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March 4, 2008

Mr. Gene K. Fong, Division Administrator
U.S. Department of Transportation
Federal Highway Administration
California Division
650 Capitol Mall, Suite 4-100
Sacramento, CA 95814

Dear Mr. Fong:

This is in response to the second set of questions concerning the California Department of Transportation (Caltrans) Disadvantaged Business Enterprise (DBE) Amended Goal and Methodology for federal fiscal year 2008. When appropriate, the response will reference sections of the DBE Availability and Disparity Study (Study) completed June 2007. The questions pertained to two areas.

I. STEP TWO ADJUSTMENTS

A. *Summary of information request.*
Please quantify the Step 2 adjustments that could be made to account for the disparities in business ownership, business earnings, and access to capital, etc., identified in your availability and disparity study. We note that both the Illinois and Minnesota studies, which are similar in many respects to your study, quantified these factors even though adjustments were determined to be unwarranted. After you have quantified the effect of these disparities on the relative availability of DBEs, explain why you believe an adjustment is or is not necessary.

B. *Response.*

B.1. Illinois and Minnesota Departments of Transportation (DOT) considered information concerning Step 2 adjustments to reflect depressed rates of business ownership for minorities and women within those states. As documented in the Study, Appendix H, BBC Research and Consulting (BBC) performed statistical analyses of business ownership rates. BBC identified that business ownership rates for certain groups would be higher than observed rates—statistically significant different rates after controlling for other factors.

B.2. BBC performed additional calculations to quantify the effect of adjusting the base figure for the statistically significant differences in ownership rates described above. The figure after the Step 2 adjustment would be 39 percent higher than the 13.5 percent base figure for DBE participation, which is equal to 18.8 percent.

B.3. Under 49 Code of Federal Regulations (CFR) Part 26, the State DOT does not need to make a Step 2 adjustment; however, it must consider other factors. Caltrans chose not to make Step 2 adjustments after considering all of the factors identified in Section III of the Study.

II. PLANS TO DEVELOP A BIDDERS LIST

A. *Summary of information request.*
Please submit your plans to develop a Bidders List that complies with 49 C.F.R. § 26.11(c).

B. *Response.*

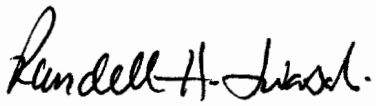
B.1. Caltrans continues to maintain a Bidders List Survey on the Caltrans Office Engineer Web site. Over the last five years, Caltrans identified 877 prime contractors and 2,000 subcontractors that make up the Bidders List.

B.2. To comply with 49 CFR § 26.11(c), Caltrans plans to review the firms available to do Caltrans work as identified in the Study. Firms not already listed on the existing Caltrans Bidders List will be added. For each firm, the following information will be included:

B.2.1. Name.
B.2.2. Address.
B.2.3. DBE/non-DBE status.
B.2.4. Age.
B.2.5. Annual gross receipts.

If you have any questions, please contact Olivia Fonseca, Deputy Director, Civil Rights, at (916) 324-0449, or by email, at olivia_fonseca@dot.ca.gov.

Sincerely,



WILL KEMPTON
Director

c: Lance Yokota, Civil Rights Program Manager, FHWA
Olivia Fonseca, Deputy Director, Civil Rights