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TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON *PAW*
CHIEF EXECUTIVE OFFICER

FROM: IVAN PAGE *Ivan Page*
**INTERIM EXECUTIVE DIRECTOR, VENDOR/CONTRACT
MANAGEMENT**

**SUBJECT: NEW DISADVANTAGED & SMALL BUSINESS
ENTERPRISE INITIATIVES**

ISSUE

On September 14, 2015, staff introduced two new Disadvantaged Business Enterprise (DBE) initiatives as part of the Request for Proposals (RFP) for the Purple Line Extension Section 2. The initiatives require Proposers to submit proposals inclusive of an innovative DBE Contracting Outreach and Mentoring Plan (COMP). These new initiatives, Mentor Protégé and sized focused DBE Tier Programs, will also be included in future IFBs and RFPs greater than \$25 Million, including non-federally funded projects under the Small Business Enterprise (SBE) Program.

In addition, a third initiative has been announced that will significantly impact the SBE Program, which is the elimination of the Good Faith Effort (GFE) provision from all non-federally funded requests for proposals (RFPs).

DISCUSSION

The Purple Line Extension Section 2 RFP establishes DBE goals of 25% for the Design portion of the contract and 17% for the Construction portion of the contract. The RFP outlines minimum criteria for the COMP to include a Mentor Protégé Program, emphasizing proposers' creativity in providing business development assistance to selected DBE firms in both the design and

construction phases of the project. The goal of the program is for mentors to assist in the advancement of participating protégés, including measurable plans to grow and compete on a larger scale. Proposers are required to identify strategies to create DBE subcontracting opportunities based on DBE firm size/average annual gross receipts defined by tiered dollar thresholds (i.e. \$3K-\$500K, \$501K-\$1.0M, \$1.1M-\$5M, \$5.1M-\$10M and \$10.1M-\$23.98M). The purpose of this DBE Tier Program is to increase DBE participation by further leveling the playing field by making it easier for DBEs to compete with firms of a similar size. Proposers are expected to develop and include subcontracting opportunities at those dollar threshold levels in the COMP approach submitted in their proposal.

The Proposers' COMP approach will be evaluated as one element of the evaluation criteria in the RFP. Metro will also review and approve each COMP submittal for the awarded contract.

After award, the Proposer will be required to submit annual updates on the COMP as well as quarterly reports on mentor protégé agreements.

Prior to developing the COMP, staff conducted a benchmarking activity in order to identify existing Mentor Protégé Programs, identify their strengths and weaknesses and determine which programs were most in line with Metro objectives. The review focused on five (5) programs including New York MTA, Illinois Department of Transportation, Caltrans, the City of Columbia and the Regional Transportation District of Denver (RTD Denver). Metro selected the City of Columbia and RTD Denver as the two programs that best demonstrated stability, measurable success and long term benefits to the agency, community and participants. The information received was very beneficial in developing Metro's program.

To reinforce its commitment to increase contracting opportunities for Small Business Enterprises (SBEs), Metro is eliminating GFE provisions from all non-federally funded RFPs. Removing the GFE reinforces Metro's commitment to increased small business participation and to create a level-playing field for small businesses. With the elimination of GFE, Proposers that do not demonstrate in their proposal meeting the SBE goal will not be eligible for award.

NEXT STEPS

Going forward, these new initiatives will be expanded to future IFBs and RFPs greater than \$25 Million, including non-federally funded projects under the SBE Program. The initiatives will be applied as administrative changes to the DBE and SBE programs.

Staff notified the FTA regarding categorizing certified DBEs by size and are awaiting their feedback. Staff will address any changes to the contract language should the FTA's response require adjustments.

Additionally, Metro is in the process of amending SBE Program requirements to remove GFE language from currently advertised solicitations and future procurements.