



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

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**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
JULY 19, 2007**

SUBJECT: SMALL BUSINESS CERTIFICATION ACTIVITY

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the following quarterly report on Metro's small business certification activities for fiscal years 2006–2007.

ISSUE

Staff has certified a total of seventeen new firms under its small business programs during the period of March 17, 2007, through June 4, 2007. Ten of these firms have been certified as Disadvantaged Business Enterprises (DBEs). During the same period, 45 other previously certified firms have received a certification renewal. However, largely as a result of Metro's race-neutral policy, 73 firms have elected to not seek certification renewal. In total, Metro is the home certifying agency for 526 of the approximate 4,131 DBE firms certified under the California Unified Certification Program. Nine additional firms are currently under review by Metro staff for certification eligibility.

BACKGROUND

At the September 2006 Regular Board meeting, staff presented their recommendation of 13% for Metro's Federal Fiscal Year 2007 DBE Program Overall Participation Goal. The Goal represents the level of DBE participation Metro expects to achieve on its federally-assisted contracts in Federal Fiscal Year 2007 and, as required by federal grant agreement, is submitted to the Federal Transit Administration (FTA) for review. The Board approved the 13% Goal and, through an amendment by Mayor Villaraigosa aimed at increasing the population of certified DBE firms, directed staff to report back quarterly on the number of new DBE firms certified during fiscal year 2006–2007.

DISCUSSION

Metro makes every effort to ensure that its outreach services are available to all small business organizations in the diverse greater Los Angeles community. The outreach efforts include the following activities.

Increase print media advertisements for Small Business-related periodicals: Metro has invested outreach funds in select small business organization events. Support of such events provides Staff an avenue to connect and network with the many small business owners and small business community representatives, while providing an opportunity to advertise Metro's commitment to the small business community through the event's program and related materials.

Broaden sponsorship and participation in major vendor fairs: Staff is tracking all regional vendor fairs and has identified those events that will provide the greatest exposure to the small business community. Most of these events will take place in 2007.

Enhance support of Small Business-related professional organizations: Metro, as a corporate member of TBAC member organizations, attends many organization events to share information on Metro Small Business Program activities. These efforts have provided direct access to a significant number of small business owners that have yet to engage in business with Metro.

Increase membership and participation in local chambers of commerce to ensure Metro's visibility to local small businesses: Metro has participated in targeted regional chambers of commerce events to educate their memberships on the opportunities provided to small business owners by Metro's Small Business Program.

Additionally, staff has increased its efforts to certify DBE, Minority-Owned Business Enterprise (MBE), Women-Owned Business Enterprise (WBE) and Small Business Enterprise (SBE) businesses. These efforts include performing small business outreach activities to disseminate information on Metro's certification programs and to dedicate staff to process certification applications.

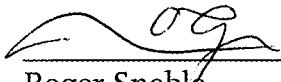
NEXT STEPS

Staff anticipates that the continuation of these activities will further increase small business owners' awareness of the opportunities provided by Metro's Small Business Programs and additionally, increase the base of certified small businesses. Metro will continue to track the number of small business applications received and will update the Board next quarter.

Prepared by: Linda Wright, Deputy Executive Officer, DEOD
Joseph Hernandez, Manager, DEOD



Lonnie Mitchell
Chief Administrative Services Officer



Roger Snoble
Chief Executive Officer

