DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOALS & METHODOLOGY AND WAIVER REQUEST PUBLIC MEETINGS FOR FEDERAL TRANSIT ADMINISTRATION (FTA) FUNDED PROGRAMS

SAVE THESE DATES!!!

Caltrans receives funding from FTA to provide transit to disabled, elderly, rural agencies and public agencies for planning activities. The meetings are being held for the public to provide information and the opportunity to comment on the Caltrans FTA Program's DBE Goals and Methodology for Federal Fiscal Years 16/17, 17/18 and 18/19. There will be two public information meetings - Los Angeles and Sacramento. The Goals and Methodology document is attached. Caltrans will also be requesting a waiver from the FTA to exclude two groups, Hispanic and Sub-Continent Asian, from proposed race conscious goals, as these groups are already at/above parity. Comments will be accepted from June 3 through July 6, 2016.

LOCATION	DATE	TIME	ADDRESS
Los Angeles	Wednesday June 22	9:00 am to 11:00 am	Los Angeles Metro Center Henry Huntington Room, 3rd Floor One Gateway Plaza Los Angeles, CA
Sacramento	Friday June 24	10:00 am to Noon	Paratransit Inc. Auditorium Conference Room 2401 Florin Road Sacramento, CA

*Individuals requiring special accommodations at the workshops (interpreter, accessible seating, documentation in alternative formats, etc.) are requested to contact Lea Simpson at (916) 654-7184 or via email at Lea_Simpson@dot.ca.gov, as early as possible prior to the scheduled workshop.

CALIFORNIA 2016 TRIENNIAL DBE GOAL AND METHODOLOGY FOR THE FEDERAL TRANSIT ADMINSTRATION FUNDED PROGRAMS

The California Department of Transportation (Caltrans) has completed its goal setting and methodology report for its three year Disadvantaged Business Enterprise (DBE) overall goal applicable to Federal Fiscal Years (FFY) 2017-2019 contracting opportunities funded in whole or in part by the Federal Transit Administration (FTA).

The proposed DBE overall goal of 4.8% for FTA assisted contracting activity is based on projected availability of ready, willing and able DBEs to participate in the activity. Caltrans' assessment of the FTA assisted contracts projected for the triennial period included a review of the Census Bureau data, California Unified Certification Program (CUCP) DBE database and a 2014 disparity study relevant to our contracting activity.

Background

In June 2015, subsequent to the preparation of this document, Caltrans submitted to the FTA a proposed DBE triennial goal of 6.95% (4% race neutral/2.95% race conscious). As a result of discussions with the FTA, we have revised our proposed goal and methodology.

Comment Period

The 30 day comment period will be from June 3 through July 6, 2016.

Interested parties may direct their comments to:

Ms. Lea M. Simpson
Lea_Simpson@dot.ca.gov
916-654-7184

There will also be two public meetings:

June 22, 9am – 11am
Los Angeles Metro Center
Henry Huntington Room, 3rd Floor
One Gateway Plaza
Los Angeles, CA

June 24, 10am - Noon
Paratransit Inc.
Auditorium Conference Room
2501 Florin Road
Sacramento, CA

Goal Setting Methodology Section 26.45

Basic Requirement: To begin the goal setting process, the recipient must first develop a base figure for the relative availability of DBEs. After the base figure is achieved, all other relative evidence must be considered in an adjustment of this figure to match the needs of the specific DBE community.

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Step One – Determination of Base Figure – Section 26.45(c)

The first step of the goal setting process is to determine the base figure for the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses known to be available to compete for FTA assisted contracts that Caltrans anticipates awarding during the goal period.

In December 2014, BBC Consulting completed a DBE Availability and Utilization Study (disparity study) to determine if there was evidence of discrimination in the California marketplace that would meet the standards set forth by the 9th Circuit Court. The findings in this study support the usage of race conscious goals on Caltrans' FTA funded contracts.

Caltrans anticipates $2,700,696 in contracting opportunities for FFYs 2017-2019 as shown in Attachment A. These upcoming contracting opportunities are significantly different than in past years, when American Reinvestment and Recovery Act (ARRA) funding was available and expended. Additionally, the information gathered during the Disparity study was not used for the same reason.

The types of DBE contracts that are let are small, single task, planning studies that do not vary significantly from one year to the next. The California FTA Program is approximately $75 million annually. Our largest award in recent history, executed in August 2015, was a 3 year, $1.5 million contract for administration of the Rural Transportation Assistance Program (RTAP). CalACT is the contractor. Since Caltrans was not required to set contract goals this past fiscal year (2014/15), this award was not "unbundled."

There are 28 DBEs ready, willing and available to do the anticipated work over the next three federal fiscal years. The DBE information was taken from the California Unified Certification Program (UCP) DBE Directory. There are 581 total firms available (both DBE and non-DBE) to complete the anticipated work, and this information was taken from the US Census Bureau 2002 Economic Census Summary Statistics for the State – California. Since the potential DBE participation falls under the same NAICS Code of 54161, contract expenditure dollar weighting was not completed. The base figure is 4.8% and was arrived by dividing the number of DBEs by the number of total firms available.

Step Two – Adjust Base Figure

Determining if an Adjustment is needed -

Caltrans currently has a 4% race neutral goal and has not been able to consistently attain it.

In FFY 2013, the overall DBE utilization was 4.4 percent.
In FFY 2014, the overall DBE utilization was 1.89 percent.
In FFY 2015, the overall DBE utilization was 3.71 percent.

The historical median past participation is 3.71 percent.

In the "Tips for Goal-Setting in the Disadvantaged Business Enterprise (DBE) Program, page 7 suggests that an agency can make a Step 2 adjustment by averaging the base figure with the past median DBE participation. This is not an option that Caltrans wishes to exercise.

Race Neutral/Race Conscious Breakdown

The 2014 Disparity Study concluded that there is evidence of discrimination. Our past median attainment is 3.7 (rounded from 3.71). Consequently, we have included a race conscious component of 1.1%, which will be a part of the 4.8% goal.

(See Attachment B for race and gender neutral measures currently being employed).

Consultation on Goal Development 26.15(b)(1)

As part of the disparity study, a consultative process was used to gather input prior to the development of our goal and methodology. In September 2014, Caltrans conducted 5 public hearings, complete with a court transcriber, which were held around California (Sacramento, Oakland, Fresno, Los Angeles and Redding). Participants represented businesses and organizations throughout the state. Staff from Caltrans would open the meeting, then leave the room in order to give attendees anonymity, and remove any concern of reprisal. Individuals were given the opportunity to provide oral testimony at the public meeting or submit written testimony via mail, electronic mail and fax. We did not request sign-in sheets, as to preserve the confidentiality of the participants.

Personal interviews were conducted as well; three interviews with transit services firms for Caltrans (2014 disparity study), 41 interviews for Caltrans (2012 FHWA disparity study); and additional anecdotal interview information (2013 San Diego-Imperial study) from 39 businesses and 2 trade association representatives.

As part of the availability analysis, the study team also conducted telephone surveys with more than 3,400 business establishments.

The comments were vast (198 pages of the disparity study; Appendix J of the study is available on request). Comments were categorized into seven areas:

Keys to business success
Potential barriers to doing business with public agencies
Allegations of unfair treatment
Additional information regarding any racial/ethnic or gender based discrimination
Insights regarding race neutral measures
Insights regarding race or gender based measures
DBE and other certification processes.

Waiver

The study team analyzed 699 FTA funded prime contracts/subcontracts for the period of October 1, 2007 to September 30, 2013. MBE/WBE participation on Caltrans' and subrecipients' contracts were slightly lower than what was expected based on their availability for those contracts. The disparity index of 91 indicates that all MBE/WBEs considered together received 91 percent of the contract dollars that they might be expected to receive based on the availability of those contracts.

Four MBE/WBE groups exhibited substantial disparity; non-Hispanic white women owned businesses (disparity index of 54), Black American owned businesses (disparity index of 16); Asian-Pacific American owned businesses (disparity index of 12), and Native American owned businesses (disparity index of 1).

Subcontinent Asian American owned businesses (disparity index of 166) and Hispanic American owned businesses (disparity index of 113) did not exhibit disparity.

Because of the large span of disparity between these two groups and the remaining four, a waiver is being requested to exclude them from the race conscious component of our goal. They will still be counted in the race neutral component.

ATTACHMENT A
2016 TRIENNIAL GOAL POTENTIAL DBE OPPORTUNITIES

TASK	FFY	CONTRACT AMOUNT	POTENTIAL DBE OPPORTUNITY	NCAIS
Disparity Study	17/18	250,000	125,000	54161
Title VI Plan	18/19	250,000	250,000	54161
RTAP Contract	18/19	1,400,000	433,000	54161
Fresno COG	16/17	60,286	60,286	54161
Fresno COG	17/18	60,286	60,286	54161
Fresno COG	18/19	60,286	60,286	54161
Kings CAG	16/17	39,794	39,794	54161
Kings CAG	17/18	39,794	39,794	54161
Kings CAG	18/19	39,794	39,794	54161
Madera CTC	16/17	122,789	122,789	54161
Madera CTC	17/18	122,789	122,789	54161
Madera CTC	18/19	122,789	122,789	54161
MTC	16/17	30,100	30,100	54161
MTC	17/18	30,100	30,100	54161
MTC	18/19	30,100	30,100	54161
SANDAG - PL	16/17	1,830	1,830	54161
SANDAG - PL	17/18	1,830	1,830	54161
SANDAG - PL	18/19	1,830	1,830	54161
SCAG	16/17	18,000	18,000	54161
SCAG	17/18	18,000	18,000	54161
SCAG	18/19	18,000	18,000	54161
Shasta RTA	16/17	110,000	110,000	54161
Shasta RTA	17/18	110,000	110,000	54161
Shasta RTA	18/19	110,000	110,000	54161
Tulare CAG	16/17	67,048	67,048	54161
Tulare CAG	17/18	67,048	67,048	54161
Tulare CAG	18/19	67,048	67,048	54161
San Benito COG	16/17	64,385	64,385	54161
San Benito COG	17/18	64,385	64,385	54161
San Benito COG	18/19	64,385	64,385	54161
County of Tehema	16/17	350,000	350,000	54161
County of Tehema	17/18	350,000	350,000	54161
County of Tehema	18/19	350,000	350,000	54161
TOTAL			2,700,696.00	

NUMBER OF DBES	divided by	NUMBER OF ALL FIRMS	equals	BASE FIGURE
28		**581**		**0.048 or 4.8%**
(CUPC Directory)		(US Census Bureau)		

ATTACHMENT B
RACE NEUTRAL MEASURES

Examples of race-neutral activities Caltrans performs include:

1. Host bi-monthly statewide Small Business Council and committee meetings.
2. Provide technical assistance and training on transportation contracting related topics through a Supportive Services contract to assist all small businesses, including DBEs.
3. Conduct business communication and outreach activities to increase small business participation.
4. Provide access the CUCP Directory via the Internet.
5. Market the CUCP database of certified DBEs that are also small businesses that meet the requisite federal size standards and emphasize the user-friendly format.
6. In a timely and relevant manner, update the OBEO Web site information on small business activities so that anyone interested may obtain practical advice on how to market their business, find contracting opportunities with Caltrans and other state agencies, and other useful information.
7. Partner with other Divisions to generate ideas for enhancing the overall success of small businesses, including DBEs that meet the requisite size standards and reach out to local agencies for ideas that can be tailored to their jurisdictions.
8. Post "Best Practices" on Caltrans' Web site.
9. Work with organizations such as the Associated General Contractors (AGC) and the Consulting Engineers and Land Surveyors of California (CELSOC), to identify ways to assist small businesses that meet the requisite size standards, including DBEs, to increase their opportunities to participate as contractors or subcontractors on Department projects.
10. Expand technical assistance and supportive services on a statewide level to provide small businesses that meet the requisite size standards, including DBEs, with assistance on bidding and contract administration.
11. Partner with the Small Business Administration, Small Business Development Centers, and other government agencies.
12. Ensure compliance to prompt payment specifications, which helps all contractors and subcontractors.
13. Track all DBE participation on federally-assisted contracts, including monitoring the Commercially Useful Function of DBEs.
14. Host construction mandatory pre-bid meeting and A&E pre-bid conferences to encourage all businesses to attend and facilitate networking among potential bidders.
15. Maintain weekly "Ads for Bid" on the Internet describing projects advertised for bid.
16. Promote the "Opt-In" feature on the Caltrans OE Web site for construction projects. Allowing all interested subcontractors, suppliers, and truckers to advertise services/capabilities directly to bidding prime contractors.
17. Disseminate the brochure, "Caltrans Quick Reference Information for Contractors." The brochure is updated annually or on an "as needed" basis and contains useful Web site addresses and information for contractors, such as where to order bid documents, bidder assistance providers, where to get bid opening results and contractor's license information.
18. Disseminate the "How to do Business with Caltrans," brochure which provides information on procurement topics, especially to contractors/vendors new to doing business with the State of California. The booklet includes helpful tips on how to

market their commodities or services to Caltrans, as well as how to market their commodities or services to other State Departments and Agencies, through the California State Department of General Services.

19. Provide information on where to obtain assistance with surety bonding and liability insurance.
20. Implement, maintain, and promote the Mentor Protégé and Cal Mentor Programs throughout the State.
21. Encourage each District or Region to establish a District Small Business Council.
22. Improve access to bid openings by making them available via teleconference, web-based video, and the Internet. All bidders bid summaries are now provided on the Office Engineer Web site.
23. Unbundle large A&E contracts into smaller contracts.
24. Host District Procurement Fairs and increase the number of Districts in which the fairs are held.
25. Administer Prime Contractor trainings in all 12 Caltrans districts, concentrating on the award and reporting requirements throughout the life of a project. At which time Caltrans' Training and Outreach Branch encourages the participation of DBE and non-DBE small business on its contracts.