



MEDIUM-SIZE BUSINESS ENTERPRISE PROGRAM

Revised 07/31/17

1. Purpose

Metro has established a Medium-Size Business Enterprise (MSZ) program to provide contracting opportunities for medium-size businesses and allow for competition with similar size firms. In essence, this program is bridging the gap between small businesses and large business concerns by creating contracting opportunities for which only medium-size business enterprises will compete.

- a. Metro may, at its discretion, set-aside solicitations for competition among MSZs.
- b. The MSZ program is administered by the Diversity and Economic Opportunity Department (DEOD) and implemented in the solicitations by the Procurement unit within Vendor/Contract Management (V/CM).
- c. The MSZ program currently covers non-federally funded competitively negotiated solicitations. Metro may seek legislation to implement the program on non-federally funded competitive low bid solicitations, and on federally funded competitively negotiated and/or competitive low bid solicitations in the future.

2. MSZ Program Requirements

- a. Definition
MSZs are defined as firms with a three (3) year average of \$25 million - \$250 million in gross annual revenue¹ and with more than 25 employees².
- b. Proposal Submittal
Metro does not have, nor will it maintain in the future, a database that identifies MSZs by North American Industry Classification System (NAICS) code. Therefore, the Letter of Invitation for the solicitation will announce the MSZ program. MSZs responding to the solicitation shall identify themselves as MSZs that meet the Metro definition, which will then be traced by the V/CM Pre-Qualification Office as part of the Metro Pre-Qualification process. The Prime contractor must qualify as an MSZ.

The solicitation will allow for any size firm to propose. However, Metro will entertain proposals from firms that are non-MSZ only in the event Metro does not receive more than one MSZ proposal. If more than one responsive/responsible MSZ proposal is received, Metro may make award.

¹ Where a firm has not been in business for three full years, it must provide annual revenue for the years it has been in business. If it is a brand new firm with little to no years, there will be a review by a V/CM Executive Officer or higher to determine if it meets the requirements of an MSZ.

² Non-1099.

3. MSZ Program Threshold and Applicability

Action Type	Formal Acquisitions	Applicable to Federally Funded Acquisition	Applicable to Non-Federally Funded Acquisitions
Negotiated awards for Supplies, Equipment Materials and Services	\$12 Million-\$30 Million	No	Yes

The “base contract estimate” shall be used to determine if a formal solicitation falls within the MSZ threshold. Options will not be included in the estimated contract value to determine MSZ applicability.

Once an MSZ contract is awarded, the Prime contractor must perform 30% of the work/services.

4. MSZ Program Exclusions

MSZ program does not apply to the following procurements:

- a. Non-competitive or emergency
- b. All Invitation for Bids (IFB)
- c. Original Equipment Manufacturer
- d. Transit Vehicle Manufacturer
- e. Federally-funded
- f. Public Works generally defined as, “Construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds”
- g. Architecture and Engineering as defined by Government Code §§ 4525-4529.5
- h. Revenue generating

5. Bench Contracts / Multiple Award Solicitations

- a. On bench or multiple award solicitations, Metro reserves the right to declare how many of the intended contracts can be awarded to small businesses, medium-sized businesses and large businesses.
- b. Upon receipt of a requisition intended to be released as a task order to an existing Bench Contract, the CA, in collaboration with the PM, shall first make a determination regarding which bench discipline is best suited to perform the scope of work. The CA shall send the task order solicitation out to all the qualified firms listed on the Bench discipline. This shall not be construed to preclude any requirement of the SBE Prime Program for bench contracts.

6. Joint Venture / Subsidiary

- a. Joint Venture (JV) – a MSZ may JV with other MSZs and still qualify under the program. However, JVs with a “large firm” (over \$250 million in gross annual revenue) will disqualify the proposed JV as a MSZ candidate and place it in the non-MSZ pool of proposers (See 2b. above). The purpose of the MSZ program is to allow MSZs to compete amongst themselves due to their difficulty in competing with the larger firms.

MSZs may subcontract work to large firms.

- b. **Subsidiary** – Allowing a subsidiary to be eligible when the parent company is a large firm defeats the intent of the program; therefore, a subsidiary of a large parent company (over \$250 million in gross annual revenue) is not eligible as an MSZ.

7. MSZ Program Procedure

- a. Requirement

Solicitations within the thresholds indicated in Section 3, MSZ Program Threshold and Applicability may be set-aside for MSZs.

- b. Project Manager Responsibilities

- i. During the early stages of a planned procurement, prior to the development of the scope of work and requisition, the PM should look for opportunities to “unbundle” the work to promote SBE prime and MSZ business opportunities. If the anticipated work is severable, the PM should give consideration to unbundling the anticipated work into smaller work segments thereby opening up opportunities to SBEs and MSZs.
- ii. Once the scope of work is created, the PM shall identify the appropriate NAICS codes and transmit that information to the assigned CA along with the requisition and other pertinent documents for posting and advertising.

- c. Contract Administrator Responsibilities

- i. The Contract Administrator (CA) shall:
 - a) Collaborate with the Project Manager (PM) and DEOD, as necessary, to determine which NAICS codes are applicable to the item or service to be purchased.
 - b) Assist the PMs in procurement planning, and execution of a contract.
 - c) Launch the solicitation in the Contract Information Management Systems (CIMS) for DEOD goal evaluation. Responding proposers shall be required to meet the Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goals for RFPs to be eligible for award.
 - d) Proceed with the solicitation including posting the solicitation on Metro’s website and advertise accordingly.
 - e) Implement MSZ in the procurement.
- i. If less than two responsive and responsible proposal(s) are received from a MSZ, the CA is responsible for documenting the finding in the procurement file.

- d. Administrative Business Services Department

Administrative Business Services Pre-Qualification Office will trace proposers’ self-identification that they are MSZs that meet Metro’s definition and requirement and provide that information to the CA shortly after receiving proposals so the CA can determine whether or not non-MSZ proposals received need to be evaluated.

- e. Diversity & Economic Opportunity Department

DEOD will review solicitations for applicability to establish SBE/DVBE goals on those contracts that are within the new MSZ program threshold. DEOD will carry out compliance monitoring activities on contracts with SBE/DVBE goals.