



**MEDIUM-SIZE BUSINESS ENTERPRISE PROGRAM
IMPLEMENTATION PROCEDURES
Effective January 1, 2019**

1. Purpose

Metro has established a discretionary program to be administered by the Diversity and Economic Opportunity Department (DEOD) in solicitations that will set-aside contracting opportunities for medium-size businesses (MSZs) to compete with similar size firms. This program addresses the gap between small and large businesses by creating opportunities where only MSZs will compete on non-federally funded competitive low bid and competitive negotiated solicitations.

- 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 solicitations.
- c. The MSZ program currently covers non-federally funded competitive low bid and competitive negotiated solicitations.

2. MSZ Program Requirements

a. Definition

MSZs are defined as firms that are not a subsidiary of another firm, and have gross annual receipts of \$25 million - maximum \$250 million averaged over three years¹, with a maximum of 250 employees².

b. Bid/Proposal Submittal

1. The Letter of Invitation for the solicitation will announce the MSZ program.
2. 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.
3. Metro will not maintain a database that identifies MSZs.
4. While the intent of the program is to solicit and award to MSZs, solicitations

¹ Where a firm has not been in business for three years, (1) it must provide gross annual receipts for the years it has been in business and (2) the gross annual receipts will be divided by the number of years in business.

If the firm has been in business for three or more years the gross annual receipts will be averaged over the most recent three years.

² Non-1099.

will not restrict other size firms from responding. If Metro receives only one bid/proposal from one MSZ, it will consider bids/proposals from other size firms.

3. MSZ Program Threshold and Applicability

Action Type	Formal Acquisitions	Applicable to Federally Funded Acquisition		Applicable to Non-Federally Funded Acquisitions	
		IFB	RFP	IFB	RFP
Awards for Construction, Supplies, Equipment Materials and Services	\$12 Million-\$30 Million	No	No	Yes ³	Yes

- a. The "independent cost estimate" for the base term 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.
- b. MSZs receiving an award must perform a minimum of 30% of the work/services. However, Metro reserves the right to revise this percentage as appropriate for the scope of work/services.
- c. MSZs may subcontract work but must still self-perform the identified minimum percentage of the work/services. If at any time the MSZ fails to meet or perform the identified minimum percentage, then it must be reviewed and approved by VCM executive management.

4. MSZ Program Exclusions

MSZ program does not apply to the following procurements:

- a. Non-competitive or emergency
- b. Original Equipment Manufacturer
- c. Transit Vehicle Manufacturer
- d. Federally-funded
- e. Architecture and Engineering as defined by Government Code §§ 4525-4529.5
- f. Revenue generating

5. Joint Venture / Subsidiary

³ Section 130232 of the Public Utilities Code statutory amendment effective January 1, 2019, authorizes Metro to set-aside work on non-federally funded competitive low bids for competition among MSZs for no more than 20 contracts, until January 1, 2024.

Joint Venture (JV) – an MSZ may enter into a JV with other MSZs and still qualify under the program. However, if an MSZ enters into a JV with a firm that does not meet the definition of MSZ, the proposed JV will not be considered as an MSZ candidate and will be placed in the non-MSZ pool of proposers (See 2b. above).

6. 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 MSZ opportunities.
- 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.
- iii. PM is responsible for determining if the MSZ is self-performing the minimum identified percentage of the work/services.

c. Contract Administrator Responsibilities

- i. The Contract Administrator (CA) shall:
 - a) Collaborate with the PM and DEOD, as necessary, to determine which NAICS codes are applicable.
 - 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 bidders/proposers shall be required to meet the Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goals 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 Letter of Invitation.
- ii. Once all bids/proposals have been opened, if a responsive and responsible bid/proposal is received from more than one MSZ, document the finding in the procurement file and proceed with the award.
- iii. If a responsive and responsible bid/proposal is received from only one MSZ, document the finding in the procurement file and proceed with the procurement by evaluating all other responsive and responsible bids/proposals received.
- iv. Notify DEOD of all awards made to MSZ firms.

d. Administrative Business Services Department

Administrative Business Services Pre-Qualification Office will trace proposers’

self-identification that they meet Metro's MSZ definition and requirement, and provide that information to the CA so the CA can determine whether or not non-MSZ bids/proposals received need to be evaluated.

e. Diversity & Economic Opportunity Department

- i. DEOD will review solicitations for applicability to establish SBE/DVBE goals on those contracts, including bench contracts, that are within the MSZ program threshold. DEOD will carry out compliance monitoring activities on contracts with SBE/DVBE goals.
- ii. DEOD will track the number of MSZ competitive low bid awards, which shall not exceed 20 awards by January 1, 2024.