



PUBLIC WORKS SUMMIT

Connecting California Contractors
and Public Works Agencies



MetroConnect

OUR COMMITMENT TO
SMALL BUSINESS SUCCESS

Small Business Programs

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Metro's Small Business Programs

- Small Business Enterprise Program (SBE)
- Local Small Business Enterprise Preference Program (LSBE)
- Small Business Prime (Set-Aside)
- Local Micro Small Business Enterprise (LMCSBE)
- Medium-Size Business Enterprise (MSZ)
- Contracting Outreach & Mentoring Plan (COMP)





SBE PROGRAM

- Metro Board Adopted Program
- Race- and Gender-Neutral
- A Board Motion, effective March 16, 2015, established mandatory SBE/DVBE goals on non-federal competitively negotiated RFPs.
 - No Good Faith Efforts – must meet the SBE/DVBE goal to be eligible for award.
 - SBE goal is inclusive of a mandatory 3% DVBE goal.
 - Assembly Bill 2690 amended the Public Utility Code (PUC), Section 130232 authorizing the applicability of SBE/DVBE goals to competitive low bid IFBs.



LSBE PREFERENCE PROGRAM

- Approved by the Board in October 16, 2025.
 - Pilot launched August 25, 2022, on negotiated **(RFP)**
 - Pilot launched January 30, 2023, on competitive low bid **(IFB)**
 - Applies to non-federally funded procurement
 - Greater than \$100,000 with SBE/DVBE goals.



LSBE PREFERENCE PROGRAM

- **Negotiated Procurements (RFP):**
 - Proposer that meets the LSBE criteria as a prime receives a **5% preference credit**
 - Proposer who does not meet the LSBE criteria as a prime, but subcontracts **at least 30%** of the contract value with eligible **LSBE firms**, receives a **5% preference credit**
 - The LSBE preference will be bonus points above the evaluation criteria scale.
 - **Proposer must meet the SBE/DVBE goal**



LSBE PREFERENCE PROGRAM

- **Competitive Low Bid Procurements (IFB):**
 - Bidder that meets the LSBE criteria as a prime receives a 5% preference as a bid price reduction
 - Bidder does not meet the LSBE criteria as a prime, but subcontracts at 30% of the contract value with eligible LSBE firms, receives (not to exceed) 5% preference as a bid price reduction
 - The preference is used to determine the bid price reduction for evaluation purposes only, it does not reduce the bid price.
 - Bidder must meet the SBE/DVBE goal



Small Business (SB) Prime Program

- Metro's groundbreaking program allowing SBEs to compete as Primes
- SBEs compete only against other SBEs for projects that meet threshold criteria from \$3,000 up to \$4.99 million (federal and non-federal)
- Flipped the Business Model: **SBEs are Primes** and Large Businesses are Subs (built in mentorship)



IMPACT: over \$250 million awarded since launch in 2014

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*2018 & 2021, respectively



LMCSBE PROGRAM

The LMCSBE Program functions as a **subset of Metro's Small Business Prime (Set-Aside) Program**. Applies to non-federally funded procurements between \$3,000 and \$50,000 (Informal Acquisitions), where local microbusiness availability exists.

To qualify as a Local Micro SBE a firm must meet these requirement:

- (LOCAL) Headquartered in the County of Los Angeles.
- (MICRO) 25 or fewer employees across all locations
- (MICRO) Three-year average annual gross receipts of \$1 million or less, including affiliates
- (SBE) Be certified by Metro as a Small Business Enterprise (SBE)

Exception:

by examination of NAICS code(s) in the Local Micro Small Business Enterprise Query database
< 3 local micro small businesses are available to perform the work



Medium-Size Business Enterprise (MSZ)

- A two-tiered approach for **non-federally funded** negotiated and competitive low bid procurements between **\$5M - \$30M**. The two tiers are as follows:
 - **MSZ-I:** Provides contracting opportunities for
 - Medium-sized firms and firms that have surpassed the limits for participation in the certification programs
 - Certified SBE, DBE, and DVBE firms to compete with MSZ-I firms
 - Contracts from \$5M up to \$15M.
 - **MSZ-II:** Provides contracting opportunities for
 - Medium-sized firms that meet the MSZ-II definition.
 - Certified SBE/DBE/DVBE firms are ineligible to bid on MSZ-II set-aside contracts from \$15M up to \$30M.





Medium-Size Business Enterprise (MSZ)

A. MSZ – I Definition

Firm Requirements:

- Firm CANNOT be a subsidiary of another firm
- Gross annual receipts (averaged over three years) that does not exceed one and a half times the Small Business Size Standards
- Certified DBEs and DVBEs are allowed to compete for these contracts, Regardless of the definition of an MSZ-I

B. MSZ – II Definition

Firm Requirements:

- Firm CANNOT be a subsidiary of another firm
- Gross annual receipts of at least \$30.40 million (1averaged over three years) that does not exceed two times the Small Business Size Standards

Size standards are stated in dollars or the number of employees.

The Size Standards are established by the Small Business Administration,

Set forth in 13 C.F.R. Part 121

Identified by North American Industry Classification System (NAICS) Code(s).



For Competitive Low Bid Procurements (IFB) Only:

If the size standard for the firms NAICS code is based on the number of employees and not dollars, the number of employees cannot exceed 250



Contracting Outreach & Mentoring Plan (COMP)

- RFPs & IFBs **\$25+ million** are required to submit plan (Architecture & Engineering/A&E, exempt)
- Objective: to measurably grow capacity of DBE and SBE/DVBE firms
- Bidders/Proposers must:
 - Host outreach event for DBEs or SBE/DVBEs prior to submittal
 - Provide innovative, measurable plans & evaluation criteria
 - Detail technical assistance strategies
 - Identify at least one mentor and one protégé
 - Specify subcontracting approach that include processes and procedures





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Thank You!!!

