

**CALIFORNIA DEPARTMENT OF TRANSPORTATION  
FEDERAL TRANSIT ADMINISTRATION  
DISADVANTAGED BUSINESS ENTERPRISE  
GOAL AND METHODOLOGY**

**Federal Fiscal Years 2011-2013**

**Executive Summary**

For Federal Fiscal Years (FFY) 2011-2013, the California Department of Transportation (Caltrans) Disadvantaged Business Enterprise (DBE) proposed goal, for its Federal Transit Administration (FTA) projects, is 4 percent, without any Step Two adjustments. This overall goal is expected to be achieved through wholly race-neutral measures. Caltrans submits this goal and methodology to the FTA for review and approval pursuant to 49 Code of Federal Regulation (CFR) section 26.45, for federally assisted transit contracts. Caltrans relied on the 49 CFR section 26 regulations issued on February 2, 1999, and subsequent guidance issued December 21, 2005, to ascertain this goal. Caltrans acknowledges the February 3, 2010, final rule change that will have the department submit the overall goal triennially rather than annually.

**FFYs 2011-2013 Goal-Setting Methodology – Section 26.45**

Caltrans followed a two-step process for setting its overall triennial DBE goal..

- Step One describes the calculation of a base figure for the relative availability of DBEs.
- Step Two is the examination of all the evidence available to determine if an adjustment to the base figure is needed to arrive at the overall goal.

**Step One Base Figure – Section 26.45(c)**

In order to establish the base figure, Caltrans commissioned an Availability and Disparity Study (Study) completed by BBC Research & Consulting (BBC) in July 2007.

The Study:

- Analyzed use and availability of minority/women-owned firms in California transportation contracts.
- Examined other quantitative analysis of marketplace conditions.
- Reviewed anecdotal information from in-depth interviews with nearly 100 business owners and others across California.
- Analyzed oral and written testimony from businesses, trade associations, and other organizations at the 14 public hearings held by Caltrans in March and April 2007; two hearings in Los Angeles; and one hearing each in Eureka, Stockton, Bishop, Fresno, San Luis Obispo, San Diego, Sacramento, San Jose, Redding, Irvine, San Bernardino, and Oakland.

**Available Firms Surveyed for Transportation/Transit Contracting Work**

BBC concluded that the Caltrans internal data on DBEs and minority/women-owned firms available to perform Caltrans contracts and subcontracts did not provide a comprehensive view of businesses available for Caltrans work. Therefore, BBC conducted a telephone survey of California business firms related to transportation contracting. BBC selected California as the relevant geographic market area for the availability analysis, because 95 percent of all 2002 through 2006 transportation construction and engineering project dollars going to prime contractors, or subcontractors, went to firms with offices in California.

Firms contacted in the survey were those listed by Dun & Bradstreet as doing business most pertinent to Caltrans transportation construction and engineering contracts. BBC attempted to reach 49,276 business listings. Of these listings, 9,365 were out of business or otherwise did not have valid phone numbers, leaving 39,911 business establishments with valid phone listings. BBC successfully interviewed 18,675 (or about 47 percent) business establishments with valid phone numbers, a relatively high response rate for a business survey.

Of the 18,675 firms interviewed, 3,398 were for-profit firms reporting they performed work related to transportation construction, maintenance, or design. These firms are considered to be qualified and interested in performing transportation-related work for Caltrans or local governments in the future, or had attempted to obtain transportation related work in the public or private sector. These firms also identified the regions of California in which they could perform work. Of these 3,398 firms in the transportation construction and engineering industry, 32 percent reported that they were minority/women-owned firms.

**FFYs 2011-2013 FTA-Assisted Contracts**

Caltrans will receive approximately \$222.7 million in federal-aid transit program assistance for FFY 2011-2013 which is expected to be distributed as follows: \$217.4 million for local agencies as subrecipients and \$5.3 million for administrative support services. Of the \$217.4 million, \$45.5 million is available as contracting opportunities, which do not include transit vehicle procurements (49 CFR Part 26.49). This equates to 20.9% of federal-aid transit program assistance being available for contracting opportunities.

In addition, Caltrans expects the types of work, sizes, and locations of contracts to be similar to the FTA-assisted contracts awarded statewide during FFY 2010, which includes transit professional services, widening and rehabilitation of existing transit infrastructure.

**Resulting Baseline Goal**

Caltrans considers 4 percent DBE participation as the base figure for its overall DBE goal for FFYs 2011-2013.

**Step Two Adjustments – Section 26.45(d)**

Caltrans examined a broad range of evidence in the Study when considering possible Step Two adjustments to the base figure. The Study contained the types of information for a possible Step Two adjustment that are outlined in the DBE Program, including:

- Current capacity of DBEs to perform work on FTA-assisted contracts, as measured by the volume of work DBEs have performed in recent years.
- Data on employment, self-employment, education, training, and union apprenticeship programs.
- Information on the ability of DBEs to obtain financing, bonding, and insurance.

Caltrans considered the DBE attainment over the last three years. The following table summarizes Caltrans DBE utilization on FTA funded projects, as reported for the last three years:

| FFY  | Goal | DBE Attainment |
|------|------|----------------|
| 2010 | 4%   | 4.3            |

|      |    |     |
|------|----|-----|
| 2009 | 4% | 3.0 |
| 2008 | 4% | 4.4 |

The last three year's attainment has been wholly race-neutral. Caltrans used *Tips for Goal Setting in the DBE Program*, to determine the median of the past three years of participation in establishing the FFYs 2011-2013 DBE goal of 4 percent. The attainment for the past three years was attained under a wholly race-neutral program.

## **Public Participation Section 26.45(g)**

### Consultation

In establishing the overall triennial goal, Caltrans conducted year-round consultation by hosting monthly Statewide Small Business Council (SBC) and committee meetings. In turn, the SBC members and committee members (Enclosure 1) met with their individual organizations to provide feedback to Caltrans.

Additional consultation in the year included attending three DBE hearings sponsored by the Assembly Select Committee on Procurement, as well as meetings with non-DBE organizations such as:

- Associated General Contractors.
- Associated General Contractors of San Diego.
- Engineering and Utility Contractors Association.
- American Council of Engineering Companies - California.
- Southern California Contractors Association.
- California Public Utilities Commission.
- California Small Business Association.

Over 1,000 one-on-one discussions on the goal and methodology and race-neutral measures were held with small businesses (SB), DBEs, and minority/women-owned firms as they sought help on how to do business with Caltrans.

Caltrans also participated in the following statewide and local chamber of commerce meetings:

- California Hispanic Chamber of Commerce.
- California Black Chamber of Commerce.
- California Asian American Chamber of Commerce.
- California American Indian Chamber of Commerce.

Caltrans did not receive any comments during consultation that would affect the FTA proposed DBE goal and methodology. The public comments were focused on Caltrans' Federal Highway Administration DBE goal and methodology.

### 45-day General Circulation Publications

Caltrans advertised the availability of the proposed goal and methodology in general circulation publications, which included minority/women business focused papers. The notice was placed for 45 days and ended on July 23, 2010. Caltrans did not receive any comments from the public, as a result of the publication notice, on the proposed goal and methodology.

### Race-Neutral Measures

Caltrans will continue its ongoing race-neutral measures to include:

- Business outreach and communication.
- Technical assistance.
- Improved contracting processes.
- Data collection, monitoring, and reporting.

Caltrans will continue to market the DBE Supportive Services through Small Business Development Centers located throughout the State. The supportive services consist of technical training and one-on-one technical assistance to DBE firms.

Another successful measure has been the appointment of SB liaisons in each of the 12 district offices as a point of contact for SB firms, including DBEs, in those geographic areas as well as for focused outreach, such as local procurement fairs and SB events.

### **FFYs 2011-2013 Overall Triennial DBE Goal**

For FFYs 2011-2013, the Caltrans Overall Annual DBE proposed goal, for its FTA projects, is 4 percent, to be achieved through wholly race-neutral measures.