



Metro

**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
JANUARY 19, 2006**

SUBJECT: STRENGTHENING METRO'S SMALL BUSINESS PROGRAM

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and File report on strengthening Metro's Small Business Program.

ISSUE

At the July 2005 meeting, the Board requested Metro's Diversity & Economic Opportunity Department (DEOD) to provide a five-year history of staffing levels, annual budgeted amounts, and amount of funds that were allocated each year to carry out Small Business related outreach activities. A Receive and File report was presented to the Board on September 15, 2005, providing the specifics requested. At the October 20, 2005, committee meeting, Chair Villaraigosa requested Staff to report back with additional recommendations for strengthening Metro's Small Business outreach program. This report provides results of Staff efforts in response to that direction.

BACKGROUND

DEOD is responsible for the development, implementation, coordination, and monitoring of Metro's Disadvantaged, Small, Minority and Women-Owned Enterprises (Small Business) programs. DEOD activities ensure that Metro is in compliance with the U.S. DOT Disadvantaged Business Enterprise (DBE) Program requirements and Metro Board Policy while striving to maximize the participation of Small Businesses in Metro contracting activities. It does so by setting Small Business subcontracting goals on contracts and informing Small Businesses of upcoming opportunities, procedures for competing for Metro procurements, and providing other outreach activities and resources that aim to increase Small Business access to Metro procurement opportunities. By law, DEOD coordinates many outreach efforts through Metro's Transportation Business Advisory Council (TBAC). TBAC is comprised of thirteen small business and professional organizations that make recommendations to Metro on performing better business practices with the Small Business community.

As a recipient of U.S. DOT monies, Metro is subject to the requirements of the DBE Program found at 49 CFR Part 26, specifically that Metro establish an overall DBE participation goal for the U.S. DOT-assisted procurements that it anticipates letting during the federal fiscal year. The overall goal is a threshold of DBE contractor participation that Metro must endeavor to attain.

In an effort to meet the overall DBE goal, DEOD's objective is to provide outreach and supportive services to Small Businesses that seek to conduct business with Metro. Supportive services are those activities and services that are designed to contribute to the growth and eventual self-sufficiency of Small Businesses so that they may achieve proficiency in competing for contracts and subcontracts. The purpose is to increase the number of certified Small Businesses participating in Metro procurements while contributing to the growth and eventual self-sufficiency of the Small Business firms. TBAC is instrumental in providing exposure to these firms that potentially qualify for Small Business certification.

DISCUSSION

Staff performed a best practices survey on Small Business-related outreach activities performed by public agencies. In addition, Staff will review and consider recommendations from TBAC following their upcoming annual retreat.

Best Practices Survey

Staff contacted several agencies through email or telephone to inquire on such agency small business outreach activities. Responses were garnered from a range of public agencies and include the following;

- County of Los Angeles Department of Public Works
- Bay Area Rapid Transit District
- Orange County Transportation Authority
- Los Angeles Unified School District
- City of Long Beach

Findings from the survey are summarized as follows:

1. Outreach Budget

All agencies had difficulty in providing a definite figure for outreach budget since outreach activities performed by the public agencies include a large number of staff from various departments in their agencies. Additionally, many agencies share the load for outreach funding such as purchasing booth space at vendor fairs, participation in small business organization functions, etc. From the information gathered, most agencies dedicated outreach budgets are in the neighborhood of \$50,000 to \$100,000, with OCTA at the lower range level and BART at the upper range level.

2. Outreach Activities (Where are the Outreach Dollars Spent)

Outreach activities vary from agency to agency, but include the following types of activities:

- Advertising (Newspaper, Small Business / Professional Organization publications)
- Conferences
- Workshops
- Networking Sessions
- Banquets
- Website Development
- Attendance at Chambers of Commerce Events
- Membership in Small Business and Professional Organizations

TBAC Annual Retreat

TBAC is planning its annual retreat during February 2006 to identify Small Business challenges, explore remedies and methods, and make recommendations for future outreach strategies to increase Small Business inclusion on Metro contracts.

Results

Metro currently provides a wide array of Small Business outreach services similar to those performed by other public agencies, however, the degree to which Metro performs such activities may vary depending on the allocation of staff and budget.

NEXT STEPS

To ensure that Metro continues to be a leader in the Small Business community, an outreach budget of \$100,000 is needed in FY07 to maximize DEOD efforts to increase the pool of certified Small Businesses seeking contract opportunities with Metro. This is an increase from the amended FY06 outreach budget of \$45,000.

These efforts include, but are not limited to the following:

1. Increase print media advertisements for Small Business-related periodicals;
2. Broaden sponsorship and participation in major vendor fairs such as:
 - Orange County Transportation Authority (OCTA) Vendor Fair
 - Asian Pacific Islander Small Business Expo
 - Small Business Administration (SBA) Matchmaking Expo
 - Latin Business Expo
 - Los Angeles Black Business Expo and Trade Show
3. Enhance support of Small Business-related professional organizations.
4. Increase membership and participation in local chambers of commerce to ensure Metro's awareness and exposure to local Small Business firms.

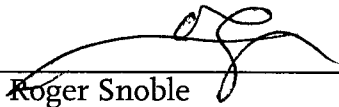
ALTERNATIVES CONSIDERED

None.

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