives Program and every six months thereafter, and each agency will determine the content, format and timing of the applications. Potential project sponsors could apply to its lead Federal agency for a grant, which will be judged primarily on how much new non-Federal revenue can be brought to the table. State/local sponsors who enacted a tax increase for infrastructure in the three years before February 2018 would get some credit for those revenues on a sliding scale which was not described in the proposal. The agencies "would calculate each application score by multiplying the weighted score from the evaluation criteria by the percentage of non-Federal revenues (out of total revenues) that would be used to fund the project or program of projects."

### Evaluation Criteria:

- The dollar value of the project or program of projects (*weighted at 10 percent*)
- Evidence supporting how the applicant will secure and commit new, non-Federal revenue to create sustainable, long-term funding for infrastructure investments (*weighted at 50 percent*)
- Evidence supporting how the applicant will secure and commit new, non-Federal revenue for operations, maintenance and rehabilitation (*weighted at 20 percent*)
- Updates to procurement policies and project delivery approaches to improve efficiency in project delivery and operations (*weighted at 10 percent*)
- Plans to incorporate new and evolving technologies (*weighted at 5 percent*)
- Evidence supporting how the project will spur economic and social returns on investment (*weighted at 5 percent*)



# Trump Administration Infrastructure Plan

## Rural Infrastructure Program

### **Funding:**

A total of \$50 billion for grants to rural areas that lack the tax base or the passenger/freight throughput to utilize much financial leveraging. 80 percent of that money (\$40 billion) would be given out as block grants to governors via some kind of rural population/rural road-miles formula that is not spelled out in the plan. The goal is that this block grant money would have very few Federal strings attached. The other 20 percent would go for "performance grants" selected by the Federal government. These grants are intended for rural areas with populations of less than 50,000 and there would also be a set aside for Tribal infrastructure and territorial infrastructure.

### **Applicability:**

The proposal says the program would support traditional transportation infrastructure as well as broadband, water and waste, power and electric and water resources. Further, the program only would apply to the specified asset classes and to other infrastructure that is essential to the operation of those assets.

### **Evaluation Criteria:**

In addition to receiving formula funds, States could apply for rural performance grants.

- Qualification for rural performance grants will require States to:

- Publish a comprehensive rural infrastructure investment plan.
- Demonstrate the quality of any investments planned with rural performance funds.
- Demonstrate how they will leverage formula funds with Federal credit programs and rewarding rural interstate projects through the infrastructure incentives program.



# Trump Administration Infrastructure Plan

## Transformative Projects Program

### Funding:

- A total of \$20 billion, led by the U.S. Department of Commerce, for projects that are likely to be commercially viable, but have characteristics that otherwise deter private sector investment. The goal is to fund riskier projects that could have transformational effects if successful. Infrastructure sectors covered by this program could include, but would not be limited to transportation, clean water, drinking water, energy, commercial space, and broadband.
- Eligible funding could be used for:
  - Up to 30 percent of eligible costs under the demonstration track
  - Up to 50 percent of eligible costs under the project planning track
  - Up to 80 percent of eligible costs under the capital construction track

### Evaluation Criteria:

- To be determined by a Department of Commerce led committee that would be comprised by other relevant cabinet agencies.

### Other Important Factors

- This program is intentionally vague in details on how this would be implemented. The point is to create a program that is flexible enough so the decision makers could be as creative as possible in funding innovative but risky projects.

# Trump Administration Infrastructure Plan

## Infrastructure Financing Programs

### Funding:

- A total of \$20 billion to advance major, complex infrastructure projects by increasing the capacity of existing Federal credit programs and by broadening the use of private activity bonds (PABs).
- A total of \$14 billion to be given to existing Federal credit programs to pay for credit subsidy authority to make new loans and loan guarantees to sponsors of infrastructure projects.
- Expand DOT Transportation Infrastructure Finance and Innovation Act (TIFIA) Funding and Broaden Program Eligibility
- Additional budget authority
- Support airport and non-Federal waterways and port financing options
- Expand Federal Railroad Administration (FRA) Railroad Rehabilitation and Improvement Financing (RRIF) and Broaden Program Eligibility.
- Additional budget authority for RRIF subsidy costs for 10 years
- Provide funding for RRIF credit risk premium

# Trump Administration Infrastructure Plan

## Infrastructure Financing Programs (continued)

- Expand Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) Funding and Broaden Program Eligibility
  - Eliminating lending limit of \$3.2 billion and provide additional budget authority to EPA for subsidy costs
  - Broadens the eligibility of the program
  - Includes non-Federal flood mitigation navigation and water supply.
  - Eliminate requirements under WIFIA for borrowers to be community water systems.
  - Authorizes Brownfield rehabilitation and cleanup of Superfund sites under WIFIA.
  - Reduces rating agency opinions from two to one for all borrowers.
  - Provides EPA authority to waive the springing lien in certain lending situations.
  - Increases the base level of administrative funding authorized to ensure EPA has sufficient funding to operate the WIFIA program.
  - Removes the restriction on the ability to reimburse costs incurred prior to loan closing under WIFIA.
  - Expands the WIFIA program to authorize eligibility for credit assistance for water system acquisitions and restructurings.
  - Expands WIFIA authorization to include Federal deauthorized water resource projects.
  - Expands U.S. Department of Agriculture Rural Utilities Service (RUS) lending programs funding
  - A total of \$6 billion to represent the estimated cost to the Treasury over 10 years of the lost tax revenue because of the increased issuance of PABs paying tax-exempt interest that will be issued under the more expansive PAB rules proposed in the plan.

# Trump Administration Infrastructure Plan

## Changes to Existing Programs

### Highways

- Allow States to toll existing Interstates, as long as the toll proceeds are used for infrastructure.
- Provides flexibility for the States to commercialize Interstate rest areas.
- Increases the threshold for Federal Highways Administration (FHWA) "major project oversight" rules from \$500 million to \$1 billion per project. Amending the law to raise the threshold for major projects from \$500 million to \$1 billion would remove unnecessary oversight requirements from smaller, less complex projects that are routinely managed by FHWA and state departments of transportation.
- States would be allowed to pay the Federal government back for the Federal contribution for already completed highway projects to be relieved of Federal compliance that is attached to that project. These Federal requirements typically include "restrictions on tolling; requirements pertaining to the location of a commercial plaza within the right-of-way of an Interstate highway; restrictions on Interstate access; and compliance with size and weight standards, highway beautification standards, and high occupancy vehicle lane operation standards."
- Allows states to do utility relocation before the National Environmental Policy Act (NEPA) process is completed.

# Trump Administration Infrastructure Plan

## Changes to Existing Programs (continued)

### Mass Transit

- Mandates "value capture" as a component of all new subway and light rail projects and would eliminate existing legal constraints on the use of public-private partnerships in mass transit.
- The American Public Transportation Association (APTA) defines value capture as "instruments allow jurisdictions to collect revenue in specific areas and direct that revenue towards specific improvements." Mechanisms include: special assessment districts, tax increment financing (TIF), impact fees, joint development, and split-rate property taxes.
- The Expedited Project Delivery for Capital Investment Grants (CIG) Pilot Program, which was created in the Fixing America's Surface Transportation (FAST) Act, would be permanently codified and its Federal share is increased from 25 percent to 50 percent.
- In this pilot program, the Federal Transit Administration (FTA) can select up to eight New Starts, Small Starts, or Core Capacity projects that are supported through public-private partnerships during the FAST Act authorization (FY 2016-2020).



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**Board Report**

**File #:** 2017-0912, **File Type:** Policy

**Agenda Number:** 21.

**REVISED  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 15, 2018**

**SUBJECT: METRO EQUITY PLATFORM FRAMEWORK**

**ACTION: ~~RECEIVE AND FILE~~ APPROVE METRO EQUITY PLATFORM FRAMEWORK**

**RECOMMENDATION**

APPROVE Metro’s Equity Platform Framework.

**ISSUE**

Access to opportunity should be a core objective of public decision making, public investment, and public service - and transportation is an essential lever to enabling that access. Unfortunately, there exists vast disparity among neighborhoods and individuals in Los Angeles County in their ability to see and seize opportunity - be it jobs, housing, education, health, safety or other essential facets of thriving in vibrant, diverse communities. A multi-point equity platform provides a basis for Metro to actively lead and partner in addressing and overcoming those disparities.

Metro staff does not approach the subject of equity lightly or uninformed. The adoption of Measure M included performance metrics that were tied to disadvantaged communities. The major revision to the Long Range Transportation Plan has committed to incorporating equity as a crosscutting issue since its introduction to the Board in February 2017. The Policy Advisory Council has flagged this as a major topic of interest. Most importantly, recent and engaged experience with community members with several projects (i.e., First/Last Mile planning, the Transformative Climate Communities grant for Rail to Rail, and a body of innovative workforce development initiatives) all underscore both the timeliness and urgency that equity considerations bring to Metro’s portfolio. In addition, staff informally reached out to representatives from academia, foundations, advocacy organizations and local government in developing this platform. Their demonstrated experience in research and collective action, and their candid feedback on challenges and opportunities in the equity space were invaluable.

**DISCUSSION**

Metro’s multi-point equity platform is wrapped around four pillars.

First, we need to define a common basis for talking about and building an agenda around equity, and how to improve it.

- Equity holds different perspectives and priorities for everyone and anyone who will be part of



this conversation.

- At its core, *inequity* exists when there are fundamental differences in access to opportunity, not just with respect to where you begin, but in your capacity to improve from that starting position.
- Historically and currently, race and class have largely defined where these disparities are most concentrated: in poor, minority communities throughout LA County. Age, gender, disability, and residency also can expand or constrain opportunities.
- It would be presumptuous to begin a truly inclusive conversation with a pre-determined definition of “equity” and all its facets, but Metro can enter into that conversation committing to the following:
  - Establish meaningful goals around a shared definition of equity and actions to achieve those goals.
  - Define metrics to evaluate outcomes and consider redirected actions if needed. It will be particularly critical to infuse equity-based performance metrics in Metro’s investment decisions. These cannot be the only investment considerations. Transportation is rife with tradeoffs. But equity metrics need to be definable, impactful, measurable, accountable, and at the front end of the analysis, not the back end.
  - Seek and invite the diverse range of voices that must participate with Metro in accomplishing the above. Importantly, we need to proactively reach out to those who have remained on the margins of decision-making in the past. These will include historically underserved communities and organizations that represent them. But we must also reach out and hear voices that may not be aligned with established groups.

Second, Metro needs to establish comprehensive, multiple forums to engage the community meaningfully and actively in pursuit of the first step discussed above. An important opening conversation with LA’s community members would address: a) where they believe achieving equity has been problematic - broadly, and specific to transportation’s role; and b) where improved relationships, partnerships and actions aligned with Metro’s portfolio of responsibility can be defined to advance more equitable transportation outcomes going forward.

- This will be a challenging conversation, insofar as it requires the Metro as Board and staff to invite the community to articulate where it has experienced, in fact deeply felt, inequity in Metro’s past. This isn’t a platform for Metro to defend or be defensive; people feel what they feel, and it is going to be impossible to define a new path and build a different position of trust if past experience is not given voice and legitimacy.
- That said, the main point of this conversation forum should be to learn and move forward based on that acknowledgement. This may require reconciling divergent opinions to arrive at some shared goals and actions. Actions going forward may redress past ills - that is to be determined - but they certainly should not repeat them, if at all possible. It is also an opportunity to discuss with community members those initiatives where Metro has actively tackled disparity gaps, such as its growing portfolio of workforce development initiatives.
- Advice and best practices on how to effectively have these community-driven conversations

will be key.

- Metro can start with lessons learned from other cities across the country. San Francisco, Seattle, Oakland and others all have models to tap.
  - These forums would benefit from professional facilitation. Foundations have established several venues that Metro might pivot from (e.g. the on-going national Strong, Prosperous and Resilient Communities Challenge (SPARCC) Initiative includes Los Angeles as a participating city - LA Thrives coalition is the local lead; the California Endowment and others have underwritten numerous initiatives across the County); or seek new support.
- As noted at the outset, Metro consulted with equity thought leaders whose advice informed the core of this platform. Retaining this cross-sectional consultation will be critical to successfully implementing a platform that requires dedication and time. In particular, the community forums envisioned will benefit from a circle of demonstrated leaders. We certainly don't hold all the keys on issues, and making use of the rich resources around us is essential.
- A key step will be to establish a formal or informal advisory group supporting the equity platform, and to incorporate, as appropriate, the equity agenda into existing advisory groups.
- In addition, the following initiatives are also suggested:
- Actively develop and invest in a Community Based Organization (CBO) oriented public engagement program. This approach may not be applicable to every Metro investment, program or activity located in, or otherwise impacting, LA County's historically underinvested (HU) communities. As stated above, we must be mindful that any single group does not represent all voices in every community. However, this approach should be added to and implemented as part of our public process, if we are going to establish and maintain legitimacy within impacted communities when addressing equity issues that they themselves are experiencing directly.
  - Invest in the transportation technical capacity of local governments that serve HU communities. Metro cannot and should not be the sole partner in all transportation or transportation-impacted decisions, legally or practically. And traditional funding and regulatory programs in particular assume effective participation by local jurisdictions. In short, strengthening cities that are home to equity communities is probably a core requirement for a more equitable County. This assistance can range from delivering transportation improvements swiftly and effectively to competing for discretionary funding more successfully; to better supporting more community-inclusive decision-making around transport investments.

Third, the Long Range Transportation Plan (LRTP) must have a concentrated focus on equity. There are two major arenas for that focus to take root.

#### Where Metro Leads

- First and foremost, we must tackle impacts of the LA County's transportation system under our

direct responsibility via Metro's role as transportation planner, operator, builder and funder. As such, equity is a "cross cutting" principle that will be applied throughout the LRTP's development, as reported to the Board in prior presentation's on the Plan's design and rollout.

- Critically, what we choose - or do not choose - to invest in that system is paramount. Over the 40-year span of the LRTP, a considerable amount of funding controlled by Metro is legally or legislatively dictated, such as Measure M. It should be noted that equity related factors were considered as part of the 5 performance measures developed to assess and prioritize Measure M's expenditure plan projects. Specifically, the "Economy" and "Sustainability/Quality of Life" themes included metrics attached to investments in disadvantaged communities. But while there are important additional equity considerations Metro can assess as projects are implemented, there are practical limitations to rethinking or redirecting certain funds that are statutorily prescribed.

However, a significant amount of funding in the long range plan is not yet locked down for 40 years, allowing us to reassess current patterns of investment and either reaffirm them or change them.

- These investment decisions should be based on performance outcomes and, as presented here, front and center considerations should be given to those that actively:
  - advance outcomes that promote and sustain opportunities in underserved communities; or
  - avoid outcomes that lead to or aggravate disparities in opportunity in those communities.
- Notably, investments must be made to operate, maintain and rebuild the existing transportation system, in addition to expanding it. The community's ability to access that transportation system - where, when, how, and at what cost - impacts their opportunities to jobs, housing, education and health. Thus, measuring equity against that access, and for whom, is central to our planning process.
  - In this realm, there will be several, discrete transportation activities that will be developed alongside the LRTP where equity will be front and center: any discussion of "right sizing" fares, redesign of the Metro bus system, our continuing work in Work Force Development and small business support, to name a few.
  - The Long Range Transportation Plan will not duplicate analysis and recommendations in these areas. It will incorporate goals, decisions, and any actions attached to all of them, and will likely help facilitate equity-driven discussions in each of them.
  - These issues address critical transportation access concerns, and will be important venues for coordinating community involvement.

### Where Metro **Partners**

- Beyond its core transportation responsibilities, there will be an expectation to take on a new, countywide, visible equity challenge: the Metro transport system's interface with gentrification/displacement/affordable housing.

- Neighborhoods throughout the county are facing escalating housing costs, real estate developments that are reshaping community culture, and in both cases, frequently forcing existing residents into painful relocation or transportation decisions. Gentrification/displacement/affordable housing is a common thread of concern among elected officials and advocates. And it hits every corner of the County.
- Metro cannot address this subject by ourselves - it will require active partnerships with others, such as the County, cities, Council of Governments, private sector and business as well as community representatives. Foundations are extremely interested in this arena and could bring valuable resources to the table.
- Among other considerations, these issues underscore the complexity of equity concerns and the necessarily complex response to them. By taking up a big problem - but not Metro's problem alone - it gives us the space to explore, experiment and advance change while building necessary partnerships at the outset.

Fourth, we need to pursue equity training within Metro. Successfully setting and delivering on a new equity agenda requires "top to bottom" ownership throughout the agency.

- In recent years, there has been a growing body of equity training designed for governmental agencies. LA County departments have deployed these programs, among others. We intend to explore options and commit to internal education that would be required at certain levels and positions.
- Training would be in two important areas:
  - Methods to evaluate equity including data collection, measurement and analysis; and
  - Approaches to effectively communicate and work with communities in a manner that recognizes and respects equity issues.

This platform is a starting point, and should be considered a working outline that can be adjusted with experience and feedback. The commitment expressed herein, however, should be a guiding constant - for Metro, our transportation partnerships, and the people we serve.

### **NEXT STEPS**

Staff will proceed to use the Equity Platform as a framework for specific analyses and actions attached to Metro initiatives, as outlined in this report. Progress will be reported periodically to the Board, particularly as it relates to key plans and programs underway, such as the Long Range Transportation Plan.

Prepared by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077

Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer



# Metro Equity Platform Framework

Executive Management Committee  
February 15, 2018  
Legistar File 2017-0912



**Metro**

# Metro Equity Platform Framework

Access to opportunity: a core concept to public decision-making, public investment, and public service

- Vast disparity exists in LA County among neighborhoods and individuals:
  - To seize opportunity – jobs, housing, education, health, safety;
  - To improve their circumstances to do so.
- Transportation is an essential lever to enable that access.



# Metro Equity Platform Framework

## Why an Equity Platform now?

- As a transportation leader, Metro can and should address disparities.
- Metro has already signaled a change:
  - Measure M: performance metric considerations
  - New Long Range Transportation Plan committed early to Equity
  - Recent, targeted community collaborations (First/Last Mile, Rail to Rail grant effort)
- Exploratory outreach to LA County equity thought leaders





# Metro Equity Platform Framework

Multi-point Equity Platform built around four pillars:

I. Define and Measure

II. Listen and Learn

III. Focus and Deliver

IV. Train and Grow



**Metro**

# Metro Equity Platform Framework

## I. Define and Measure

Need a common basis to build an equity agenda.

- “Equity” holds different perspectives and priorities for many.
- Inequity → fundamental differences in access to opportunity
- Race and Class—historically and currently—predominate disparities in LA County
  - Concentrated in poor, minority communities
  - Age, gender, disability, and residency also can expand or constrain opportunities



# Metro Equity Platform Framework

## I. Define and Measure (cont.)

- Pursue an inclusive conversation that commits to:
  - Establish meaningful goals around a shared definition of equity – and actions to achieve those goals;
  - Define metrics to evaluate outcomes, including investment decisions;
  - Ensure consideration at the front end, not the back end;
  - Seek out and involve the diverse range of voices that must collaborate on above.



# Metro Equity Platform Framework

## II. Listen and Learn

Establish comprehensive, multiple forums to engage the community meaningfully and actively in defining, measuring and acting on equitable outcomes.

- Open the conversation with LA's community members to address:
  - where achieving equity has been problematic — broadly, and specific to transportation;
  - where improved relationships, partnerships and actions can advance more equitable transportation outcomes going forward.



# Metro Equity Platform Framework

## II. Listen and Learn (cont.)

- Recognizing past experience provides foundation for a different future.
- Community-driven conversation is essential.
  - Seek best practices.
  - Establish distinct advisory body for the equity agenda.
  - Engage CBOs in community outreach and problem solving.
  - Build local government technical capacity serving historically underserved communities

# Metro Equity Platform Framework

## III. Focus and Deliver

The Long Range Transportation Plan is unifying activity with 2 major crosscutting Equity arenas:

- Where Metro Leads
  - Transportation planner, operator, builder and funder;
  - Performance-based investment decisions that:
    - a) advance outcomes to promote and sustain opportunities;
    - b) avoid outcomes that aggravate disparities in opportunity;
  - Operating/maintaining the system impacts opportunity as much as infrastructure investments.

# Metro Equity Platform Framework

## III. Focus and Deliver (cont.)

- Where Metro Partners
  - Beyond Metro's core transportation responsibilities—Land Use
  - Gentrification/displacement/affordable housing
    - An urgent issue in every corner of the county
    - Metro cannot address alone—Partners are essential: local government, business, community advocates, foundations

# Metro Equity Platform Framework

## IV. Train and Grow

A new equity agenda requires “top-to-bottom” ownership throughout the agency.

- Training in two important areas:
  - Methods to evaluate equity including data collection, measurement and analysis;
  - Approaches to effectively communicate and work with communities with priority and respect for equity issues.



# Metro Equity Platform Framework

## Next Steps

- The Equity Platform is a framework.
- It intends to shape specific analyses and actions going forward.
- Experience may redirect and improve the platform.
- The PAC is an essential touchstone for input and checkpoint for progress.
- Presentations to the Metro Board are key.



Thank you



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## Board Report

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**File #:** 2018-0029, **File Type:** Oral Report / Presentation

**Agenda Number:** 28.

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**EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 15, 2018**

**SUBJECT: ORAL REPORT ON METRO'S NEXTGEN BUS STUDY**

**RECOMMENDATION**

RECEIVE oral report on Metro's NextGen Bus Study.

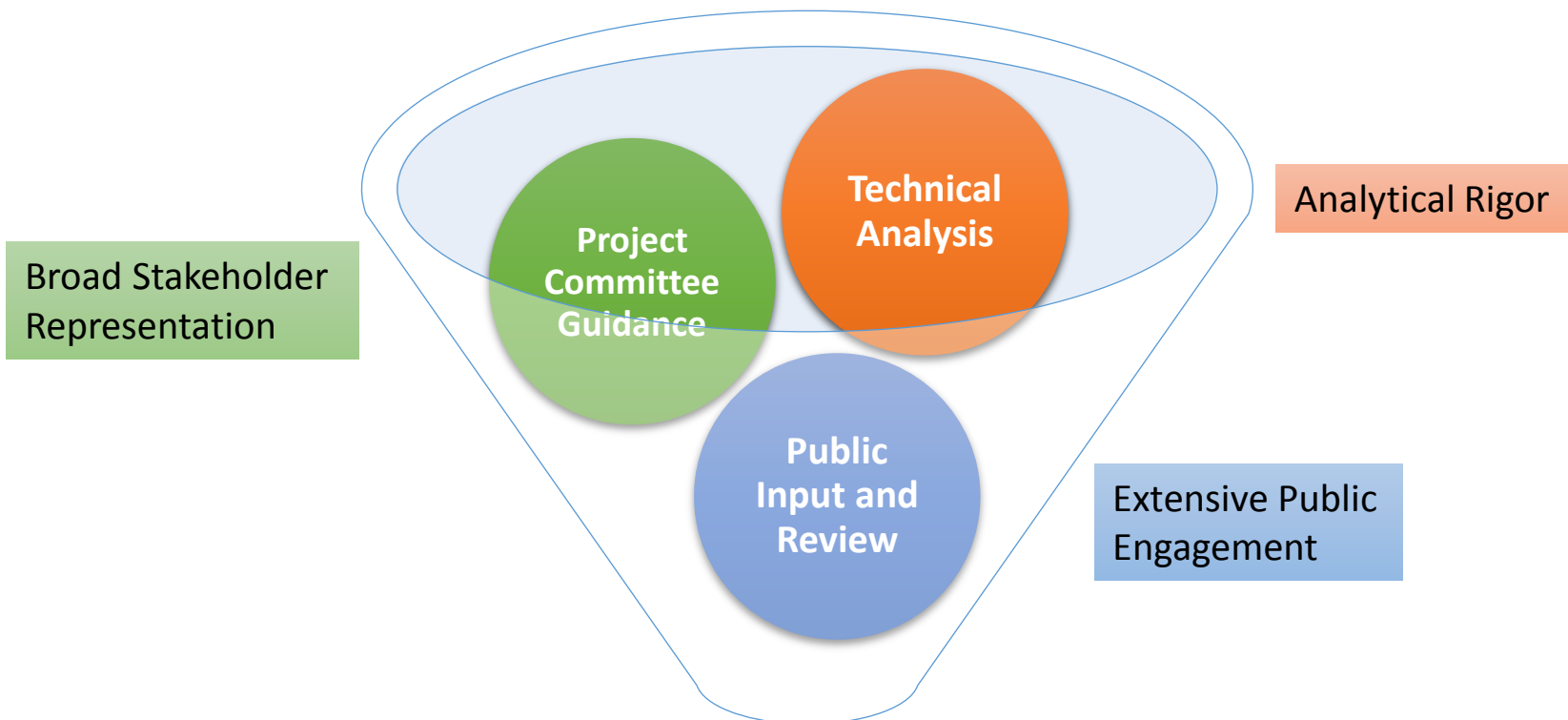
# NEXTGEN Bus Study

## Project Update

Executive Management Committee  
February 15, 2018



# NextGen Guiding Principles



**NEXTGEN**  
Bus Study and Service Plan

# Consultant Team Expertise



	Market Analysis /Travel Demand	Existing Service Evaluation	Service Concepts	Design Guidelines	Transit Supportive Infrastructure	Service Restructuring Plan	Final Report/ Presentations
Cambridge Systematics (Prime)	●		●	●		●	
Transportation Management and Design		●	●	●		●	
Conifer Research	●						
HDR, Inc.					●		
Here LA						●	●

# Stakeholder and Public Involvement

## Project Standing Committees:

- NextGen External Working Group – provide policy guidance on Vision for Metro’s bus network, service priorities and tradeoffs, and measures of success
- Technical Advisory Committee (TAC) – coordination with local jurisdiction mobility/land use plans and municipal operator service
- Internal Working Group – coordination with other Metro plans and programs (e.g. Strategic Plan, LRTP, BRT Planning, Active Transportation, Micro Transit, etc.)
- Metro Service Councils – Public forum, public hearings and service change approvals

## Other Stakeholder Outreach:

- General Public (current, former, and potential new customers)
- Metro Labor Representatives
- Transit Advocates (e.g. Bus Riders Union, SOCATA, Transit Coalition)



# Project Milestones



Project Phase	Objective	Deliverable
Travel Markets	Comprehensive understanding of current and potential riders, what travel attributes are important and what their travel patterns are	<b>Board approval</b> of service priorities based on market needs
Service Concept (network)	Establish service concepts and strategies that most effectively and efficiently address service priorities within available resources	<b>Board approval</b> of a Regional Service Concept and measures of success
Service Plan (line by line)	Restructure routes and schedules based on the guidelines from the Regional Service Concept	<b>Service Council approval</b> of specific route and schedule changes from the redesigned bus network
Implementation	Launch new bus network to current, potential and future riders	Provide information and support to customers navigating the new network



# Next Steps

## Technical Analysis:

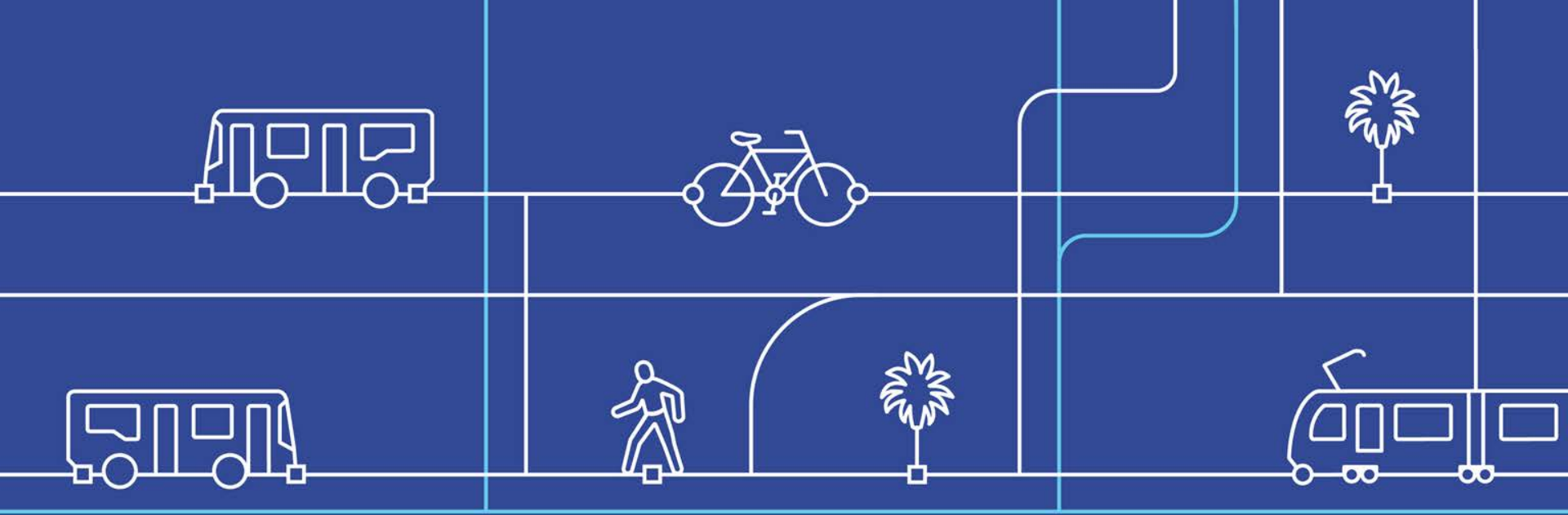
- Market Segmentation/Travel Demand - Who are our customers and what are their travel needs?
- Existing Service Evaluation - Given our customer's needs, what are the strengths, deficiencies, gaps and opportunities of our existing bus network?

## Stakeholder Guidance:

- Establish Project Committees – Monthly workshops with External Working Group to establish policy guidance on service priorities and trade offs. Coordinate efforts through TAC and Internal Working Group

## Public Engagement :

- Establish project Website, telephone townhall, meetings and other forums to provide and solicit information
- Brief Metro bus operators, supervisors, and customer service representatives



**Thank You**



**Metro**



**Board Report**

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**File #:** 2018-0028, **File Type:** Oral Report / Presentation

**Agenda Number:** 27.

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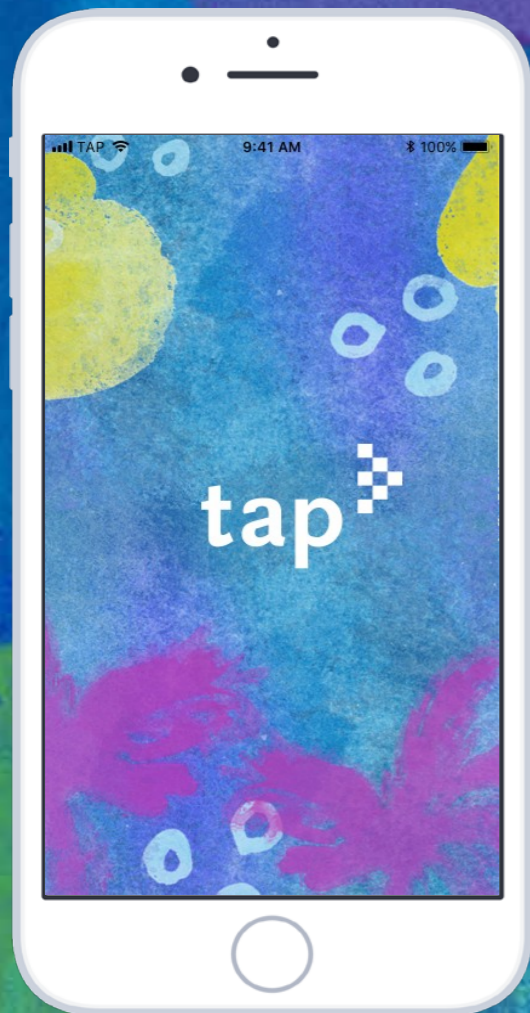
**EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 15, 2018**

**SUBJECT: TAP REGIONAL INTEGRATION UPDATE**

**ACTION: ORAL REPORT**

**RECOMMENDATION**

RECEIVE oral update on TAP Regional Integration.



# **Regional TAP Integration Update**

**Executive Management Committee**

**February 15, 2018**

**David Sutton, Executive Officer, TAP**

**Robin O'Hara, Deputy Executive Officer, TAP**





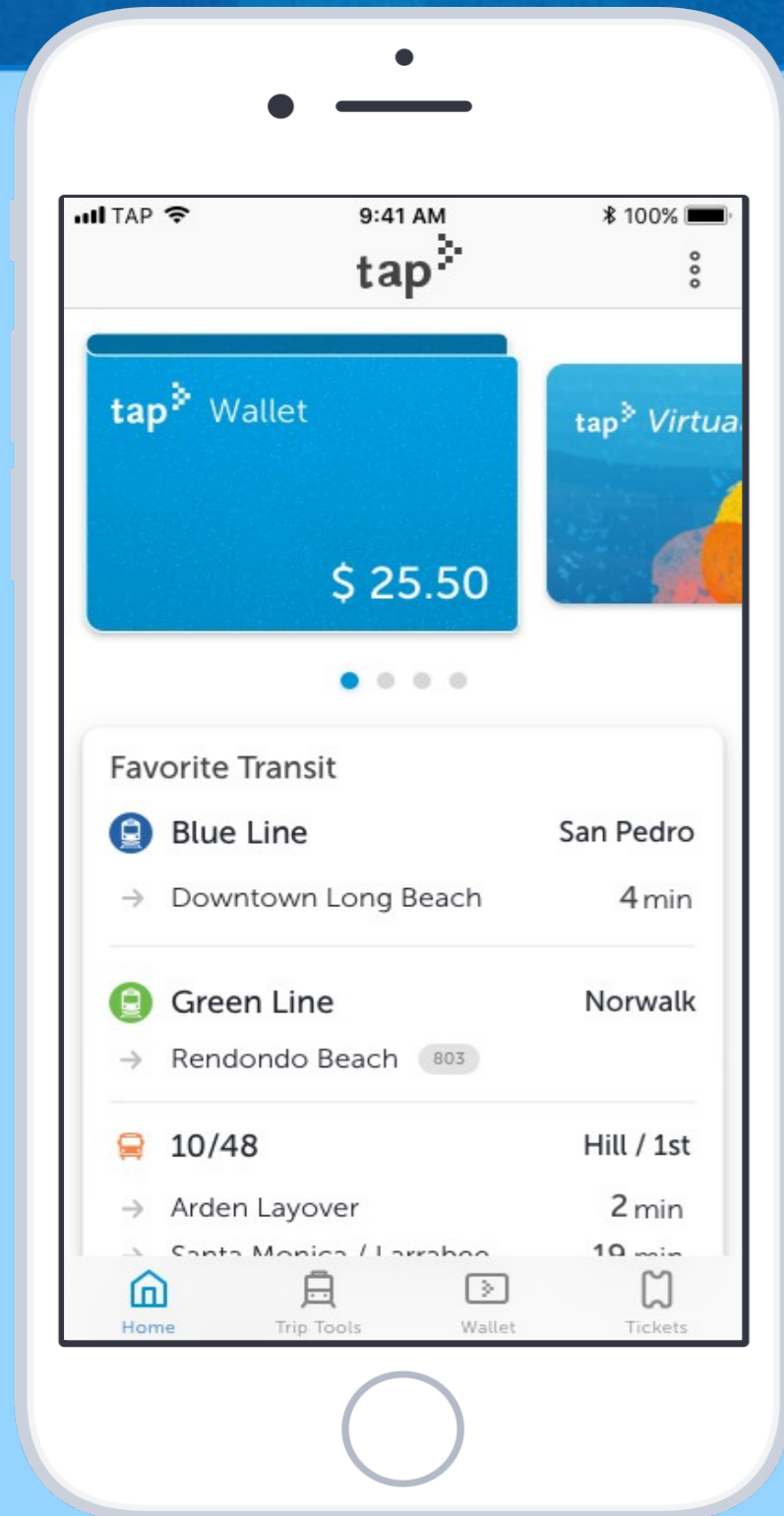
## Program Integration

- Bike Share
- LIFE
- Electric Vehicle Car Charging
- Parking
- Mobility Hubs
- Ride Hailing Services (VIA and Microtransit)
- Chain Store Hanging Stock
- Cash Purchase Options

## What's next for TAP?

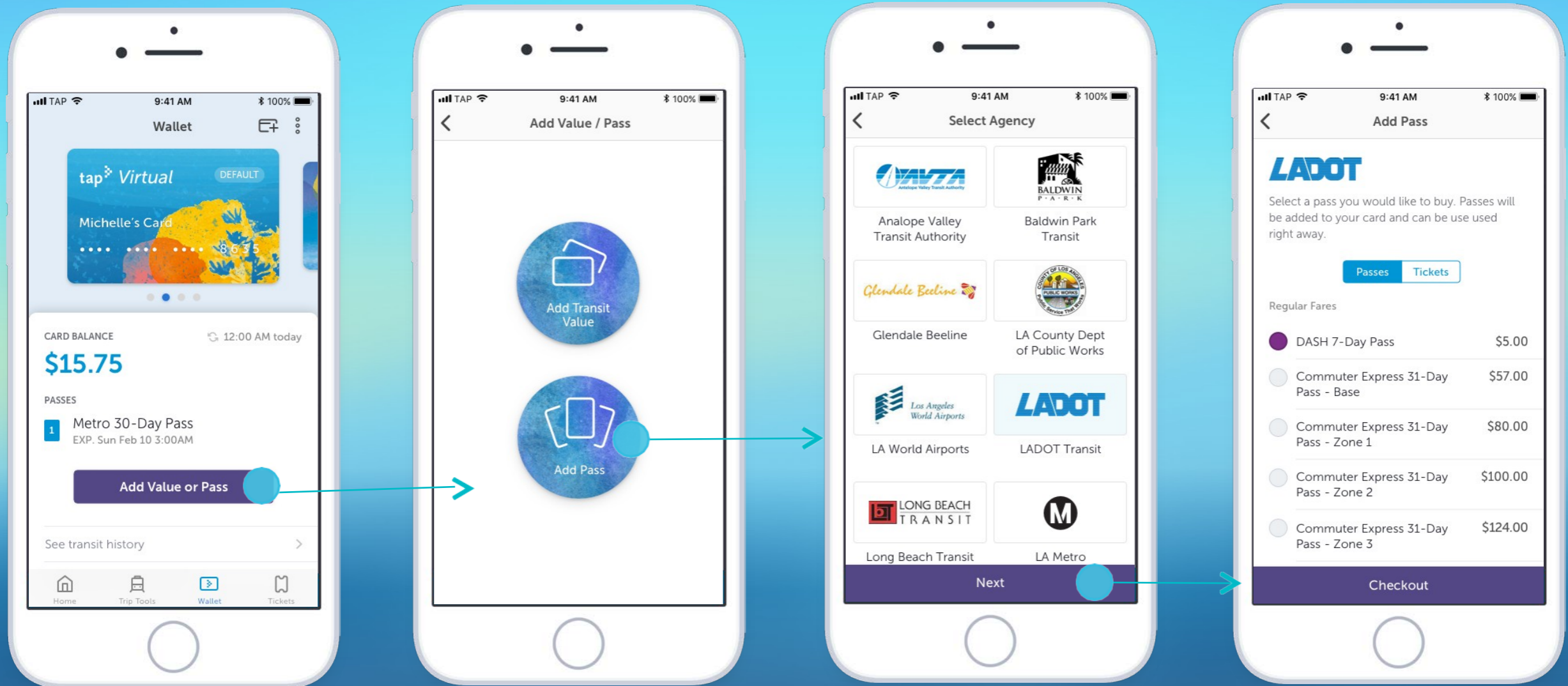
- Build an hybrid account-based system with Salesforce
- Interface with numerous programs
- Allow unbanked to participate
- Provide discounts across programs
- Offer customizable rewards
- Incentivize behaviors
- Enable sporting and entertainment "flash pass" integration
- Provide account loading choices

# Mobile App Development

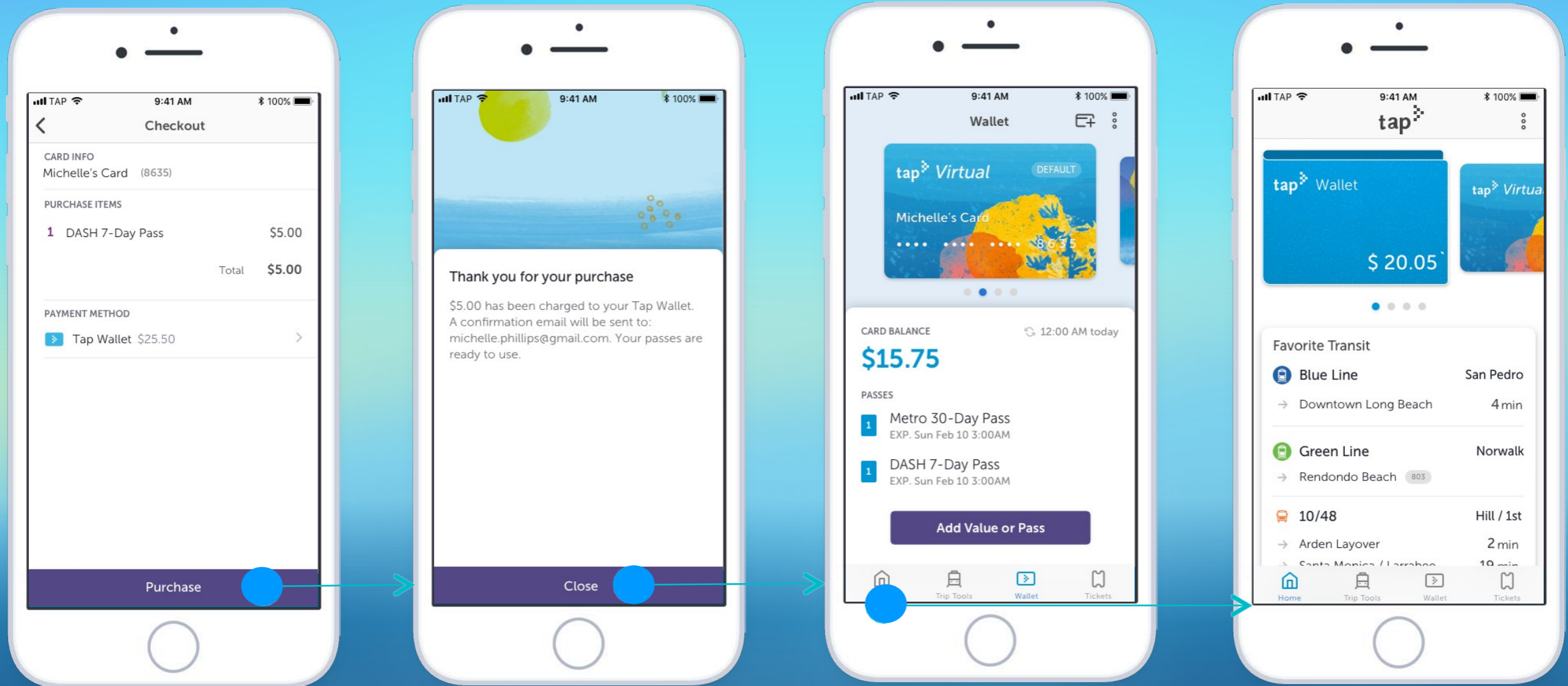


- Architecture for Account-Based System now being built
- Includes TAP Wallet with ability to load a TAP card and pay for new account-based programs
- Ability to integrate with any program such as Bikeshare, Fare Subsidy Programs, EV Car-Charging, Via, Microtransit, and more
- Ability to save favorite transit
- Ability to hold all physical as well as virtual TAP cards

# Add Pass to Virtual TAP Card

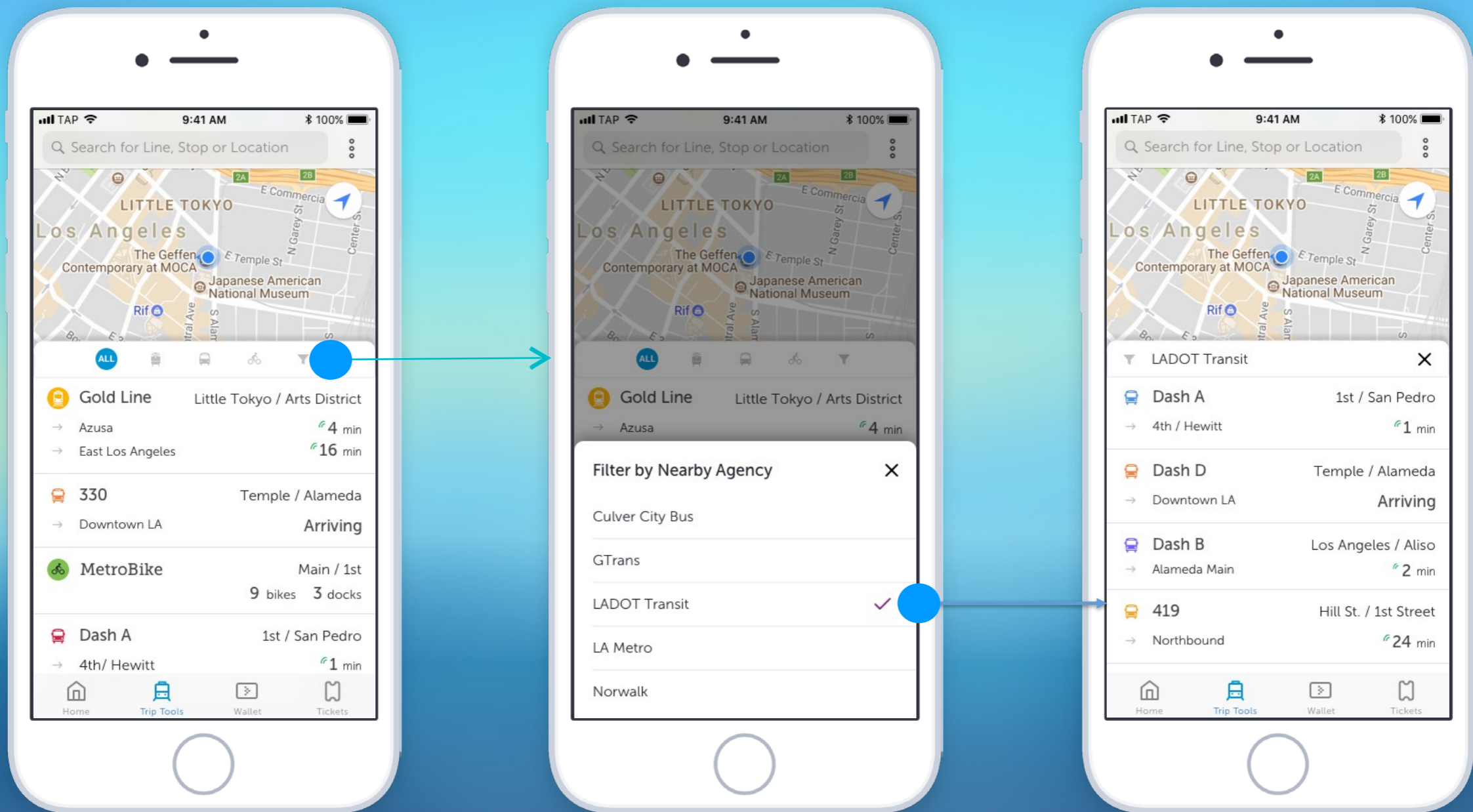


# Add Pass to Virtual TAP Card (cont.)





# Nearby Transit



# My TAP Wallet Info

The smartphone screen displays the 'Create an Account' form. The status bar at the top shows 'TAP', signal strength, Wi-Fi, 9:41 AM, and 100% battery. The form fields are as follows:

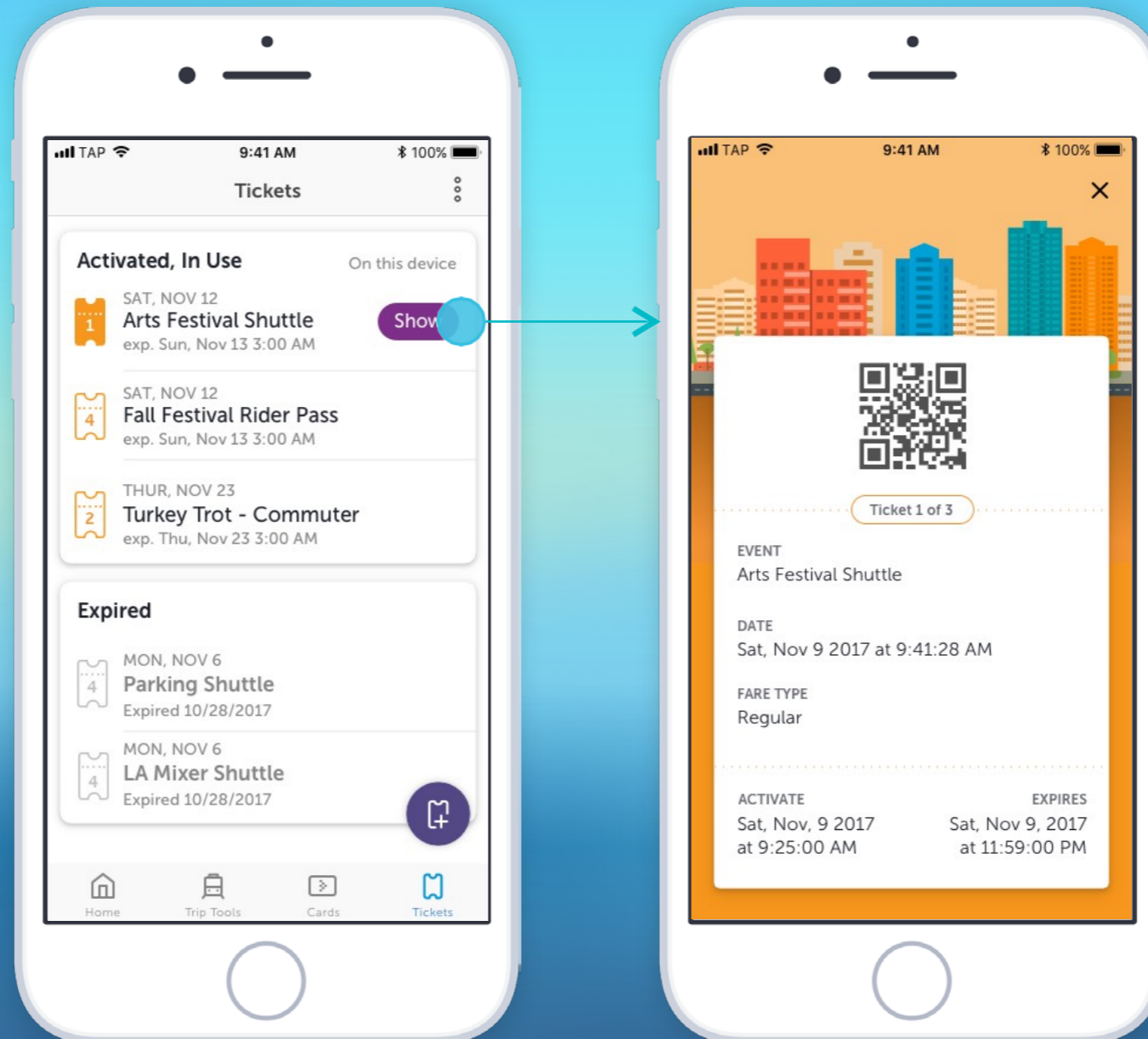
- FIRST NAME:** Michelle
- LAST NAME:** Phillips
- EMAIL:** michelle.phillips@gmail.com
- ADDRESS:** Street Address 1
- APT OR UNIT (OPTIONAL):** Apt./Unit/...
- CITY:** Los Angeles
- STATE:** CA
- ZIP CODE:** 90210
- PHONE NUMBER (OPTIONAL):** 1 (702) 341-2434

A purple 'Submit' button is located at the bottom of the form.

The smartphone screen displays the user profile page for Michelle Phillips. The status bar at the top shows 'TAP', signal strength, Wi-Fi, 9:41 AM, and 100% battery. The page content includes:

- Hi, Michelle** (with a settings gear icon)
- michelle.phillips@gmail.com**
- SUPPORT** section with options:
  - Call Us (Mon - Fri: 6:30 am - 7:00 pm)
  - Email Us (customerservice@taptogo.net)
  - Submit a Help Request
- TAP INFORMATION** section with options:
  - Retail Vendor Locator
  - Customer Centers
  - FAQ's
  - Privacy Policy
- PARTNERS** section with option:
  - Regional Partners

# Events – Visual Ticketing



# Modern Account Loading Possibilities: Gets Cash Out of the System



# Farebox Upgrade

- Fareboxes and Station Validators purchased in 2002.
- Exceeded their life expectancy
- Working with Muni partner agencies to develop replacement plan
- Return to the Board within the next several months





## Board Report

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**File #:** 2017-0918, **File Type:** Informational Report

**Agenda Number:** 22.

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**REVISED**  
**EXECUTIVE MANAGEMENT COMMITTEE**  
**FEBRUARY 15, 2018**

**SUBJECT: DISPARITY STUDY**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE the Final 2017 Disparity Study report.

**ISSUE**

Metro periodically conducts a Disparity Study (Study) to determine if evidence of discrimination exists in the local transportation marketplace to support the continuing use of Disadvantage Business Enterprise (DBE) race and gender conscious contract goals in the implementation of its DBE program. This is in accordance with direction received by the U.S. Department of Transportation requiring that federal recipients in our region conduct a study or other evidence gathering effort to determine if disparity exists in contracting. The prior Study was completed in 2013.

**DISCUSSION**

The Study conducted by BBC Research & Consulting (BBC) analyzed Metro contracting data over a five-year period from January 1, 2011 - December 31, 2015 to assess whether there were any disparities between utilization of minority and women owned businesses (M/WBEs), and the percentage of M/WBE contracting dollars that might be expected based on their availability to participate on transportation related contracts.

**Findings**

**Utilization Analysis**

The Study found that during the five-year Study period M/WBEs received 23.2 percent of the overall contracting dollars on over 12,000 construction, professional services, goods and other services contracts and subcontracts. Of these contracts, 14.7 percent was awarded to DBE firms.

## Availability Analysis

The BBC Study team estimated the availability of M/WBEs for the same contracts analyzed in the utilization analysis and was dollar weighted by racial/ethnic and gender group for those contracts. The Study found overall availability of M/WBEs, on the contracts analyzed, is 31.3 percent. Hispanic American owned businesses (16.3%) and Black American owned businesses (6.8%) exhibited the highest availability percentages among all groups. Availability for remaining groups include Non-Hispanic white women owned (4.4%) businesses; Asian Pacific American owned (2.5%) businesses; Native American owned (0.7%) businesses, and Subcontinent Asian American owned (0.6%) businesses.

## Disparity Analysis

The Study found that overall most groups experienced greater disparities on contracts awarded without goals than on those where DBE goals were applied. All groups with the exception of Subcontinent Asian American-owned businesses, exhibited disparity indices substantially below parity on contracts without DBE goals.

A disparity index of 100 indicates parity between participation and the availability for a particular group for a specific set of contracts. A disparity less than 80 has been deemed by several courts to be a “substantial” disparity between participation and availability and have accepted it as evidence of adverse conditions for M/WBEs. The Study shows disparity indices for groups on contracts with no goals as follows: Hispanic American (59), Black American (30), Non-Hispanic white women (37), Asian-Pacific American (73), Native American (52) and Subcontinent Asian American (161).

As such, the Study’s disparity analysis indicate that most racial/ethnic and gender groups showed disparities on contracts where race- and gender-conscious measures were not in place during the study period. As a result, the Study results support the continued use of DBE contract goals, narrowly tailored to those groups with substantial disparity.

## Qualitative Information (Anecdotal Evidence)

Throughout the Disparity Study, the BBC Study team collected testimony and qualitative information from over 250 business owners and managers, trade association representatives, and other key stakeholders that shared their experiences working in the Los Angeles metropolitan area. Appendix D of the Study report summarizes the key themes that emerged from these responses.

## Comparison with 2012 Study Results

When comparing the 2012 Disparity Study conducted by Mason Tillman and the 2017 Disparity Study conducted by BBC Research & Consulting, there are several important considerations.

- The two disparity studies were conducted using different methodologies:
- The 2012 study reviewed contracts within a two-year study period , whereas, the 2017 Disparity reviewed contracts within a five-year study period;
- Differences in marketplace conditions within Los Angeles county during the two Different study periods may contribute to differences in study results;
- The 2012 study only included federally-funded contracts, whereas, the 2017 study Included both federally and locally funded contracts; and
- There are substantial differences in the number of prime contracts studied between the 2012 study (182) and the 2017 study (10,189).

Between the 2012 study and the 2017 study, utilization of the all minority-owned businesses increased but utilization of woman-owned businesses stayed relatively stable. Utilization for federally-funded contracts in the 2012 study was 9.07% for MBEs and 2.69% for WBEs. Utilization in the 2017 study for Federally-funded contracts was 21.4% for MBEs and 2.5% for WBEs. It should be taken into consideration that different programs were in place during the two separate study periods and the number of Federally-funded contracts varied significantly between studies.

Overall, both studies showed significant disparities among woman-owned businesses and many minority-owned businesses in Federally-funded contracts. The 2012 study found disparities for all minority groups in Federally-funded contracts. The 2017 study found significant disparities among Black American-owned and Hispanic American-owned businesses in Federally-funded contracts. When reviewing locally-funded contracts in which DBE program goals do not apply, the 2017 study found disparities for non-Hispanic White woman-, Black American-, Hispanic-American, Asian Pacific -, and Native American-owned business.



Staff has provided follow-up actions to the Study recommendations to improve utilization with underutilized minority and women owned businesses in Metro contracting.

### Study Recommendations

The Study identified the following key recommendations to further eliminate barriers in the implementation of the DBE program, the Metro Diversity & Economic Opportunity Department (DEOD) has reviewed the findings and have provided steps for follow-up action:

1. Expand efforts to network with minority- and woman-owned businesses (such as the monthly Transportation Business Advisory Council (TBAC) meetings).
  - Continue to engage and work with TBAC on DBE program initiatives and improvements to the program. To this end, DEOD has several outreach events planned in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of FTY18 to include, Lunch and Learn Series presents After Winning the Contract, TBAC New Member Recruitment Event, Meet the Primes and How to Prepare for an Audit.
2. Make efforts to unbundle relatively large contracts (e.g. large construction or design/build contracts) into several smaller contracts.
  - Work with Metro Departments and Project Managers to find ways to unbundle large construction contracts and design/build contracts. DEOD has encouraged unbundling as part of the SBE Prime (set-aside) program.
3. Given the anticipated size and types of projects expected with Measure M, Metro should consider information presented in Appendix G of the Study report regarding best practices for encouraging participation by small businesses, and minority- and women-owned businesses on design/build, public private partnership (P3), and other “mega-projects.”
4. -Collaborate with the Program Management Office (PMO), Vendor Contract Management (VCM) and other departments as necessary to review and consider recommendations for implementation. Expand the set aside small prime contractor program for small business bidding to encourage the participation of minority and woman-owned businesses as prime contractors, by increasing the number of contracts included in the small prime contractor set aside program, as well, as the dollar limits around those contracts. Review SBE Prime (set-aside) thresholds and engage TBAC, VCM and Metro departments as required for recommended changes to existing policy.
5. Implement a program that requires prime contractors to include certain minimum levels of subcontracting as part of their bids and proposals. Prime contractors bidding on the contract would be required to subcontract a percentage of the work equal to or exceeding the minimum for their bids to be responsive.
  - Engage VCM and TBAC for consideration and reach out to others agencies that may have similar requirement
6. Continue to review prompt payment programs and policies that help address small business difficulties experienced with cash flow due to delayed payment.
7. - Continue to collaborate with TBAC, VCM, and the contracting community on prompt payment issues. The recent Board approval to allow for CEO delegation and approval of contract change orders within the life of project budget, will significantly help to get payments to certified firms for cash flow. A large majority of anecdotal accounts were related to change

work on design/build contracts. In addition, Metro has implemented a voluntary advance payment option as bonus points in the evaluation criteria for mega design/build solicitations. This is an incentive for proposers to voluntarily pay all contractors and subcontractors before receiving payment from Metro. This option was first launched on the Westside Purple Line Section 2 project and will be active through the completion of the project.

### Public Participation

The draft Study report was released on November 17, 2017, for a 45-day public comment period. The draft Study report was posted on the Metro Vendor Portal with opportunity to review a PowerPoint presentation summarizing the Study results.

Public comments were accepted by US mail, electronically through the disparity study website and direct email, as well as, orally or in writing by attending a public hearing(s). Public notices and dates of hearings were distributed via eblasts, published in minority and women-owned newspapers in various languages, and through the Transportation Business Advisory Council. Metro conducted three public hearings regarding the disparity study results. The hearings were held at the Metro Headquarters building on December 6, 2017, December 7, 2017 (in conjunction with the December Transportation Business Advisory Council meeting), and December 11, 2017.

During the hearings, businesses reported challenges breaking into existing business networks and the importance of networking. Some participants also encouraged Metro to continue to improve access to contracting opportunities. Many small businesses discussed the difficulties they experienced with cash flow due to delayed payment. Several respondents reported that the quantitative and qualitative results of the study were representative of their experiences in the marketplace. Several questions received were general clarification questions regarding how a disparity study is conducted.

Public comments from these meetings were incorporated into the final report. Some of the comments echoed the information found during the qualitative research component of the report (see Appendix D of the full Study report for all of the qualitative information collected as a part of the disparity study). In addition, opportunities to submit comments via email, U.S. mail and through the Metro website were made available through the closing of the public comment period on January 2, 2018.

### NEXT STEPS

- Staff will use the Study data for the upcoming triennial overall DBE goal for Federal Fiscal Years (FFY) 2019- 2021 This will require the following activity in accordance with 49 Code of Federal Regulation Part 26.45:
  - Obtain through Grants Management and Metro Departments a list of Federal Transit Administration (FTA) funded contracts anticipated to be awarded during the upcoming triennial overall DBE goal period for FFY 2019-2021. Using Study data, determine availability for anticipated contracts if not similar to the mix of contracts analyzed in the Study.
  - Complete draft overall DBE goal methodology report, with base figure and analysis of

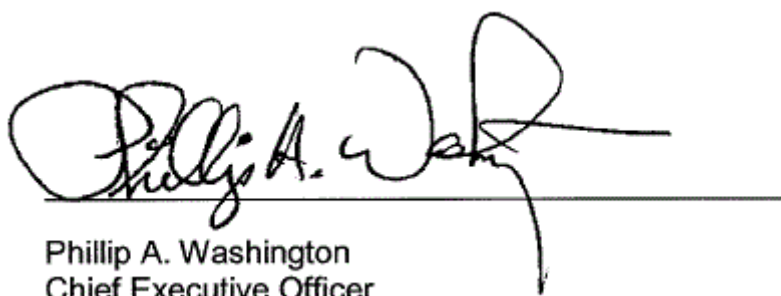
- required step 2 adjustment, inclusive of anticipated contracts.
- Prepare DBE program limited waiver letter requesting narrowly tailored use of remedial DBE contract goals for groups the Study found to have substantial disparities.
- Conduct consultation with minority and women-owned firms to discuss draft overall goal methodology to receive input.
- Post draft overall DBE goal and limited waiver letter on Metro website for 30-day public comment period.
- Return to the Board in May 2018 (tentative) with recommended triennial overall DBE goal for consideration and approval.
- Submit FFY 2019- 2021 overall DBE goal methodology and limited waiver letter to FTA by the August 1, 2018 deadline.
- Staff will review Study recommendations for implementation to increase effectiveness of the DBE program.

## **ATTACHMENTS**

Attachment A - 2017 Final Disparity Study Executive Summary

Prepared by: Tashai R. Smith, DEO, DEOD (213) 922-2128  
Miguel Cabral, EO, DEOD (213) 418-3270

Reviewed by: Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington  
Chief Executive Officer

# CHAPTER ES.

## Executive Summary

The Los Angeles County Metropolitan Transportation Authority (Metro) retained BBC Research & Consulting (BBC) to conduct a *disparity study* to provide information for the agency in implementing the Federal Disadvantaged Business Enterprise (DBE) Program. The Federal DBE Program is designed to address potential discrimination against DBEs in the award and administration of United States Department of Transportation (USDOT)-funded contracts. The program comprises various measures to encourage the participation of minority- and woman-owned businesses including *race- and gender-neutral* measures—which are designed to encourage the participation of all businesses—and, potentially, *race- and gender-conscious* measures—which are designed to specifically encourage the participation of minority- and woman-owned businesses (e.g., using DBE contract goals).

As part of the disparity study, BBC assessed whether there were any disparities between:

- The percentage of contracting dollars (including subcontract dollars) that minority- and woman-owned businesses received on construction; professional services; and goods and other services contracts that Metro awarded between January 1, 2011 and December 31, 2015 (i.e., *utilization*);<sup>1</sup> and
- The percentage of construction; professional services; and goods and other services contracting dollars that minority- and woman-owned businesses might be expected to receive based on their availability to perform specific types and sizes of Metro prime contracts and subcontracts (i.e., *availability*).

The disparity study also examined other quantitative and qualitative information related to:

- The legal framework surrounding Metro’s implementation of the Federal DBE Program;
- Local marketplace conditions for minority- and woman-owned businesses; and
- Contracting practices and business assistance programs that Metro or other entities in its marketplace currently have in place.

Metro could use information from the study to help refine its implementation of the Federal DBE Program including setting an overall goal for the participation of DBEs in Metro’s Federal Transit Administration (FTA)-funded contracting; determining which program measures to use to encourage the participation of minority- and woman-owned businesses and DBEs; and, if appropriate, determining which groups would be eligible for any race- or gender-conscious program measures.

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<sup>1</sup> The study team considered businesses as minority- or woman-owned regardless of whether they were certified as DBEs through the California Unified Certification Program.

BBC summarizes key information from the 2017 Metro Disparity Study in five parts:

- A. Analyses in the disparity study;
- B. Utilization and disparity analysis results;
- C. Overall DBE Goal;
- D. Program implementation; and
- E. Qualitative Research Results Summary.

## **A. Analyses in the Disparity Study**

Along with measuring potential disparities between the participation and availability of minority- and woman-owned businesses in Metro contracts, BBC also examined other quantitative and qualitative information related to the agency's implementation of the Federal DBE Program:

- The study team conducted an analysis of federal regulations, case law, and other information to guide the methodology for the disparity study. The analysis included a review of federal, state, and local requirements related to minority- and woman-owned business programs including the Federal DBE Program (see Chapter 2 and Appendix B).
- BBC conducted quantitative analyses of the success of minorities; women; and minority- and woman-owned businesses throughout Los Angeles. In addition, the study team collected qualitative information about potential barriers that minority- and woman-owned businesses face in the local marketplace through in-depth interviews, telephone surveys, public meetings, and written testimony (see Chapter 3, Appendix C, and Appendix D).
- BBC analyzed the percentage of relevant Metro contracting dollars that minority- and woman-owned businesses are available to perform. That analysis was based on telephone surveys that the study team completed with more than 1,100 Los Angeles County businesses that work in industries related to the types of construction; professional services; and goods and other services contracts that Metro awards (see Chapter 5 and Appendix E).
- BBC analyzed the dollars that minority- and woman-owned businesses received on more than 12,000 construction; professional services; and goods and other services prime contracts and subcontracts that Metro awarded between January 1, 2011 and December 31, 2015 (i.e., the study period) (see Chapter 6).
- BBC examined whether there were any disparities between the participation and availability of minority- and woman-owned businesses on the construction; professional services; and goods and other services contracts that Metro awarded during the study period (see Chapter 7, Chapter 8, and Appendix F).
- BBC provided Metro with information from the availability analysis and other research that the agency might consider in setting its three-year overall DBE goal including the base figure and consideration of a "step-2" adjustment (see Chapter 9).

- BBC reviewed Metro’s current contracting practices and DBE program measures and provided guidance related to additional program options and refinements to those practices and measures (see Chapter 10, Chapter 11, and Appendix G).

## B. Utilization and Disparity Analysis Results

Utilization and disparity analysis results are relevant to Metro’s determination of which groups could be eligible for any race- or gender-conscious measures. Courts have considered the existence of substantial disparities between utilization and availability for particular groups as inferences of discrimination in the local marketplace against those groups and as support for using race- and gender-conscious program measures. In addition, that information is useful for Metro to examine the effectiveness of the measures that it is currently using to encourage the participation of minority- and woman-owned businesses.

**Utilization results.** The study team measured the participation of minority- and woman-owned businesses in terms of *utilization*—the percentage of prime contract and subcontract dollars that minority- and woman-owned businesses received on Metro prime contracts and subcontracts during the study period. Figure ES-1 presents the overall percentage of contracting dollars that minority- and woman-owned businesses received on construction; professional services; and goods and other services contracts that Metro awarded during the study period. As shown in Figure ES-1, overall, minority- and woman-owned businesses received 23.2 percent of the relevant contracting dollars that Metro awarded during the study period. The darker portion of the bar represents the percentage of contracting dollars—14.7 percent—that went to certified DBEs.

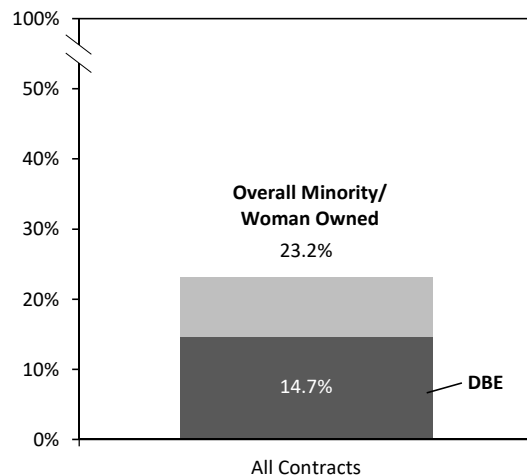
**Figure ES-1.**  
**Participation of minority- and woman-owned businesses**

**Notes:**

The study team analyzed 12,149 prime contracts and subcontracts.  
The darker portion of the bar represents participation of certified DBEs.  
For more detail, see Figure F-2 in Appendix F.

**Source:**

BBC Research & Consulting utilization analysis.



**Disparity analysis results.** Although information about the participation of minority- and woman-owned businesses in Metro contracts is useful on its own, it is even more useful when it is compared with the level of participation that might be expected based on the availability of minority- and woman-owned businesses for Metro work. In the disparity analysis, BBC compared the participation of minority- and woman-owned businesses in Metro prime contracts and subcontracts with the percentage of contract dollars that those businesses might be expected to receive based on their availability for that work. BBC expressed both participation and availability as percentages of the total dollars that a particular group received for a

particular set of contracts. BBC then calculated a *disparity index* by dividing participation by availability and multiplying by 100.<sup>2</sup> A disparity index of 100 indicates an exact match between participation and availability for a particular group for a specific set of contracts (often referred to as *parity*). A disparity index of less than 100 may indicate a disparity between participation and availability, and disparities of less than 80 are described in this report as *substantial*.<sup>3</sup> Disparity analysis results for key contract sets are described below.

**All contracts.** Figure ES-2 presents disparity analysis results for all construction; professional services; and goods and other services contracts that Metro awarded during the study period. The line down the center of the graph shows a disparity index of 100, which indicates parity between participation and availability. For reference, a line is also drawn at a disparity index level of 80, because many courts use 80 as a threshold for what indicates a substantial disparity. As shown in Figure ES-2, overall, the participation of minority- and woman-owned businesses in contracts that Metro awarded during the study period was substantially lower than what one might expect based on the availability of those businesses for that work. The disparity index of 74 indicates that minority- and woman-owned businesses considered together received approximately \$0.74 for every dollar that they might be expected to receive based on their availability for the relevant prime contracts and subcontracts that Metro awarded during the study period. White woman-, Black American-, and Hispanic American-owned firms exhibited disparity indices substantially below parity.

**Figure ES-2.**  
**Disparity indices by group**

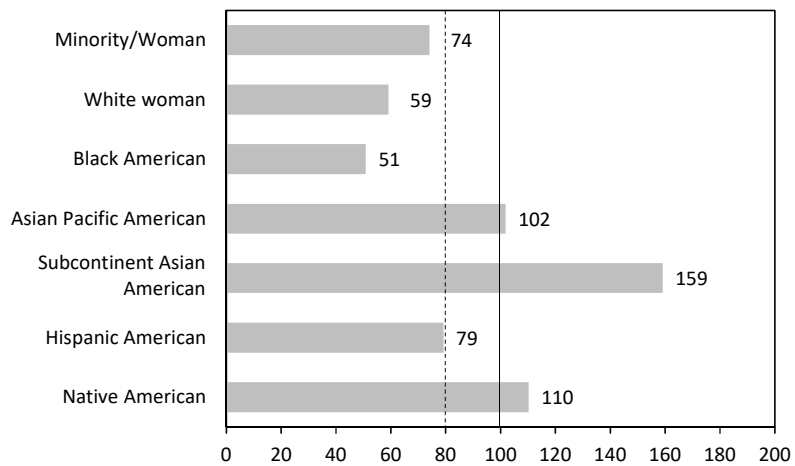
Note:

The study team analyzed 12,149 prime contracts/subcontracts.

For more detail, see Figure F-2 in Appendix F.

Source:

BBC Research & Consulting disparity analysis.



Note that during part of the study period Metro used DBE contract goals (a race-and gender conscious measure) on USDOT-funded contracts.

<sup>2</sup> For example, if actual participation of non-Hispanic white woman-owned businesses on a set of contracts was 2 percent and the availability of non-Hispanic white woman-owned businesses for those contracts was 10 percent, then the disparity index would be 2 percent divided by 10 percent, which would then be multiplied by 100 to equal 20.

<sup>3</sup> Several courts deem a disparity index below 80 as being “substantial” and have accepted it as evidence of adverse conditions for minority- and woman-owned businesses. For example, see *Rothe Development Corp v. U.S. Dept of Defense*, 545 F.3d 1023, 1041; *Eng’g Contractors Ass’n of South Florida, Inc. v. Metropolitan Dade County*, 122 F.3d at 914, 923 (11th Circuit 1997); *Concrete Works of Colo., Inc. v. City and County of Denver*, 36 F.3d 1513, 1524 (10th Cir. 1994). See Appendix B for additional discussion of those and other cases.

**Contracts with and without race- or gender-conscious measures.** On many of the contracts during the study period, Metro applied race- and gender-conscious DBE subcontracting goals. It is important to consider disparity analyses on sets of contracts where goals were applied with those that were not subject to race- or gender-conscious measures. Examining participation in no-goals contracts provides useful information about outcomes for minority-owned businesses and woman-owned businesses on contracts that Metro awarded in a race-neutral and gender-neutral environment and whether there is evidence that certain groups face any discrimination or barriers as part of Metro’s contracting.<sup>4, 5, 6</sup> Figure ES-3 presents disparity analysis results for contracts awarded using DBE goals and contracts awarded without using DBE goals. As shown in Figure ES-3, overall, most groups experienced greater disparities on contracts awarded without goals than on those where DBE goals were applied. All groups, with the exception of Subcontinent Asian American-owned businesses, exhibited disparity indices substantially below parity on contracts without DBE goals.

**Figure ES-3.**  
**Disparity indices for goals and no-goals contracts**

Note:

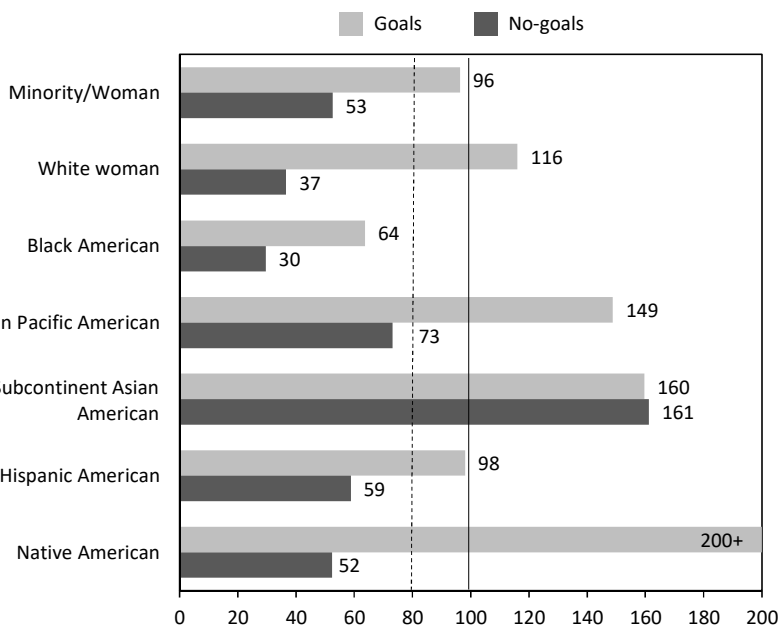
The study team analyzed 5,293 contract elements to which subcontracting goals applied. The study team analyzed 6,896 contract elements to which no subcontracting goals applied.

Race-conscious goals were applied beginning in June of 2013 and gender-conscious goals began in October of 2015. Those contracts included in the goals analysis included race and/or gender conscious goals or both.

For more detail, see Figures F-14 and F-15 in Appendix F.

Source:

BBC Research & Consulting disparity analysis.



### C. Overall DBE Goal

According to 49 Code of Federal Regulations (CFR) Part 26, an agency is required to develop and submit an overall goal for DBE participation. The goal must be based on demonstrable evidence of the availability of DBEs relative to the availability of all businesses to participate on the agency’s USDOT-funded contracts. The agency must try to meet the goal using race- and gender-neutral means and, if necessary, race- and gender-conscious means.<sup>7</sup> As specified in the Final

<sup>4</sup> Associated General Contractors of America, San Diego Chapter, Inc. v. California Department of Transportation, et al., 713 F.3d 1187, 1192, 1196 (9th Cir. 2013).

<sup>5</sup> Concrete Works of Colorado, Inc. v. City and County of Denver, 321 F.3d 950, 985, 987-88 (10th Cir. 2003), cert. denied, 540 U.S. 1027, 124 S. Ct. 556 (2003).

<sup>6</sup> H. B. Rowe Co., Inc. v. Lyndo Tippet, NCDOT, et al., 615 F.3d 233,246 (4th Cir. 2010).

<sup>7</sup> 49 CFR Sections 26.45, 26.51.



Rule effective February 28, 2011, an agency is required to submit its overall DBE goal every three years.<sup>8</sup> However, the overall DBE goal is an *annual* goal in that an agency must monitor DBE participation in its USDOT-funded contracts every year. If DBE participation for a particular year is less than the overall DBE goal, then the agency must analyze the reasons for the difference and establish specific measures that enable it to meet the goal in the next year.

Metro must prepare and submit an overall DBE goal for federal fiscal years (FFYs) 2019 through 2021 that is supported by information about the steps that it used to develop the goal. Federal regulations require Metro to establish its overall DBE goal using a two-step process:

1. Determining a base figure; and
2. Considering a “step-2” adjustment.

**Determining a base figure.** Establishing a base figure is the first step in calculating an overall DBE goal for Metro’s FTA-funded contracts. BBC calculated the base figure by measuring the availability of *potential DBEs*—that is, minority- and woman-owned businesses that are DBE-certified or appear that they could be DBE-certified based on revenue requirements described in 49 CFR Part 26. BBC examined the availability of potential DBEs for FTA-funded prime contracts and subcontracts that Metro awarded during the study period. BBC’s approach to calculating Metro’s base figure is consistent with relevant court decisions, federal regulations, and USDOT guidance. BBC’s analysis indicates that the availability of potential DBEs for Metro’s FTA-funded contracts is 27.0 percent. Metro might consider 27.0 percent as the base figure for its overall goal for DBE participation.<sup>9</sup>

**Considering a “step-2” adjustment.** The Federal DBE Program requires that an agency consider a step-2 adjustment to its base figure as part of determining its overall DBE goal. Factors that an agency should assess in determining whether to make a step-2 adjustment include:

- Current capacity of DBEs to perform agency work as measured by the volume of work DBEs have performed in recent years;
- Information related to employment, self-employment, education, training, and unions;
- Any disparities in the ability of DBEs to get financing, bonding, and insurance; and
- Other relevant data.<sup>10</sup>

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<sup>8</sup> <http://www.gpo.gov/fdsys/pkg/FR-2011-01-28/html/2011-1531.htm>

<sup>9</sup> Metro should consider whether the types, sizes, and locations of FTA-funded contracts that the agency anticipates awarding in the time period that the goal will cover will be similar to the types of FTA-funded contracts that the agency awarded during the study period.

<sup>10</sup> 49 CFR Section 26.45.

Based on information from the disparity study, there are several reasons why Metro might consider adjusting the 27.0 percent base figure:

- Metro might consider making an upward adjustment to its base figure to account for barriers that minorities, women, and minority- and woman-owned businesses face in the Los Angeles marketplace related to human capital, financial capital, business ownership, and business success (for details, see Chapter 3 and Appendices C and D). Such an adjustment would correspond to a “determination of the level of DBE participation you would expect absent the effects of discrimination.”<sup>11</sup>
- Metro might also consider a downward adjustment to its base figure based on the volume of work that DBEs have performed in recent years on its contracts. Metro’s utilization reports for FFYs 2011 through 2014 indicated median annual DBE participation of 3.7 percent for those years, which is lower than its base figure. (BBC’s analyses showed DBE participation on Metro contracts during the study period to be 15.1 percent.) USDOT’s “Tips for Goal-Setting” suggests that an agency can make a step-2 adjustment by averaging the base figure with past median DBE participation.

USDOT “Tips for Goal-Setting” states that an agency is not required to make a step-2 adjustment to its base figure as long as it can explain what factors it considered and can explain its decision in its Goal and Methodology document.

## **D. Program Implementation**

Chapter 11 reviews information relevant to Metro’s implementation of the Federal DBE Program. Metro should review study results and other relevant information in connection with making decisions concerning the program. Key areas of potential refinement include the following.

- Metro should consider continuing and expanding its efforts to network with minority- and woman-owned businesses (such as the monthly Transportation Business Advisory Council (TBAC) meetings).
- To further encourage the participation of small businesses—including many minority- and woman-owned businesses—Metro should consider making efforts to unbundle relatively large contracts (e.g. large construction or design/build contracts) into several smaller contracts. Doing so would result in that work being more accessible to small businesses, which in turn might increase opportunities for minority- and woman-owned businesses and result in greater minority- and woman-owned business participation.
- Given the anticipated size and types of projects expected with Measure M, Metro should consider information presented in Appendix G regarding best practices for encouraging participation by small businesses, and minority- and women-owned businesses on design-build, public private partnership (P3), and other “mega-projects.”

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<sup>11</sup> 49 CFR Section 26.45 (b).

- Metro should consider continuing to explore ways to increase prime contracting opportunities for small businesses including many minority- and woman-owned businesses. For example, Metro might consider expanding its set aside small prime contractor program for small business bidding to encourage the participation of minority- and woman-owned businesses as prime contractors. Metro could consider increasing the number of contracts included in the small prime contractor set aside program, as well, as the dollar limits around those contracts.
- Metro should also explore ways to increase subcontracting opportunities for small, minority-, and woman-owned businesses. Metro could consider implementing a program that requires prime contractors to include certain minimum levels of subcontracting as part of their bids and proposals. Prime contractors bidding on the contract would be required to subcontract a percentage of the work equal to or exceeding the minimum for their bids to be responsive. Due to Proposition 209, Metro cannot implement race and gender conscious measures on state- and locally-funded contracts.
- Disparity analysis results indicated that most racial/ethnic and gender groups showed disparities on contracts where race- and gender-conscious measures were not in place during the study period. As a result, Metro should consider using DBE contract goals in the future. The agency will need to ensure that the use of those goals is narrowly tailored and consistent with other relevant legal standards (for details, see Chapter 2 and Appendix B).
- Many small businesses who participated in in-depth interviews and public meetings discussed the difficulties they experienced with cash flow due to delayed payment. Metro should continue to review prompt payment programs and policies that help address those issues, especially for second- and third-tier subcontractors.

As part of the disparity study, the study team also examined information concerning conditions in the local marketplace for minorities; women; and minority- and woman-owned businesses including results for different racial/ethnic and gender groups. Metro should review the full disparity study report, as well as other information it may have, in determining whether it needs to use any race- or gender-conscious measures as part of its efforts to comply with the Federal DBE Program, and if so, what groups might be considered eligible to participate in such measures.

## **E. Qualitative Research Results Summary**

Throughout the disparity study, business owners and managers; trade association representatives; and other key stakeholders had the opportunity to share their experiences with working in the Los Angeles metropolitan area. BBC collected testimony and qualitative information about the local marketplace through a variety of efforts including:

- Conducting in-depth interviews;
- Conducting telephone surveys;
- Facilitating focus groups;
- Facilitating public meetings; and
- Soliciting stakeholders for written testimony.

BBC analyzed the qualitative information and public testimony that we collected throughout the study and identified several important themes around key study topics. Those results are summarized below. For details about the various efforts that BBC used, see Appendix D.

BBC study team engaged the Transportation Business Advisory Council (TBAC) in the disparity study by attending four TBAC meetings to update the board and its members on the progress of the disparity study and to encourage participation through written testimony and to complete availability and utilizations surveys, if contacted.

**Experiences Working with Metro and Other Public Sector Organizations.** Business owners and managers shared their experiences working with Metro and with other public sector organizations.

**Many business owners and managers offered positive comments about working with Metro and other public sector organizations.** Key comments included the following:

- Several businesses felt that public sector work was advantageous, because it was often more profitable, set clearer expectations for contractors, and there was less favoritism by prime contractors during project team selection because of SBE and DBE requirements.
- Three business owners viewed Metro as more approachable and focused on small business development than other public agencies. One business owner stated, “The biggest difference is that Metro, over the last years and during the recession, had the most opportunities [compared to other agencies and cities]. Many consultants of my type tried to get work with other agencies, and we agree that Metro provides the most opportunity for SBE and DBE firms and are the strongest in bringing along small firms.”
- Two business owners praised Metro’s “Meet the Primes” event as particularly helpful for small businesses. One business owner commented, “[Metro] had a master outreach event that had all their general contractors in one building. And it was great. You could move from room to room to room and walk around. And ... it's free parking. That's huge.”
- Most business owners and managers expressed support for small business set-asides on Metro and other public sector contracts.

**Some business owners and managers had negative comments about working with Metro and other public sector organizations.** Key comments included the following:

- Business owners and managers identified the general complexity and difficulty of the public sector bidding process; the length and large size of projects; and the lack of transparency in the bid selection process as challenges, especially for small, disadvantaged businesses. For example, one business owner noted, “[Public sector work is] harder because of the competition involved, the bond requirements, insurance requirements, and the necessary capital to perform the work.” Another business executive stated, “Our firm is small so our marketing group is one full-time person. We don’t have the experience or staff to prepare proposals, especially [consistent with] what we think would be expected by Metro.”
- The most common complaints about doing business with Metro included difficulties finding out about contract opportunities, the complexity of RFP requirements, meeting contract pre-

qualification standards, and finding out which businesses were awarded contracts. Business owners highlighted the difficulty of navigating Metro’s website and finding contract opportunities through Metro’s vendor portal.

- Two business owners raised concerns about timely payment on Metro contracts.

**Some business owners and managers offered recommendations for Metro to improve its contracting processes.** Many business owners commented on Metro’s mentor-protégé initiative. Small business owners generally favored this type of program. However, five business owners felt that Metro needs to clarify program expectations and desired outcomes to ensure effectiveness. One business owner said, “Metro is now including a provision for mentoring, but they don’t have a clear program with structure. If Metro is going to [the program] seriously, primes need a clear idea of what the mentoring is supposed to do [and of the objectives]. [The primes] wonder, ‘Why would somebody train a company that is going to be a competitor?’”

**Other business owners and managers encouraged Metro to improve its contract notification process.** Business owners recommended a number of possible solutions, including:

- Metro should consider streamlining how it organizes opportunities on its vendor portal to make it easier to locate relevant contracting opportunities;
- Metro should create a separate vendor portal for small business opportunities; and
- Metro should do a better a job communicating about contract opportunities, especially via email. For example, one business owner said, “[Metro’s] online system is a little complicated. I mean it’s kind of hard to navigate. I mean they could probably simplify that a little more because on one section—where it asks you to look at the solicitations where they have numbers and they have the descriptions—it’s so many. So, if they can ‘segmentize’—if that’s a word—things that are for the janitorial contractors as primes, list that in a section, then we can look. Because we’re scrolling through a lot of stuff that doesn’t pertain to us. When you go through the section of solicitations, you have to scroll through pages and pages of stuff that doesn’t pertain to us at all.”

**Barriers and Challenges for Small Businesses in Los Angeles.** Business owners and managers discussed the challenges that they and others face in the Los Angeles marketplace.

Business owners and managers also discussed the continued existence of double standards for and stereotypical attitudes about minorities and women in the LA marketplace. For example, the Hispanic American male owner of a DBE- and MBE-certified specialty contracting company observed, “When we first started, we had to prove every step of the way we had the ability to do the work.” [Caltrans Interview #46a] However, some minority and woman business owners that the study team interviewed did not think that their businesses had been affected by any race- or gender-based discrimination.

Theme	Frequency Count	Illustrative Quote
<b>Insurance Requirements and Obtaining Insurance</b>	13	The executive of a non-Hispanic white male-owned landscape architecture firm explained, “In this case, the insurance requirements shouldn’t be one-size-fits-all...sometimes we’re being asked to have insurance coverage which is the same as the engineer or the architect who needs to have it for the [total project cost of] \$20,000,000. So, for us to be paying for insurance coverage which is far greater than our role in the project is not good, and many agencies and companies don’t recognize that...We can’t justify paying that amount of insurance for one project when our fee on that project is not adequate to cover the additional insurance.” [Interview #5]
<b>Obtaining Financing</b>	11	The Black American female owner of a construction-related business stated that the biggest challenge to starting and maintaining her company is obtaining funding. She reported having very little cash or other resources to invest at startup, which affected her ability to pursue opportunities, purchase equipment, and fund the day-to-day operations of her business. [Caltrans Interview #2]
<b>Delayed Payment, Lack of Payment and Other Payment Issues</b>	9	The non-Hispanic white male co-owner of an SBE-certified construction management and consulting firm stated, “[Payment is] always a challenge because we don’t get paid fast enough. My challenge is 30 percent of my total contract goes to my subs. And all those subs want their money fast. And because I’m a small company I always pay them fast because I want to maintain a relationship with those companies. If we don’t get paid fast enough we can’t pay them. We always have a huge cash flow issue.” [Interview #13]

**DBE Certification and Program Implementation.** Business owners and managers offered several comments about DBE certification and Metro’s implementation of the Federal DBE program.

- The majority of business owners praised DBE certification as advantageous. For example, one business owner said that one of the advantages of being certified is the fact that prime contractors will take notice of certified businesses more than non-certified businesses because of public project requirements and the credit that they receive. She went on to add, “It puts your name out there more.”
- One business owner, when asked how the DBE program impacts her firm’s business said, “Oh, positively, 100 percent.” She added, “Bigger corporations will not give you the time of day unless you have that certification. Two companies specifically wanted to use us because of our DBE [certification]. Now, they kept using us because of our customer service and our DBE [status].”

**Business owners and managers offered differing opinions about the effectiveness of Metro and other agencies’ implementations of the Federal DBE program and expressed differing opinions about the program’s effectiveness.** For example:

- Several business owners thought the DBE program was helpful but were concerned about Metro’s enforcement of it. A representative of a trade association stated that many prime contractors do not know that Metro has eliminated good faith effort guidelines. He stated,

“They think they can put down some [DBE] firms on their list and not follow through. They don’t realize Metro is serious.” The manager of another business said, “The DBE- program is great, but it is not perfect.” He explained that if Metro wants to limit disparities, there must be change at the policy and procedural level. He explained that if there is a billion dollar project and 20 percent of it has to be committed to DBEs, then there needs to be more monitoring in place to make sure the prime contractor is actually awarding the work to the DBEs that it identified in the bid.

- Several business representatives felt that the DBE and other disadvantaged business programs in California have adverse effects on other businesses and on marketplace competition. For example, several business owners questioned how a minority should be defined in the context of southern California’s relatively high concentration of racial/ethnic minorities. One business owner stated, “The minority-owned [certification] programs in southern California should hold no weight anymore, because there is no majority. It’s Southern California.”