



Metro

Board Report

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

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EXECUTIVE MANAGEMENT COMMITTEE OCTOBER 16, 2025

Motion by:

DIRECTORS BASS, DUPONT-WALKER, SOLIS, PADILLA, DUTRA AND MITCHELL

Protecting Our Small Businesses Motion

On September 30, 2025, the U.S. Department of Transportation (USDOT) issued an Interim Final Rule (IFR) that immediately changes how Disadvantaged Business Enterprise (DBE) certifications are evaluated. Effective October 3, 2025, the IFR removes race- and sex-based presumptions of disadvantage and requires all certified firms to submit new personal narratives and financial statements to demonstrate social and economic disadvantage on a case-by-case basis. As a result, all existing DBE certifications are undergoing reevaluation, and recipients of federal transportation funding, including Metro, must pause their DBE programs until the re/certification reviews are complete. Metro has already taken steps to inform stakeholders, align internal processes, and coordinate with peer agencies such as Caltrans and BART.

While Metro must comply with this federal directive, the agency remains committed to the principles underlying the DBE program: expanding access, removing barriers, and ensuring that small and disadvantaged businesses continue to thrive. Metro's Small Business Enterprise (SBE) Program was designed to comply with California Proposition 209, which prohibits the use of race- and sex-based preferences in public contracting.

Disadvantaged Business Enterprises (DBEs) are essential partners in delivering Metro's projects and advancing the agency's commitment to equity and economic inclusion, as seen in the planning and construction of projects such as the K Line, Regional Connector, LAX MTC, and many others. In Fiscal Year 2025 alone, Metro paid out \$137,784,030 in eligible contracting dollars to certified DBE firms, helping ensure that small and disadvantaged businesses share in the economic benefits of Metro's capital and operational investments. Statewide, 5,997 firms are certified through the California Unified Certification Program (CUCP), and Metro serves as the certifying agency for 1,747, or approximately 29%, of those firms, demonstrating Metro's leadership role in growing and sustaining the DBE community that powers innovation, creates local jobs, and strengthens the regional economy. Furthermore, Metro maintains a robust portfolio of race- and sex-neutral programs, including its Small Business Enterprise (SBE), Local Small Business Enterprise (LSBE), Disabled Veteran Business Enterprise (DVBE), and Medium-Size Business Enterprise (MSZ), along with other initiatives designed to strengthen the region's small business community.

Metro's DBE participation goals have long been based on evidence from disparity studies that demonstrate the ongoing need for preference in the contracting process. The IFR's changes, while federal in scope, intersect with a state framework that already relies on race- and sex-neutral measures grounded in documented disparities.

Metro must remain steadfast in its commitment to creating all lawful opportunities for small and disadvantaged businesses that have historically faced barriers to participation in public contracting. These firms are critical partners in delivering safe, equitable, and community-centered transportation projects across Los Angeles County.

SUBJECT: PROTECTING OUR SMALL BUSINESSES MOTION

RECOMMENDATION

APPROVE Motion by Bass, Dupont-Walker, Solis, Padilla, Dutra, and Mitchell that the Board:

- A. Formally reaffirm its commitment to sustaining and expanding opportunities for Disadvantaged Business Enterprises (DBEs), Small Business Enterprises (SBEs), and other historically underrepresented firms, and to ensure Metro continues to advance economic equity;

WE FURTHER MOVE that the Board direct the Chief Executive Officer to:

- B. Develop and implement a DBE Re/certification Support Strategy that assists firms through the new federal re/certification process by:
1. Providing technical assistance, training, and support;
 2. Coordinating with peer agencies to ensure timely communication and consistent application of new standards; and
 3. Maintaining ongoing outreach and capacity-building events to prevent disruption in contracting opportunities.
- C. Identify opportunities to expand Metro's Small Business Enterprise (SBE), Local Small Businesses Enterprise (LSBE), Disabled Veteran Business Enterprise (DVBE), Medium-Size Business Enterprise (MSZ), and other race- and sex-neutral programs to continue fostering inclusive participation;
- D. Engage in advocacy work with APTA, Caltrans, and other relevant entities to promote a federal framework that preserves access and opportunity for businesses that demonstrate the ongoing effects of discrimination in the local marketplace.
- E. Report back to the Board in 60 days on the status of implementation efforts, including key actions taken, challenges encountered, and recommendations for further Board action to support continued progress.