

# CHAPTER 4.

## Collection and Analysis of Contract Data

Chapter 4 provides an overview of the policies that the Los Angeles County Metropolitan Transportation Authority (Metro) uses to award contracts; the contracts that the study team analyzed as part of the disparity study; and the process that the study team used to collect relevant prime contract and subcontract data.<sup>1</sup> Chapter 4 is organized into seven parts:

- A. Overview of Metro reporting systems;
- B. Collection and analysis of contract data;
- C. Collection of vendor data;
- D. Relevant geographic market area;
- E. Relevant types of work;
- F. Collection of bid and proposal data; and
- G. Agency review process.

### A. Overview of Metro Reporting Systems

Metro is the transportation planner, coordinator, designer, builder, and operator of the public transportation system for Los Angeles County. Metro relies on several data systems to collect and maintain data on construction, professional services, and goods and other services contracts. The following are the data systems used to gather contract data for the Metro disparity study.

**Contract Compliance Systems (B2Gnow and CCMS).** The Diversity & Economic Opportunity Department (DEOD) is responsible for tracking utilization of DBE and SBE contractors on Metro procurements. DEOD staff currently uses B2Gnow, a commercial software package designed to help agencies comply with federal, state, and local regulations and maintain data on contracts and procurements. During the study period, Metro changed their compliance and reporting system from Compliance Certification Management System (CCMS) to B2Gnow. During the transition from CCMS to B2Gnow, all contracts that were less than 75% complete were transferred to the B2Gnow system. DEOD is responsible for entering and maintaining data within the B2Gnow system. B2Gnow contains the following:

- Prime contractor;
- Award amount;
- Award date;
- Contract description;

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<sup>1</sup> The terms “contract” and “procurement” are used interchangeably in this report unless otherwise noted.

- Paid to date amount;
- DBE or SBE program goals;
- Funding;
- Subcontractor; and
- Subcontract award amount.

Between B2GNow and CCMS, Metro and BBC Research & Consulting (BBC) were able to collect data on most large construction and professional services contracts analyzed in the disparity study.

**Financial Management Systems (FIS and CIMS).** The procurement department manages the financial systems Metro uses to encumber funds and make payments to contractors. During the study period, Metro transitioned from using software created by FIS to the Contract Information Management System (CIMS). Within these systems, Metro tracks purchase order information and data regarding utilized prime vendors. FIS and CIMS contain the following:

- Vendor name and address;
- Purchase order number;
- Prime contractor;
- Award date;
- Award amount; and
- Contract description.

CIMS and FIS provided data on the majority of goods and other services purchase orders analyzed during the study period as well as data on small construction and professional services procurements.

## **B. Collection and Analysis of Contract Data**

BBC collected contracting and vendor data from Metro's DEOD to serve as the basis for key disparity study analyses including the utilization, availability, and disparity analyses. The study team collected the most comprehensive set of data that was available on prime contracts and subcontracts that Metro awarded during the study period (i.e., January 1, 2011 through December 31, 2015). BBC sought data that included information about prime contractors and subcontractors regardless of the race/ethnicity and gender of their owners or their statuses as certified minority- or women-owned business enterprises (MBE/WBEs). The study team collected data on construction; professional services; and goods and other services prime contracts and subcontracts that Metro awarded during the study period.

As part of its implementation of the Federal DBE Program, Metro applied DBE goals, as appropriate, to individual construction; professional services; and goods and other services contracts to meet its overall goal for DBE participation on USDOT-funded projects. In addition, as

part of its Small Business Enterprise program, Metro applied small business goals for locally-funded contracts that it awarded during the study period.

**Prime contract data collection.** Metro provided the study team with electronic data on construction; professional services; and goods and other services prime contracts that the agency awarded during the study period. BBC collected the following information about each relevant construction; professional services; and goods and other services prime contract:

- Contract or purchase order number;
- Description of work;
- Award date;
- Award amount;
- Amount paid-to-date;
- Prime contractor name; and
- Prime contractor identification number.

Metro advised the study team on how to interpret the provided data including how to identify unique bid opportunities and, as appropriate, how to aggregate related procurement dollar amounts. BBC worked with Metro staff to review and analyze data coming from both B2Gnow/CCMS and FIS/CIMS to avoid any double counting of contracts and dollars.

**Subcontract data collection.** Metro also provided the study team with electronic data on subcontracts that the agency awarded during the study period related to construction and professional services contracts. In order to gather more comprehensive subcontract data, the study team reviewed hard copy data kept by DEOD and the procurement department. B2Gnow had comprehensive prime and subcontract data. The CCMS data contained prime and limited subcontract information. The BBC study team reviewed evaluation forms provided by the Metro study team to collect additional subcontractor information.

Subcontractor information was not available electronically for purchase orders. The BBC study team reviewed procurement and project folders to collect all subcontractor name and award amounts. BBC and Metro study teams discussed at length the potential for subcontracting opportunities on goods and other services contract. To ensure subcontracting opportunities were included, BBC and Metro study teams reviewed project folders, board reports, and other relevant document to determine purchase orders that may have included subcontractors. Documents for all purchase orders over \$500,000 were reviewed and a relatively low number of purchase order were found to have subcontractors.

**Contracts included in study analyses.** The study team collected information on 10,785 prime contracts and 1,364 associated subcontracts that Metro awarded during the study period in the areas of construction; professional services; and goods and other services. Those contracts accounted for approximately \$3 billion of Metro contracting dollars during the study period. Figure 4-1 presents dollars by relevant contracting area for the prime contracts and subcontracts that the study team included in its analyses.

**Figure 4-1.**  
**Number of Metro contracts and subcontracts included in the study**

Note:  
Numbers rounded to nearest dollar and thus may not sum exactly to totals.

Source:  
BBC Research & Consulting from METRO contract data.

Contract Type	Number of Contract Elements	Dollars (in thousands)
Construction	1,321	\$1,597,672
Professional services	1,006	\$719,882
Goods and other services	9,822	\$711,071
<b>Total</b>	<b>12,149</b>	<b>\$3,028,625</b>

**Prime contract and subcontract amounts.** For each contract included in the study team’s analyses, BBC examined the dollars that Metro awarded to each prime contractor and the dollars that the prime contractor awarded to any subcontractors.<sup>2</sup>

- If a contract did not include any subcontracts, the study team attributed the entire amount awarded during the study period to the prime contractor.
- If a contract included subcontracts, the study team calculated subcontract amounts as the total amount awarded to each subcontractor during the study period. BBC then calculated the prime contract amount as the total amount awarded during the study period less the sum of dollars awarded to all subcontractors.

**Mega project prime contract and subcontract amounts.** Metro let three large or “mega” design/build projects during the study period which were still in various stages of completion at the time of data collection and analysis. All three projects had completed the design phase of the project and were in the beginning or middle of the construction phase. As such, design prime contractor and subcontractor data was complete; however, the data available for the construction phase was not complete. Prime contractor award amount was available but not all construction subcontractors had been identified. Therefore, BBC and Metro study teams made the decision to examine dollars to design portions of the mega project on an award basis and to examine dollars to construction portions of the mega project on a paid-to-date basis.

### C. Collection of Vendor Data

Metro maintains a list of businesses that have worked with Metro on a construction-related; professional services; or goods and other services contact within their financial system. The BBC study team compiled the following information on businesses that participated on Metro construction; professional services; and goods and other services contracts and procurements awarded during the study period:

- Business name;
- Addresses and phone numbers;
- Ownership status (i.e., whether each business was minority- or woman-owned);

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<sup>2</sup> BBC used the amount awarded to prime contractors and subcontractors during the study period in all cases that it was available. In all other cases, BBC used the amount paid to prime contractors and subcontractors.

- Ethnicity of ownership (if minority-owned);
- MBE/WBE certification status;
- DBE certification status;
- Primary line of work;
- Business size;
- Year of establishment; and
- Additional contact information.

BBC relied on a variety of sources for that information, including:

- Metro contract data;
- Metro vendor lists;
- CUCP certification list;
- Metro Small Business Certification list;
- Small Business Administration certification and ownership lists, including 8(a) HUBZone and self-certification lists;
- Dun & Bradstreet (D&B) business listings and other business information sources;
- Telephone surveys that the study team conducted with business owners and managers as part of the utilization and availability analyses;
- Business websites; and
- Reviews that Metro conducted of study information.

#### **D. Relevant Geographic Market Area**

The study team used Metro’s contracting and vendor data to help determine the relevant geographic market area—the geographical area in which the agency spends the substantial majority of its contracting dollars—for the study. The study team’s analysis showed that 74 percent of Metro’s construction; professional services; and goods and other services contracting dollars during the study period went to businesses with locations in Los Angeles County, indicating that Los Angeles County should be considered the relevant geographic market area for the study. BBC’s analyses—including the availability analysis and quantitative analyses of marketplace conditions—focused on Los Angeles County.

#### **E. Relevant Types of Work**

For each prime contract and subcontract, the study team determined the prime contractor’s *subindustry* that best characterized the business’s primary line of work (e.g., heavy construction). BBC identified subindustries based on Metro contract data; telephone surveys that BBC conducted with prime contractors and subcontractors; business certification lists; D&B business listings; and other sources. BBC developed subindustries based in part on 8-digit D&B industry classification codes. Figure 4-2 presents the dollars that the study team

examined in the various construction; professional services; and goods and other services subindustries that BBC included in its analyses.

The study team combined related subindustries that accounted for relatively small percentages of total contracting dollars into five “other” subindustries—“other construction,” “other construction supplies,” “other professional services,” “other goods and supplies,” and “other services.” For example, the contracting dollars that Metro awarded to contractors for windows and window supplies represented less than 1 percent of total Metro contract dollars that BBC examined in the study. BBC combined window and window supplies with other goods and supplies subindustries that also accounted for relatively small percentages of total contracting dollars and that were relatively dissimilar to other subindustries into the “other construction supplies” subindustry.

There were also contracts that were categorized in various subindustries that BBC did not include as part of its analyses, because they are not typically analyzed as part of disparity studies. BBC did not include contracts in its analyses that:

- Included Transit Vehicle Manufacturer (TVM) and Original Equipment Manufacturer (OEM) purchases (\$234 million of associated contract dollars);
- Metro awarded to computer and computer and communication related services (\$75 million of associated contract dollars);
- Were classified in subindustries which often include insurance and workers’ compensation (e.g., real estate or legal services) (\$21 million of associated contract dollars);
- Metro awarded to advertising and promotional agencies and services (\$9 million of associated contract dollars);
- Metro awarded to universities, government agencies, or non-profit organizations (\$2 million of associated contract dollars); and
- Were classified in subindustries that are not typically included in a disparity study and also account for small proportions of Metro’s contracting dollars (\$76 million of associated contract dollars).<sup>3</sup>

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<sup>3</sup> Examples of industries not typically included in a disparity study include retail stores, training services, and miscellaneous goods purchases.

**Figure 4-2.**  
**Metro contract dollars**  
**by subindustry**

Industry	Total (in Thousands)
<b>Construction</b>	
Major design-build construction	\$701,935
Building construction	\$164,005
Heavy construction	\$142,049
Electrical work	\$123,692
Rebar and reinforcing steel	\$96,522
Trucking	\$55,069
Water, sewer, and utility lines	\$54,288
Heavy construction equipment rental	\$50,019
Land site prep	\$47,406
Landscape services	\$38,746
Plumbing, heating, and air	\$12,861
Asphalt and concrete supply	\$11,062
Wrecking and demolition	\$7,562
Railroad construction	\$7,203
Excavation and drilling	\$7,165
Fencing, guardrails, and signs	\$5,849
Roofing, siding, and sheetmetal work	\$4,349
Flagging services	\$3,644
Painting and striping	\$2,572
Other construction	\$51,932
Other construction supplies	\$9,740
<b>Total construction</b>	<b>\$1,597,672</b>
<b>Professional services</b>	
Engineering	\$497,740
Transportation consulting	\$108,039
Environmental research and consulting	\$41,831
Construction management	\$33,867
Surveying and mapping	\$17,745
Landscape architecture	\$8,838
Testing services	\$6,431
Public finance	\$5,272
Other professional services	\$119
<b>Total professional services</b>	<b>\$719,882</b>

**Figure 4-2.  
Metro contract  
dollars  
by subindustry  
(continued)**

Note:

Numbers rounded to nearest dollar and thus may not sum exactly to totals.

Source:

BBC Research & Consulting from Metro contract data.

<b>Goods and other services</b>	
Towing	\$92,044
Cleaning and janitorial services	\$90,230
Petroleum products	\$85,511
Elevator goods and services	\$66,740
Ticket counting and fare collection	\$53,758
Bikeshare	\$50,790
Electrical supplies	\$41,052
Passenger transport	\$38,060
Vehicle parts	\$23,019
Pest control	\$19,853
Security services	\$14,722
Waste services	\$13,695
Vehicle	\$13,364
Industrial equipment and machinery	\$12,393
Uniforms and vestments	\$10,629
Vehicle body repair	\$8,428
Office goods	\$8,212
Communications equipment	\$6,289
Cleaning supplies	\$5,394
Security and safety supplies	\$5,106
Paints and allied products	\$2,040
Repair services	\$1,006
Other goods and supplies	\$43,044
Other services	\$5,693
<b>Total other professional services</b>	<b>\$711,071</b>
<b>GRAND TOTAL</b>	<b>\$3,028,625</b>

## **F. Collection of Bid and Proposal Data**

BBC conducted a case study analysis of bids and proposals for a sample of contracts that Metro awarded during the study period. Metro provided documents related to bid, proposal, and other related information to the BBC study team for those contracts. BBC successfully collected and examined bid and proposal information for a sample of 56 construction, 67 professional services, and 83 goods and other services contracts that Metro awarded during the study period. For details about the case study analysis, see Chapter 8.

## **G. Agency Review Process**

Metro reviewed BBC's prime contract and subcontract data several times during the study process. The BBC study team met with Metro staff to review the data collection process, information that the study team gathered, and summary results. Metro staff also reviewed contract and vendor information. BBC incorporated Metro's feedback in the final contract and vendor data that the study team used as part of the disparity study.