

**California Department of Transportation  
Office of Business and Economic Opportunity**



**Disadvantaged Business Enterprise  
Annual Element Report**



**2015**

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**Introduction**

The Disadvantaged Business Enterprise (DBE) annual element report includes information regarding program accomplishments in federal fiscal year (FFY) 2015 as well as goals for FFY 2016.

This report was prepared in accordance with 49 Code of Federal Regulations, Part 26 (49 CFR 26).

**I. Statistical Data**

<b>DBE Program and DBE Supportive Services (DBE/SS)</b>	
Number of highway-related DBE firms (total)	2,727
Number of highway-related firms active on federal-aid highway contracts	256
Total approved supportive services funding	\$1,235,208
Number of DBE firms receiving supportive services benefits	835
African-American	26*
Hispanic/Latino	36*
American Indian/Alaskan Native	0*
Asian	16*
Native Hawaiian/Other Pacific Islander	2*
2 or More Ethnicities	4*

*\*Depicts DBEs who participated in the needs assessment and business development program only.*

**II. Organizational Structure**

There were no organizational changes in FFY 2015. Caltrans’ Office of Business and Economic Opportunity (OBEO) consists of the following six branches: Training and Outreach, Policy and Reports, Certification, Compliance, Program Operations, and Contract Evaluation.



Angela Shell is the Assistant Director of the OBEO.

### **III. Accomplishments**

#### **OBEO**

##### **A. Contract Goal Setting**

- On February 4, 2015, the OBEO agreed to assist the Division of Local Assistance (DLA) in a pilot study to review DBE contract goals for major construction projects over \$2 million and consultant projects over \$500,000. The OBEO reviewed 78 local agency projects this FFY.
- The OBEO assisted the DLA in providing DBE Contract Goal Setting training to local agencies in Caltrans' district offices located in Districts 3, 4, 6, 7, 8, and 11. A total of 256 participants completed the training.
- On May 8, 2015, the Division of Engineering Services, Office Engineer (DES-OE), and the OBEO agreed to transfer full responsibility for DBE contract goal setting on major construction projects to the OBEO. The transfer was completed on August 3, 2015. In FFY 2015, the OBEO approved or set DBE contract goals for 320 major construction projects.
- In FFY 2015, the dollar-weighted average DBE contract goal for major construction projects was 10.04 percent.

##### **B. 2015 Availability and Disparity Study**

- BBC Research and Consulting was awarded Caltrans' new Availability and Disparity Study. Project initiation meetings were held on July 14, 2015. Accomplishments include: establishment of a data collection plan and collection of Caltrans' and subrecipients' contract data; creation of a dedicated e-mail address for written submittals of anecdotal information from the public; and commencement of availability telephone surveys.

##### **C. 2016-18 Overall DBE Goal and Methodology**

- Submitted Caltrans' 2016-18 Overall DBE Goal and Methodology to the Federal Highway Administration (FHWA) on August 10, 2015. The FHWA approved it on August 28, 2015. Caltrans' 2016-2018 overall DBE goal is 12.5 percent, with 9.5 percent race-conscious and 3 percent race-neutral portions.

**D. Policy and Reports Branch**

- Partnered with the Caltrans Construction Committee to develop criteria for implementing a contractor recognition program to celebrate positive contributions to the DBE program.

**E. Training and Outreach Branch**

- Hosted bimonthly District Small Business Liaison (DSBL) conference calls to disseminate DBE, Disabled Veteran Business Enterprise (DVBE), and Small Business (SB) program updates, including policy and procedure changes, proposed legislation, etc.
- Implemented a standard evaluation survey for use by the DSBLs after each outreach event/workshop.
- Published a Mandatory Pre-Bid Guide to assist district staff in how to effectively market and conduct mandatory pre-bid meetings. The purpose of these events is to promote the use of DBE firms on Caltrans construction projects.
- Created an OBEO newsletter entitled “OBEO Network.” OBEO publishes the newsletter quarterly. It is distributed throughout Caltrans, to industry partners, contractors, small businesses, and the general public. The information provided in this publication highlights Caltrans’ and the OBEO’s efforts in the DBE, DVBE, and SB arena. It includes helpful resources for industry, contractors, small businesses, and Caltrans staff.
- Hosted the third annual DSBL Conference, September 8-10, 2015, in Sacramento. The conference provides in-depth training to the DSBLs, including roles and responsibilities as DBE, DVBE, and SB advocates; using data to assist and educate prime contractors and DBE, DVBE, and SB firms; and DBE contract goal setting.
- Created a “Prime Contractor: Major Construction” training module and hosted a pilot training session with a select group of prime contractors. The training focuses on helping prime contractors effectively search for DBE, DVBE, and SB subcontractors, suppliers, truckers, and service providers; perform and document outreach efforts; properly calculate/count participation; and understand and comply with reporting requirements from bid submittal to project closeout.
- Conducted a DBE goal setting and good faith efforts (GFE) training for local agencies in Districts 1 and 2.
- Conducted 6 DBE certification workshops.
- Attended 100 percent of Resident Engineer meetings throughout Caltrans’ 12 districts.

***DBE Supportive Services***

- On August 26, 2014, Caltrans executed a contract for DBE supportive services (DBE/SS) with GCAP Services. The contract was terminated on January 14, 2015. During the five-month contract term, GCAP Services provided business plan development, needs assessment, technical assistance, and outreach and training services to DBEs and potential DBEs.
- Number of DBEs who visited the DBE/SS website: 4,026.
- Number of DBEs who participated in DBE/SS webinars: 276.
- Number of DBEs who signed up for the DBE/SS business development program: 81.
- Number of firms who participated in the DBE/SS program and won contracts: 5.

***On- The-Job Training Supportive Services (OJT/SS)***

- In August 2015, Caltrans submitted to FHWA an OJT/SS statement of work for FFY 2016. Caltrans did not have an OJT/SS contract in place during FFY 2015.

***National Summer Transportation Institute (NSTI)***

- Caltrans awarded the FFY 2015 NSTI contract to California State University, Los Angeles. The term of the contract was from June 21, 2015, through September 30, 2015.
- NSTI participant totals for FFY 2015: 52 middle school students and 57 high school students.

***Calmentor/Mentor-Protégé***

<b>Calmentor Program</b>	<b>FFY 2015 Events</b>
North Region: Districts 1, 2, and 3	3
Bay Area: District 4	1
Central Region: Districts 5, 6, and 9	1
Southern California Alliance: Districts 7, 8, and 12	1
San Diego and Imperial counties: District 11	2

- As of July 2015, 4 pairings occurred, all in District 4's Calmentor program.
- Worked with District 11 staff to research the possibility of forming a construction Mentor-Protégé program in District 11.
- Initiated Caltrans' Mentor-Protégé Program Guidelines to establish a uniform Mentor-Protégé Program statewide.

## F. Certification Branch and California Unified Certification Program (CUCP)

- Received 343<sup>1</sup> DBE applications.
- Approved 256<sup>1</sup> DBE applications.
- Denied 56<sup>1</sup> DBE applications.
- Conducted 206 DBE on-site visits from October 1, 2014, through July 30, 2015. Of the 206 on-sites, 25 consisted of the most used DBEs and the most time since the last on-site.
- Processed 1,376 CUCP annual updates.
- Attended DBE Interstate Certification Training Forum in May 2015 via video conference. The purpose of the forum: to assist State Transportation Administration/Unified Certification Program staff to implement the updated DBE regulations.
- Attended CUCP Mandatory Training in September 2015, at which FHWA discussed North American Industry Classification System (NAICS) code assignment/designation, DBE certification guidance, and regular dealers. The Federal Aviation Administration presented on airport concession DBEs, personal net worth determination, corporate structure, and taxes.
- Delivered a two-day training to new City of Fresno DBE Certification Officer.
- Completed a webcast to Asian Chamber of Commerce and other minority organizations on how to complete the DBE certification application and the benefits of certification. The webcast is accessible on the OBEO's web site.
- Served as a panelist at the California Construction Expo (CalCon).
- Instituted DBE suspension procedures within the CUCP system and created accompanying forms/templates in response to DBE regulation changes.
- Created a Work Code/NAICS Code Change Request form for ease of use by both staff and customers, which expedited processes and turnaround times.
- Instituted an internal security corrective action plan to prevent potential breach/loss of confidentially and intellectual property.
- Participated in the Western States Association of State Highway and Transportation Officials Civil Rights Committee Certification "roundtable" on DBE Certification challenges and best practices.
- Verified contact information for 112 DBEs whose telephone numbers, fax numbers, and/or e-mail addresses were identified by prime contractors in GFE solicitations as being outdated.
- Participated in DBE Participation Committee quarterly meetings, leading Caltrans' Task Group C, established to increase DBE participation on federal-aid projects.
- Elected CUCP Executive Committee Chair.
- Completed peer reviews of all certifying agencies within the CUCP, which will ensure all certification agencies are consistent in certification, reviewing, and applying federal regulations.

<sup>1</sup> The count of pending files is not reset to zero at fiscal year end. Pending applications from a prior year are carried over into the new fiscal year.

- In October 2014, oversaw closure and successful transfer of 17 files from Yolo County Transportation District into Caltrans' roster. Closure of the Yolo County Transportation District DBE Certification office required Caltrans to take over and integrate the files.
- Developed easier-to-use, simplified Annual Update Affidavit (AUA) form, which declares a firm owner meets the DBE program requirements.

#### **G. Compliance Branch**

- Hired staff responsible for processing and investigating DBE complaints.
- Investigated 17 contractor/DBE complaints, which included 5 investigative on-site visits and resulted in 7 completed investigations from March to August 2015.
- Established partnerships with FHWA, Division of Construction, Labor Compliance, and the Department of General Services to promote cross-department communication and investigative effectiveness.
- Presented at the Associated General Contractors' Second Annual Title VI and Title VII Economic Empowerment Summit: Bridging the Gap conference, on August 12, 2015.

#### **H. Contract Evaluation Branch (CEB)**

- Evaluated 316 federally-funded contracts for the Division of Engineering Services-Office Engineer (DES-OE) to validate DBE participation.
- Evaluated 75 contracts for the Division of Procurement and Contracts to validate DBE participation.
- Evaluated the low bidder's GFE on 62 federally-funded contracts that did not achieve the DBE goal.
- Completed GFE evaluations of 6 local agencies for the DLA and recommended approval or denial of the efforts.
- Developed and streamlined a new GFE memorandum template to improve consistency of write-ups and expedite processing time.
- Developed and provided 49 CFR 26 Appendix A training to local agencies.
- Participated in weekly "unawarded contract" meetings with the DES-OE. This is an effective tool for monitoring staff workload and maintaining open communication with the DES-OE.
- Partnered with FHWA to conduct a training of CEB analysts to improve work products.
- Implemented a "lessons learned" meeting for analysts to discuss the outcomes of reconsideration decisions.

## I. Program Operations Branch

- Caltrans' DBE Participation Committee was instrumental in establishing a process to improve enforcement efforts by the DSBLs to protect subcontractors when a prime contractor is not performing.

### Outreach Events

Name	FFY 2015 Outreach Events
District 1	3
District 2	1
District 3	5
District 4	15
District 5	19
District 6	38
District 7	0
District 8	14
District 9	2
District 10	40
District 11	22
District 12	6
HQ-OBEO	19

#### A. District 2

- Held 1 mandatory pre-bid meeting.

#### B. District 4

- Held 3 mandatory pre-bid meetings.
- Hosted 6 District 4 Small Business Council meetings.
- Participated in a panel discussion at a Calmentor graduation ceremony for three firms: Adanta, Inc., CBL Professional Services, and Design Lab 252.
- Held 3 meetings with District 4 Labor Compliance to discuss collaborating to track construction projects. Assisted District 4 Labor Compliance with substitution requests to ensure listed DBEs were used in a manner consistent with a contractor's original commitment, and if needed, identify qualified replacement DBEs.
- Tracked and reported the subcontractor participation for 12 construction projects.
- Assisted District 4 Construction with the Mentor-Protégé Program, which includes some DBE certified protégés.

**C. District 8**

- Launched a new District 8 interactive small business web site that highlights all upcoming DBE workshops, educational opportunities, and provides a map of pending projects.

**D. District 9**

- Increased communication with local Native American Tribes.

**Headquarters****A. Division of Construction and Labor Compliance**

- Updated DBE requirements listed on pre-job checklists (12 line items) for federal-aid construction, maintenance, and architectural and engineering (A&E) contracts. These checklists are reviewed at district pre-construction meetings to confirm the contractor's receipt and understanding of each line item.
- Incorporated DBE subject matter into 8 training sessions which contained a total of 160 attendees.
- Provided feedback to the OBEO and FHWA regarding firms that misrepresented themselves and/or failed to perform a commercially useful function (CUF).
- Created form CEM 2406, "Monthly DBE Payment Form," for all primes to complete by the 15th of each month. This form is used for all DBE payments on federal-aid projects.
- Released Construction Policy Bulletin 15-2, "Submission of Good Faith Efforts and Uniform Report of DBE Awards/Payments," effective March 26, 2015.

**B. Division of Engineering Services-Office Engineer**

- Agreed to transfer to the OBEO full responsibility for DBE goal setting on federally funded construction contracts.
- Implemented enhancement to electronic bidding to support new Department of Industrial Relations reporting requirements based on SB 854.
- Met with OBEO and proposed a policy to streamline the GFE reconsideration process.

**C. Division of Procurement and Contracts**

- Updated 12 contract and solicitation boilerplates with DBE utilization and participation information.

**D. Division of Rail and Mass Transportation**

- Attended DBE webinar trainings sponsored by the Federal Transit Administration (FTA) and the FHWA.
- Completed and submitted to FTA a DBE Market Availability/Disparity Study.
- Revised and submitted to FTA DBE Goal and Methodology for FFY 2015; established new DBE Goal and Methodology for FFY 2016-2018.
- Transmitted to FTA a DBE waiver request, excluding Hispanic-American and Subcontinent Asian-American businesses from race-conscious goals.

**IV. Goals****Office of Business and Economic Opportunity****A. Contract Goal Setting**

- Analyze A&E contract data and develop a goal setting methodology for on-call A&E contracts by the end of FFY 2016.
- Monitor on a monthly basis DBE dollar-weighted goals and DBE commitments on major construction projects to ensure Caltrans meets its overall DBE goal in FFY 2016.
- Provide DBE Contract Goal Setting training to local agencies in Caltrans' district offices located in Districts 1, 2, 5, 9, 10, and 12.

**B. Disparity Study**

- Complete the Study in FFY 2016.

**C. Overall DBE Goal and Methodology**

- Submit a revised overall DBE goal and methodology to the FHWA by the end of 2016 if the Availability and Disparity Study's data reflect changed circumstances.

**D. Policy and Reports Branch**

- Update Caltrans' DBE Program Plan.
- Expand the OBEO's "DBE Reports" web page to include a breakdown of DBE commitment at award and DBE utilization by work type.
- Develop a fact sheet to educate internal and external stakeholders regarding DBE reporting requirements.
- Increase the frequency of OBEO workgroup meetings from bimonthly to monthly.
- Develop and publish on the OBEO web site a schedule for DBE policy updates.
- Develop and implement a communication plan for sharing DBE policy- and policy-related information with internal stakeholders.

**E. Training and Outreach Branch**

- Collect 75 percent of all sign-in sheets for all outreach events/workshops conducted throughout California.
- Conduct DBE certification workshops in all 12 districts.
- Conduct DBE goal setting and GFE training for local agencies in 6 districts.
- Conduct 3 regional prime contractor training sessions.
- Host 1 procurement fair for Caltrans headquarters' divisions.
- Develop a fact sheet highlighting prompt payment requirements.
- Increase collection and reporting of 1391 forms by 60 percent.

***DBE Supportive Services***

- Execute a DBE/SS contract for FFY 2016.

***OJT Supportive Services***

- Execute an OJT/SS contract for FFY 2016.

***National Summer Transportation Institute***

- Increase the number of middle school and high school participants by 10 percent.

***Calmentor/Mentor-Protégé***

- Develop statewide guidelines for the Mentor-Protégé program (construction mentoring program).
- Expand the Mentor-Protégé program from 1 district to 6 districts.
- Publish statewide guidelines for the Calmentor program (A&E mentoring program).
- Complete Caltrans' Mentor-Protégé Program Guidelines to establish a uniform Mentor-Protégé Program statewide.

**F. Certification/CUCP**

- By January 2016, update and revise the on-site questionnaire, with CUCP approval, to better assist in obtaining pertinent information from DBE applicants.
- Revise AUA procedures.
- Continue the data validation project by reviewing and updating the CUCP DBE database by December 2015.
- Redesign and rebuild the CUCP application to put online. Once operational, the online application will significantly reduce workload and time to process applications.

- Hold annual or regularly scheduled training for all certifying agencies in the CUCP.
- Fill the CUCP standing committee vacant chair positions (see list below), and clearly define the roles and responsibilities of each committee to ensure they are purposeful and operational.
  - Oversight Committee
  - Systems and Reporting Committee
  - Documentation Committee
  - Operations Committee
  - Support Committee
- Plan and attend the annual CUCP training workshop.
- Review and finalize the CUCP Memorandum of Understanding, delineating roles and responsibilities of various members of the CUCP and the various committees.
- Collaborate with the CUCP certifying agencies to streamline the processing of DBE applications and AUAs.

#### **G. Compliance Branch**

- Complete 12 DBE program compliance reviews of Caltrans' program areas, including districts.
- Develop processes, procedures, and protocols for various types of DBE complaint investigations to ensure uniformity of the investigative process, develop preventive measures, and enhance awareness.
- Attend the Resident Engineer (RE) Academy Training to enhance REs' understanding of their role in monitoring the DBE process on contracts.
- Establish new partnerships with other Caltrans divisions, other DBE certifying agencies, FHWA, Division of Construction, and DGS to further DBE compliance and OBEO investigative effectiveness.

#### **H. Contract Evaluation Branch**

- Develop and implement construction training for analysts.
- Improve contract evaluation training concerning federal regulations.
- Update the CEB desk manual.
- Track and improve performance on DBE participation evaluations.
- Update Filemaker Pro Database to increase functionality.
- Update the GFE memorandum.
- Improve GFE contract turnaround time.

## **Districts**

### **A. District 1**

- Partner with North Region districts to host procurement fair.

### **B. District 2**

- Hold a mandatory pre-bid meeting in October 2015.

### **C. District 4**

- Invite DBEs to one procurement fair in the fall and one in the spring.
- Hold 5 mandatory pre-bid meetings.
- Track the participation of subcontractors on new projects with DBE goals.
- Host 3 outreach events for SB/DVBE and DBE combined.
- Host 1 DBE certification workshop by December 16, 2015.
- Host 2 lending/bonding seminars for SBs/DVBEs and DBEs combined.
- Host a table and distribute information on SB/DVBE and DBE certifications and on upcoming projects at 5 industry outreach sessions.
- Host 6 District 4 Small Business Council meetings.
- Host a table at 3 local chamber of commerce meetings to make new contacts.
- Partner with CPM Consultant to improve DBE/prime relationships, increase DBE participation by 3 percent (40 DBEs), and host 5 educational workshops for DBE subcontractors.

### **D. District 5**

- Host quarterly Central Region Calmentor meetings, via video teleconference, for local A&E firms that are participating or are interested in participating in the Calmentor program.
- Partner with local cities and counties in producing another procurement event in spring 2016.
- Participate in all mandatory pre-bid meetings in partnerships with Central Region Construction.
- Host one formal DBE certification workshop in the fiscal year.
- Refine the District 5 Small Business web site.
- Work with Santa Maria Valley Contractors Association and the San Luis Obispo Builder's Exchange to host outreach events to increase knowledge of DBE program and encourage eligible firms to apply for DBE certification.

**E. District 6**

- Conduct a DBE workshop on March 24, 2016. The workshop topics: benefits of DBE certification; how to become certified; how to make use of the DBE certification, including how to market your business.
- District 6's Office of Small Business will conduct a DBE workshop and a Small Business workshop at the Valley Small Business & Construction Report Expo in Bakersfield on August 5, 2016. This event offers networking and mentoring opportunities for small business (SB/DVBE/DBE) Construction and A&E firms to interact with large prime construction and A&E firms.
- Partner with the following agencies to hold 3 workshops (one in Visalia, one in Bakersfield, and one in Fresno) each month through March 2016:
  - Small Business Administration (SBA)
  - Small Business Development Center (SBDC)
  - Asian Business Institute and Resource Center (ABIRC)
  - The City of Fresno
  - SCORE
  - Work Force Investment Board (WIB)
  - Economic Development Corporation (EDC)
  - Central California Hispanic Chamber of Commerce (CCHCC)
  - Thomas Roads Improvement Project (TRIP) Kern County
  - Valley Small Business Development Corporation (VSBDC)

Partnering with these agencies affords the District 6's Office of Small Business a larger outreach opportunity to increase participation.

**F. District 8**

- Increase the pool of DBE-certified firms in District 8 by 3 percent.
- Hold one procurement fair in summer 2016.
- Conduct 12 mandatory pre-bid meetings.
- Attend 5 local chamber of commerce meetings.
- Partner with the local Small Business Development Center to hold two small business workshops.
- Partner with a community college or university to develop a small business training seminar.
- Develop relationships with at least three prime contractors and host a "Meet the Primes" workshop.

**G. District 9**

- Increase the number of DBE certified contractors located in District 9 by 2.
- Investigate if there are ways to make it feasible for local contractors to participate in the Central Region's Calmentor program.

**H. District 10**

- Increase partnerships with local government agencies, utility companies, and small business assistance organizations by 10 percent (currently at 111).
- Develop a Small Business Communication Plan to increase DBE outreach and networking opportunities.
- Increase outreach event participation by 5 percent (currently at 51).
- Increase the number of small business/DBE contacts on District 10's communication plan by 25 percent (currently at 1,843).
- Partner with the three builders' exchanges in our district to hold certification workshops.
- Develop relationships with three prime contractors and host a "Meet the Primes" workshop.
- Host 1 procurement fair.
- Host 1 mandatory pre-bid meeting.

**I. District 12**

- Participate in outreach activities for upcoming District 12 contracts in order to inform the DBE community and increase successful bidding on Caltrans projects.
- Partner with D7 and D8 to host a DBE certification workshop in the region.
- Participate in partner-agency outreach events, when available, to increase Caltrans' visibility.

**Headquarters****A. Construction and Labor Compliance**

- Conduct 7 training sessions that incorporate a DBE program module into the presentation.
- Develop an implementation plan with OBEO for compliance with the CEM-2406.

**B. Procurement and Contracts**

- Participate in Small Business Outreach, Caltrans Small Business Council Construction Subcommittee, and Caltrans Small Business Council Commodities Subcommittee events.

**C. Rail and Mass Transportation**

- Participate in the FTA triennial State Management Review.
- Provide instruction and technical assistance to attendees at the FTA grant fund programs (Sections 5310 and 5311) and procurement workshops.
- Identify and invite firms that are interested in bidding as subrecipients on FTA assisted contracts to procurement workshops.