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# **CHAPTER 8: ANECDOTAL ANALYSIS**

## **I. INTRODUCTION**

This chapter presents anecdotal testimony gathered through in-depth, one-on-one interviews in a fair and equitable manner. This anecdotal testimony was analyzed to supplement the statistical findings and disclose any societal or procurement practices that might affect Disadvantaged, Minority, and Women-owned Business Enterprises' (D/M/WBEs') access to Los Angeles County Metropolitan Transportation Authority (Metro) contracts.

The importance of anecdotal testimony in determining evidence of discrimination was established in the landmark case of *City of Richmond v. J.A. Croson Co.*<sup>1</sup> The United States Supreme Court, in its 1989 *Croson*<sup>2</sup> decision, specified the use of anecdotal testimony as a means to determine whether remedial race-specific relief may be justified in a particular market area. *Croson* stated that "evidence of a pattern of individual discriminatory acts can, if supported by appropriate statistical proofs, lend support to a [local entity's] determination that broader remedial relief [be] justified."<sup>3</sup>

Anecdotal testimony of individual discriminatory acts can, when paired with statistical data, document the routine practices affecting M/WBEs' access to contracting opportunities within a given market area.<sup>4</sup> The statistical data can quantify the impact of discriminatory practices, while anecdotal testimony provides the human context through which the numbers can be understood. Anecdotal testimony from business owners provides information on the kinds of barriers that they believe exist within the market area, including who perpetrates them and their effect on M/WBE development.

Outreach was conducted to secure the participation of business owners as anecdotal interviewees. Outreach consisted of contacting prime contractors, subcontractors, and suppliers to determine their willingness to participate in an interview. An anecdotal interview questionnaire was utilized to standardize the information elicited from business owners who agreed to participate in an in-depth interview.

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<sup>1</sup> *City of Richmond v. J.A. Croson Co.*, 488 U.S. at 509 (1989).

<sup>2</sup> *City of Richmond v. J.A. Croson Co.*, 488 U.S. at 509 (1989).

<sup>3</sup> *Id.*

<sup>4</sup> In this chapter, M/WBEs refer to certified and certifiable DBEs.



Business and trade association representatives were recruited through the Transportation Business Advisory Council (TBAC), and the list of organizations was compiled during the availability research. A questionnaire was developed to standardize the information elicited from the association representatives.

### **A. Anecdotal Evidence of Discrimination - Active and Passive Participation**

*Croson* authorizes anecdotal inquiries along two lines. The first approach investigates active government discrimination or acts of exclusion committed by representatives of the governmental entity. The purpose of this examination is to determine whether the government has committed acts that prevented small and disadvantaged business enterprises from obtaining contracting opportunities.

The second line of inquiry examines the government’s “passive” support of exclusionary practices that occur in the market area into which its funds are infused. “Passive” exclusion results from government officials knowingly using public monies to contract with companies that discriminate against M/WBEs or failing to take positive steps to prevent discrimination by contractors who receive public funds.<sup>5</sup> Anecdotal accounts of passive discrimination mainly delve into the activities of private-sector entities.

The Tenth Circuit Court of Appeals has cautioned that anecdotal accounts of discrimination are entitled to less evidentiary weight because the accounts concern more private than government-sponsored activities.<sup>6</sup> Nonetheless, when paired with appropriate statistical data, anecdotal evidence of either active or passive forms of discrimination can support the imposition of a race or gender-conscious remedial program.<sup>7</sup>

Anecdotal testimony that is not sufficiently compelling in combination with statistical data to support a race or gender-conscious program has value in the *Croson* framework. As *Croson* points out, jurisdictions have at their disposal “a whole array of race-neutral devices to increase the accessibility of city contracting opportunities to small entrepreneurs of all races.”<sup>8</sup> Anecdotal accounts can paint a finely detailed portrait of the practices and procedures that generally govern the award of public contracts in the relevant market area. These narratives, according to *Croson*, can identify specific generic practices that can be implemented, improved, or eliminated in order to increase contracting opportunities for businesses owned by all citizens.

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<sup>5</sup> *Croson*, 488 U.S. at 491-93, 509.

<sup>6</sup> *Concrete Works of Colorado v. City and County of Denver*, 36 F.3d at 1530 (10th Cir. 1994): “while a fact finder should accord less weight to personal accounts of discrimination that reflect isolated incidents, anecdotal evidence of a municipality’s institutional practices carry more weight due to the systemic impact that such institutional practices have on market conditions.”

<sup>7</sup> *Croson*, 488 U.S. at 509.

<sup>8</sup> *Croson*, 488 U.S. at 509.



This chapter presents anecdotal testimony from interviews with 30 business owners and representatives from 15 trade and business associations domiciled in Metro's market area. The business owners described accounts of barriers encountered while working or seeking work directly with Metro, and the trade and business association representatives reported experiences of their members. As part of the public participation requirement set forth in 49 CFR Section 26.45, Metro conducted a series of public hearings to provide DBEs with an opportunity to offer comments on the proposed Overall DBE Goal for Fiscal Years 2013-2015. A total of four public hearings were held on February 7, 2013, February 21, 2013, and March 19 2013. The proceedings were recorded and transcribed for review and analysis. In addition to providing comments during the hearings, business owners also submitted written comments to Metro after the hearings.

## ***B. Anecdotal Methodology***

### **1. In-Depth Interviews**

Potential business interviewees were pre-screened to determine if they were domiciled within the market area during the study period.

The trade and business association representative interviewees were identified from TBAC and the availability research. Trade and business associations were pre-screened to determine their business members' interest in working with Metro.

Thirty business owners and 15 representatives from trade and business associations participated in one-on-one, in-depth interviews. The business owners were African American, Asian American, Hispanic American, and Caucasian male and female. They were comprised of 24 prime contractors and six subcontractors. The trade and business association representatives were either officers or staff of minority and woman-owned business organizations.

The interview questionnaire included probes which elicited accounts of the interviewee's experience in business formation and development. Both public and private sector experiences were garnered through the interviews. Completed interviews were transcribed and coded by type of comment. The anecdotal report describes general market conditions, prime contractor barriers, and the range of experiences encountered by interviewees attempting to do business with Metro. The interview responses are categorized in the report as racial and gender barriers, difficulty with the contracting community, difficulty with the good old boys network, difficulties in the contracting process, bid shopping, inadequate lead time to respond to solicitations, prime contractors avoiding DBE program requirements, agency managers creating barriers, barriers to financial resources and bonding, late payments, certification process challenges, difficulty meeting prequalification requirements, knowledge of companies acting as fronts, comments about the business enterprise programs, exemplary Metro business practices, and recommendations to increase small and DBE participation on Metro contracts.



## **II. RACIAL AND GENDER BARRIERS**

A minority male owner of a construction company believes he experienced subtle discrimination:

*No one has slapped me in my face because I'm Asian. It doesn't really get to the heart of the issue. It's the way they word the solicitation that precludes the participation of smaller companies such as minority and woman-owned companies. And that is kind of like white-collar discrimination. It's not obvious racial discrimination or discrimination against women; it's not something obvious. It's in the wording of the solicitation and the manner in which the Metro goes about drafting these RFPs. That's where the discrimination occurs.*

---

A Caucasian female owner of an architecture and engineering company explained her choice not to advertise the fact that her company is woman-owned:

*I hate to say this but we are looked at differently because we are a woman-owned business. Most architecture and engineering firms are male-oriented. So, we're definitely trying not to tout it [woman-owned] because some firms don't want to work with us. There is definitely a bias.*

---

A Caucasian female owner of a professional services company reported sexism by Metro's prime contractors:

*When we provide construction monitoring or inspection services, there are a lot of times that my employees who are women will have negative things said to them on Metro's construction projects. The comments range from "we don't allow women on our jobs" to "look at girly." We have been told, "you do not know what you are talking about" or "you can't be here because you are not one of the guys." I've literally been told we couldn't even use a jackhammer on one of our jobs because that's not what girls use. It happens all the time. It's not Metro's fault, it is their large contractors in the field's fault. But Metro could certainly fix that by stating in their contracts with their primes that there will be no gender or race issues like that.*

---



### **III. DIFFICULTY WITH THE CONTRACTING COMMUNITY**

A representative of a minority trade association reported that her members have experienced difficulty in obtaining work from Metro:

*Our members have attended Meet the Primes, but they have not been able to get anything out of it. It's fine and dandy that we have six to seven hundred people coming and they try their best to open the prime contractor's eyes as to what they can do, but a lot of times the primes are not really open to small businesses.*

---

Representatives of various ethnic trade associations reported similar assessments on the challenges their members encounter when trying to break into the contracting community. One stated:

*It does not matter if you get a notification in the mail, newspaper, or trade publications; the teams are already set six months to a year ahead.*

---

A second representative stated:

*The big boys get their bids. Somebody gives them their bids, but the small guys don't get theirs. That is why think they need a public or plan room. We are working with a completely dysfunctional system that is corrupted by the majors to serve their own interests, with the exclusion of the goals that Metro may have in place.*

---

A third representative stated:

*A lot of the members in our association believe the primes already have their teams together, so it does not mean much to submit a bid. So it becomes a waste of everybody's time.*

---

A fourth representative stated:

*One challenge with Metro is when we attend the TBAC meetings, they give out flyers on what is in the pipeline, but almost 30 percent of these jobs already have teams formed.*

---



A Caucasian female owner of an architecture and engineering company believes that Metro's Request for Qualifications are written in a manner that suggests a consultant has been pre-selected:

*When Metro writes its request for qualifications, they should not be written so that it prevents many small businesses from proposing. For example, there was a Metro train control facility in Pomona where they required that you have specific experience within the past five years on a number of things that was so narrow that it looked to us like the bottom line was they had pre-selected a prime consultant. It appeared like the whole thing was just kind of a sham.*

---

A Caucasian male owner of a professional services company believes the size of his company has prevented him from successfully obtaining work from Metro:

*We only have 15 employees. As a consequence, we're not looked at realistically in terms of being able to do work as a prime contractor. All of Metro's contracts seemed to be geared more towards the larger engineering firms. Their projects just are so all-encompassing that it never even occurs to me to think we could work as a prime consultant. They are all so big. Rather than multiple smaller contracts that are parceled down a bit, that's not their style.*

---

A Caucasian female owner of an architecture and engineering company explained that larger companies are now competing for smaller jobs, which further reduces her contracting opportunities:

*I don't even go near the larger projects because we can't compete. The large companies like [company names withheld] are short of work, and they are going after the work we used to do, but they can produce all these flashy marketing materials. We don't have anything like that. Several people that I know who have their own businesses as civil engineers have exactly the same problem.*

---

A minority male owner of a professional services company believes that ample time is needed to prepare for a solicitation in order to obtain work:

*If you learn about a project when the RFP comes out, you're wasting your time. In professional services, if you don't know about the project well in advance you are not getting it. You need relationships to get favors.*

---





A Caucasian female owner of an architecture and engineering company believes that personal relationships are needed to obtain subcontract work:

*The prime contractors normally take your name and information, but you need a personal relationship to get the work.*

---

#### **IV. DIFFICULTY WITH THE GOOD OLD BOYS NETWORK**

A minority male owner of an architecture and engineering company reported that personal relationships are needed to secure work on certain Metro projects:

*The good old boys network still exists in the industry in regards to Metro. We are not a part of the network, and we don't have certain relationships that can benefit us.*

---

A Caucasian female owner of an architecture and engineering company explained how prime consultants in the good old boys network are able to win contracts on Metro's projects:

*The vast majority of companies, especially the large companies, are dominated by the good old boy network. They are engineering firms who have the expertise to get into Metro and lobby. They know six months to a year in advance which projects are coming out of Metro. They know who to contact regarding the project. Small businesses do not have the luxury of getting in there and spending a lot of time networking and marketing prior to these contracts coming out. So we are really at a disadvantage.*

---

A Caucasian female owner of a professional services company explained why she believes the good old boys network is influential in her industry:

*There is a reason I became a woman-owned and a disadvantaged business; partly, because there is a huge good old boy network. And the proof of this is the fact that prime contractors do not get any punishment or any fines for not complying with a Metro contract. Somehow, they like them so much that it doesn't matter what happens. It's business as usual. And those things need to change.*

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A minority male owner of an architecture and engineering company believes the good old boys network limits opportunities for small businesses:

*You will never get a contract out of Metro. It's kind of a waste of time. It's the good old boy network. As a DBE, you only get a small percentage of the work.*

---

A minority male owner of an architecture and engineering company explained why he believes it is difficult to penetrate the good old boys network:

*The good old boys network is a very tough network to get into. It includes prime contractors that have been around for a while, and they already have their preferred vendors. They already have the firms they like to do business with, and it's tough to be someone new and try to get in there. It very tough, and personal relationships come in handy.*

---

A minority female owner of a professional services company reported that female business owners are excluded from networking opportunities:

*I found out that there is a whole group of large firms that go fly-fishing and so forth. There was a point where there were 20 of them that went to Montana to go fly-fishing in March. None of them were women.*

---

A minority female owner of a professional services company believes that the good old boys network has barred her from Metro contracting opportunities despite her qualifications:

*There were occasions where I felt I was very capable as a responsible contractor to meet what is asked for in the scope of work. But several times I was not given any opportunity to go further because of what I perceive as good old boy network.*

---

A minority male owner of an architecture and engineering company reported that the same businesses receive repeat contracts in his industry:

*The same firms are getting the work. There is no inclusiveness to open it up to others. I've seen this over the years. Certain contracts are not publicized. It's one contracting officer calling three people, and normally he calls the people he has done business with in the past; that's the good old boy system in the Agencies.*

---



A representative of a minority business association believes that the good old boys network has impacted his members' access to Metro contracts:

*You can see the handwriting on the wall, and it doesn't take much to know that "xyz" firm has been picked for this subcontractor long ago because of the good old boy system. It's a real problem.*

---

## **V. DIFFICULTIES IN THE CONTRACTING PROCESS**

A minority female owner of a professional services company reported that Metro's bench<sup>9</sup> contracts have streamlined the bid process, but it has not resulted in any work for her firm:

*We were told by staff that the bench was created in order to streamline the proposal process, and that when there were projects that were applicable to the general RFQ, it would be sent to the consultants on this short list, or the bench. I was told that once the company had prepared all of the pre-qualifications and made the list for the bench, projects in the areas for which the businesses prequalified would be streamlined to the bench consultants. During the time in which we were approved to be on the bench, we did not receive a single RFP.*

---

A minority male owner of a construction company reported that larger firms are able to submit more competitive bids because they produce the products that they sell:

*There was no way that we could have had a lower bid than the larger firms because the products that they were selling were their own products. They could actually bid it at what they wanted to get the bid and still make a profit off of it because their product is probably the highest quality product that you could buy.*

---

A minority male owner of an architecture and engineering company reported that Metro does not inform unsuccessful proposers of the outcomes of the solicitation process:

*I have responded to their proposals, but it's actually become common practice by many, and including Metro, to not inform us whether we have won or not. They will seek our responses to their proposal, but if we lose, they do not call to tell us the outcome.*

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<sup>9</sup> "Bench" is a pre-qualified pool of contractors that receive task order solicitations.

A Caucasian female owner of an architecture and engineering firm reported that larger firms are capable of meeting Metro’s insurance requirements set forth in the solicitation requirements:

*Metro is a prime example. They definitely like to work with certain large firms, because they can carry the liability on those projects. So, they like to have the big firms that have the horsepower in order to carry on with all of the engineering that has to go on in those projects. So, they want firms that can carry the liability. And that doesn't necessarily mean they're doing the best job. They like selecting all these firms and most of them aren't even American firms. The holding companies are in Europe or Canada. We have unemployment in California—give the work to American firms. Why take it offshore?*

---

A representative of a minority trade association believes the on-line solicitation webpage is complicated:

*I believe the online website for TBAC is complicated. They may want to simplify the way in which they have the qualifications there. A lot of people have trouble trying to maneuver that website; it's hard to find what they're looking for.*

---

A minority male owner of a construction company reported that Metro’s debriefing process was not helpful:

*I would say Metro’s debriefing process is very lackadaisical. I think the intent is to do a debriefing, but the debriefing that I received was a disaster. When I finally got to bid to get on the bench, I was never called or informed as to whether I had won or lost. I called and inquired a month later, and they said they got somebody, so we were never even informed.*

---

A representative of a female trade association believes that Metro’s website should be updated regularly:

*Our members utilize Metro’s online website. It's very full, and it has a lot of information, but we found that some of the information is not always updated. I think the online information needs to be updated at least once a month.*

---



A Caucasian male owner of an architecture and engineering company reported that the scope of services for design projects should be more detailed so the proposers can adequately project costs:

*A lot of the Metro bids are not well scoped, so it's difficult, especially for professional services and design projects. It's just very difficult to be very precise, and the probability that the proposals will go over budget is rampant. So, we tend to bid fairly conservatively, but then we don't win. It's like this because their scopes of work are not very well detailed.*

---

A minority male owner of a construction company reported that the structuring of Metro's bid specifications is a barrier for small minority firms:

*Metro insisted on letting large contracts, including all the different lines of red, blue, green lines. They claim that they were reducing costs by having only one contractor provide the service. There's no proof that that reduces cost for the Metro. They don't have any empirical evidence to base that claim on, because when they issued the RFP, they didn't ask people to bid it more than one way: one if you were bidding the green line by itself, if you were bidding the red line by itself or the blue line by itself. The way Metro writes their solicitation precludes the participation of minority and women-owned firms. So, they are basically writing smaller firms out of the picture by the wording of the solicitation.*

*The contract first went out in February of 2006, and in February 2011 a renewal contract was advertised. The way that they worded the solicitation prevented us from participating. Metro worded the request for proposal in such a way that it put the responsibility for vandalism, liquidated damages, liability, and water damage on the back of the bidder. Only the largest elevator company in the world can stick its neck out like that.*

---

A female owner of an architecture and engineering company reported that Metro's proposal advertising practices are not uniform:

*I found out last fall that one of Metro's contractors called a certain group of businesses to let them know that the RFP had been posted. And in my mind, that is different advertising than checking the website. So, it turns out that even at Metro all of the procurement departments do not have the same process. And even the people who were deciding to make those didn't have the same process.*

---



A Caucasian male owner of a professional services company reported that he found the bench contract aspect of the bid process to be complicated:

*So, I needed to get on this bench so that I could then be considered a vendor for highways, transportation, planning, and engineering projects. So, I put the proposal together as best as I could from the instructions. I found the instructions very complex and multifaceted. Then, there were a number of addendums that were issued sort of midway through the RFP process. I ended up submitting information that I didn't need to, and I ended up putting together a bid that was inadequate. I wasn't accepted onto the bench.*

---

A minority male owner of an architecture and engineering company reported that his requested debriefing was inadequate:

*Typically the contracting manager is adamant that you just weren't the best. And that's it. This is all that I have received in five or six proposals that I submitted in the past two years. That's all I have received. "Don't call me, we'll call you when it involves you."*

---

A minority male owner of a construction company reported that he has received some bench contracts but has been unable to break into the contracting community:

*Metro has put together a small business bench in which they allow different companies to bid on projects. It has been frustrating being a certified SBE firm and not getting any work from Metro except a couple of bench contracts.*

---

A Caucasian male owner of an architecture and engineering company reported that even though he received a bench contract, the services for that contract were routinely bundled into larger projects:

*I got a bench contract from Metro, and I remember the Metro people saying, "I have good news and bad news. The good news is you are on the bench contract. The bad news is we hardly ever use this bench contract." So, I had asked why, and they said they typically bundle up those contracts with bigger jobs. And they told me not to contact their project managers. So, it almost seemed like nothing was going to happen from it anyhow. I did continue to outreach to Metro and tried my hardest to meet people and get on teams, but it's been very difficult.*

---



A Caucasian female owner of an architecture and engineering company reported being awarded bench contracts without receiving any actual work:

*We received a three-year bench contract. We were subcontracted to a larger engineering firm, but we have not seen any work from it. I'm not sure whether the work that they received included architectural work or not. I just have not been in the loop on it. There has been very little feedback in terms of whether or not we're going to get any work.*

---

A Caucasian female owner of an architecture and engineering company reported that she has not received any work from Metro being a bench contractor:

*The bench contracts include certain contractors that are part of the bench. There are usually four contractors within those benches, but we have not seen any work. There was supposed to be all of this work coming out of the bench contracts. We haven't gotten any jobs whatsoever out of them. The bench is an on-call contract for firms. Metro is actually supposed to be using the bench for certain professional services. But we haven't seen any usage of those bench contracts.*

*It's been three years, and it potentially could be extended another two. Metro keeps touting that they have all this work, and they keep having all these meetings for small businesses to come down and meet the primes. It's like if you have all this work how come you're not using your bench contracts?*

---

A minority male owner of a professional services company reported that he has been unable to secure any contacts despite being on the bench list:

*We were able to get on the bench, and they didn't issue any task orders until 2011, but it didn't pan out to any work. We submitted ten proposals for bench contracts and two regular non-bench proposals.*

---

A Caucasian female owner of an architecture and engineering company reported that she has not received any work from the bench contracts:

*I have not gotten any work from the bench contracts.*

---



## **VI. BID SHOPPING**

A minority male owner of an architecture and engineering company reported that some prime contractors seek quotes to bid shop among other subconsultants:

*It is common for prime contractors to get our price and shop it to get the cheapest price. We typically can sense that is what they are doing. We only give them a price and nothing else. We give them a verbal dollar value and go from there. We try not to waste our time with these prime contractors because sometimes it's hard to compete.*

---

A Caucasian male owner of an architecture and engineering company reported that his firm's prices have been shopped around by prime contractors:

*When I reach out to prime contractors to get on their design build teams, a lot of contractors will say, "Hey, I want to get your price," and then they compare to it other subconsultants. When we contact them, they will say, "We didn't go with you, because you were slightly higher." I certainly know that our prices are comparable to others many times.*

---

A minority male member of a business association reported knowledge of bid shopping by prime contractors:

*They bid shop. Once a subcontractor submits a bid, they come back and say, "Look, you can have this job, but your price is a little high. If you can go down to this level, I can keep you on the job." So, a lot of primes do bid shopping. They've been doing that for years.*

---

A minority male owner of an architecture and engineering company reported that he has been pressured to lower his bid:

*With this one prime contractor, I told them how much it would cost to do construction monitoring for them on a Metro [contract]. They came back and said Metro would not accept my price, and they cut my price by at least 90 percent.*

---

A minority male owner of an architecture and engineering company explained that certain prime contractors have shopped his bid to get a lower price:

*We will put our price in our bid, and then the prime contractor will send an email asking if we can lower our price because our competitor is giving the same price. If we lower our bid, they indicate that they will go with us.*

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## **VII. INADEQUATE LEAD TIME TO RESPOND TO SOLICITATIONS**

A Caucasian female owner of a construction company reported that she has been contacted and provided with a one day notice by some prime contractors:

*In most cases the contractor asks us to throw a bid together at the last minute, which is really hard to do. When someone calls you and says, “Hey, the job bids tomorrow—sorry I’m calling you so late, but the job bids tomorrow.” This does not give us enough time to go through the plans and specifications to understand the job or to bid the job.*

---

A representative of a minority trade association reported that often her members receive untimely bid notices:

*There have been a lot of times when the solicitation notices come out too late. It seems like other people from larger companies have known about it; they are prepared for it, maybe a year or two in advance.*

---

A representative of a minority business association reported that inadequate lead time has been an issue for his members:

*We have fought the issue of inadequate lead time for a long time. When they do “Meet the Primes,” they already know about the upcoming projects. They know about projects that are a year or two years down the pike. A month is adequate time.*

---

A representative of a minority trade association reported that his members receive inadequate notice to respond to solicitation requests:

*The problem that we have is that information comes in late or after the project is supposed to be submitted. We would like to get that information three to six months to plan and partner with the primes.*

---

A minority female owner of a professional services company reported that, despite seeking work from a prime contract well before the proposal due date, she was only afforded a couple of days to respond to a quote:

*For example, I had been talking to a prime contractor for a month and a half, and they would not make a decision. And all of a sudden, the last two days I had to overnight documents to them and come to agreement on pricing and so forth, even though I had been*



*talking to them for six weeks. All of that came down to the last two days.*

---

A minority male owner of a professional services company explained that Metro's proposal requirements can make it hard for subcontractors to meet the submittal deadline:

*As a prime contractor, I do not think Metro always provides adequate time to prepare a response because they require a fair amount of paperwork that takes a lot of time. So, sometimes the time is not sufficient. Metro should consider requesting some of the forms only from the prime contractor and then have the subcontractors complete them once they have been awarded the project.*

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## **VIII. PRIME CONTRACTORS AVOIDING DBE PROGRAM REQUIREMENTS**

A Caucasian female owner of a construction company reported that she had to pressure a prime contractor to let her do the work she was subcontracted to perform:

*I personally have not started any portion of my actual subcontract agreement with them, and this contract has been in existence for two years. It took a lot of time to get them to use me. They were actually using someone else on the job who was actually working out of their capacity and that hurt me. So, I actually caught someone else out there doing my work that I was already subcontracted to do. That went on for several months. This particular contractor that was doing our work is very active on Metro's projects.*

---



A minority male owner of a professional services company reported that some prime contractors will increase their scope of work but not their budget:

*We come with a scope and give them an estimate and then they basically pressure us to reduce the price. Sometimes the pressure is before the proposal goes in and sometimes after they win the project. Sometimes the prime contractor will slightly increase the scope, and they ultimately will ask us not to change our fee but take on that additional scope.*

---

A Caucasian female owner of an architecture and engineering company believes that the monitoring that is provided on the job site should be redirected:

*Instead of wasting time looking to see what is actually written on a time sheet and having people QC it, they need to get down to the basics and check on whether that prime contractor is indeed using the subcontractors that they listed on their contract, because they usually use their own people.*

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## **IX. AGENCY MANAGERS CREATING BARRIERS**

A minority male owner of a professional services company reported that a Metro employee made it difficult for his employees to work on a Metro project:

*We had a couple Metro technicians verbally assault some of our people and use profanity by trying to put blame on something that we had nothing to do with. They acted very unprofessionally and very much out of line. Since they are part of a union, they feel they are untouchable. Metro wrote them up, but that did nothing. They still continued. And one of them has stopped, but the other continues today. This is only because the employee is protected by the union.*

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## **X. BARRIERS TO FINANCIAL RESOURCES AND BONDING**

A Caucasian male owner of an architecture and engineering firm reported on the struggles he encountered during a three-year period:

*The years 2007 to 2009 were pretty brutal for my company. I had to let go of more than half my staff. I was paying myself minimum wage for about a year and a half, and my bank of 11 years suddenly quit on me. They don't look at your overall record for the past ten to fifteen years. They look at what you have you done for me lately. Fortunately, the last few years I've been able to turn that around and do a lot better.*

---

A minority male owner of a professional services company reported that some prime contractors pass the cost of insurance to their subcontractors:

*Metro has a requirement for professional liability insurance for \$5 million dollars. It is very difficult for a small business to meet this requirement. It is not only difficult but sometimes impossible to get that insurance. But Metro answers this issue by having the insurance requirement applies only to the prime contractor. But then we can meet that requirement because of the insurance cost.*

---

A minority male owner of a construction company reported that he was able to secure funding but was unable to obtain bonding:

*There is only really one obstacle that I ran into, and that was the bonding. After reaching out to [bonding company name withheld] the only one that would allow me to be bonded, the bonding was still not large enough to obtain the prime contract for the location. That was the only issue that we ran into. We found the funding, and we definitely had the manpower. I thought we could handle that project. But it was not the funding; it was the bonding. I thought they would allow us to be bonded through a special program or something like that, and we couldn't work it out. I didn't want to push forward with it and not be able to be bonded and lose out or actually get the contract canceled so I decided not to bid.*

---

A Caucasian female owner of a construction company also reported that obtaining bonding is one of the biggest obstacles facing her firm:

*Because I am a small company, one of the biggest factors that I face is bonding. I cannot bond a lot of these jobs because I don't have the bonding capabilities. Sometimes I can't meet the insurance*



*requirements without having to come up with an additional amount of money to get the job.*

---

A minority male owner of a construction company reported that he was unable to obtain bonding after partnering with a joint venture:

*As soon as I started joint venturing with a large company, my bonding company wrote me off. They said, “We’re not going to bond you any longer” because if [company name withheld], my joint venture, were to go belly up or out of business, then I would have to assume the financial responsibility of our joint venture projects.*

---

A minority male owner of a construction company reported that he has been unable to meet Metro’s bonding requirements:

*The bonding market has tightened up considerably since the economic downturn in 2008. Bonding is becoming increasingly difficult. At this time, our bonding capacity is lower than what is needed to be to perform work at Metro. So, we need alternate bonding sources such as a joint venture.*

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Representatives of various minority trade associations reported issues in obtaining bonding amongst their members. One stated:

*Our members have had issues with bonding, and that normally starts with the documentation required. They need a lot of help in trying to get bonding.*

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Another stated:

*Bonding has always been a major factor for our members. The bonding companies want to know what type of assets you have. And most small contractors, at best, only have their home.*

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A third stated:

*The problem is the lack of ability to put up the collateral up to secure the bonding. So, that's a problem—more so with African Americans than any other ethnic group.*

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## **XI. LATE PAYMENTS FROM AGENCY AND PRIME CONTRACTORS**

A representative of a minority trade association reported that his members complain that they are receiving late payments as subcontractors on Metro projects:

*The smaller firms are not getting paid because the prime contractors are saying Metro has not paid them.*

---

A Caucasian female owner of an architectural and engineering company reported that she did not receive the full value of her contract with a prime contractor:

*The prime contractor did not pay us for a lot of work that they needed us to do. They didn't want to pay us for it, because it meant that they could use the money in some other fashion. We spent a lot of time and energy putting together everything they needed to do for project. I am sure they used 100 percent of my work on the bid package. Our expectation was that we would get a couple million dollars out of that contract, but we got a contract less than \$60,000.*

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Another representative of a minority business association reported that his members also complain of late payments as subcontractors:

*Metro doesn't do a very good job, and our members are always complaining about late payments. They say they are not paid because Metro does not pay their primes.*

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## **XII. CERTIFICATION PROCESS CHALLENGES**

A Caucasian female owner of a construction company believes that the DBE certification standards should be more stringent:

*I think that there should be harder rules to get certified than giving everybody a certification. First of all, I think contractors should have a minimum of five years of experience. Then they need to look at who actually holds the Contractor's State License in the company. Is it an owner? Is it a cousin? Is it a brother? I should be the person who claims to be the owner the company. It's too easy for someone to say, "I'm a woman and I deserve it because I own the company."*

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A Caucasian male owner of a professional services company found the DBE certification process complex and demanding:

*It was very painful and involved an incredible amount of paper, information, questions, and replies to get certified. The information they were asking for did not make a lot of sense and ultimately the information they were asking for was not on the original requirements list.*

---

A Caucasian male owner of a professional services company explained that the certification process was cumbersome:

*I was encouraged to become certified in order that I might join the resources pool on the off chance that during the given year I could be utilized as an on-call bike expert for Metro. The certification process was a lot like doing my taxes. There was a lot of paperwork that was complex and the number of different documentation that required notaries. I thought it was cumbersome. There were three different elements that required me to get separate notaries at \$20 each.*

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### **XIII. DIFFICULTY MEETING PREQUALIFICATION REQUIREMENTS**

A representative of a minority business association reported that small businesses can meet insurance requirements when they are not too excessive:

*Insurance might be easier to obtain than bonding capacity. Most contractors are able to obtain the bare minimum insurance requirements which are general liability, errors and omissions, vehicle and workman's compensation. The challenge is when Metro has a project where they require \$5 million dollars in errors and omissions. It is not economically possible for small firms to go and get \$5 million dollars for errors and omissions.*

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A representative of a female trade association also reported that excessive insurance requirements prevent small businesses from participating on Metro contracts:

*My members have a hard time meeting insurance requirements up to one to two million dollars.*

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A minority male owner of an architecture and engineering company reported that Metro's pre-qualification requirement prevents him from responding to small projects:

*Metro's \$5 million insurance requirements and bonding requirements for a small project makes me hesitant to bid.*

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#### **XIV. KNOWLEDGE OF COMPANIES ACTING AS FRONTS**

A Caucasian male owner of an architecture and engineering company reported that he has knowledge of firms that are not bone fide small businesses:

*I know about front companies that are utilizing a small business name, but they have bigger companies working on those contracts. They are billing to a front company so that they can show that they're outreaching.*

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A Caucasian female owner of a construction company reported that fronts are a huge problem in the construction industry:

*Fronts are a big problem in my industry. I know companies where the female has absolutely nothing to do with the business. They use their wives to get the certification, but the wives don't work in the company. They have fake ownership in the company. In fact, I know of a specific company that recently was certified, and the tax returns were not properly filed at the very beginning of the certification process, and they allowed him to amend their tax returns. I know for a fact that these people applied for a certification. The woman has absolutely nothing to do with the business, absolutely nothing. She has another business. They made her the President of the company.*

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A Caucasian male owner of a professional services company reported that he also has knowledge of businesses operating as fronts:

*There definitely used to be a couple that owned a woman-owned business, and the wife literally had nothing to do with the business.*

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A representative of a minority trade association reported that he is aware of fraudulent women-owned business enterprises:

*Some companies grab their wives and put them out as the owner so they can meet the disadvantaged business enterprise requirements. So, there is plenty of fraud out there.*

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A minority male owner of an architecture and engineering firm reported that he has knowledge of companies fraudulently operating as women-owned businesses:

*There are a lot of front companies. I know that their wives were not running the companies. They were staying at home but were certified DBEs, and they were getting work. So, that kicks a lot of small DBE firms out of the running because they are not getting the work. Over the years I've seen companies come and go where DBEs were not run by actual engineers.*

---

A minority male owner of an architecture and engineering company reported that he also has knowledge of fraudulent women business enterprises:

*There are some companies that are front companies where the husband is the one that really runs the show, and the wife is there for certification purposes.*

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## **XV. COMMENTS ABOUT THE BUSINESS ENTERPRISE PROGRAMS**

A representative of a minority business association explained the differences she has noticed in public contracting since the passage of Proposition 209:

*Since Proposition 209 was implemented, I have noticed that minority firms don't even get certified anymore. They say, why should I? There are no programs for minorities. It not only killed the program, it killed people's attitude. Since 209 passed, Caucasian male firms no longer have to do the outreach. So consequently, since 209, agencies have the attitude in California that we don't need to help minorities any more. At these meet-and-greets they need to have procurement officers or contract officers in attendance. They usually just have the supplier diversity person or that small business person in attendance. And they don't know anything about the contract.*

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This same representative believes stricter compliance is needed for the DBE Program:

*A strong compliance program is absolutely essential if you're going to have a strong minority business program, because the subcontractors are at the mercy of the prime contractors. They don't want to complain, so they have to go along with the prime contractors beating them down by not paying them on time, etc.*

---

A representative of a minority trade organization explained that the passage of Proposition 209 negatively impacted many of his members:

*After Proposition 209 we have had a lot of medium-sized businesses get cut off at the knees. It's been more difficult.*

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A representative of a minority trade association described the impact that Proposition 209 has had on her members:

*Proposition 209 gave a lot of people who didn't want to help small businesses an out. I see a lot less minority-owned and small companies getting work. They don't have to go out and look for woman-owned or a minority-owned business. A company can earn \$20 million a year and still be considered a small business. How does a \$50,000 company or even a million-dollar-a-year company compete with a \$20 million company? I believe the DBE program is valuable because it educates small businesses.*

---

A minority male owner of an architecture and engineering company reported that his business has suffered since the passage of Proposition 209:

*The DBE program benefitted my company before the passage of Proposition 209. We had a considerable amount of work in those days. After Proposition 209, it's been more difficult. It's kind of a battle.*

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A representative of a minority trade association was disappointed with the passage of Proposition 209 but is hopeful about the prospects of the DBE Program:

*Proposition 209 is one of those things that actually our board was not really happy about. It has limited the opportunities for the small businesses. The DBE Program is definitely valuable. It is not perfect. But, I think that we should continue that DBE Program and try to improve it to be more inclusive and more open to small businesses.*

---



A representative of a minority trade association also believes that Proposition 209 has negatively impacted small and minority businesses:

*There has been a complete loss of opportunities since Proposition 209. Prime contractors and public agencies will not do something unless there is a rule to make them do it. And now Proposition 209 has eliminated any opportunities for small firms and even mid-sized firms. It's just been terrible. Metro's DBE Program is worthless. There is no accountability.*

*Proposition 209 prevents minority and women businesses from getting public contracts. They have folded and gone into another type of business because they cannot maintain their offices due to that lost opportunity.*

---

A representative of a minority trade association reported that the “Meet the Primes” could be more beneficial for small businesses:

*I have talked to many of my members regarding “Meet the Primes,” and they have not met too many people who said, “I just talked to somebody that has a job I can bid on.” Maybe one or two companies might be serious; the other ones just come in and say, “Here is my website, go register your company,” and you never hear from them again. So, I think it’s a great idea, but I think it needs to be a little more effective.*

---

A representative of a minority trade association reported that the “Meet the Primes” has not been beneficial to his members:

*Our members have gone to the “Meet the Primes” where they take a business card and say, yes, we'll put you on the list. There is no benefit to those. Basically, you're just going in and meeting people, but it is a waste of time. It's basically a waste of five hours to go to the “Meet the Primes.” During the disparity study meeting, when a person was complaining on one of the microphones, the purchasing lady turned around making faces to her staff about the person talking. I thought they were so unprofessional.*

---

A representative from a minority trade association believes the DBE Program could do more for small business owners to compete on Metro’s contracts:

*I think the DBE Program would be more valuable if they could really help the community get business.*

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A minority male owner of an architecture and engineering company believes the new UDBE Program requirements are hurtful to Hispanic American businesses:

*Well, one of the problems with the prior DBE study was that Hispanics were not shown as underutilized. I think it trickled down to how Metro set its goals. It used to be just DBE and now they came out with UDBE. So, this has hurt our chances considerably. The primes are not going to pay much attention to us.*

---

A Caucasian female owner of a professional services company believes that Metro could do more to help small businesses succeed on their projects.

*They say they want small businesses to succeed, but they don't take care of small businesses. They don't punish the prime contractors that abuse small businesses.*

---

A minority male owner of an architecture and engineering company believes that the DBE Program's size limitations should be reconsidered to include smaller businesses:

*I do not know how you can have a \$20 million company that can still be a DBE if the owner does not have a net worth of \$1.3 million. This is a big hindrance. Metro doesn't want to listen. Over the years people have asked what they are doing to achieve the goals and they get blacklisted. There should be some mechanism to bring the smaller firms in to get experience. There is none. And all they want to do is give it to the bigger firms and not utilize the smaller firms. People overlook the smaller firms. There are good small firms and there are bad small firms, too. But still, they will give it to the bigger firms and not utilize the smaller firms. The bench was supposed to remedy that but it has not. I have submitted seven proposals and have probably spent \$70,000 on trying to get work for nothing. I don't even get a return call as to who got the contract, so it's kind of a joke. I'm really contemplating to see if I'm going to even be submitting any more to Metro because it's not worth it.*

---

A minority male owner of an architecture and engineering company explained that his DBE certification has been more beneficial than his MBE or SBE certification:

*I would say the DBE certification has been most useful. A lot of the primes look for the DBE-certified firm rather than the SBE or MBE firm. The MBE certification is almost never used.*

---



A minority male owner of a professional services company reported that mandatory goals would assist more small businesses in competition for Metro contracts:

*The DBE Program has helped our business. In the past we had mandatory DBE goals for public works projects that were fifteen to eighteen percent goals. They said that had to be met. They were mandatory. We like that. We think it is a very good tool for small minority-owned business. It allows for a good competitive field.*

---

A Caucasian female owner of an architecture and engineering company stated that some prime contractors are not interested in her qualifications but her DBE status:

*I've talked to other DBEs that have the same impression that larger primes are looking first and foremost for DBE certifications and your qualifications area secondary. I found that when I started out in business—by the way, I have a doctorate in mechanical engineering from MIT. I have worked in the industry for years, and they want to know if I am a DBE. My DBE certification has definitely allowed me and probably others to get a foot in the door and to get business, whereas if there wasn't a program, we would be out in the cold. The big primes want to keep the work in-house.*

---

A minority male owner of a construction company does not believe his certification status has helped him to obtain work:

*I am certified as a minority, disadvantaged, and small business owner and have not been given an advantage whatsoever as far as I'm concerned.*

---

A minority male owner of a professional services company reported that Metro's DBE Program has helped his company succeed:

*I think across the board it is the DBE Program that has been the biggest help. I think the primes are getting better and better about including diversity in their teams. I think our qualifications are very important. But I do think that the DBE certification definitely helps us.*

---



A Caucasian female owner of an architecture and engineering company reported that she is unable to get work without her certification designation:

*Currently, I'm finding that I can't get work without my WBE or DBE certification. Otherwise I get cut out of the loop, which is really very distracting to me.*

---

A minority female owner of a professional services company believes that the DBE Program needs stronger advocates to implement the program's objectives:

*I believe that DBE goals are a good practice. LA Metro's goals are an incentive for contractors to seek subcontractors who are qualified, responsive, responsible, and capable, which creates new opportunities for socially, economically, and disadvantaged companies. I believe the DBE office needs a stronger role in the overall management structure of Metro. The DBE office probably needs stronger advocates who can intervene from the beginning and do a little bit more.*

---

A minority male owner of a professional services company reported that Metro's DBE Program has helped him get on teams with larger firms:

*The DBE Program has helped us to get on the teams. We do get on the teams because of our quality work, but also because there have been a certain guidelines in the program that has helped us get on to multiple teams. The most helpful certification is our DBE.*

---

A Caucasian male owner of a professional services company reported that he has not received any work as a result of his DBE certification:

*I haven't had any work during the study period. I haven't had any successful contracts. I really don't have any inspiration to continue to seek work. I don't know why I should since I haven't been able to make anything happen during the study period, or why I would stand a chance in the future.*

---

A representative of a women's trade association explained why she thinks Metro's DBE Program is vital to the survival of small businesses:

*We want to know the process that they are employing to make sure to increase the participation of DBEs on their contracts. I do believe Metro is the hope that the small businesses will continue to work on public contracts. If Metro can adequately enforce the DBE Program, it will give the small business hope and real opportunity to win work. If Metro fails in its DBE Program, the small businesses will have no chance. It should be enforced in a manner that*



*includes consequences when the DBE percentages are not reached and when it is determined that are using the same firms.*

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A representative of a female trade organization believes that Metro's outreach efforts are beneficial for small businesses:

*The open houses, the educational workshops, trade fairs, and networking sessions are helpful.*

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## **XVI. EXEMPLARY METRO BUSINESS PRACTICES**

A minority male owner of a construction company reported that a Metro employee has assisted him in meeting prime contractors and obtaining potential subcontract work:

*Metro actually takes us through their bid process and gives us an opportunity to stand before the primes and try to set up a meeting with them. That has helped us tremendously because [employee name withheld] has helped by putting a small business requirement on each one of the bids. I think it's 30 percent. There is room for everyone to work.*

---

A minority male owner of a professional services company reported that Metro's Small Business Office has provided valuable assistance to his firm:

*Metro has a great small business office, and they will go to bat for you, and they will help you get through the process. I like that they offer a lot of workshops where you can learn how to get through the bid process. "Meet the Buyers" and "Meet the Primes" have been helpful.*

---

A minority male owner of an architecture and engineering company believes that Metro is sincere in its attempt to increase the participation of small businesses on its contracts:

*My best experiences with Metro are with the current people who are there now. I think there is a spirit of pro-small business involvement. Metro, unlike other agencies, has done a commendable job of really opening the doors to opportunity for small businesses and encouraging small businesses. In fact, a few weeks ago I met with [employee name withheld] of the highways at Metro, and I asked him point blank, "Are you ready for a small business prime for this upcoming procurement?" And the first thing he said was "Yes." It's good to finally hear an agency that takes the*



*lead and says we have procurements that are geared for small businesses to serve as prime contractors. I think that is a step in the right direction.*

---

A Caucasian female owner of a construction company reported how a Design Build Program helped her small business:

*Metro just offered a class at USC for the Design Build Program of a job that's going to be coming out to bid. This provided an opportunity to go train for this job. It was an awesome program. I believe Metro actually paid for this program. It was a great opportunity in a lot of ways; it helped me to learn how to expand my business and how to work with Metro and its prime contractors. It was a great class.*

---

A minority male owner of a construction company provided positive comments regarding Metro's employees:

*The people at Metro were professional, and I understand their requirements as we try to work towards that goal.*

---

A Caucasian female owner of an architecture and engineering firm reported that Metro is committed to helping small businesses:

*There are a lot of people at Metro that are very capable, competent, and loyal in terms of trying to help small business. There are a lot of folks at Metro who promote small business. They have a lot of meetings trying to get small businesses involved with prime contractors.*

---

A minority male owner of a construction company reported on the technical assistance he received from Metro:

*Metro taught me how to increase my capacity as far as insurance is concerned. They taught me how to really estimate my costs when submitting a bid.*

---





A minority male owner of a professional services company reported on the assistance he regularly receives from a Metro employee:

*Working with Metro was actually pretty good. [Name withheld] sends out letters all the time keeping us informed, and he is pretty responsive. Whenever I send them an email, they respond, and they let you know what's going on.*

---

A minority male owner of a construction company reported on an employee that he believes is a great manager and communicator:

*I think [name withheld] is very straightforward. She is a very good communicator, and she tells you what she wants. We respect that. She manages her staff closely, and they are available if you have questions during the project.*

---

A minority female owner of a professional services company reported positively on a program aimed to assist small businesses:

*I think that LA Metro is trying to do a good job, especially with its "Meet-the-Primes" get-togethers.*

---

A minority female owner of a professional services company provided kudos to Metro for improving opportunities for small businesses:

*Metro is a good entity. They are doing a wonderful job of trying to make things happen for small businesses. This study is an opportunity to improve their program and make life better for subcontractors.*

---

A minority female owner of a professional services company reported that Metro sponsors many outreach events for small businesses:

*Metro hosts small business training sessions on how to do business. They provide a ton of vendor outreach events including "Meet the Primes."*

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A representative of a female trade association spoke highly of Metro's outreach events:

*I think their outreach events are excellent, such as "Meet the Primes." Those have been excellent and are well publicized.*

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A representative of a minority business association reported having a good partnership with Metro regarding upcoming bid notices:

*Metro will send information to us, and they will participate as an exhibitor with plenty of information, so anyone who attends will have their information.*

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## **XVII. RECOMMENDATIONS TO INCREASE SMALL AND DBE PARTICIPATION ON METRO CONTRACTS**

### Program Recommendations from Business Owners:

A minority male owner of a construction company recommended unbundling electrical services:

*When you're dealing with low voltage, most of the time it's bundled in with all the different electrical work. If they would unbundle the work, smaller companies could bid on it. They should unbundle to allow small businesses to make some of the money.*

---

A Caucasian male owner of an architecture and engineering company recommended unbundling projects to create more opportunities for businesses on Metro's bench list.

*The planning division should unbundle projects. This could actually move contractors from bench contracts, like survey or planning, to larger jobs. Metro could also recommend that the cities that are getting Metro money utilize their bench contractors. Metro has companies like ours and others that are on their bench that they never use. Instead of doing large stretches of roadway, they could break those up into smaller chunks just to give more companies the opportunity to have the experience working with Metro.*

---

A minority male owner of a construction company recommended unbundling hazardous waste demolition work to create more opportunities for small businesses:

*They should separate the hazardous waste demolition work from the PLA agreements. Separate them and don't bundle them.*

---



A minority male owner of a professional services company recommended that Metro discontinue Form 60:

*The recommendation I have is to make the purchasing process a little easier. Now that they have implemented Form 60, it's very labor intensive for small business to comply. It requires a very in-depth detail of not only our cost associated with every single man hour but every single product cost associated and general office expenses. It creates a lot of difficulty because most of the time our suppliers are not going to give us their cost and labor breakdown. Metro is requiring that of our suppliers, and I can't get that information. They do not want to give it to me.*

---

A Caucasian female owner of an architecture and engineering company suggested several recommendations to increase opportunities for small businesses:

*It would be nice if they held more open houses and really looked at the qualification requirements to ensure they are not barriers to smaller firms.*

---

A Caucasian female owner of an architecture and engineering company recommended unbundling contracts to create more opportunities for small businesses:

*Metro needs to unbundle the contracts. They have these contracts that are all-inclusive, so it's very difficult for a firm like mine to compete. They bundle the contracts into big bundles, and it's difficult for the project managers to manage multiple contracts.*

---

A minority male owner of an architecture and engineering company recommended that Metro implement a micro-business goal and consolidate the upcoming contracting opportunities for all divisions:

*One of the things that I recommended is that they have micro-business goals. The state of California has a micro-business law. They define it. I think it makes sense because a lot of the engineering companies are micro-businesses. Especially with these huge contracts, it's hard for smaller firms to be considered. It would be good if they could consolidate their bid opportunities in one place. It would make it a little bit easier for us to find the opportunities for all of the different divisions.*

---



A Caucasian female owner of a professional services company recommended that Metro penalize non-compliant prime contractors:

*If Metro requires certain contract items and if the contract is breached, there should be penalties. There should be penalties for late payments to subcontractors. Metro should ensure that the prime complies with their contract. If they don't, there should be some repercussions against that prime contractor. Without that, there is no incentive for the prime contractor to do the right thing or to comply with their contract.*

---

A minority male owner of an architecture and engineering company suggested reducing the paperwork required to get bench contracts and unbundling larger project:

*A lot of times it is just a waste of time seeking work from Metro. They need to be open and cut down on the paperwork. The paperwork is killing the small firms. Every time we submit to get on the bench, we have to submit a whole new proposal, which is killing most of the small firms. You have to do a scope of work and submit résumés for everybody. And it was all included when we originally sought to get on the bench. They need to have a complete overhaul of the system to allow the work to be divided among all firms. It's needed with the design build projects. The big firms are running the show. Break up the jobs where smaller firms can be utilized and show their potential. They have to figure out how to assist small businesses to get current experience so we can compete.*

---

A minority male owner of an architecture and engineering company recommended that Hispanic-owned businesses be included as underutilized businesses:

*At the moment I would recommend including Hispanics as a DBE category so they can participate in the program. I would like to have Hispanics considered as underutilized business enterprise.*

---

A minority male owner of a construction company recommended a change in management over the Rail Group and removal of mandatory Project Labor Agreements:

*I would like to see their Rail Group reorganized. They have been there a long time. There are a lot of people in there that just need to be replaced with better talent. We are not interested in entering into any kind of PLA agreement with local unions. They don't benefit anybody except the unions. I understand they are going to impose PLA agreements on all work over three or five million dollars. If they have PLA agreements on those jobs, we just will not bid them.*

---



A Caucasian male owner of a professional services company suggested a reconsideration of the prequalification process:

*It would be nice if once I was pre-qualified, they would keep it open until my status changes, so I do not have to reapply after two years.*

*Trade and Business Association Representatives Program  
Recommendations:*

There was a pattern to the recommendations offered by trade and business association representatives. The recommendations were grouped into categories. The recommendations provided by the business and trade representatives are summarized within these categories.

Establish a Mentor/Protégé Program:

*Metro should implement a mentor/protégé program. Mentoring would mean teaching a company how to work with Metro. Depending on the dollar amount of the project, the amount of bonding should be considered differently. There should be a threshold for a certain amount of bonding. If it's less than that, it should be a lower amount of bonding.*

*I believe a Mentor Protégé program would be helpful as well.*

Advertise for small projects:

*More advertising for small contracts is needed.*

*“Meet the Primes” should be offered more frequently.*

*More workshops where potential bidders can get contracting information should be hosted by Metro.*

*The real estate department should be required to project and disseminate information about contract opportunities on development projects.*

Provide bonding assistance for small businesses:

*Metro should establish a bonding assistance program comparable to other agencies.*



Reduce liability insurance requirements for small businesses

*Liability insurance requirements should track the value of the contract and should be under one million.*

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Establish DBE goals on real estate contracts:

*Goals should be set on real estate development projects.*

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Expand and improve access to small business programs:

*Lower small business size thresholds to limit eligibility to similarly situated businesses.*

*Establish a small business micro-business goal.*

*Require that certified businesses perform a commercially useful function.*

*Make debriefing for small businesses routine.*

---

Regulate the lead time to provide subcontractors to submit a bid. Two days is inadequate to prepare a bid. More lead time to respond to bid requests:

*I recommend more lead time, so that my members do not have only two days before the bid due date. At least a month is needed so that they can have adequate opportunity to respond.*

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Pay prime contractors in a timely manner:

*If Metro paid the prime contractors timely, that would be a great help to the subcontractors.*

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Stricter compliance regarding good faith effort requirements:

*Verify the prime's due diligence to secure qualified and certified businesses to provide commercially useful goods and services.*

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## ***XVIII. SUMMARY***

Anecdotes collected from business and trade association representatives revealed barriers in working with or seeking work from Metro. The representatives from the trade and business associations also reported on the experiences their members encountered working with or seeking work from Metro. Metro's exemplary practices in utilizing DBEs were described by both groups of interviewees. Recommendations to improve access for DBEs and other small businesses were also offered.

The presence of barriers in Metro's market area and its contracting practices are additional factors that could depress availability of DBEs. They could also have a chilling effect on the decision of available DBEs to bid on Metro contracts as a prime contractors or subcontractor.

