

CALIFORNIA 2016 TRIENNIAL DISADVANTAGED BUSINESS ENTERPRISE GOAL AND METHODOLOGY FOR THE FEDERAL TRANSIT ADMINISTRATION 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 current DBE goal of 4% race neutral was established in 2013. The proposed DBE overall goal of 4.8% for FTA assisted contracting activity is being proposed and is based on projected availability of ready, willing and able DBEs to participate in the subcontracted activity. The 4.8% will be a race neutral/race conscious split of 3.7/1.1 percent. 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 revision to our annual DBE goal and proposed our DBE triennial goal of 6.95% (4% race neutral/2.95% race conscious). This submittal was prepared as a result of a 2013 State Management Review (SMR) finding. The goal was based on the December 2014 DBE disparity study and covered the period of FFYs 2008 through 2013. This document was returned by FTA in April 2016, with an explanation that it was too early to submit the triennial goals for the FFYs 2017-2019. We also received a reprieve from FTA regarding our proposed 2015 goal revision, as it was too late in the fiscal year for the adjustment. Additionally, as a result of discussions with the FTA, and training on goal setting, we have revised our proposed goal and methodology that anticipates subcontracting opportunities over the three year period, rather than developing a triennial goal with a "rear view mirror" analysis. We believe this is in alignment with the USDOT, "Tips for Goal Setting in the Disadvantaged Business Enterprise (DBE) Program". This current document supplants the June 2015 document that was previously transmitted to the FTA.

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.

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](#). Prior to, and since the termination of ARRA funding, the types of FTA 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, with approximately 40% of that total going directly to the procurement of vehicles. Transit vehicle manufacturers are excluded from the Caltrans DBE Program as they are bound to their own FTA DBE goals. ARRA funding provided opportunities for major capital projects and a much needed infusion of money into the transit community. With the termination of that funding, our largest award in recent history, executed in August 2015, was a 3 year, \$1.4 million contract for administration of the Rural Transportation Assistance Program (RTAP). California Association of Coordinated Transportation (CalACT) is the contractor. Since Caltrans is currently a race neutral program, we were not required to set contract goals this past fiscal year (2014/15), nor was this contract “unbundled.” The current RTAP contract will expire August 31, 2018, and is included as a contract with potential subcontracting opportunities, as outlined in Attachment A, 2016 Triennial Goal Potential DBE Opportunities. The \$433,000 in potential subcontracting opportunities is based on current DBE awards/commitments.

Attachment A delineates the anticipated contracts with potential subcontracting opportunities for both Caltrans and its subrecipients for FFYs 2017-2019. [Attachment D](#) is a list of Caltrans FTA subrecipients.

Due to the ease of travel and current technology, the planning studies that are anticipated can be completed by businesses anywhere in the State of California. The NAICS Code of 54161, Management Consulting Services, was used and we incorporated a statewide marketplace to determine the DBE capacity to complete the work.

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. The Directory is maintained and regularly updated, therefore it is the most relevant information available, and the reason why pulled the related data from this source.

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. The Census Bureau information is the industry standard for determining the marketplace. Because of its reliability, the information we used for total firms available to complete the anticipated work was extracted from its Census Summary Statistics.

Since the potential DBE participation falls under the same NAICS Code of 54161, Management Consulting Services, contract expenditure dollar weighting was not required. The base figure is 4.8% and was arrived by dividing 28 (the number of DBEs) by 581 (the number of total firms both DBE and non-DBE available).

A bidders list was not used in determining ready, willing and able DBEs to perform work on contracts as there has not been such a list established. Instead, Caltrans regularly uses the [Department of General Services California Multiple Award Schedules \(CMAS\)](#), which offers a wide variety of commodities, non-IT services and information technology products and services at prices which have been assessed to be fair, reasonable and competitive. Suppliers may apply for a CMAS contract at any time and no bids are required. The use of these contracts is optional and it available to state and local government agencies.

Step Two – Adjust Base Figure

Determining if an Adjustment is needed -

Caltrans currently has a 4% race neutral goal. The past attainment for the past three fiscal years is as follows.

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 5 suggests that an agency can make a Step 2 adjustment. Page 9, Subsection 4, goes on to say that if the agency is unable to find other types of evidence or data relative to a Step Two adjustment, then an adjustment is not necessary. This is the case with Caltrans, and consequently, we will not be exercising this option.

Race Neutral/Race Conscious Breakdown

Federal regulations require that a recipient of federal transit funds implement an approved DBE program that consists of establishing a statewide DBE utilization goal and using race-neutral means to achieve the goal to the maximum extent possible. Where race-neutral measures prove inadequate to achieve the goal, states are required to use race-conscious measures.

The 2014 disparity study concluded that there is evidence of discrimination. Although our goal for the past 3 years has been 4% race-neutral, our past median attainment is 3.7 (rounded from 3.71). Caltrans believes, with a race-conscious component to our DBE goal, we will be better equipped to address the disparity issues that were identified in the disparity study. Additionally, race conscious measures specifically focus on assisting DBEs only. Consequently, we have included a race conscious component of 1.1%, which will be a part of the 4.8% goal. We believe this race neutral/race conscious split will facilitate our goal attainment.

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; See Attachment C, 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.

Comment Period

The proposed 2016 Triennial Goals and Methodology document was posted on the Caltrans Division of Rail and Mass Transportation, the Office of Business and Economic Opportunity (OBEO), and the California Association of Coordinated Transportation (CalACT) websites. Additionally, information was sent to the Department sponsored Small Business Council, Associated General Contractors, United Contractors, American Council of Engineering Companies, and Southern California Contractors Association. The 30 day comment period was from June 3 through July 6, 2016. The goal and methodology was posted on our website on June 3, 2016 and can be found at:
http://www.dot.ca.gov/masstrans/docs/triennial-goals_methodology-publicmeetings.pdf

There were seven comments received both verbally (telephone) and in writing (e-mail). The content of the comments were twofold. The first was concerning how prime contractors seemingly skirt around hiring DBEs. The second was the misunderstanding that the purpose of comment period was similar to a job fair.

There were 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

There were two DBEs in attendance at the Los Angeles meeting. I described the goals and methodology as well as the potential subcontracting opportunities over the next three federal fiscal years. They both stated that they better understood the purpose of the meeting, but had no comments, questions, or concerns.

There were no attendees at the Sacramento meeting.

Monitoring

The use of race conscious measures is a new methodology to the FTA contracts in Caltrans. Contract goals will be set on each contract where subcontracting opportunities exist. Subsequent evaluation of good faith efforts will be implemented. Race neutral and race conscious goal achievement will be monitored through the invoice receipt and payment process. Each invoice will be reviewed for DBE utilization and reconciled with the both the established commitments made via the contract, as well as with the invoices that are received by staff.

Waiver

The disparity 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	TRACT AMOUNT	TOTAL DBE OPPORTUNITY	NCAIS	TYPE OF PROJECT
Disparity Study	17/18	250,000	125,000	54161	Disparity Study
Title VI Plan	18/19	250,000	250,000	54161	Title VI Plan Development
RTAP Contract	18/19	1,400,000	433,000	54161	5311 Training
Fresno COG	16/17	60,286	60,286	54161	RTP/SCS, I-5/SR99 Goods Movement Study, Outreach,
Fresno COG	17/18	60,286	60,286	54161	RTP/SCS, Fresno County Transit Plan, Commuter Study, Outreach
Fresno COG	18/19	60,286	60,286	54161	Fresno County Transit Plan, Commuter Study, Outreach
Kings CAG	16/17	39,794	39,794	54161	RTP, Corridor Improvement Plans, Transit Plans, Outreach
Kings CAG	17/18	39,794	39,794	54161	RTP, Transit Planning, Active Transportation Planning
Kings CAG	18/19	39,794	39,794	54161	RTP, Transit Planning, Active Transportation Planning
Madera CTC	16/17	122,789	122,789	54161	RTP, Public Transportation Planning, Goods Movement Planning, Active Transportation
Madera CTC	17/18	122,789	122,789	54161	RTP, Public Transportation Planning, Goods Movement Planning, Active Transportation
Madera CTC	18/19	122,789	122,789	54161	RTP, Public Transportation Planning, Goods Movement Planning, Active Transportation
MTC	16/17	30,100	30,100	54161	RTP, Public Transportation Planning, Goods Movement Planning, Active Transportation Planning, Environmental Justice Planning, Outreach
MTC	17/18	30,100	30,100	54161	RTP, Public Transportation Planning, Goods Movement Planning, Active Transportation Planning, Environmental Justice Planning, Outreach
MTC	18/19	30,100	30,100	54161	RTP, Public Transportation Planning, Goods Movement Planning, Active Transportation Planning, Environmental Justice Planning, Outreach
SANDAG - PL	16/17	1,830	1,830	54161	Transit Plans, Active Transportation Planning
SANDAG - PL	17/18	1,830	1,830	54161	RTP, Transit Planning, Active Transportation Planning
SANDAG - PL	18/19	1,830	1,830	54161	RTP, Transit Planning, Active Transportation Planning
SCAG	16/17	18,000	18,000	54161	RTP, Corridor Studies, Transit/Rail Studies, Huntington Drive Complete Streets Improvement Plan, LA River Bikeway Study
SCAG	17/18	18,000	18,000	54161	Plan, LA River Bikeway Study
SCAG	18/19	18,000	18,000	54161	Plan, LA River Bikeway Study
Shasta RTA	16/17	110,000	110,000	54161	Active Transportation Planning, Goods Movement Study, ITS Planning, Transit Planning
Shasta RTA	17/18	110,000	110,000	54161	Active Transportation Planning, Goods Movement Study, ITS Planning, Transit Planning
Shasta RTA	18/19	110,000	110,000	54161	RTP, Active Transportation Planning, Goods Movement Study, ITS Planning, Transit Planning
Tulare CAG	16/17	67,048	67,048	54161	Bike & Ped Outreach, ITS, Goods Movement Planning, Transit Planning
Tulare CAG	17/18	67,048	67,048	54161	Bike & Ped Outreach, ITS, Goods Movement Planning, Transit Planning
Tulare CAG	18/19	67,048	67,048	54161	Bike & Ped Outreach, ITS, Goods Movement Planning, Transit Planning
San Benito COG	16/17	64,385	64,385	54161	RTP, Transit Plans, ITS study, Complete Streets Planning
San Benito COG	17/18	64,385	64,385	54161	RTP, Transit Plans, ITS Study, Complete Streets Planning
San Benito COG	18/19	64,385	64,385	54161	RTP, Transit Plans, ITS Study, Complete Streets Planning
County of Tehama	16/17	350,000	350,000	54161	RTP, Transit Planning, Sustainability Planning, Outreach

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2016 TRIENNIAL GOAL POTENTIAL DBE OPPORTUNITIES

County of Tehama	17/18	350,000	350,000	54161	RTP, Transit Planning, Sustainability Planning, Outreach
County of Tehama	18/19	350,000	350,000	54161	RTP, Transit Planning, Sustainability Planning, Outreach

TOTAL 2,700,696.00

NUMBER OF DBES	divided by	NUMBER OF ALL Firms	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

ATTACHMENT B
RACE NEUTRAL MEASURES

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.

ATTACHMENT C



Caltrans 2014 Disparity Study for FTA Contracts

Final Report
December 14, 2014

APPENDIX J.

Qualitative Information from Personal Interviews, Public Hearings and Other Meetings

Appendix J presents qualitative information collected through in-depth personal interviews with transit services firms and from public hearings the study team conducted as part of the Caltrans disparity study in 2014. Appendix J also includes qualitative information that BBC collected as part of the 2012 Caltrans disparity study, and the 2013 San Diego-Imperial disparity study, which included San Diego Association of Governments (SANDAG), North County Transit District (NCTD) and Imperial County Transportation Commission (ICTC). That information includes information collected through in-depth personal interviews, public workshops, and public hearings. BBC only included information from the San Diego area study that is relevant to Caltrans contracting.

Appendix J is presented in 10 parts:

- **A. Introduction and Background.** Describes with whom the study team met to collect the information summarized in Appendix J and how that information was collected. (Page 2)
- **B. Background on the Transportation Contracting Industry.** Summarizes information about how businesses become established and how companies change over time. Part B also presents information about the effects of the economic downturn and business owners' experiences pursuing public and private sector work. (Page 4)
- **C. Doing Business as a Prime Contractor or as a Subcontractor.** Summarizes information about the mix of businesses' prime contract and subcontract work and how they obtain that work. (Page 34)
- **D. Keys to Business Success.** Summarizes information about certain barriers to doing business and keys to success, including access to financing, bonding, and insurance. (Page 60)
- **E. Potential Barriers to Doing Business with Public Agencies.** Presents information about potential barriers to doing work for public agencies, including Caltrans. (Page 77)
- **F. Allegations of Unfair Treatment.** Presents information about experiences with unfair treatment including bid shopping, treatment during performance of work, and allegations of unfavorable work environments for minorities and women. (Page 126)
- **G. Additional Information Regarding any Racial/ethnic- or Gender-based Discrimination.** Includes additional information concerning potential race- or gender-based discrimination. Topics include stereotypical attitudes about minorities and women

and allegations of a “good ol’ boy” network that adversely affects opportunities for MBE/WBEs. (Page 136)

- **H. Insights Regarding Neutral Measures.** Presents information about business assistance programs, efforts to open contracting processes, and other steps to remove barriers to all businesses or small business. (Page 146)
- **I. Insights Regarding Race- or Gender-based Measures.** Presents information about general comments about the Federal DBE Program and allegations of fraud concerning DBE certification. (Page 176)
- **J. DBE and other Certification Processes.** Presents information about the DBE certification process. It also presents information about advantages and disadvantages that subcontractors experience because of their DBE or MBE/WBE/SBE certifications. In addition, Part J presents information about false reporting of DBE/MBE/WBE participation and falsifying good faith efforts. (Page 192)

A. Introduction and Background

BBC conducted public meetings and in-depth personal interviews with transit services firms for the 2014 Caltrans disparity study. As part of the 2012 Caltrans disparity study, the BBC study team conducted in-depth personal interviews, public hearings and other meetings. Most of the information presented in Appendix J is based on information from 2012 with additional updates from the 2014 public meetings and interviews. During the interviews, hearings, and meetings, participants had the opportunity to discuss their experiences working in the local transportation contracting industry; experiences working with Caltrans and other public agencies; and perceptions of the Federal DBE Program.

In-depth personal interviews. The BBC study team conducted three interviews with transit services firms for Caltrans for the 2014 disparity study. Those interviews include perceptions and anecdotes related to those firms’ experiences working in the transit services industry in California, including experiences working with public agencies. The 2014 Caltrans interviews are designated by [C2014#]. All interviewees are identified in Appendix J by random interviewee numbers (i.e., #1, #2, #3, etc.).

The BBC study team conducted 41 interviews for Caltrans for the 2012 disparity study. Those interviews include perceptions and anecdotes regarding the DBE Program and the contracting and procurement policies, practices, and procedures of Caltrans. The 2012 Caltrans interviews are designated by [C2012#]. All interviewees are identified in Appendix J by random interviewee numbers (i.e., #1, #2, #3, etc.).

Additional anecdotal interview information from the 2013 San Diego-Imperial study was also included. The BBC study team conducted in-depth anecdotal interviews with 39 businesses and 2 trade association representatives in the relevant geographic area. The San Diego-Imperial disparity study interviews are designated by [SDI#]. All interviewees are identified in Appendix J by random interviewee numbers (i.e., #1, #2, #3, etc.).

Interview participants included prime contractors, subcontractors, suppliers, architects, engineers and trade and business associations which have a membership base of minority, non-minority and male and female business owners.

Interview participants were obtained primarily from a random sampling of businesses generated by BBC and were stratified by type of firm, location, the race/ethnicity and gender of business ownership and the DBE directory. Most of the interviews were conducted with the owner, president, chief executive officer or other officer of the business or association, and some were conducted with a representative. The interviewees are identified in the report by their random interview number.

Some of the businesses interviewed work exclusively or primarily as prime contractors or subcontractors, and some work as both prime contractors and subcontractors. Some businesses were MBEs, some were WBEs, and some were Caucasian male-owned. Some businesses were certified as DBEs or as disabled veteran-owned businesses (DVBES). All of the businesses were located in California.

Information from public hearings. Appendix J also summarizes oral testimony given in public hearings. These individuals responded to requests for comments about current marketplace conditions in California. As part of the 2012 Caltrans disparity study, individuals had the opportunity to give verbal testimony in person at public hearings held in all 12 Caltrans districts. In 2014, individuals had the opportunity to give verbal testimony in person at public hearings held in 5 Caltrans districts.

Individuals had the opportunity to submit written testimony to Caltrans as well. Caltrans received written testimony via mail, electronic mail and fax.

Public hearing participants represented businesses and organizations throughout the state. Their comments are identified by number with the [C2012PH] or [C2014PH] suffix designating oral testimony and the [C2012WT] suffix designating written testimony. For simplicity, Appendix J refers to both public hearing participants and those providing written testimony as “interviewees” in the same way as individuals interviewed at their businesses.

Finally, Appendix J presents information from four stakeholder discussion groups held with representatives of the California transportation contracting industry in 2012. Caltrans held two stakeholder meetings in February 2012 and two meetings in June 2012 with firm owners, industry leaders and others. Individuals participated in person and via telephone. BBC study team members chaired a “focus group” session as part of each meeting. Each session was more than one hour in length. Certain participants provided follow-up comments to the study team as well, which were also reviewed for inclusion in this appendix. Twenty-four individuals from outside Caltrans participated in these stakeholder meetings, sometimes attending more than one meeting.

As with participants in the public hearings, the study team numbered each participant in the Caltrans 2012 stakeholder meetings, using a suffix of [C2012SM].

One additional business owner requested that the BBC study team review written information that he submitted; this is included in the analysis of the RCJ claim made to Caltrans under Part C of the Appendix, which discusses perceptions of Caltrans.

The 2013 San Diego-Imperial disparity study encouraged business owners and others to submit written comments and testimony throughout the study process. Those comments appear throughout Appendix J and are identified by the suffix [SDIWT].

Trade association meetings and interviews. The following trade associations and business organizations agreed to be interviewed in connection with the 2012 Caltrans disparity study and report on the experiences, anecdotes, and perceptions of their members:

- Hispanic Chamber of Commerce;
- Young Black Contractors Association; and
- Asian American Architects and Engineers Association.

Appendix J refers to each interviewee based on an interviewee number with the suffix [C2012].

As part of the 2013 San Diego-Imperial disparity study, the study team also participated in meetings with the Imperial Valley Economic Development Corporation (IVEDC) and the Black Contractors Association (BCA). Both the IVEDC meeting and the BCA meeting provided opportunities for participants to discuss their experiences working in the local transportation contracting industry; experiences working with SANDAG, ICTC, NCTD, and other public agencies in Southern California; and perceptions of the Federal DBE Program. Comments that participants made in those meetings appear throughout Appendix J and are identified by the suffix [SDITA].

B. Background on the Transportation Contracting Industry in California

Part B summarizes information related to:

- How businesses become established (page 4);
- Fluid employment size of businesses (page 6);
- Flexibility of businesses to perform different types and sizes of contracts in different parts of the state (page 7);
- Local effects of the economic downturn (page 11);
- Current economic conditions (page 17); and
- Business owners' experiences pursuing public and private sector work (page 19).

How businesses become established. Most interviewees representing transit services, construction and engineering businesses reported that their companies were started (or purchased) by individuals with connections in their respective industries.

Most firm owners in the transportation contracting business come from people working in the industry or from public agencies involved in that work.

- For example, when asked about his personal experience in the transit services industry, the Caucasian co-owner of an uncertified women-owned transit services company said that he has run transit operations for cities before starting his own company, so he is familiar with how those systems operate. [C2014#1]
- The Hispanic American female owner of a non-certified transit services firm said that she started as an administrator at the firm and worked her way up to president of the company. [C2014#3]
- The Caucasian male owner of an engineering company explained how engineering firms are formed. "One, is economic downturn, where they have to go make a living ... that's usually the field guys. If they get into a management role, they have a better understanding of what it takes to run a business ... they see that they have enough clientele in their management role that the clients like them a lot and they [the clients] encourage them to leave. The other thing I see is working back with agencies ... if a person comes from that agency." [C2012SM#8]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated that he started in the industry as a sales person and is now the owner of his own company. [C2012#5]
- The Asian-Pacific American owner of a non-certified engineering company worked previously for a large engineering firm with the intent of earning his professional engineer's license. After gaining this professional certification he decided to start his own firm. [C2012#10]
- The Black American owner of an MBE-certified security company said that he was in the military until he was injured. After his discharge, he returned to school and trained as a forensic technician. He was employed by a Police Department until health problems made him unable to continue; he started working in the security field in 1989. [SDI#9]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that he started out working in a very large company, then left to go work for a smaller firm. "I always wanted to be part of a structure where I had some say in the way that a [firm] was run, and have some ownership." So he started his own company in 2007 and the firm became active in 2008. [SDI#12]
- The president of a non-certified Native American-owned engineering firm was previously a Surveyor's Tech at Caltrans. He said, "Me and another Caltrans employee quit and opened up [our firm], and that's the story." [SDI#15]
- The Caucasian male owner of a construction firm said, "I immigrated to the United States in 1985 and I had a background in construction. I met some friends here that had some concepts and we together planned to start a company in 1987 but my partners bailed out, so I did it myself." [SDI#20]

- The Caucasian partner in a DBE-certified engineering firm reported that the firm's three partners worked together at another engineering firm. He left that firm and was working as a consultant by himself and then the other two left and the three of them decided to start the business together. [SDI#24]
- The Operations Administrator of a WMBE certified consulting firm, said, "I worked at San Diego Gas and Electric for nine years as a designer. So I designed gas, overhead and underground electric systems. During that time I also learned from working with other utilities their engineering and design standards so that gave me this background as opposed to a pretty overall background." [SDI#30]
- The Caucasian female owner of a WBE-certified trucking company said, "a friend of mine told me about a lady who was looking for a dispatcher and I went to work for her about 5-6 years and learned the business. She was an elderly lady and she sold the business. I then went on to work with several other trucking companies, but they went out of business too...then my husband said now it's time to go into business for yourself." [SDI#36]

One interviewee explained that perceived incentives for DVBEs was one factor that encouraged starting their business. The Caucasian male owner of a DVBE-certified construction company said that prior to starting the company he was a federal employee and project manager doing environmental restoration. "Then, about 8 years ago, the Federal government recognized disabled vets as a set-aside, so I took my government contract expertise and started [the company] to help meet the...disabled vet goals," he said. [SDI#14]

Fluid employment size of businesses. The study team asked business owners about the number of people that they employed and whether their employment size fluctuated.

A number of companies reported that they expand and contract their employment size depending on work opportunities, season, market conditions, or other factors. Examples of those comments include the following:

- The Caucasian male president of a certified majority DVBE said that although all construction firms are facing a weak market, his company has no business at this time and he had to lay off all his employees. [C2012#28]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that due to the economic downturn, they had to shrink their company dramatically. She said, "We used to have 12 full-time employees, now we only have one along with a few part-time employees we use on a contract basis." [C2012#11]
- The Black American female owner of a DBE-certified construction and hauling company stated that her company currently has 8 trucks and about 10 employees that they keep busy on a seasonal basis. [C2012#9]
- The owner a certified Black American-owned construction firm said that his crews tend to range from 16 to 17 guys on the high end or three to four guys on the low end. He said that members of his crew are not full time but on an as-needed basis. [SDI#1a]

- The owner of a majority-owned goods and services firm said that there are 25 employees who currently work at his company. He said that this number of employees has gone down as technology has improved. He said, “When I started this business, there was no automation. Now we have computers [and] we have CNC equipment. So at one point, doing less business than we are, we had over 30 employees. Now, with automation, we’re doing much more business with much less employees.” [SDI#11]
- The male Caucasian owner of a DVBE-certified construction company said his firm no longer has any permanent employees aside from himself and his business partner. He said they cater to the demands of the job, employing anywhere from eight to 35 people. He said, “Once you finish the job, you don’t need to be around anymore. We don’t have any full-time employees.” [SDI#32]
- The owner of a certified Native American-owned construction firm indicated that his firm used to have more employees, but he now works alone. [SDI#4]
- The Senior Engineer for a non-certified minority-owned engineering firm said that business is down due to the economic recession and remains down, with the San Diego office being most severely affected. He said they had approximately 28 employees at the San Diego office in 2007 and currently have seven. [SDI#5]
- The Black American owner of an MBE-certified security company said the company was started in 2005 and maintains an average of about 30 employees. He says that the number of employees has been lower since the recession. [SDI#9]
- The female owner of a certified environmental consulting company stated that her biggest business challenge is related to the fluctuations in the marketplace. She reported that her firm depends on the residential and commercial development industry; therefore, when the economy is slow, it is challenging to keep employees busy. She said, “[You have to] keep enough employees to get the work done, but you can’t have too many people so you have people sitting around on overhead.” [SDI#13]
- The Operations Administrator of a WMBE-certified consulting firm said his firm now has about five employees, down from 12. [SDI#30]
- The Caucasian project manager of a HUBZone-certified construction company said that the number of employees is currently about 40, but has been as high as 75. He said that the drop in number of employees was in response to market conditions. [SDI#35]

Flexibility of businesses to perform different types and sizes of contracts in different parts of the state. Interviewees discussed types, locations, and sizes of contracts that their firms perform.

Many firm owners reported flexibility in the locations and sizes of contracts that their firms perform.

- Many firm owners reported working state-wide. [For example, SDI #19a, #27, #33 & #37]

- A few firm owners reported working in California and other states. [For example, SDI #10 & #20, C2012 #1 & #26]
- A number of firm owners reported working throughout Southern California [For example, SDI #18, #24 #25, #30, #34 & #36]

Examples of specific comments include the following:

- The general manager of a certified Black American-owned construction firm said that the firm has gone after work “as far up as Monterey, California.” He continued to say that the firm will do work in “Northern California or all of California.” [SDI#1b]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated that, “We will seek out business from Los Angeles to Orange County, all parts of the inland empire, and Temecula to Glendale to Irvine.” [C2012#5]
- The Black American female owner of a DBE-certified construction and hauling company, stated that their firm is headquartered in Vacaville but that they have locations in Modesto and Dixon as well. [C2012#9]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that she and her department support the San Diego headquarters, and also outlying offices in North Carolina, Virginia, Maine, Texas and other locations. [SDI#7a]
- The owner of a WBE-certified engineering firm stated that her firm’s primary office is in San Diego, and that the firm employs eight staff in San Diego and five in St. Louis, Missouri. She also said that the firm has business nationwide, as well as a project that was completed in Afghanistan. [SDI#10]
- The owner of a majority-owned goods and services firm said that when he is out in the field installing signs, his company is considered a contractor, but when his firm is making signs his company is considered a manufacturer. The range for his business as a manufacturer differs greatly from his range as a contractor. He said, “We’ve manufactured and shipped signs to every state in the union. We do national work on that level. When we’re contractors...we’ve worked as far north as San Francisco, but that was for a customer willing to pay us to go there and work there. So it’s pretty much regional. Southern California.” [SDI#11]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that the firm typically conducts business in San Diego and Orange County with limited work in Northern California. [SDI#16]

Other companies said that they prefer to perform projects close to their businesses, but will travel to worksites when necessary. For example:

- The Caucasian male estimator at a non-certified woman-owned trucking company said that they typically seek/obtain business throughout California but mostly in the Central Valley region.

However, he said that they will provide services to Antioch, Livermore, Sacramento, and the foothills region if it is profitable. [C2012#17]

- The Asian-Pacific American owner of a non-certified engineering company offers his services throughout the state but focuses on the central portion of the state. He said, "I will travel where the work is but I prefer to be closer to home and focus my efforts on being able to do this." [C2012#10]
- The owner of a certified Native American-owned construction firm said that he will pursue work as far away as Riverside, California. He said that this is the farthest he will typically go for work. [SDI#4]
- The Caucasian female owner of a WBE-certified construction company said that the company operates between San Diego and Los Angeles. [SDI#8]
- The Black American owner of an MBE-certified security company said that he has plans to extend his search for business beyond San Diego County and into Orange County and Los Angeles to better his chances of winning contracts. He said, "San Diego gets really small." [SDI#9]

Some firm owners indicated that their companies perform both small and large contracts. For example:

- The Caucasian male estimator at a non-certified woman-owned trucking company said that his company offers hauling services with contracts/orders ranging from \$2,000 to over \$500,000. He said, "Basically, if it needs to be hauled and we have the equipment, we will do it." [C2012#17]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated that they will go after contracts up to \$5 million, but added, "There is nothing too small." [C2012#14]
- The Asian American owner of a DBE-certified engineering company said that the size of his company's projects ranges from about \$20,000 (which is most typical) to more than \$1 million. [SDI#3]
- The owner of a majority-owned goods and services firm said that his company will take contracts "from \$0.5 million on down." He said, "We take orders for \$300 if we need to." [SDI#11]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that the size of their contracts range between \$20,000 and \$25,000 and can go up to \$100,000. He stated that they also have contracts as low as \$5,000. He went on to say that with the Port of Oakland army base, "total billings were well over \$1 million." [SDI#12]
- The Caucasian male owner of a DVBE-certified construction company said that the size of contracts his company performs on range from about \$50,000 up to \$5 million with the majority between \$250,000 and \$1.5 million. [SDI#14]

- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that the firm's contracts range from \$12,000 to \$250,000. [SDI#16]
- The co-owner of a WBE-certified construction firm said that the firm tends to go after work "from \$5,000 to \$20,000 and up to \$40,000 contracts. We have done bidding up to \$1 million." [SDI#18]
- The Caucasian female owner of a WBE-certified trucking company stated that the range of the cost of contracts "can run from \$350 to over \$1 million." She added, "We can work on small contracts where a homeowner needs a truck to haul off materials on a renovation to big projects up to \$1 million...depending on what the job is requiring." [SDI#36]

Some business owners noted that their financial resources affected how large of contracts on which they typically bid. For example:

- The Hispanic male owner of a non-certified construction company said that they typically do small to medium sized irrigation and grading projects. He said, "The work we do depends on the customer needs, but we'll do anything if we have the right equipment but really big jobs are prohibitive because of bonding." [C2012#22]
- The owner of a certified Native American-owned construction firm said that he does not bid on projects as a prime contractor because his business does not have the capacity to do the work for these projects. He said, "They're just too big." [SDI#4]
- The Caucasian male owner of a DVBE-certified construction company said, "We went into working on military bases as a subcontractor because those contracts were way too big. I can't bond \$40 or \$50 million jobs. It's just too much. So I became a subcontractor even though I have a general contractor and engineering contractor's license. I am a poor man. So I could not do those big jobs." [SDI#32]

Other business owners reported that they typically only perform small contracts. For example:

- The owner of a certified Native American-owned construction firm said that he tends to go after any contract that he feels he is able to successfully complete. He said that he will pursue contracts from \$1,000 to \$20,000 in size. [SDI#4]
- The female owner of a certified environmental consulting company reported that her firm's contracts "range from a \$1,000 archaeology project to an environmental-impact report that is \$390,000." She reported that usually they are in the \$2,000 to \$30,000 range. "We usually don't have the million dollar contract," she said. [SDI#13]

Some transit services companies reported that they work primarily in the transit services industry. For example:

- The Hispanic American female owner of a non-certified transit services company said that her firm does not do any type of work besides transit services. [C2014#3]

- The female manager of a majority-owned transit services firm said that the company does not do anything other than transit-related services, but that the owner is “trying to branch out” into other types of work. [C2014#2]

Some companies reported that they work in several different fields, or that they had changed primary lines of work over time. For example:

- The Hispanic male owner of a non-certified construction company said, “We started doing irrigation trenches and grading and slowly built up our business by buying bigger equipment as we became more established.” [C2012#22]
- The general manager of a certified Black American-owned construction firm said, “We’re primarily earthwork, site demolition, and construction concrete contracting.” He went on to say that this work is “mostly the same” from year to year, unless the firm works as a prime contractor. [SDI#1b]
- The owner of a certified Native American-owned construction firm said that he is having trouble keeping some of his business in his traditional practice areas. Because of this, he has started expanding his work into other areas. He said, “I’m starting to turn into the manufacturing of concrete dyes and stains. The big companies take over all of my work, so it’s time to move on.” When asked if he will continue to try to work in his traditional practice areas, he said that he would likely continue for a while because he has a client base that he would still work for. [SDI#4]
- The female Hispanic Operations Manager of a DBE-certified towing company says that, in addition to towing, the company does repairs on cars, motorcycles, and trucks. [SDI#2]
- The Black American owner of a DBE-certified security company said the company provides security guards but also has a sideline business installing and maintaining security equipment, which is currently about 5 percent of the business. [SDI#9]
- The co-owner of a WBE-certified construction firm said, “We do general contracting, general construction, which covers almost everything. We do water and mold remediation. That’s been the big one we’re trying to get going but it’s very difficult. We also do build backs if there’s mold, fire, or water damage. We go from cleaning it all up to putting it back to normal.” He also reported that general construction has been struggling over the past five years. Water and mold remediation accounts for 100 percent of [our] work right now,” he said. [SDI#18]

Local effects of the economic downturn. Interviewees expressed many comments and concerns about the economic downturn.

Most interviewees indicated that market conditions since 2008 have made it difficult to stay in business. Examples include:

- The Hispanic male owner of a non-certified construction and concrete business reported that since 2008 the market has been tight. It is very hard to stay in business and it is hard to make money on public projects. "You lose money before you even start," he said. [C2012#1]
- The Caucasian male owner of a concrete and landscaping company said that local market conditions were characterized by low demand. He said that he had experienced a decline in revenue every year over the past five years. [C2012#29]
- The Native American owner and president of a non-certified electrical contracting business said that his firm's decline in growth has been due to the bad economy. "This is similar to the rest of the industry. Times are tough," he said. [C2012#8]
- The Black American female owner of a non-certified trucking company mentioned that the growth had been consistent until the last few years. She stated, "This is the worst stretch of work since I have been in the business since 1979." She added "As the economy got worse, it just went downhill for us and others like us." [C2012#13]
- The Black American male owner of a certified DBE telecommunications company said that the market is not great right now. He said, "I'm barely keeping my head above water right now but there are opportunities out there. I would like to make all the work I did to get certification worthwhile." [C2012#18]
- The Caucasian male owner of a DVBE-certified highway construction company mentioned the overall market conditions now are not strong. He stated, "The market is not good now. Profit margins are way down from where they were seven to eight years ago. I had to make the move into the highway market due to the housing bust." [C2012#21]
- The Hispanic male owner of a non-certified construction company said that his firm's growth has been stagnant. "It is really tough right now to get business but we manage to stay busy." He said that the current environment is very difficult for small businesses - "[w]e can't get any work, it seems like the big firms get everything." [C2012#23]
- The general manager of a certified Black American-owned construction firm said that the struggling economy makes it tougher for prime contractors to stay afloat. He explained how this results in prime contractors being more willing to skimp on payments or change orders with subcontractors. The general manager said that this mentality is being taught to the students he goes to school with. He says that it is being taught this way "because they make more money doing that...because they can spend less time when they don't have to worry about this change or that change." He also said, "It's less of a headache; they spend less time going to the owner asking for more money. The industry just teaches that." The owner of the firm added, "[The prime contractors] don't want to go to an owner of a project for a subcontractor to get more money...it's not good for them to get on the next project." [SDI#1b]
- The owner of a certified Native American-owned construction firm said that when he started his business eight years ago, business was good. He said that due to the economic downturn,

his work has become scarcer. He said, “We had a bunch of trucks, and now I’m just down to one. It’s just me.” [SDI#4]

- The female Hispanic Operations Manager of a DBE-certified towing company says the company is struggling to compete, even though it dropped the price of some services by 50 percent when the company changed ownership. She said that potential customers call for services and, when prices are quoted, tell them “Oh no, I can’t afford that. I’ll go to [Tijuana] instead.” [SDI#2]
- The owner of a majority-owned goods and services firm said that the economic downturn hit his industry very hard. He said, “Up until the economic downturn, you could grow as much as you could afford to grow. Very few businesses were unscathed through the process of the downturn. It’s been hard to see any real lasting trend of improvement. We’ve adapted...more successfully than some of our competitors and maybe not as successfully as others. For us it hasn’t been great, but it hasn’t been bad. The good news is that this year and part of last year, the private work is starting to come back. For us, the private work is going to give us the opportunity to grow.” [SDI#11]
- The female owner of an environmental consulting company stated that the economic downturn of the past several years impacted her firm. She said, “For the past seven years people haven’t been moving forward with development projects so they weren’t doing [environmental impact reports].” [SDI#13]
- The Caucasian male owner of a construction firm said, “Since we have innovative products we used to have more rapid growth than most companies but during the recession, we went down like everybody but I was able to keep the company alive by cutting back my pension and not taking salaries. My son who is also a P.E. took a pay cut.” He continued, “Nobody in the government takes pay cuts. Nobody in government says no. The underlings get \$1, the supervisor gets \$2 and the politician gets \$1,000. On a scale of 1-3, it’s totally unfair. In the industry, at least 50 percent of subcontractors filed for bankruptcy.” [SDI#20]
- When asked what size of contracts his firm generally pursues, the Operations Administrator of a WMBE-certified consulting firm said it has been a “struggle just to keep the doors open.” He added, “We wouldn’t touch anything for less than \$5,000 and that [was] just the basic service type thing. Our largest contract was close to \$1 million and that was for Liberty Station over in Point Larimer. ... That was years ago. So we’re starting to see a little bit of movement and we are moving forward but not nearly the way we should.” [SDI#30]
- The Caucasian estimator at an SBE-certified construction company said that the company has been affected by the recession and is working on a much smaller profit margin than it formerly did: “If a crane breaks, we’re in trouble.” [SDI#33]

Changes in equipment and especially fuel costs make it harder to obtain work due to the increased overhead. For example:

- The Black American female co-owner of a non-certified construction and hauling company indicated that her company has seen a 50 percent drop in revenue from 2003 to present

because of market conditions. “We were doing \$1.5 million per year in 2003 but now we are only doing half that because of the economy” she said. She added that the key changes in marketplace conditions are primarily related to the price of fuel and associated overhead. “The price of fuel has changed everything. We have fewer employees and the employees we do have are paid less. We have to go where the work is and change our business to go where there is work.” She added that bigger carriers have begun to push out the smaller carriers as a result of the economy. [C2012#7]

- The Black American female owner of a DBE-certified construction and hauling company said that marketplace conditions are very difficult right now. She said, “Fuel costs are huge and we are at the mercy of retail fuel costs. All materials are more expensive now and our margins are shrinking as a result.” [C2012#9]
- The Hispanic male owner of a non-certified construction company said that he has seen changes in the marketplace conditions. He said, “Things seem to be picking up now but since 2008, it has been really lean. The lack of work and rising costs for everything from materials and equipment to gas make it hard.” [C2012#22]

Many business owners and managers said they have seen much more competition during the economic downturn. They reported that more competitors are going after a smaller number of contracts in specific fields, with substantial downward pressure on prices. Larger firms have been bidding on work that typically went to smaller firms. Both construction and engineering companies have been affected.

- The Hispanic American owner of a DBE-certified highway construction business said, “As the market has gotten horrible in the last three or four years, it’s gotten horrible for the prime contractors but for the subs as well. What it’s forced people to do, is people come from other markets into the highway construction market ... including Caltrans ... that used to do, whatever, commercial buildings or residential ... they’re just trying to figure out a way to make a living, to survive.” He also said that, because prime contractors are trying to survive, they are taking on work that, historically, would have been subbed out. This further reduces the amount of work available to subcontractors. [C2012SM#12]
- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that the marketplace is very difficult and competitive right now. He mentioned that the public sector work is extremely “cut throat.” He stated that it is extremely tough to be competitive and there is incredible competition. He stated that “business is difficult for all businesses right now and many larger firms are low-bidding many contracts.” [C2012#4]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “There have been many changes in our market. Many more competitors are doing the same thing. Primes have started to do the same thing, they want to do all the work.” [C2012#12]
- A Hispanic American contractor and representative of the Hispanic Contractors and Suppliers Association reported that many members of his organization have gone out of business. “Most of the guys who are contractors grew up in the trades that matriculated into

businesses.” He went on to say that they need assistance regarding the difficulties of being a contractor today. He reported that being a contractor today is very difficult, with extreme competition. “There’s a lot of guys working out there for no profit ... just trying to break even and keep people working.” [C2012SM#1]

- The Hispanic female owner of a non-certified asphalt paving company said that general marketplace conditions are like the rest of the economy — slow. “For one thing, everything is really slow. Big companies have cut back and are either competing for our work or doing more stuff in-house that they used to sub out to us. Big companies are trying to run us out of business.” She added that she has “used almost all of my savings to keep the business running. We can hold on for a while longer but we could go broke if things don’t turn around soon.” [C2012#24]
- The female Hispanic Operations Manager of a DBE-certified towing company said, “Because we’re so close to the border, a majority of the people just [say] ‘Oh, I’ll go to Mexico instead.’ So we deal with the poverty here in San Diego right now, and we’re competing against TJ.” [SDI#2]
- The Asian American owner of a DBE-certified engineering company indicated that there is a lot of competition in the local engineering industry right now and not enough work to support it. He said, “There’s quite a bit of competition [and] not too many RFPs/RFPs that come out these days compared to, let’s say, three years ago.” [SDI#3]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said the market over the past few years has been “miserable.” She said, “It’s been a really tough slog the last five years. Companies...at every level have been contracting as a result of the economy.” [SDI#7a]
- The Black American owner of an MBE-certified security company said part of the slowdown in business for his company is due to the economy, but that “most of it is they found somebody who is way cheaper than you are who does it for almost free.” He gave the example of a competing company that employs immigrant workers who live on the job site and work for very low wages. [SDI#9]
- The owner of a WBE-certified engineering firm stated that her company has grown substantially since it started: “We’ve tripled our revenue every year since we started. This year, we’ll probably flatten out.” She was unable to compare her company growth to others: “I don’t know a lot of companies that do what we do except for the big guys... it’s a tough competitive market.” She stated that due to budget cuts, some big players are competing against them for smaller contracts (i.e., \$300,000 to \$400,000 size). [SDI#10]
- The co-owner of a WBE-certified construction firm said that the economy has been the biggest challenge for his business. He said, “The big companies are the ones getting the work and not the small guys.” He reported that big companies charge more. He explained, “For example, I can’t compete against a guy who shows up to a job in a Pinto and tools. Just like I can’t compete against a big company with 20, 30, 40 trucks. I might be able to give a lower

price, but I don't have the backing. We just try to provide a more personalized approach to our work." [SDI#18]

According to interviewees, a few businesses may have survived because they were well-capitalized going into the economic downturn and reduced their overhead during the recession. For example:

- The president of a non-certified Native American-owned engineering firm said, "Some firms that weren't financially set had to close their doors during this downturn. The last downturn we had, back in the early '90s, 40 companies who do what I do folded up and merged with other companies, or left the state and some entered into another profession altogether. That weeded out a lot and that's what helped us to stay in business. We kept a skeletal staff with low overhead. That was the only way we survived." [SDI#15]
- When asked how his company survived the economic downturn, the vice president of a WBE-certified Hispanic construction company said, "We are using a lot of savings at this time. We are waiting for the large job that we just got, but it was postponed for budgeting situation with the federal government. We are at this time using savings and back-ups." [SDI#37]

A few business owners and managers said that their companies did not see a decline in work due to the economic downturn. For example:

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that "generally speaking, the marketplace conditions are good for our company in our local area." She also stated that "things are slowly turning upward for many companies in the area." [C2012#6]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that the growth of his company is better than other similar companies. He stated, "We are moving ahead while others are downsizing." [C2012#14]
- The Hispanic female partner in a non-certified consulting firm said that there is more demand for her company when the economy is weak and larger firms lay off personnel. [C2012#25]
- The Caucasian principal of an energy company stated that marketplace conditions are solid with the sustainable energy market but that conditions are much more difficult elsewhere. [C2012#2]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said, "For us, we've been fortunate in getting the work we have." He reported that work in the private sector has picked up and his firm has been awarded a contract in Chula Vista for work on a power plant. He went on to explain that this work is with a private company and the work will continue for one year. He said that, for his firm, "the marketplace has been good...but I'm aware that some firms have been struggling." [SDI#12]

- The Caucasian partner in a DBE-certified engineering firm reported that the economy was bad in the past few years but the down economy helped his firm because they were small and they could do things that the large firms could not do. He said that his firm's success during the recession was opposite of the industry because of the niche that they have. [SDI#24]
- The manager of a publicly traded engineering firm reported that the firm didn't lose much work during the economic downturn and they are now growing again. They are hiring one to two people per month. [SDI#26]
- The Caucasian female owner of a WBE-certified trucking company stated that the economy has not had much of an impact on the growth of the company. She stated that "the economy is so up and down and we prepare for that. ... That's really not a problem. ... It's usually just me in the office and my drivers are out on the road." [SDI#36]
- The Native American male owner of non-certified environmental consulting firm said, "Actually we have expanded throughout the [recession]. We started out – my partner and I and two employees – the day we started the company and before we knew it, within let's say about a year and half, we had 10. That was 2008 I recall, and now we are up to 20. We've been as high as 24." [SDI#38]

Current economic conditions. Some business owners and managers said that economic conditions were improving. For example:

- The Black American male president of a certified electrical company stated that marketplace conditions have been slow. He said, "It's all been slow the last year. But, now things do seem to be picking up." [C2012#37]
- The Caucasian female principal and partner of a WBE-certified environmental consulting firm said that marketplace conditions were "difficult — depressed." However, she added that she saw some signs of hope. [C2012#38]
- The Black American owner of a DBE-certified construction firm said, "Things are really sluggish right now." He went on to say, "It's better than it was five years ago." The financial officer of the firm added, "It's better, but it would be nice if it were more consistent." [SDI#1a]
- The owner of a certified Native American-owned construction firm said that the marketplace for his line of work is starting to recover from the effects of the economic downturn. He said, "It's getting better. It's healing itself now." He went on to say that "more work and more bids are happening. It'll never be like it was, but it's on its way. People who survived the downturn will survive." [SDI#4]
- When asked what it takes to be successful in his industry given the current marketplace conditions, the owner of a majority-owned goods and services firm said, "I think that's a real fluid situation. Again, I think the people who succeed are the ones that can either find

the niche or find the opportunities...and find the people who are willing to negotiate to get the kind of product you want to deliver.” [SDI#11]

- The female owner of an SLBE-certified environmental consulting company reported that development projects are on the rise. “Like right now, all of a sudden everybody has decided, ‘Okay, I think the economy is looking up,’ so everybody, boom, wants to do stuff right now,” she said. “There are various city projects that are happening right now. That balancing act [staffing] is one of the big challenges.” [SDI#13]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said, “The economy is improving, so you’re seeing more projects coming up for bid.” [SDI#16]
- The manager of a publicly traded engineering firm reported that the marketplace is slowly starting to change. Things are starting to come back and they’re seeing a few more solicitations. [SDI#26]

Other business owners and managers said that they have not yet seen an upswing in market conditions. For example:

- The female Hispanic Operations Manager of a DBE-certified towing company feels that the market for the towing business is tough “because people don’t have money.” [SDI#2]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that even in the federal sector, which is usually more consistent, “the effects of the sequester and the dysfunctional Congress was pretty debilitating.” She said that the firm had planned its graduation from the 8(a) program to include about \$20 million worth of “direct-award” work to get them through the first year of not being an 8(a), “...and that was all frozen with the sequester.” She said the firm ended up with about \$2.5 million out of an anticipated \$20 million. [SDI#7a]
- The Caucasian female co-owner of an SBE-certified construction company said, “In 2013 [the firm] had no projects, so [the market] is pretty bad. We had work in 2012 and 2011—a couple of small projects—so the market has been tough.” She added that the market for their type of work is down because of the economy: “There just aren’t any new housing projects out there.” [SDI#34]
- The vice president of a WBE-certified Hispanic construction company said, “Actually we started in a very bad time in construction, 2007, but the first year was about two, three hundred thousand a year, and then in the past several years it’s been five to six hundred thousand. In 2013 it was very slow, only two hundred thousand.” [SDI#37]

Business owners' experiences pursuing public and private sector work. Interviewees discussed differences between public and private sector work. Many firms reported flexibility to work on both public and private sector projects. For some, the mix of work was stable. Some firms tended to be increasing their amount of private sector work. The amount of public sector work was growing for others. Changes in the mix of work for these companies were primarily due to stronger or weaker demand for work in the private or public sector.

A number of interviewees noted that the slowdown in private sector work resulted in more companies pursuing public sector work. For example:

- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that the trend is moving towards the public sector as the private sector work has dried up. He mentioned that three years ago there was a lot of private work but that “developers have no money.” [C2012#4]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated, “The public sector is growing faster than the private sector for our type of work.” [C2012#14]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, “Public is doing all the work. Private is not spending money now.” [C2012#15]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that most of the company’s work comes from public sector. He said, “Commercial work has almost completely dried up and only public sector-related work is available.” [C2012#17]
- The Hispanic male owner of a non-certified construction company said that marketplace conditions are better in the public sector. He said, “It is the same type of work but there is no private sector work now. I prefer to work in the private sector but it is so competitive and cutthroat now because of how slow it is. The opportunities just aren’t there anymore.” [C2012#23]
- The Caucasian male president of a certified majority DVBE said, “Private sector work has dried up. Now everyone is competing for public sector work. People are coming here from out-of-state. I doubt that they meet California licensing and insurance requirements.” [C2012#28]
- The Caucasian male owner of a concrete and landscaping company characterized market conditions in the private sector as slow. He reported that there was plenty of work in the public sector, but there was considerable competition for public sector work. [C2012#29]
- The Caucasian male president of a certified micro grading, concrete, and paving business said that there has been a trend from private sector to public sector work. He said that the company’s work was 90 percent private, but is now 90 percent public because of the weak economy. [C2012#30a]

- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, "Private work isn't there. Public work is available, but cumbersome to submit bids." [C2012#32]
- The owner of a majority-owned goods and services firm said that before the recession, his company worked mostly in the private sector. He said, "We did very little public work until four years ago. The public work for us coincided with the downturn in the economy." [SDI#11]
- The project development manager of a majority-owned asphalt firm said, "Private sector work is down some, and one of the biggest areas is agency work but it's awfully tough to get right now just because of the number of bidders." [SDI#27]
- The Operations Administrator of a WMBE-certified consulting firm stated that his firm used to work half in the public sector and half in the private sector, but that now it is split about 95 percent public and 5 percent private. He said the change was caused by the economy. He said that land development dried up, but that it is warming up again. [SDI#30]
- The Caucasian project manager of a HUBZone-certified construction company said that approximately 70 percent of the company's present mix of work is in the public sector. He said, "Private is pretty slow." [SDI#35]

However, some interviewees reported that the marketplace conditions are similar in the private sector and in the public sector. For example:

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "The market is fairly similar for the private and public sectors. We don't see much difference when it comes to pavement grinding." [C2012#12]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that there are no real differences in the private and public sectors but he said that it is much more price competitive now with larger firms. He said, "Other big companies can out-bid us and come in so low that we can't compete. The big guys who manufacture their own aggregate and sand can bid a lot lower than we can because we are at the mercy of the retail market for the same stuff they manufacture. We can't compete with that." [C2012#19]
- The Black American male owner of a certified concrete company said, "The market is very soft and getting slower. It is the same for both the public and private sectors." [C2012#33]

Some interviewees reported fairly equal work in the public and private sectors. For example:

- The Asian-Pacific American owner of a non-certified engineering company mentioned that his work is the same regardless of public and private sector contracts. He said, "My design work ends up being split fairly evenly, 50/50, between the public and private sector." He stated that there have been ebbs and flows over the last few years between public and

private sector work with no specific trend either way. He added, “My mix of work does vary across the years but generally doesn’t change much.” [C2012#10]

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “Most years our work is split 50/50 between public and private.” [C2012 #12]
- The Black American female owner of a non-certified trucking company stated, “I would estimate that it is 50/50 when it comes to the split between public and private sector projects.” [C2012#13]
- The Caucasian male owner of a demolition and loading company mentioned that his work is split fairly evenly between the public and private sectors. He stated, “More recently I have done more private sector work but overall the split is about even and tends to be that way most years.” [C2012#20]
- The Asian-Pacific American male owner of a certified engineering company said that his work is 50 percent public sector and 50 percent private sector. [C2012#36]

Some interviewees reported that most of their work is in the private sector. A number of interviewees, including minority-, women- and majority-owned firms, indicated that they are moving more to private sector work. Transit services companies indicated that they work primary in the private sector. For example:

- The Hispanic American female owner of a non-certified transit services firm said that her firm has never worked with public agencies in California. [C2014#3]
- The female manager of a majority-owned transit services firm said that the firm has “not worked with the government yet.” When asked the firm is interested in working with the government in the future, the female manager of a majority-owned transit services firm said that the owner “is interested in every type of work.” [C2014#2]
- The Caucasian owner of an uncertified women-owned transit services company said that his company has bid on Caltrans work in the past, but he said that his bid was unsuccessful. He stressed that public agencies tend to prefer to hire other public agencies to perform bus services. [C2014#1]
- The Hispanic male owner of a non-certified construction and concrete business stated that most of his work comes from the private sector. He added that the trend in the marketplace has been “more toward private sector because of the tight margins in the public sector.” [C2012#1]
- The Caucasian principal of an energy company stated that currently 90 percent of his work comes from the private sector. He said, “Our work is trending towards the private sector as we feel like we are unable to compete for public sector jobs due to the bureaucracy.” He stated that “it is easier to work in the private sector and there has been more business there in recent years.” [C2012#2]

- The Caucasian male owner of a concrete and construction company said that the trend has been more toward private sector work. He said that in his first year in business, they did 70 percent private sector and 30 percent public sector work. He said that now it is almost all residential, private sector work. He said, "I have bid on some public sector work but my success rate hasn't been too good." [C2012#3]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, "The largest portion of our work is residential, private sector work." [C2012#5]
- The Hispanic female owner of a non-certified asphalt and construction company indicated that the trend lately has been more toward private sector work. She said, "I think it is due to the economy and that a lot of private businesses seem to be doing better and need work done now that they put off for the past few years." [C2012#24]
- The Caucasian male owner/operator of a certified small majority-owned road grading business said, "[Marketplace conditions are] better in the private sector because the jobs are the right size. There are probably five companies in the area that dominate all that public sector work. They're geared up and sized up for it. You don't see many small public projects." [C2012#31]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American-owned electrical contractor said that his work is 100 percent private sector, there has been no trend toward or away from private sector work, and the mix of work does not vary year by year. [C2012#32]
- The vice president of IVEDC said about 70 percent of his association's members' work comes from the private sector. He said, "I think it [has] changed as a result of the recession. The public sector has less money now to do the projects. So there are projects proposed but they haven't been pulled for quite a few years. Like water and wastewater projects and other ... projects." He added that many businesses in the area have been lost or have had to downsize as a result of money in the public sector drying up. He said, "We are bringing huge private projects in and they've had to downsize to the point where they can't ramp back up to perform on these large projects that we bring to them. They don't have the manpower. They don't have the access to capital. Or materials for the project. It's been very difficult. They also don't have insurance and bonding capacity enough anymore to work on these large projects. When I say large projects, I mean \$500 million projects." [SDITA#2]
- The Caucasian woman owner of a WBE-certified trucking company stated there's been more of a trend for her business toward the private sector. [SDI#36]

Some interviewees reported working predominately in the public sector. For example:

- The Black American female owner of a DBE-certified construction and hauling company said that the trend has been more toward public sector work. She said, "The type of work we do seems more geared to public sector and we don't see that changing." [C2012#9]

- The Caucasian female owner of a federally-certified woman-owned engineering business said that 85 to 90 percent of their work is performed in the public sector. [C2012#11]
- The Caucasian male owner of a DVBE-certified highway construction company mentioned that he does work solely in the public sector. He stated, “100 percent of our work is in the public sector. We use our DVBE certification as often as possible.” [C2012#21]
- The male vice president and treasurer of a non-certified Caucasian woman-owned construction company said, “90 percent of our work is public. We’ve been getting more public work in the last three years.” [C2012#27]

A few transit services interviewees felt that public work is very hard for private transit services firms to win. For example:

- When asked about attempts at obtaining public work, the Caucasian co-owner of an uncertified women-owned transit services company said, “We have put two requests for funding in the last two go arounds, and we’ve been refused on some very minor issues. [Public agencies] just won’t release the money for use by private enterprises.” He went on to say that California is the worst state for private enterprises to participate in public transit contracting. He said, “There is a lot of [public] money not tapped by private industry.”

He went on to say that it is a struggle for charter bus companies to win public work. He said, “The biggest thing that’s grinding on all of the bus companies in California is that we are never entitled to any [public] money to develop our companies [and] to develop line runs.” [C2014#1]

- When asked what kind of disadvantages her firm experiences as a small business, the Hispanic American female owner of a non-certified transit services firm said that her firm has to pay a fuel tax that public agencies do not have to pay. She said, “[My firm] cannot compete with companies that don’t pay fuel tax.” [C2014#3]

Several interviewees reported that they preferred private sector work over public sector work.

Some of the comments indicated that performing private sector contracts was easier, more profitable, more straightforward, and included less paperwork than performing public sector contracts. For example:

- The Hispanic American female owner of a non-certified transit services firm said that her firm has tried to get work with public agencies in the past, but that there are too many “hoops to go through.” [C2014#3]
- The female manager of a majority-owned transit services firm said that the owner of the company has not tried to bid on government projects because he does not know how to. She said, “He would need some information on how to do that.” [C2014#2]
- The Hispanic male owner of a non-certified construction and concrete business said public sector work has not been a good experience. He stated that the “bidding process was

horrible. Bids and proposals took a lot of time and expense. Poor margins led to losing money on nearly every public sector job.” [C2012#1]

- The Caucasian principal of an energy company stated that in his experience attempting to get work in the public sector is lengthier and more work intensive. He stated that “it is easier to get work in the private sector as it is much less cumbersome and has less hurdles to overcome.” He stated that his firm is “unable to compete for public sector jobs due to the bureaucracy. The amount of time required for a public sector bid is shocking.” [C2012#2]
- The Caucasian male owner of a concrete and construction company said that he knows the process is different between public and private sector. He said, “I’m still trying to understand the public sector. It is harder because the public sector usually just takes the lowest bid which isn’t always the best bid. In the private sector we just give them a bid, but in the public sector, we have to break out the costs a lot more. These take a lot longer to finish because I have to educate myself [on the process].” [C2012#3]
- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that it is easier to get private sector work because the “government wants only the cheapest firms.” [C2012#4]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “We don’t look into much public sector work because the awarding authorities don’t have a good understanding of actual work being done and what is required from a vendor.” He suggested that the public sector should be asking for references and proof of work completed, not just deciding the winning vendor on price. [C2012#5]
- The Black American female co-owner of a non-certified construction and hauling company said, “The work is all the same but there is more red tape in the public sector, like the requirement to have a site supervisor who has to sign off on everything. You won’t normally see a supervisor at a station with private work. It just takes longer.” [C2012#7]
- The Black American male owner of a certified DBE telecommunications company indicated that although he has not done work as a subcontractor, he is on several pre-qualified vendor lists that he hopes will lead to subcontracting opportunities. He said, “I’m looking to branch out to the public sector through these lists and using my certification but I haven’t had any luck yet.” [C2012#18]
- The Hispanic female partner in a non-certified consulting firm said that she once had a representative from Kodak fly in and they had a contract that afternoon. She continued, “Why would we go through the nonsense of state contracting if we can get a sizable contract like that?” [C2012#25]
- The female majority president of a WBE-certified construction company said, “It is easier to get work in the private sector. There is less work involved in getting private sector contracts.” [C2012#26]

- The Caucasian male owner of an engineering firm said that he has spent seven years trying to break into public agency work without success. “I do all the work anybody else does, but it’s hard to break in because I don’t talk the same lingo or don’t have the same contacts.” He added “Someone coming from the public sector into the private [sector], they seem to have better access back.” Interviewee SM#23, a representative of the National Society of Hispanic Professional Engineers, agreed. “If I step out of a Caltrans or county or Metro environment after five to ten years of experience and start up a business, am I going to be disadvantaged? In today’s world, in the last 30 years? No, I’m going to have an advantage. Now what does that do to the other populations?” [C2012SM#8]
- The owner of a certified Native American-owned construction firm said that it is easier to get work in the private sector because there is a lot of paperwork involved in getting work in the public sector. He said, “There is a lot [of paperwork] on the [military] bases [and with] the government agencies. There is just so much you have to go through.” [SDI#4]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that there are differences working in the public and private sectors. She said, “The contracting process in the private sector is a little easier and deliverables are more straightforward and they don’t pay you by the constant and volume, they pay by the value.” She added that in the public sector, “they’re unfortunately trained to write more and deliver less and you just have to deal with it.” [SDI#16]
- The president of a non-certified Native American-owned engineering firm said that he hasn’t worked in the public sector for many years “by design.” He reported that in the public sector, “there is the expectation that your firm has depth and furthermore the paperwork is enormous. You need to have one or two people just to handle the paperwork and in a downturn, a small firm has to let those people go.” [SDI#15]
- The vice president of a DBE-certified Black American engineering firm said that there is a substantial difference between working in the public sector and in the private sector. He said, “In the private sector you don’t have to respond to RFPs which is good because writing proposals in response to an RFP is very expensive and time consuming for a small firm.” He added, “In the private sector, the process is more direct and you usually have access to the decision makers. In the public sector you can’t get around RFPs because that is the agency process and then you have a long wait to get a project awarded.” [SDI#19]
- The Hispanic owner of a DBE-certified engineering firm said, “Sometimes it is easier to earn work in the private sector than it is in the public sector due to the RFP process. It’s also easier to do the work in the private sector than in the public sector. In the public sector, you have to ‘dot all your i’s and cross all your t’s.’” He added that there are inspectors on both sides but that the public sector has a more detailed review process. The review process on private projects is not as stringent. [SDI#25]
- The manager of a publicly traded engineering firm reported that it’s easier to attempt to get work with the private sector than the public, when it’s available. He said, “Private work is schedule driven once you’re under a contract. The public work has a lot of other factors. The

schedule is usually third or fourth priority. There's an environmental element, politics are involved, etc." He later added, "Private work is typically far more profitable. Public agencies have a cap on time and materials." [SDI#26]

- The project development manager of a majority-owned asphalt firm said, "Private jobs are more profitable just because of the fact that we have customers that will call us all the time to do their work so it's not really a bid situation. If it is a bid situation on private jobs they typically will get a little bit higher markup than a public works job. Public works jobs, because of their size, typically will get a much lower markup on it and in today's market, because of the number of bidders. You got to bid them cheap in order to get them and because of that profitability tends to be a little bit lower, on a percentage-wise basis." [SDI#27]
- When asked about substantial differences between working in the private sector versus working in the public sector, the vice president of a DBE-certified consulting firm said, "You make more money in private sector. ... The public sector has all sorts of rules that don't allow for efficiencies. So if we price things right on the private sector, you're allowed to keep the money. In the public sector, it's things that are priced for the median. Because it's not based on performance, but the average – between the high and the low." [SDI#31]
- The Caucasian estimator at an SBE-certified construction company said that an advantage he has found working with the private sector is that payment is faster. He said, "[There is] less red tape, because usually with the private sector you're dealing with the bank. With the public sector, if the county's broke that year, or the fiscal year budget [runs out], you don't get paid." [SDI#33]
- The Caucasian male owner/operator of a certified small majority-owned road grading business identified several differences in working the public sector versus the private sector. He said, "[In the public sector] prevailing wages are huge, and doing certified payroll. You have to figure on a bit more clerical work." [C2012#31]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor noted substantial differences between working in the public sector versus the private sector. He said, "Public work involves prevailing wage, certified payroll, and more paperwork." [C2012#32]
- The Black American male owner of a certified concrete company said, "Public sector work requires certified payroll and owner insurance. Private sector work has lower workers' compensation rates." He also identified differences in securing work in the public and private sector, because the "public sector is done through online bidding: fill in numbers. Getting work in the private sector involves old fashioned networking and marketing." [C2012#33]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company noted differences between working in the public sector and the private sector. He said, "Usually there's a contract [in the public sector]. If you're the

prime, you have a contract and you're locked into certain things, and if you're working for a consultant who has a contract you're locked into his contract. In the private sector, that's usually just handled over the phone." [C2012#34]

- The Black American male owner of a certified electrical company said, "Paperwork, details, and qualifications in the public sector are more extensive." [C2012#35]
- The Asian-Pacific American male owner of a certified engineering company said that one difference between public sector work and private sector work is that "meetings and reviews drive up the costs for public sector projects." [C2012#36]
- The Black American male president of a certified electrical company said, "It's easier [to work] in the private sector. I'm having to make some modifications to my company to work in the public sector arena. What I mean by that is I'm having to be a signatory contractor with the unions in order to do primarily public sector work. The unions have a tight grip on everything here." [C2012#37]

Other interviewees preferred obtaining public sector contracts because they were more certain that they would be paid. For example:

- The Native American owner and president of a non-certified electrical contracting business said, "I've done several residential projects in the past few years where we didn't get paid." [C2012#8]
- The male vice president and treasurer of a non-certified woman-owned construction company said, "We've had problems getting paid for private sector work, but we know that we'll get paid for public work." [C2012#27]
- The Asian American owner of a DBE-certified engineering company reported that a motivating factor of his company doing more work in the public sector was greater security. He said that in the private sector, "you never know whether you're going to get paid or not. The developer could disappear in the middle of the night, and you're left holding the bag." [SDI#3]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that he feels that there's a bigger risk working in the private sector versus the public sector. He says in the private sector "the risk of not getting paid is greater." [SDI#12]
- The Vice President of Estimating of a non-certified construction company said that they find that public work has benefits, primarily that payment is quicker. [SDI#17]
- The Caucasian partner in a DBE-certified engineering firm said, "With the private sector, you have to worry about if you're going to get paid. With the public sector, you know you're going to get paid but you have to deal with the politics." [SDI#24]

Some interviewees identified other advantages to the work in the public sector. For example:

- The Hispanic male owner of a non-certified construction and concrete business stated that the process is different between private and public sector jobs, mainly due to the DBE/MBE/WBE set-asides in the public sector market. [C2012#1]
- The male vice president and treasurer of a non-certified woman-owned construction company said, “Doing work in the public sector is easier because there are well-defined requirements.” [C2012#27]

Some interviewees reported that profitability in the public sector and the private sector are similar or that public sector work is more profitable. For example:

- The Caucasian male owner of a concrete and construction company said that profitability in the public and private sectors are similar. He said, “The work is the same and the money is similar but it is harder to find out about work in the public sector.” [C2012#3]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that “in our industry profitability is similar for public and private sector jobs.” [C2012#6]
- The Black American female co-owner of a non-certified construction and hauling company said that profitability does not differ between the private and public sectors. She said, “Our prices are the same for both public and private sector but we will work on rates for customers” in either sector. [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business said that profitability is the same in either the public or private sector but indicated that he had trouble being paid in the few private sector jobs he worked on. [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that profitability does not differ between private and public sectors. She said, “We know the cost of our materials, our operations and what margins we have to charge. It doesn’t matter whether it is public or private sector from that standpoint.” [C2012#9]
- The Asian-Pacific American owner of a non-certified engineering company said, “Profitability does not differ much between the sectors and that any differences I see are purely situational.” [C2012#10]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that there are no substantial differences between working in the public sector versus the private sector. She said, “We charge the same for our services regardless of the client.” [C2012#11]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated that their profitability does not differ between the sectors. [C2012#15]

- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, “Profitability is the same for our products regardless of the sector. We price jobs similarly.” [C2012#16]
- The Caucasian male owner of a majority-owned demolition and loading company stated, “Doing the work in the private and public sectors is the same. I have had good experiences in both and the profitability is about the same in both. I charge the same rate to both.” [C2012#20]
- The Hispanic female owner of a non-certified asphalt paving company said that profitability does not really differ between the private and public sectors for her firm. She said, “We will get public sector customers who will tell us what their budget is and how much I can bid but what we will do for a certain amount of money doesn’t change just because it is public or private sector. We have customers in both that will ask us ‘What can you do for me for \$16,000?’ for example. But that doesn’t impact our profit; it just impacts what they will get.” [C2012#24]
- The female majority president of a WBE-certified construction company said, “There’s no difference in profitability.” [C2012#26]
- The Caucasian male owner of a concrete and landscaping company reported that profitability is the same in the private sector as it is in the public sector. [C2012#29]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company in response to a question of which sector was more profitable said that there was no difference in profitability between the public and private sectors. [C2012#34]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated, “There is more profit in the public sector. We have worked out a model that makes it more profitable to do public sector work.” [C2012#14]
- The Caucasian male president of a certified micro grading, concrete, and paving business reported that public sector work had been more profitable but now it’s difficult to determine whether public or private sector work has more profit potential. [C2012#30a]
- The Black American male owner of a certified electrical company said, “There’s more profit in public work if you can win and get in line.” [C2012#35]
- The owner of a certified Native American-owned construction firm said that profitability is higher with work in the public sector. He said, “The government pays a lot more. They’re overpriced.” He went on to say, “The work’s the same. I don’t know why they have to charge more.” [SDI#4]

Interviewees with experience in both the private and public sectors identified advantages and disadvantages of private sector and public sector work. Examples of those comments include the following:

- The Senior Engineer for a non-certified minority-owned engineering firm said that a primary difference between public and private sector work is “the paperwork.” He said, “The whole concept between what you’re doing and getting paid [for] is just philosophically different between the two. Typically with the public it’s going to be at a negotiated rate, for a capped, negotiated fee, and then the overhead and everything else is going to be scrutinized. So you will get the least of whatever element of all of that pertains. With the private, it’s a price and they don’t care whether it took you 10 hours or a thousand hours to accomplish whatever it is for the price.” [SDI#5]
- The owner of a WBE-certified engineering firm reported that there are challenges associated with public bidding because “you have to know somebody inside.” She stated, “We would love to work with NCTD ... [but] we don’t have contacts in there.” She stated, “You have to be in front of procurement groups.” She stated that if you don’t have a relationship with an agency, “don’t bother. ... If you’re not in there and don’t know anybody, you’re not going to win. That’s how our industry works.” [SDI#10]
- The owner of a majority-owned goods and services firm said that there are significant differences in bidding on public projects versus private projects. He said, “In the private sector, they can decide that they want to use you, and they can figure out a way to negotiate the contract. In the public sector, if you aren’t the low bid, you don’t get the work. It’s a flawed process, but it’s how they do it.” [SDI#11]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said, “In the private sector...in our industry...you talk about the private sector you are mainly working for governmental agency or contractors who work for governmental agencies like Boeing and Lockheed Martin who have contracts with governmental agencies.” He reported that he has not seen much difference between the public and private sectors, “other than getting paid.” He believes that the profitability is about the same in both sectors. [SDI#12]
- The female owner of an SLBE-certified environmental consulting company reported that there are differences between conducting business in the private and public sectors. She said, “On a lot of the private projects there isn’t any bureaucracy, you know, we have clients we have worked with for years. They call and say, ‘Do a proposal,’ we say, ‘Okay.’ Public projects take a lot of time and effort to get through the system. The proposal process takes a lot longer, the contract takes a lot longer, and getting paid takes a lot longer.” [SDI#13]
- The Caucasian male owner of a DVBE-certified construction company said, “I would say that, contractually [i.e., the level of complexity of contracts], it is much more difficult in the public sector than it is in the private sector.” He gave the example of a potential job posted by the Department of Fish and Wildlife to replace a small section of fence, which included a 65-page RFP for a job that would be completed in one or two days. He later added that

public works projects are more timely in their payments compared to the private sector due to the laws set up to protect small businesses. [SDI#14]

- The president of a non-certified Native American-owned engineering firm said, “In the private sector, clients come looking for us. And in the public sector, it’s the other way around.” He later added that the biggest difference he has experienced between doing business in the public and private sector are the procedures. He said, “Agencies typically hire these large firms to write the bidding procedures for these large projects that make it difficult for smaller firms to actually bid the job. That’s by design.” He commented that in the private sector bidding is much simpler and to the point. [SDI#15]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm reported that her experience doing work in the public sector is based upon a firm first getting a contract and having all the insurances and other requirements in place. In her opinion, it is a “scheduling issue and once you have that, it’s just going by the deliverables and of course, it depends on the scope of work.” She continued saying that in the private sector, “it’s much faster and you need to work often and it’s much faster. I like that. It’s more vibrant.” [SDI#16]
- The co-owner of a WBE-certified construction firm said, “In the public sector, there is a larger quantity of work, but the pay is less so you tend to make it up because of you’re doing more work.” He later added, “It is easier to get work in the private sector because the amounts are not as large and you may only be bidding against one or two other firms. In the public sector you may be bidding against 30 other firms.” [SDI#18]
- The vice president of a DBE-certified Black American engineering firm said, “On the private side, we’ll get a phone call requesting that we submit a bid and if the price is right we can start work immediately.” The president of the firm added, “For example, we have a private company we’ve worked for a long time. Someone in the firm was asked to get three bids from companies to provide some environmental services. The supervisor got wind of this and told the person, ‘Just contact [interviewee]. They know our business and I’m comfortable with the work they do.’ That happens frequently in the private sector.” The vice president of the firm said, “In the public sector, it’s all about relationships and the bureaucracy makes it difficult for small firms. The process for contracting is more cumbersome and you really need to know the project managers. In these cases, the engineer will kick you off the job if your rates get in the way of his objective, his bonus. It seems to me that the engineers tend to work more with Caucasian women-owned firms and they are making a large share of the diversity dollars.” [SDI#19a and 19b]
- The Caucasian partner in a DBE-certified engineering firm said, “Trying to get work on the public side lately has been difficult. I complained to the City of Brawly Council because we put in a proposal with the same scope as our competitor and were considerably cheaper and they selected the other firm. I complained to the Council and now they’ve cut us off completely.” He also reported that there are a lot of good things about working for the public sector. He said, “But, regardless if you are the best engineer and you are the cheapest, if they don’t like you, they’re going to go to the next person. That’s the bad part.” [SDI#24]

- When asked about any key differences between working in the private sector and public sector, the vice president of IVEDC said, “The prevailing wage is always something that hinders a lot of our local folks. We’ve had a lot of occurrences where public sector has gone to states like Arizona and hired contractors that don’t have prevailing wage requirements, and that has negatively impacted our local contractors and subs. They can’t even perform on the job because they are hiring Arizona companies to come in and do them.” [SDITA#2]
- The Native American male owner of non-certified environmental consulting firm said, “The agencies sort of unanimously don’t really care about the subs, they really kick their subs around, they don’t listen to them. So the agencies can be quite difficult to deal with, and that’s more on a personal level; you can get a fantastic planner to work with and everything goes great or you get some planner who doesn’t know anything, or who is new, or is lazy and they will do nothing for you and it ends up costing everybody more time and money. Public varies and the positions change so often that it can be really hit or miss if you are going to get someone great or not.” [SDI#38]
- The Subcontinent Asian American owner of a non-certified concrete paving company discussed the substantial difference in payment of invoices, stating “public sector agencies average 120 days payment, while private sector pays in approximately 30 days.” [C2012#5]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported the substantial difference between public and private sector is that the private sector work generally pays quicker. [C2012#12]
- The Hispanic male owner of a non-certified construction company said that the main difference between working in the private sector versus the public sector is how quickly you get paid. He said, “Private work pays a lot faster. Caltrans doesn’t pay timely to primes who pass that along to subs. It’s almost like they are trying to run you out of business by not paying you.” [C2012#23]
- The Subcontinent Asian American owner of a non-certified concrete paving company said, “The actual work in the private sector is easier to complete because the sign-off is with the customer as opposed to the public sector where the approval process often has multiple approval and sign-off steps.” Overall, the work in the private sector is better for business. [C2012#5]
- The Asian-Pacific American owner of a non-certified engineering company mentioned that there are some noticeable differences between the public and private sectors. He stated, “In the private sector some of the firms and jobs are less regulated than the similar public sector jobs. Generally speaking the public sector jobs are more formal but that does vary by jurisdiction. Some of the jurisdictions are less regulated than others.” [C2012#10]
- The Hispanic female owner of a non-certified asphalt paving company said that the biggest difference in working in the private and public sectors is bonding. She said, “Bonding in the public sector is prohibitive for a small business like ours.” [C2012#24]

Other interviewees reported that there are no substantial differences in their experiences pursuing and performing work in the public and private sectors. For example:

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that “there is no substantial difference in the work, that it is all just business and there are challenges in both public and private sector work.” [C2012#6]
- The Black American female co-owner of a non-certified construction and hauling company said there are no substantial differences between working in the public sector versus the private sector because they provide fuel hauling services. [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business said it is hard for small businesses in either sector to find work or primes who have might need subs. He said, “How do you identify the pieces that you might be qualified for? You can’t bid on the whole thing [as a small business] so only big firms get the work.” [C2012#8]
- The Black American female owner of a non-certified trucking company mentioned that it doesn’t differ between private and public sector work. She stated, “The work is just the same for us, doesn’t matter if it’s for the city or for a private company.” [C2012#13]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that there are no substantial differences between working in the public sector versus the private sector except that there is no private sector work available in their area now. [C2012#17]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that there is no substantial difference between working in the public sector versus the private sector. He said, “There is not a project we feel we can’t handle. We don’t see any big differences between public and private sector work in terms of getting the work.” [C2012#19]
- The Caucasian male owner of a majority-owned demolition and loading company stated, “The work is always the same due to the nature of my work. It is all the same to me.” [C2012#20]
- The Hispanic male owner of a non-certified construction company said that there are no substantial differences between working in the public sector versus the private sector. He said, “No, it is tough in either. Some customers will pay fast but most lag for more than 40 days. That is true of public and private work.” [C2012#22]
- The female majority president of a WBE-certified construction company said, “Doing work in the private sector is about the same as working in the public sector.” [C2012#26]

C. Doing Business as a Prime Contractor or as a Subcontractor

Some of the firms interviewed work as both a prime contractor and as a subcontractor, and some primarily as a subcontractor. The types of work performed by the firm sometimes influenced whether the company worked as a prime contractor, subcontractor, or both.

Business owners and managers discussed:

- Mix of prime contract and subcontract work (page 34);
- Prime contractors' decisions to subcontract work (page 38);
- Subcontractors' preferences to do business with certain prime contractors and avoid others (page 46); and
- Subcontractors' methods for obtaining work from prime contractors (page 52).

Mix of prime contract and subcontract work. Some firms that the study team interviewed reported that they work as both prime contractors and as subcontractors. For example:

- The Caucasian principal of an energy company stated his firm works as a subcontractor as well as a prime vendor and that each opportunity dictates the role available. [C2012#2]
- The Hispanic male owner of a non-certified construction company said that they work both as a prime and subcontractor. He said, "It is a mix, there is a lot of sub work out there and we have different equipment that is needed that a lot of primes don't have." [C2012#22]
- The Black American president of a certified electrical company said that he is a subcontractor about 50 percent of the time and a prime contractor 50 percent of the time. In explaining why his company serves in a particular role, he replied "Those are just the jobs that become available. I take what comes along." [C2012#37]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that although his company primarily works as a prime contractor, "Sometimes the company will focus as a sub so we don't have to pay prevailing wage." [C2012#19]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that the firm works as both a prime contractor and a subcontractor: "We're one of the go-to subs for a lot of the big firms here...but equally, just about equivalent dollar-to-dollar, we have also primed." [SDI#7a]
- The owner of a majority-owned goods and services firm said that his company is generally a subcontractor in the public sector, but that in the past, his company would be the prime on public projects. He said, "I would say that about 80 percent of our contracts in the public sector currently are sub [contracts]. I would say, two years ago, 80 percent of our contracts in the public sector were prime [contracts]." [SDI#11]

- The president of a DBE-certified Black American engineering firm said, “We work as a prime always in the private sector and we always work as a sub in the public sector.” [SDI#19a]
- The manager of an SBE-certified consulting firm said his firm has been the prime contractor on private sector projects, “but not so much on public works [projects].” He added that he does not think his firm has been the prime contractor on other public works projects and that they are usually subcontractors. [SDI#22]

Some of the interviewees who were prime contractors were seeking more subcontract work.

For example:

- The Hispanic owner of a non-certified construction business stated that he is mostly a prime contractor but that he is trying to get away from being solely a prime contractor in order to do more subcontractor work. [C2012#1]
- The Caucasian male owner of a construction company said that he works 90 percent as a prime contractor, but that “I’ve done some sub work and would like to know about how to find more.” [C2012#3]
- The Black American male owner of a certified DBE telecommunications company indicated that he currently works 100 percent as a prime contractor but said “I want to sub to larger firms, that’s why I got certification.” [C2012#18]

Some interviewees, including minority- and women-owned firms, primarily worked as prime contractors. Several explained their reasons. For example:

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “A large portion of our business is done as a prime contractor in the residential and private sector areas.” [C2012#5]
- The Black American female co-owner of a non-certified construction and hauling company said that her company only provides services directly for her customers who need deliveries. [C2012#7]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that her firm works as a prime 90 percent of the time. She said, “The nature of our work is that we are the prime. There is not a lot of subcontractor work available for the specialty services we provide. If you don’t have your foot in the door as a prime, you can’t get the work.” [C2012#11]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American-owned electrical contractor said, “We work 100 percent as a prime contractor. It is easier to work as the prime because we don’t have to deal with a general contractor.” [C2012#32]
- The Senior Engineer for a non-certified minority-owned engineering firm said that they are the prime contractor approximately 70 percent of the time. [SDI#5]

- The Caucasian male owner of a DVBE-certified construction company said that approximately 70 percent of his firm's work is as a prime contractor. He also reported that the experience is not greatly different between being a prime contractor versus a subcontractor. The major difference is that as a prime contractor, the firm has to be "very robust" in terms of cost accounting, insurance and other aspects of the contract. [SDI#14]
- The manager of a publicly traded engineering firm reported that his firm primes 75 to 80 percent of their work. They don't often go after subconsulting work. [SDI#26]

Some firms reported that they primarily work as subcontractors because doing so fits the types of work that they typically perform. For example:

- The Black American female owner of a DBE-certified construction and hauling company indicated that her company works solely as a subcontractor because they are simply a materials provider for others. She said, "We provide a service based on what our customers are looking for, so we are always a sub." [C2012#9]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, "We always work as a subcontractor. We sell directly to general contractors." [C2012#16]
- The Caucasian male owner of a demolition company mentioned that his company is most often a subcontractor. He stated, "I almost always work as a subcontractor for the 'big brother' company. They supply most of my business and the model works well for me." [C2012#20]
- The owner of a WBE-certified construction company said that due to the nature of their work, her company is always a subcontractor. [SDI#8]
- The owner of a majority-owned street sweeping firm said he is a subcontractor 100 percent of the time and would never be a prime on a project. [SDI#28]

Some business owners and managers said that they mostly work as subcontractors because they cannot bid on the size and scope of the entire project, or find it difficult to compete with larger firms for those prime contracts. Examples of comments included:

- The owner of a WBE-certified engineering firm reported that performing as a prime contractor is difficult with state and local agencies because they require performance bonds. She stated that bonds are hard to get, because bonds requirements are stringent and her firm does not qualify (i.e., they do not have enough assets). [SDI#10]
- The female owner of an SLBE-certified environmental consulting company reported that most of the public sector work her firm completes is as a subcontractor to a prime contractor. She said, "It works out okay for us because we don't have to spend a bazillion hours doing the proposal. Usually the public sector projects [the agency] asks for a lot of stuff. When we are the prime [it] takes a lot of time. In that [way] we are disadvantaged. We subcontract to a lot of primes so we are okay with that." [SDI#13]

- The president of a DBE-certified Black American engineering firm said, “I have found that agencies bundle their projects so that they are so large small businesses don’t have the capabilities to prime these projects. A recent project we proposed on with the Port of Los Angeles...Some of the small businesses complained that the scope was too large so [Port of Los Angeles] went back and broke the project down into smaller scopes and encouraged small businesses to propose, but the scopes were still too large and the end effect was that very few, if any, small businesses were short listed for the project.” [SDI#19a]
- The manager of an SBE-certified consulting firm said that his firm has not been a prime contractor on any contracts with SBE or DBE goals. He said, “We’re kind of deciding that unless we team up with other companies – and they can either be other small companies or a large prime or combination of both – bidding as ourselves alone on contracts ... is pretty difficult.” He added, “There’s too much competition and we just don’t have the capabilities or experience, especially on public works type projects, to win contracts based on our qualifications and our experience. We pretty much recognize the fact that we need to team with prime contractors, we need to team with other small businesses that have experience, and that makes us stronger and more credible on these bids.” [SDI#22]
- The male Caucasian owner of a DVBE-certified construction company said, “We went into working on military bases as a subcontractor because those contracts were way too big. I can’t bond \$40 or \$50 million jobs. It’s just too much. So I became a subcontractor even though I have a general contractor and engineering contractor’s license. I am a poor man. So I could not do those big jobs.” [SDI#32]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated the reason that they act as a sub is that “we can’t afford prime insurance requirements or bond requirements. Don’t think we can do it as a prime.” [C2012#15]
- The Hispanic male owner of a non-certified construction company said that his firm always works as a sub. He said, “We have to be a sub to bigger firms because we can’t compete for the big jobs. The way jobs are spec’d makes it impossible for firms our size to be primes.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt and construction company said that the firm primarily works as a sub because “we can’t compete with the big guys for the type of work we usually do so we have to work with them as a sub.” [C2012#24]
- The Caucasian male president of a certified micro grading, concrete, and paving business explained that they serve more often as a subcontractor because they do not have the necessary working capital to be the prime on larger jobs. [C2012#30a]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated they largely work as a subcontractor. She stated the reason for this is that “the projects are usually so large and diverse that it is rare that a project will just have environmental studies focus.” [C2012#6]

- When asked about prime contract opportunities, the female owner of a DBE-certified construction firm said, “The prime jobs for [her type of work] that are coming out, they’re too big for me. I can’t get a bond for \$2 million.” “I know they say they have bonding help opportunities, but again that’s going through small business stuff ... there’s a lot of paperwork.” [C2012SM#6]
- The female owner of a construction business and representative of Women Business Owners and Executives reported that there are many companies out there that could bid that do not bid. “[These barriers keep] some people from bidding that could bid a lot of work.” [C2012SM#11]

A few business owners said that their work is fairly evenly split between prime contracts and subcontracts. Comments about those experiences included the following:

- The general manager of a certified Black American-owned construction firm said that last year the firm’s work was split about 50/50 between prime and sub contracts. [SDI#1b]
- The owner of a WBE-certified engineering firm reported that her firm works as the prime contractor about 50 percent of the time. [SDI#10]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that the firm’s work is about 50/50 as a subconsultant and a prime consultant. He said that he prefers to work as a prime because “I like to deal directly with the client.” He went on to say that he doesn’t like having a “filter” between him and the client. [SDI#12]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that last year, the firm’s work was split about 50/50 between prime and sub contracts. [SDI#16]
- The vice president of a DBE-certified consulting firm described his firm’s work as split evenly between being a prime contractor and a subcontractor. [SDI#31]
- The Caucasian project manager of a HUBZone-certified construction company said that the company does a mix of prime- and sub-contracting. Currently, the mix is about half of each type of work. [SDI#35]

Prime contractors’ decisions to subcontract work. The study team asked business owners whether and how they subcontract out work when they are the prime contractor.

Some prime contractors say that they usually perform all of the work or subcontract very little of a project. For example:

- The general manager of a certified Black American-owned construction firm said, “We do a lot of our work ourselves. For instance, we built a house and we self-performed the framing. So not only did we do the concrete, we did the framing, we did the drywall. So as of now we don’t really reach out to anyone.” [SDI#1b]

- The owner of a WBE-certified engineering firm reported that when they are the prime contractor on a project they do not use subcontractors. [SDI#10]
- The co-owner of a WBE-certified construction firm stated that he and his wife don't really sub any work out. He said they are really dedicated to their employees and conduct cross training with the existing employees. He added that at times, it may be required to sub out specific tasks on an as-needed basis, and on "very specific scopes of work, but it's not that often." [SDI#18]
- The manager of a publicly traded engineering firm said, "As a prime, we don't typically like to give away core work that we would do. So, we look for specialties that we have relationships with or we know we can find." In reference to one project in particular, he said, "We could have done the whole thing but we have to look at it and see what we can break out. We took the architectural standards and found a DBE architect for it. Sometimes you have to get pretty creative." [SDI#26]

Many prime contractors reported that they utilize subcontractors and tend to use firms that they know and trust. Although some prime contractors reported that they never use subcontractors, many of those interviewed do use subcontractors. Many indicated that they tend to use subcontractors that they know and trust.

- The general manager of a WBE/DBE-certified construction and rental equipment company noted that they only subcontract with people they know due to the risks involved – "when you have a small business, it doesn't matter if you're ethnic or whatever, when you have a small company coming and wanting to solicit their services to you, the concerns are you don't know this person, you don't know if the person's going to perform and so you're hesitant." [C2014PH-FR#5]
- A representative of the Kern Minority Contractors Association and the San Joaquin Construction Management Company said, "I won't beat up on the prime contractors, I won't call them racist, I don't do all that stuff. They are business people, most of them. They've got projects that they got to go out, and especially in this time anybody doing business. If you're in business you got to bring your projects on time and on budget. And a lot of them are afraid that they will likely go with the people they know, they have a relationship with so they get the projects done." [C2014PH-FR#6]
- The Hispanic male owner of a non-certified construction and concrete business stated that his solicitations for bids are mostly relationship based. He added that there is no difference between DBE/MBE/WBE versus non-DBE/MBE/WBEs as he determines who he will work with largely based on past relationships and experience. He said, "It doesn't matter if they are DBE/MBE/WBE or not, we ask for bids and have them provide estimates." [C2012#1]
- The Caucasian principal of an energy company stated that "we select subcontractors based on past work experiences." [C2012#2]

- The Caucasian male owner of a concrete and construction company said there are some subs he uses all the time. He said he has established relationships with some concrete pump companies, demolition companies, and others. [C2012#3]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated that “as infrequently as we use subcontractors, we do try to use the same ones when we can. We know that they do a good job and know what to expect of them.” [C2012#5]
- The Asian-Pacific American owner of a non-certified engineering company said that he uses the same subcontractors over and over. He mentioned, “I use colleagues and professionals that I have trust with, people that I have good working relationships.” [C2012#10]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that they select subcontractors based on past experience. She said, “We use the same guys again and again when we need them.” [C2012#11]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that his company selects subcontractors based on past relationships and networking. He said, “If we need a certain type of truck that we don’t have, we have a list of subs that we call on.” He went on to say that there are subs that his company will not work with. He said, “If the quality of their work isn’t good or they don’t deliver when they say they will, we won’t use them.” He said that his company’s experience working with DBE/MBE/WBE subs is not significantly different compared with non-DBE/MBE/WBEs. He said, “If they do good work, we will use them.” He also reported that his process is the same for private sector jobs compared with public sector projects. [C2012#17]
- The Hispanic female owner of a non-certified asphalt paving company said that her firm does have established relationships with many subs and will use them all the time. She said, “We have subs we know will do good work so we use them all the time.” She also reported that this process is the same for private sector jobs compared to public sector work. [C2012#24]
- The female majority president of a WBE-certified construction company indicated that her company has established relationships with subcontractors they try to use all the time. She said that subcontractors are selected by her company for private and public sector jobs in the same manner. [C2012#26]
- The male vice president and treasurer of a non-certified woman-owned construction company said, “We select subcontractors based on our prior history with them.” He went on to say, “There are some subs we won’t work with.” He added “There are some minority subs we won’t work with because of poor work performance.” [C2012#27]
- The Caucasian female vice president of a certified micro grading, concrete, and paving business said there are subcontractors that they have established relationships with and try to use all the time. The Caucasian male president of this business reported no difference in working with DBE/MBE/WBEs and non-DBE/MBE/WBEs. He said, “It’s about the same, you know, they’re just people.” [C2012#30]

- The Senior Engineer for a non-certified minority-owned engineering firm said that there are several ways that they find subcontractors to work with. He said, “This is not that big a town, so you kind of are bumping into people ... those people that function in that Public Works world—we all kind of run into each other [at association events].” [SDI#5]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said, “Our commitment to our customers is to provide the best service that we can, and it turns out that some of the best service providers are...very talented small companies. So we’ve maintained kind of a preferred subcontractor list of firms that have a history of providing superior performance, and then augmenting it is the City’s own list ... which is available online.” [SDI#7a]
- The owner of a majority-owned goods and services firm said that there aren’t necessarily any subcontractors that he won’t work with. He said, “I guess because we ultimately have a choice of who we hire and who we don’t hire, you could say there are subs we don’t work with. It’s not because we don’t like them. It’s because we chose not to work [with] them because...we have a better relationship or better price.” [SDI#11]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that he usually solicits work from firms that he’s worked with in the past as subconsultants. [SDI#12]
- In regards to selecting subcontracts, the president of a non-certified Native American-owned engineering firm said, “I have a list of folks in different categories and disciplines who I’ve already worked with and depending on the project I select the best person or firm to complete the project.” He later added, “There are a group of subs that I usually work with, when applicable. It’s more job-driven because every project has its own personality and demands and you have to pick the right team for each project.” [SDI#15]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that the firm does sub out work in projects that may require drafting or an electrical engineer for example. In those instances, she will hire independent contractors that she considers “trusted friends.” [SDI#16]
- The co-owner of a WBE-certified construction firm said that are a few subs that he will consistently use, when needed. He said, “There’s a plumber in San Diego, a local electrician, and a local HVAC sub that I like to work with. I prefer to work with small businesses, a DBE or someone like that, because I’m a small business and I know how hard it is out here.” [SDI#18]
- The President of a DBE-certified Black American engineering firm said that they select subcontractors based upon previous relationships. [SDI#19a]
- The Caucasian project manager of a HUBZone-certified construction company said that most of their subcontractors simply send a quote on bid day. He said, “We have repeat subcontractors that we’ve worked with and, typically, if we’re bidding work, they’ll bid to us.” [SDI#35]

Some interviewees reported that there are no subcontractors they would not use.

- The Caucasian male owner of a concrete and construction company said there are no subs that he will not work with. He said, "I wouldn't rule anyone out, if they are qualified, I would use them but we typically do everything ourselves." [C2012#3]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated that there are no subs with whom they will not work. [C2012#15]
- The Caucasian male owner of a concrete and landscaping company said that his company would work with any subcontractors. [C2012#29]

However, some interviewees said there were subcontractors they would not work with. For example:

- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that the company has sometimes had firms that it no longer likes to work with: "People who don't provide the quality or don't meet the deadlines, or can't manage a budget." [SDI#7a]
- The president of a non-certified Native American-owned engineering firm reported that there are some subs that he will not work with. He said, "The reason has to do with time and quality of the firm. They're late or their work is not up to par. You learn who those people are by word of mouth or from an employee who used to work for these firms." [SDI#15]
- The manager of a publicly traded engineering firm reported that there are some subs they would not use again but said that it is performance related or business practice related and it does not have anything to do with their certifications. [SDI#26]
- The Caucasian female owner of a WBE-certified trucking company stated that there are subcontractors she will not work with. Not mentioning any company names, she stated, "I will not work with anybody who solicits my contractor, anybody who won't represent me well on the job, anybody who refuses to do my paperwork properly...I don't like people who are dishonest. ... There are some truck drivers who are really heavy on the gas pedal...I don't want to work with anyone who will endanger themselves or others...or if a contractor says I don't want that S.O.B. back at my job,...these are the folks I won't do business with." [SDI#36]

Some prime contractors report that DBE/MBE/SBE/DVBE goals affect their use of subcontractors for public sector contracts with goals. For example:

- The Caucasian principal of an energy company stated the whole bid process differs from the public and private sector and that his firm prefers to use contractors based on "comfort and previous experience." He stated, "We do have a network of DBE/MBE/WBE contacts to include in public sector bid/procurements, if necessary." [C2012#2]

- The Caucasian male owner of a concrete and landscaping company said that he frequently solicits DBE/MBE/WBEs through the Caltrans website. He added that there are no subcontractors that he uses for public sector projects that he would also use for private sector projects. He explained “Most people that are in public works are geared up to pay a higher rate of pay. Their employees are usually union and they are set up to pay a prevailing wage that the private sector market can’t bear.” [C2012#29]
- The male vice president and treasurer of a non-certified woman-owned construction company stated that there is a difference between projects with goals and ones without. He said, “Projects with goals encourage the solicitation of minorities.” [C2012#29]
- The Black American male president of a certified electrical company identified differences in selecting subcontractors in the private sector versus the public sector jobs. He said, “In the private sector, it’s more of a closed loop. In the public arena, because of the goals that they have to meet, they include a lot more contractors that would not ordinarily be included in the process.” [C2012#37]
- The Caucasian female president of a certified majority micro grading, concrete, and paving business said that if there were goals, the company would try harder to hire DBE/MBE/WBEs. [C2012#30b]

Some interviewees said that, for projects without goals, they do not typically make efforts to solicit bids from DBEs. For example:

- A representative of an engineering management and environmental company said, “Whether or not DBE prime contractors fail to solicit bids, the simple answer is we’re all very busy. If we don’t have to do it, then we don’t have to do it, and I think the answer is most likely that outreach is not being done unless there are goals.” [C2012PH#27]
- The Hispanic male owner of a non-certified construction and concrete business stated that he “rarely solicits DBE/MBE/WBE subs for bids because they are not required in private sector bids.” [C2012#1]
- The Caucasian principal of an energy company stated he infrequently solicits DBE/MBE/WBE bids as the contract requirements for the jobs they pursue often don’t require it. [C2012#2]
- The Caucasian male owner of a concrete and construction company said that he has not solicited DBE/MBE/WBE subs for work because he wouldn’t know where to find them. [C2012#3]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “We don’t need DBE/MBE/WBE subs for the type of work we do.” [C2012#5]
- The Asian-Pacific American owner of a non-certified engineering company said that he does not solicit DBE/MBE/WBE for bids. His work does not require that he have these type of resources included in his work. [C2012#10]

- The Caucasian male estimator at a non-certified woman-owned trucking company said that they do not usually solicit DBE/MBE/WBE subs for bids/quotes. [C2012#17]
- The Hispanic female owner of a non-certified asphalt paving company said that they do not solicit DBE/MBE/WBE subs for bids/quotes. She said, "I didn't even know these programs existed so I wouldn't know to specifically seek them out." [C2012#24]
- The Caucasian male owner/operator of a certified small majority-owned road grading business said he does not intentionally solicit DBE/MBE/WBE bids. He said, "I'm sure I have used people in that category but I wasn't specifically targeting them." [C2012#31]
- The Caucasian male partner of a certified woman-owned environmental consulting firm reported that his company rarely solicits DBE/MBE/WBE subcontractors for bids or quotes. He said, "I can think of a case or two where it mattered in terms of the contract goals." [C2012#38]
- However, the Caucasian female president of a WBE-certified construction company stated that there is no difference in soliciting contractors for DBE/MBE/WBE goal projects versus non-goal projects. [C2012#26]

Some interviewees described similarities and differences between considering DBEs and considering other firms as subcontractors. Examples of those comments include:

- The president of a non-certified Native American-owned engineering firm reported that he does not specifically solicit from DBE/MBE/WBE subs for bids or quotes. "I work with a few DVBEs, but it's because they do good work. I'll make a firm part of my team because they are capable to do the work. It makes no difference to me if a firm is DBE. It's not a qualifying factor and my projects don't have goals so there's no need to specify," he said. [SDI#16]
- The Vice President of Estimating of a non-certified construction company said that the firm's only major complaint working with DBEs is that inexperienced small businesses may get into trouble with their estimates, particularly when they are bidding for the first time. He said they have had the experience of hiring a small company, only to have them not be able to meet requirements. [SDI#17]
- The vice president of a DBE-certified Black American engineering firm stated that there really is not much difference in working with DBE/WBE/MBE firms and other firms. He said, "In most cases, the experience is the same and the quality of work is there. We prefer to work with DBE/MBE/WBE. We want to help these firms if we can." [SDI#19b]
- The manager of a publicly traded engineering firm reported that there is no difference between DBE and non-DBE subs. However, he mentioned that they've had issues where people have dropped their certification. He said, "We're required to report that on public projects. On rare occasions we have subs tell us they have a certain certification and they don't." [SDI#26]

- The project development manager of a majority-owned asphalt firm said, “Most of the time [DBEs] work out fine. I have had occasions where it has been an absolute nightmare. I had a subcontractor that I listed as a DVBE on a Caltrans project and bottom line he couldn’t perform so he hired somebody else to come do the job and so we got in a hassle with Caltrans on having an unlisted subcontractor on the job. It turned into an absolute nightmare.” [SDI#27]
- The vice president of IVEDC said, “I have heard in the past that, you know, when there is a requirement to have minority-owned business on the job, that minority-owned businesses tend to not do such a thorough job on the project because they feel they have a right to be there and there’s nothing you can do about getting rid of them. They don’t necessarily need to perform well because they are just there helping you fulfill their DBE requirement.” He added, “I just heard that from a couple of folks so I don’t know how real that is. I mean, I’ve never experienced it firsthand myself. But yeah, if that perception is out there, I’m sure that would discourage usage of those folks, unfortunately.” [SDITA#2]
- The Caucasian project manager of a HUBZone-certified construction company said that many of the certified MBEs and other disadvantaged businesses they solicit as subcontractors do not have the cash or bonding capacity necessary for the job: “They are not a qualified contractor, but they got a certification...and they think that’s all they need.” He added, “Usually when we get someone that’s a certified DBE or some type of minority, we have to give them the extra care to bring them up to speed in how you actually do business.” [SDI#35]

Some interviewees reported utilization of minority-owned and female-owned subcontracting firms in both the private and public sector. For example:

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated, “We occasionally solicit DBE/MBE/WBE subcontractors for bids or quotes and will use the previous relationships as well as public lists to find these subcontractors.” She also stated that “these subcontractors are used for public sector and private sector opportunities alike.” [C2012#6]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that they do solicit DBE/MBE/WBE subs for bids and quotes. He added, “We frequently reach out to DBE/MBE/WBE subs for our projects.” [C2012#14]
- The Asian-Pacific American male owner of a certified engineering company stated that his firm does use DBE subcontractors. He said, “We gravitate to other DBEs. We solicit them frequently. We solicit firms through referrals or we solicit former employees.” [C2012#36]

One interviewee reported difficulty finding certified subcontractors to hire. A participant at a public hearing criticized the Caltrans civil rights database - “It’s outdated, it’s not user friendly, it’s not kept current. There is no certification expiration date posted for the firms we do find. That, I think, is a problem because it’s left to the prime to verify they’re currently certified at the

time of bid. I think it is one of the things that should be on the database. I would like to know how often the database is maintained, by whom, and how often, because there is a lot of information that is outdated. Every time we do a search, there are firms that phone numbers are disconnected, e-mails not valid, letters come back. It is hard for us to find firms continually that are actually valid. We spend a lot of time, wasted time, on the firms that we get no response from. I think it could be better spent on firms actually valid in the database we can outreach to.” [C2012PH#5]

Some interviewees reported positive experiences working with minority-owned and female-owned subcontracting firms.

- The female majority president of a WBE-certified construction company stated, “We’ve had good experience working with minority and woman-owned subs.” [C2012#26]
- The Asian-Pacific American male owner of a certified engineering company said about his experience working with DBEs that “DBEs are very good, better than non-DBEs.” [C2012#36]

Some interviewees reported mixed or negative experiences working with or attempting to work with minority-owned or female-owned subcontracting firms.

- The male vice president and treasurer of a non-certified woman-owned construction company said, “There are some good woman-owned companies. Some minority companies have poor quality.” [C2012#27]
- The Caucasian male owner of a concrete and landscaping company stated, “Usually minority-owned subs are more expensive and my experience is they’re not as qualified to do the work.” He indicated that his experience with WBEs was the same as working with MBEs. [C2012#29]

Subcontractors’ preferences to do business with certain prime contractors. Owners and managers of firms that sometimes work as subcontractors indicated that they preferred to work with certain prime contractors and will avoid other prime contractors. For example:

Interviewees frequently mentioned past relationships, and speed and reliability of payment as reasons to prefer certain prime contractors and avoid others. Examples of those comments include:

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “There are always people you do not want to do business with for a variety of reasons — usually has to do with slow or late payments, or their overall job management style.” [C2012#5]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that they have preferred prime vendors that they often work with based on previous work experience. She stated, “There are primes we will not work with based on bad experience and word of mouth.” [C2012#6]

- The Black American female co-owner of a non-certified construction and hauling company said that there are primes that she prefers to work with or with whom she has an established relationship. She said, “Yes, the ones who pay quickly and on time. We have good one-on-one relationships with many of our long-standing customers.” [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business said that “some [primes] do poor work and I won’t work with them. I don’t want my name attached to shoddy work.” [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that they have primes with whom they prefer to work. She said, “We have long standing relationships with a lot of customers who we work with all the time. They know the services we provide and trust us to get the job done.” She went on to say, “There are some customers who don’t pay quickly so we won’t work with them but generally we will work with anyone who needs our services as long as they pay us in a timely fashion.” [C2012#9]
- The Asian-Pacific American owner of a non-certified engineering company said that he has preferred primes he works with and others with whom he will not work. He added, “Over the years I have found other professionals that I want to work with because they do business like I do, others I won’t work with under any conditions.” [C2012#10]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported, “There are primes we prefer to work with based on our solid relationships.” She also indicated that “due to bid shopping and overall competition there are primes we just won’t do business with.” [C2012#12]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated, “We have a relationship with a group of primes that we usually work with. The companies do business like we do business and that’s why we stick with them.” He stated, “We have enough solid relationships that we don’t need to work with companies we don’t like.” [C2012#14]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, “There are primes we always want to work with — we know each other’s styles and the chemistry is good.” The interviewee did say they would work with any prime if given the opportunity. [C2012#15]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, “For the reasons that you’d imagine, we like to work with primes we know and that know us.” [C2012#16]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that there are primes with which his company prefers to work. He said, “Yes, there are some companies we work with all the time. It can be due to their people, how quickly they pay, or based on the amount of work they give us. It depends.” He said, “If someone doesn’t pay quickly, we won’t work with them. We can’t afford to do business with anyone when they expect us to be the bank.” [C2012#17]

- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that there are primes that with which his company prefers to work or with which his company has established a relationship. He said, "There are some we have worked with over and over and have good rapport with. We naturally work with them." [C2012#19]
- The Caucasian male owner of a DVBE-certified highway construction company mentioned that there are primes that they prefer to work with based on their pay policies. [C2012#21]
- The Hispanic male owner of a non-certified construction company said that there are primes he prefers to work with. He said, "The ones who pay and who can get us steady work we like to work with again and again." [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said, "We always prefer to work with contractors who pay us in a timely manner." She said, "There are other primes who won't pay quickly or want to pay in installments. Why should I get paid in installments when I've done all the work? It isn't fair to a small business." [C2012#24]
- The male vice president and treasurer of a non-certified woman-owned construction company stated that there are prime contractors with which his company prefers to work. He said, "They have your back, treat you fairly, and pay timely." [C2012#27]
- The Caucasian male owner of a concrete and landscaping company reported that there are prime contractors that his company prefers to work with because they have a good working relationship. [C2012#29]
- The Caucasian female vice president of a certified micro grading, concrete, and paving business said there are prime contractors they prefer to work with because they pay promptly or pay within a feasible time. The Caucasian male president of this company said that there are prime contractors his company would not work with because they do not pay within a reasonable time period. He said, "Everybody right now wants to hold onto their money until the last minute. There are a lot of them I know that get paid and they'll just hold it and hold it to get the last bit of interest off it. They just don't care." He continued - "I can make some work, but not if I'm not going to get paid for 90 — you know — 100 days. By then all my payments to my creditors — you know — the profits are cut in half." [C2012#30]
- The Caucasian male owner/operator of a certified small majority-owned road grading business indicated that there are certain primes with which he prefers to work. He said, "Familiar is nice. Knowing that you're going to get paid is nice." [C2012#31]
- The Black American male owner of a certified concrete company said there are some primes with which his company will not work. He said, "Some won't pay you. Some list you in their bid, and then shop around for a week before they turn in their numbers. They should not be allowed to shop after bid opening." [C2012#33]

- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, “I’ve had to chase people for money a couple of times. I’ll never work for those people again.” [C2012#34]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said they prefer to work with prime contractors that pay in a timely manner. “It’s no fun having to go shake down your prime contractor for invoices that are 90 days outstanding or more.” She said the firm also appreciates prime contractors that honor their work-share agreements.” [SDI#7a]
- The owner of a WBE-certified construction company said, “There are some contractors that are better—plan their work out better.” She said, “For me to make money the way we bid, it’s so much a foot for a stripe. If they chop the job up...I can’t make any money.” She also said that there are some primes that she will not work with again due to failure to pay. [SDI#8]
- The Caucasian male owner of a construction firm stated there are primes that he likes working with; “primes who are big competent developers and the chemistry is right.” He also said that there are primes he will not work with because of incompetence and arrogance. He reported that there are some primes that have poor business ethics. He explained, “Some incompetent generals will tell you to cut the street. After you do it, they will say, ‘I never told you to do this,’ and then they won’t pay your change order.” [SDI#20]
- The vice president of a DBE-certified consulting firm said there are prime contractors he prefers not to work with because of payment issues. He said, “We have some primes that didn’t pay as per the work, so we have to go shake them down. As long as they pay us, we will work with them again.” [SDI#31]

In addition to prompt payment for their work, many firm owners and managers said that they preferred prime contractors that are organized and easy to deal with, maintain safe worksites, and treat them fairly. Examples of those comments include the following:

- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said of their preferred prime contractors: “Safety is a big issue. Some companies have better track records for managing their sites and insuring that our people are in a safe, reasonable working environment.” [SDI#7a]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that there is one prime company she really enjoys working with. She said, “I really like working with that company and we are really in sync with each other.” [SDI#16]
- The manager of an SBE-certified consulting firm said that there are a few prime contractors his firm prefers to work with. He said, “There are definitely some [prime contractors] that seem to be more receptive than others as far as teaming up, partnering, giving us the chance to be on one of their teams for projects. There are a handful [of] primes that we’ve developed relationships with that are pretty positive. A couple have taken action to add us to a team.” [SDI#22]

- The project development manager of a majority-owned asphalt firm said, “There are some [prime contractors] that we are a little more selective as far as our pricing goes because of the way they treat us.” [SDI#27]

Some interviewees said that there were no primes that they would never work with (for example, C2012#15, 20, 26, 27 & 28).

- A representative of the Young Black Contractors Association said there are no primes that their members won’t work with [even if they would prefer not to]. He said, “We don’t have that luxury. [Specific company] is one of the most racist, but because they have such a large company they get away with whatever they can. We don’t have the luxury to say we won’t work with them because they’re going to treat us bad.” [C2012#39]
- The Caucasian male owner of a concrete and construction company said that there are no prime contractors with which he would prefer to work with or with which he would not work. He said, “If the opportunity is good, I’ll work with anyone.” [C2012#3]
- The female majority president of a WBE-certified construction company said that there are no primes that her company prefers to work with or with which her company has an established relationship. [C2012#26]

Most of the interviewees who had worked with MBE/WBE/DBE prime contractors reported having a positive experience.

- The Caucasian male owner of a majority-owned demolition and loading company stated, “Our experience with DBE/MBE/WBE primes has been good. I wouldn’t say it wasn’t any better or worse than working with non-DBE/MBE/WBE primes though.” [C2012#20]
- The Asian-Pacific American male owner of a certified engineering company said that “DBEs [as prime contractors] are smaller and pay faster. Non-DBEs find excuses to delay payment.” [C2012#36]
- A representative of the Young Black Contractors Association said it is different working for a WBE/MBE prime. He said, “Yes. The difference is that you actually feel like you’re wanted. You feel like this is going to be a good job and we can leave that job every day without tension. It all has to do with the leadership. When you have a bunch of rednecks standing around talking about their families, you don’t know how to communicate with people that aren’t in your community. You have no idea what these people are going through. Larger primes have no idea what it’s like to be on our position; they don’t even know anyone in our community. [The larger primes] don’t have time for you.” [C2012#39]
- The Asian American owner of a DBE-certified engineering company said that his company has worked with one minority-owned prime contractor. He said that it is possible that his firm was chosen as a subcontractor partly because he and the principal of the prime contracting firm were in the same community organizations. He reported that it was a positive experience and that his firm is still working with the prime contractor. [SDI#3]

- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that there were a number of large primes that the firm has established good working relationships with, especially in the 8(a) program. He went on to also say that there are a few smaller primes that he likes to work with. He says he prefers working with these primes because “they express more of an interest to working with us, and they do good work!” He added, “They’re more to the point...like we are. ... They are more about serving the client.” He reported that it’s easier to work with these firms because the work is well defined and these firms focus on getting the work done and producing a good product. He also says that “with larger companies there are so many layers of bureaucracy, which is the reason why a lot of small businesses are created...because they want to just be better.” [SDI#12]

Some interviewees reported having a negative experience working with an MBE/WBE/DBE prime contractor. For example:

- The Caucasian male president of a certified majority DVBE said that the poor workmanship and inability to speak English causes him to believe that many MBEs are not qualified and do not hold proper licenses. [C2012#28]
- The Caucasian male president of a certified micro grading, concrete and paving business said his company’s experience working with DBE/MBE/WBE primes was that some WBEs subcontract out 100 percent of the work and make a huge profit. He said, “I do a lot of work for a woman-owned business. She contracts with me to do her work, and it’s amazing. She does good. She does good! I’ll bid a job for 50 grand and she gets 100 to do it. Gosh, I’d make 8 percent if I did it.” He continued, “The woman-owned, and all of them, it’s more like they just get the job and sub it out. Most of them don’t even do any of the work at all. They’re very good at bidding the job and getting the job. Like they have me bid it to them, double it, and I do it. It’s crazy. The ones that are good at it are making very good money with no output, no overhead and no risk.” [C2012#30a]

A number of business owners and managers said that certain prime contractors had treated them unfairly, and they now avoided them. Several minority and female business owners, or managers of those firms, added that certain prime contractors had listed their firms but not given them any work. For example:

- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said there are some primes that they won’t work with. He said, “One is [a large firm]...we had a long relationship with the Port of San Diego and they wanted to get in with them...so they said, ‘Hey, we need your help,’ ... so we worked with the team, ... gave them intel, ... they used our DBE, ... soon as they got the job, they turned around and gave the work we were [going to] do to another company they had a relationship with. ... No phone call, no nothing.” He reported that this happened twice with the same firm.

He provided another example where his firm was a lower tier sub to his former employer. He said, “I’ve been disappointed. They sort of strong-armed us into giving them a “quick pay” discount. He said, “We don’t mind waiting to get paid until the prime gets paid, but the [large firm] would sometimes sit on the checks for a long while...and when we asked about

getting paid there was always an excuse.” He said at times this went on for months, until finally, he continued, “They told me if you really want to get paid fast, give us a 5 percent discount and we can pay you within 10 days.” He said they really needed the cash flow at the time and by the end of the project his firm had paid out about \$45,000 in discounts. [SDI#12]

- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that there is one prime that her firm will not work with. She said, “I had a relationship with a municipal agency and I brought the prime in to meet with the client. I brought them in, helped with the preparation of the proposal and she was in the project for 10 percent of the work. Once we won the job, the prime sidelined me. I met with the CEO and he told me that I didn’t bring any benefit to the project and they don’t really need my firm. He really pissed me off. I have a very good relationship with the [public agency]. They know me and trust me and I’ve continued to work with [public agency] on other projects. Now the CEO has accused me of trying to undermine ‘his’ relationship with ‘his’ client. But I never went to the [public agency] to complain.” [SDI#16]
- The president of a non-certified Native American-owned engineering firm said that there are a few primes he chooses not to work with. He reported that the reason is that a few have a history of abusing their subs, especially DBE firms they work with and also withholding final payments to subs. He said, “There is no reason for it to take more than six months for a sub to get paid.” [SDI#15]
- The Caucasian project manager of a HUBZone-certified construction company said that there are some prime contractors the firm would no longer work with, including an 8(a) firm that experienced some problems with a job and then decided not to pay the company. “We ended up having to put in a claim and we got our money. It was a federal highway project.” [SDI#35]
- The Caucasian woman owner of a WBE-certified trucking company stated there are a few primes that she would rather not do business with because of “their reputation for not paying on time...or they don’t treat my drivers with respect when they come to the job site.” She went on to say that “technically we are supposed to get paid within 10 days from the time [the contractors] get paid...but sometimes the contractors are too big for their britches and don’t pay when they should...some have no regard for smaller guys.” [SDI#36]

Subcontractors’ methods for obtaining work from prime contractors. Interviewees who worked as subcontractors had varying methods of marketing to prime contractors.

Many interviewees who act as subcontractors reported that they often secure work with prime contractors through their past relationships with those firms. For example:

- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that their work with primes is largely based on past experience. [C2012#4]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “We got on projects as a subcontractor based on previous contact with prime vendors that

need specific concrete paving skills.” He stated that “word of mouth is a big deal for us in this business.” [C2012#5]

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that “the company gets on projects based on previous relationships with primes; it’s the same for private and public sector work.” [C2012#6]
- The Black American female co-owner of a non-certified construction and hauling company said that she markets her firm to primes through phone calls or through past experience. She said, “Primes will let us know when they are bidding on a job and ask us for a bid. Not all of them do but we will get a request for a quote for a set amount of volume.” [C2012#7]
- The Black American female owner of a DBE-certified construction and hauling company indicated that they get on projects as a subcontractor by working with previous customers, responding to invitations to bid, and through Caltrans’ invitation to bid (ITB) system. [C2012#9]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, “We get on projects because of the work we have done with previous customers.” [C2012#15]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that his company gets on projects as a subcontractor through relationships. He said, “We are usually tracking things pre-bid so that we have an understanding of what’s coming up. We try to get in depth information on upcoming bids by being proactive and working with our customers to help them submit the bid.” [C2012#17]
- The Caucasian male owner of a concrete and landscaping company said that his company is selected as a subcontractor for both public sector and private sector jobs based on his work performance and business relationships. [C2012#29]
- The Black American male owner of a certified concrete company said his company gets on projects as a subcontractor “through past relationships.” [C2012#33]
- The Hispanic male owner of a non-certified construction company said that his firm gets on projects as a subcontractor through past relationships and sometimes because firms know he has an MBE certification. He said, “Primes contact me all the time because they know that we deliver when we say we will. We also get asked for our certification information but I don’t know how they use it or if they use it.” [C2012#23]
- The Asian-Pacific American owner of an engineering business and a representative of the American Council of Engineering Companies-California reported, “The large firms know what we can do ... they use us as a subconsultant. We team fairly easily with [the big firms] they know we can do the work.” He said that he does not have issues with primes listing his firm and then not using it. “The difficulty we’ve had in the past is exclusivity ... which has gone away at this point. I would say a year or two ago that was happening. You have a small

pool [of primes] to begin with and then we're being asked to be exclusive, and your chances dissipate if you can't be on several teams." [C2012SM#2]

- The Asian American owner of a DBE-certified engineering company said that marketing his firm to prime contractors has become easier since they have completed projects and are becoming more well-known. He stated, "We've demonstrated our capabilities, we've successfully completed several jobs, and we maintain our certification, so a lot of the large primes know us." He reported that prime contractors now regularly contact his firm for subcontracting opportunities. [SDI#3]
- The Senior Engineer for a non-certified minority-owned engineering firm said another type of marketing occurs when "...There's sort of the long-term strategic [projects] where you know something is going to happen. It takes, sometimes, years for it to manifest into the place where the RFP is needed...[The firm is] sort of not trying to be a pest, but stay in touch with the organization that's putting it out, to monitor how it's going and remind them that you exist." [SDI#5]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that there are firms which will say, "We want you to sub this one to [the company]. Sometimes it's that easy. Other times we'll go co-market a project with a client and then carve it up. Other times they just fall out of the sky...Primes will say we've got something that's in your wheelhouse..." [SANDG#7a]
- The owner of a WBE-certified engineering firm said, "Primes come to us ... that's been huge." She reported that she has found value in promoting her firm's work to large companies that do not have the bandwidth to do specialty design work. She further stated, "Finding large companies that understand your skill set is huge, [it's] win, win for both of us." [SDI#10]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said he gets most of his subcontracts through existing relationships. He reported that he has relationships with Caltrans employees and some are people he's worked with previously. He added, "We've also been a sub to big companies that use our DBE status to get work. We never see anything from them. They will use other people." He said that because of his experience, he's convinced that relationships are the best way to get business. [SDI#12]
- The president of a non-certified Native American-owned engineering firm said that word of mouth has been the best marketing tool for them. [SDI#15]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that generally her firm finds out about projects through word of mouth or from larger firms contacting her firm. [SDI#16]
- The manager of a publicly traded engineering firm reported that subconsulting projects are rare but they're all relationship-based. He said, "When we sub for other firms, we then use them to sub for us. Kind of, 'I'll scratch your back and you scratch mine.'" [SDI#26]

Other interviewees cited word of mouth, marketing, networking and prime-initiated contacts as ways they obtain opportunities to bid as subcontractors. For example:

- The Hispanic male owner of a non-certified construction company said that his company gets on projects as a subcontractor through word of mouth and networking. He said, “A lot of primes know us and will call us when they need us. We also have people call us when they see our trucks on the road or at other job sites. We also drop in on businesses to see if they have work they might need us to do.” [C2012#22]
- The Hispanic female owner of a non-certified asphalt paving company said that her firm gets on projects as a subcontractor from a variety of sources. She said, “We get a lot of business through word of mouth and the good rapport we have with past clients. We also get a lot of business through the Yellow Book.” [C2012#24]
- The Hispanic female partner in a non-certified consulting firm reported that their subcontracting work is obtained almost exclusively through word of mouth. [C2012#25]
- The male vice president and treasurer of a non-certified woman-owned construction company said his company gets on projects as a subcontractor through word of mouth. He said, “Word of mouth is standard for private sub work. There is no difference between getting on as subs when there are minority or woman goals.” [C2012#27]
- The Caucasian female vice president of a certified micro grading, concrete, and paving business said that they get on projects as a subcontractor when the prime contacts their company. [C2012#30b]
- The Black American male president of a certified electrical company said he get on projects as a subcontractor because he is “solicited by general contractors.” [C2012#37]
- The Caucasian male owner of a concrete and construction company said that he gets on projects as a subcontractor through Craigslist and word of mouth. He said, “I’ll post on Craigslist every week to see if anyone bites.” [C2012#3]
- The Asian-Pacific American owner of a non-certified engineering company mentioned that he gets on projects as a subcontractor through his professional contacts. [C2012#10]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated, “We get on projects as a subcontractor based on our certifications and on our price.” [C2012#14]
- The Caucasian male owner of a DVBE-certified construction company stated, “We get on projects by submitting bids. We do this all the time. The largest part of my days is spent submitting bids. This is the way that it works in the industry.” [C2012#21]
- The Caucasian female owner of a DBE-certified engineering company said that most of her work comes from word-of-mouth. She said that it’s difficult to make connections with large prime contractors. [C2012SM#6]

- The Asian American owner of a DBE-certified engineering company said that his firm reaches out to contact prime contractors about subcontracting opportunities when he feels that his firm “can offer something unique.” He said that his firm used that tactic on the Green Build airport project, because his firm had already been involved in previous projects there. [SDI#3]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that his firm generally markets to primes through attending association meetings for “big projects with goals ... for DBE participation.” He also stated that they have one-on-one breakfast and lunch meetings with A&E firms and “brown bags” with these firms. He added, “So far [this] has not led to any more work yet, but we have work...we have plenty of work and maybe that’s why we’re not pounding on the door that hard.” [SDI#12]
- The president of a non-certified Native American-owned engineering firm said that in the past, when he would market to primes, he would “get a list of the primes bidding on the project that has a goal, find out all the primes who have pulled plans and contact each [prime] on the list.” [SDI#15]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm said that she markets her firm to primes. She said, “I know who the big players are and who the PMs are. Many of them have been my peers in the past.” [SDI#16]
- The vice president of a DBE-certified Black American engineering firm said that the firm pursues projects through pre-bid meetings, obtaining lists of primes and following-up with them, existing relationships, project look-a-heads, and agency/prime one-on-one meetings. [SDI#19b]
- The Caucasian male owner of a construction firm stated that his company gets jobs as a subcontractor by “seeing the job and contacting the developer like [a specific company], who has the job. We will prepare a PowerPoint presentation and give them our exclusive brochures.” He continued, “We do a lot of work with the [specific company] for over 20 years because we have good skills and we are honest.” [SDI#20]
- The manager of an SBE-certified consulting firm said that his firm markets their work by getting involved with different professional groups and organizations and they actively try to develop relationships with large prime contractors. He said, “[Our firm reaches] out to these different large companies to introduce ourselves and try to position ourselves for subcontracting opportunities to be added to teams where they need certified small businesses to be part of their teams on bids.” He reported that they have had limited success in these efforts. His firm also looks at public websites for bid opportunities. He said, “We’re trying to do as much as we can with the limited amount of staff and resources that we have here as a small business.” [SDI#22]

Similarly, some business owners said that it was very difficult to solicit business from certain prime contractors because those contractors are going to automatically use the subcontractors they already know. Those comments included the following examples:

- The manager of an SBE-certified consulting firm described situations in which other firms are polite to meet with his firm, but the other firms never follow up. He said, “[Other firms] are polite about inviting us in and meeting with us and taking our information, sometimes asking us to buy them lunch or breakfast, and we never hear from them again. It’s ... pretty clear ... which of these companies are genuinely interested in maybe somewhere down the line working with you, and which are just doing lip service ... and you never hear from them again.” [SDI#22]
- The Caucasian partner in a DBE-certified engineering firm said, “There is a [public agency in Imperial Valley] right now that I’m having difficulty with. They don’t even go to ‘request for proposals.’ They just go to a firm and ask for a proposal.” He also said that these agencies received CPG (Coordinated Prevention Grants) funds that require DBE usage and they fill the requirement with DBE contractors but not consultants. He later added that to receive work in his industry, you have to wine and dine the customers and get to know them. He added that he no longer does this with his clients and it has impacted his business. [SDI#24]
- The president and CEO of the National Black Contractors Association expressed frustration with the fact that most contractors will not branch out to using different subcontractors on their jobs. [SDITA#1]

A number of interviewees, including some certified firms, reported that the same prime contractors solicit them for work in both the public and private sectors.

- The Black American owner of a DBE/MBE/SBE-certified engineering company mentioned that they have done work with the same primes on public and private sector work. [C2012#4]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that primes use the company for both public sector and private sector work due to their previous work experience and expertise in the environmental consulting field. [C2012#6]
- The Hispanic male owner of a non-certified construction company said that the same primes use his firm on public and private sector work. He said, “They use us because they know we will deliver when we say we will.” [C2012#23]
- The Caucasian male president of a certified majority DVBE said that primes that use his company on public sector work also use his company on private sector work because they are pleased with the quality of his company’s work. [C2012#28]
- The Caucasian male president of a certified micro grading, concrete, and paving business said prime contractors that use their firm on public sector work also use them on private sector work because of their working relationships. [C2012#30a]

Many minority- and women-owned firms that were not certified as DBEs, MBE/WBEs, or SBEs also reported that the same primes will use them on public and private sector projects.

- The Black American female co-owner of a non-certified construction and hauling company said that primes that use her company on public sector work also use them on private sector work. She said that the work is all the same as they provide fuel hauling services to customers regardless of whether they are public or private sector. [C2012#7]
- The Asian-Pacific American owner of a non-certified engineering company mentioned that the same primes use him on public and private sector work. The type of work that he performs is not impacted by public or private sector contracts. [C2012#10]
- The Hispanic American office manager of a SBE/DBE-certified concrete company said the primes use them for public sector and private sector work. She stated, "We get more work based on the quality of our product and because of how we work the primes come back to us." [C2012#15]
- The Hispanic male owner of a non-certified construction company said that primes use them on public sector work and will also use them on private sector work. He said, "We have specialty equipment like Tier III equipment that a lot of primes don't. That is the majority of our business." [C2012#22]
- The Hispanic female owner of a non-certified asphalt paving company said that primes use her firm on public sector work and private sector work. She said, "The work is the same whether it is public or private sector. They need asphalt and we provide it - there is no difference to us." [C2012#24]

Many interviewees, including minority- and women-owned firms, reported that primes are open to receiving bids from their firms. For example:

- Interviewees representing minority- or women-owned firms did not recall any instances when they had been denied the opportunity to submit a bid to a prime contractor. [C2012#5, 13, 15 & 16]
- The Hispanic male owner of a non-certified construction and concrete business said that he has never been denied the opportunity to submit a bid or a quote. He went on to say that "rates are really tight so there are some things we don't bid on because we know the margins are too tight." [C2012#1]
- The Hispanic male owner of a non-certified construction company said that his firm has never been denied the opportunity to submit a bid or quote to a prime where they are qualified to do the work. He said, "There are times where we might not have the right equipment but that isn't the same as being denied." [C2012#22]
- One interviewee pointed out that submitting a bid does not mean that the bid would be considered by the prime. The Black American male president of a certified electrical

company said about prime contractors: “They’ll let you send a bid all day long. I don’t know if they read it.” [C2012#37]

- Most representatives of majority-owned firms also indicated that they did not know of any instances when they were denied the opportunity to submit a bid to prime contractors. For example, the Caucasian male safety and training manager of a majority owned concrete and construction company said that they have never been denied the opportunity to submit a bid or quote. He said, “No, we’ve never been denied by a customer, but if it is a union job, we may not be able to bid. Union issues are difficult.” [C2012#19]

Similarly, some interviewees reported that they have been denied the opportunity to submit a bid or price quote to a prime contractor. For example:

- The Black American female owner of a DBE-certified construction and hauling company said that she has been denied the opportunity to bid or provide a quote for a particular job. She said, “We had a customer who was threatened with sanctions if they used us. It was based on a licensing issue we had with Caltrans so we were denied access and participation by Caltrans. It was based on a lack of communication because Caltrans said we weren’t current with our licenses when we were.” [C2012#9]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported that they have occasionally been denied the opportunity to submit a bid. She said, “This is because we are women-owned.” [C2012#12]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that his company has been denied the opportunity to submit a bid or price quote to a prime several times. He said, “We have had instances where we wouldn’t drop our price to beat someone else’s so we weren’t allowed to submit a bid.” [C2012#17]
- The Black American male owner of a certified concrete company said that his company has been denied the opportunity to submit a bid or price quote to a prime contractor. He said, “They were afraid it would look like as though my company was an MBE front company.” [C2012#33]
- One interviewee indicated that he had been denied an opportunity to submit a bid to a prime, because his firm was Caucasian male-owned. The Caucasian male president of a certified micro grading, concrete, and paving business indicated that his company had been denied an opportunity to submit a bid when the prime contractor needed a woman-owned or other category company. He said, “They needed so much woman-owned or other category and they wanted to do the other 80 percent.” He indicated that this happened often. He said, “They had to fill their quota.” [C2012#30a]
- The Native American owner of an engineering-related company indicated that his firm has encountered teaming challenges. “Unless you’re doing \$2.5 million or more, they [primes] don’t want to talk to you ... they don’t want you on the team.” He added, “So it goes to size of firm again ... you’re a hobby business if you’re \$2 million or less.” [C2012SM#3]

- A Hispanic contractor representative of Hispanic Contractors and Suppliers Association said that Kiewit Corporation, a large general contractor, has its own electrical company, Mass. Electric, which it will use as the electrical subcontractor. “They don’t farm any of it out ... I’ve tried.” [C2012SM#1]

Some interviewees reported that the same prime contractors do not solicit them for work in both the public and private sectors. Instead, those contractors are going to automatically use the subcontractors they already know. For example:

- The Caucasian male owner of a DVBE-certified highway construction company stated, “There are definitely firms that only use us on public works projects. They use us because of the DVBE certification. They need us as much as we need them.” [C2012#21]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “We have not had a situation where a public sector project prime has asked us to work with them on a private sector project.” [C2012#5]

D. Keys to Business Success.

The study team asked firm owners and managers about barriers to doing business and about keys to business success. Topics that interviewers discussed with business owners and managers included:

- Employees (page 60);
- Equipment (page 64);
- Access to materials (page 67);
- Financing (page 68); and
- Other factors (page 73).

Employees. Business owners and managers shared many comments about the importance of employees.

Some business owners and managers said that it was difficult to find and hire skilled employees. They attributed that difficulty to several factors:

- The Hispanic male owner of a non-certified construction and concrete business said that keeping good people is hard with so little work available to keep them busy. He said that there is a “difficult balance of keeping people employed so he can go after the work needed to keep lights on.” [C2012#1]
- The Black American female owner of a DBE-certified construction and hauling company said that personnel/labor is a barrier for any small business. She said, “In our business, a lot of work is seasonal so it is hard to keep our people busy, pay insurance and provide benefits.” [C2012#9]

- The Caucasian male estimator at a non-certified woman owned trucking company said that personnel/labor is always a barrier. He said, “[Personnel] is always a challenge. When we are slow, keeping people busy is hard and keeping good employees when they aren’t being paid is difficult.” [C2012#17]
- The Hispanic male owner of a non-certified construction company said that personnel and labor is a huge barrier. He said, “We had to scale way back. If you can’t keep people busy then you can’t keep them employed.” [C2012#22]
- The Hispanic female owner of a non-certified asphalt paving company said that personnel/labor can be a big barrier. She said, “You have to keep them busy or you will lose them.” [C2012#24]
- When asked if finding qualified personnel can be a barrier, the owner of a certified Native American-owned construction firm said that sometimes it can be. He said, “Years ago it wasn’t, nowadays it gets difficult sometimes. Everybody that knows anything is working. The ones you’re left with now...either don’t want to work, or they don’t know anything. And having somebody that doesn’t know anything is better than having someone who doesn’t want to work.” [SDI#4]
- The female Hispanic Operations Manager of a DBE-certified towing company said that hiring experienced, responsible people is a constant problem in the towing industry, but that this really does not have anything to do with being an MBE. She said, “Trying to find someone with a clean background, a clean DMV, and [who] doesn’t use drugs...in this industry, is really hard, especially in this area.” [SDI#2]
- The Black American owner of an MBE-certified security company said that finding qualified personnel is a challenge in his business. Potential employees may interview well but may not follow through with tasks such as filling out paperwork accurately. He said, “The client looks for that. Sometimes they purposely move stuff [on a job site] just to see if you put it in your paperwork.” [SDI#9]
- When asked if finding qualified personnel can be a barrier, the owner of a majority-owned goods and services firm said that it is always a problem. He said, “You would think with unemployment the way it was, we would have some qualified applicant on just about any position we advertised for.” He went on to explain that this is certainly not the case. He said, “If we advertise for a designer, we would get hundreds of applications even though none of them are qualified for the most part. We could advertise for someone to work in the shop and get zero applicants. I could advertise for someone to work in the field ... and get zero applicants.” When asked what he thought the reason for this problem was, he said, “I think that with a hundred weeks of unemployment, why does anyone want to work?” [SDI#11]
- The Caucasian estimator at an SBE-certified construction company said that finding skilled employees is challenging: “This particular job that we do takes experience, because if you don’t have it, one slip-up and you’re dead.” He feels that highly paid entry-level union jobs

give younger workers unrealistic expectations of how much work they need to put in: “That’s why we hire and get rid of a lot [of workers.]” [SDI#33]

Some interviewees reported no barriers related to getting qualified personnel. For example:

- The female manager of a majority-owned transit services firm said that retaining qualified personnel and finding the right employees to work for the firm is not a barrier for her company. [C2014#2]
- The Black American female co-owner of a non-certified construction and hauling company said that personnel and labor is not a barrier. “We pay pretty well and provide good benefits. We have never lost a driver because of lack of work, benefits or pay,” she said. [C2012#7]
- The Asian American owner of a DBE-certified engineering company said that hiring qualified labor is not really an issue for his firm, because it has stayed small. He said that being a small company helped his firm weather the recession because he did not have to generate the amount of work that a bigger company would have to find to support its staff. [SDI#3]
- The Senior Engineer for a non-certified minority-owned engineering firm said that labor has not been an issue for their business. They do not work with union employees (such as surveyors) in their line of work. [SDI#5]
- The owner of a WBE-certified engineering firm stated that her firm experiences no challenges with obtaining or retaining qualified employees. She reported that in this region she is able to recruit employees with high levels of technical expertise and that many are former military. [SDI#10]
- When asked about obtaining personnel/labor being a barrier, the president of a non-certified Native American-owned engineering firm stated he’s not experienced any problems. [SDI#15]
- In regards to finding qualified personnel, the vice president of a DBE-certified Black American engineering firm said it’s not a problem for his firm. [SDI#19b]

Some business owners commented on what they saw as a declining quality of workers. For example:

- The Hispanic owner of a DBE-certified engineering firm said, “It’s very difficult to find qualified personnel. A lot of students come out of school with loans and they want to earn good money to pay off those debts. My niece and my sons have said that it seems like the teachers now days are very jealous and they don’t teach what they are supposed to teach so the students don’t graduate well-trained. All of these electronic distractors impact the way they study. They don’t study the way we used to. The Internet makes them believe everything is instant and easy and it’s going to be right now and that’s not the case. There were two people we gave a two-week trial to and they were clueless on how to use

AutoCAD. How do they expect to find a job when they don't even know how to use AutoCAD? I think the way the media is bombarding them is leaving a lot of people behind." [SDI#25]

- When asked what it takes for a firm to be competitive and successful locally, the vice president of IVEDC said, "What I've seen and getting in the way of competitiveness is they don't have the skilled labor." He added, "It's not difficult attracting people. It's difficult attracting skilled labor." He added, "There are plenty of people that are looking for work. We are in a region that has 29 percent unemployment. But the skills aren't there. So lack of education and workforce training. So we try to do everything we can to bring in workforce dollars from the federal government and employment training dollars from the state. But skilled workforce is limited." [SDITA#2]

Some firm owners and managers indicated that hiring and retaining employees was more difficult for small businesses than for larger companies. For example:

- When asked about personnel being a barrier, the general manager of a certified Black American-owned construction firm said that if there isn't enough work to keep workers busy, he can lose them. [SDI#1b]
- The female Hispanic Operations Manager of a DBE-certified towing company said that qualified drivers are likely to be demanding and may quit or file complaints at the slightest provocation, because they know that they are in demand. [SDI#2]

At least one company noted the costs involved with firing workers. The Caucasian male safety and training manager of a majority-owned concrete and construction company indicated that personnel and labor is a barrier. He said, "We have to defend ourselves every time a worker is fired and they file a complaint. It doesn't matter if it has no merit or not, we get disgruntled employees who cost us time and money." [C2012#19]

One interviewee said that personnel and labor challenges are affected by discrimination. The female majority president of a WBE-certified construction company stated that personnel and labor can be a barrier. She said, "Men do not like taking directions from women. Of course, our employees are all family members." [C2012#26]

One firm owner related the quality of work to the wage rate. The Black American owner of an MBE-certified security company said that other companies in his business often pay their employees less than he does. He said, "If you want an eight-dollar-an-hour guard, that's what you're going to get. He's going to come in disheveled; he's not going to want to really work, because he's not really making that much money anyway." [SDI#9]

One business founded a technical school to give employees the skills they need. The owner of a certified WMBE consulting firm said her firm founded a technical school to eliminate the barrier of personnel/labor being available. She said, "We came about starting the school because of some of the issues we were having with hiring other individuals who come from other vocational colleges. They didn't have the skill. They didn't have the training that was necessary. They may

have had the book smarts but they did know how to apply it. So our vocational colleges have a lot of hands-on training.” [SDI#30]

Equipment. Some businesses, especially in construction, require a substantial amount of equipment to perform their work. Some own their equipment and some rent equipment.

Some businesses reported that rather than owning equipment they rent pieces of equipment. For example:

- The general manager of a certified Black American-owned construction firm said that the only barrier regarding equipment “would be getting a loan.” He said, “We really haven’t tried to get any equipment. We’re renting our equipment because work is so scarce. We don’t want to have no work and have a bunch of equipment.” The owner of the firm said that he liquidated all of the equipment and now just rents equipment as needed. [SDI#1b]
- The male Caucasian owner of a DVBE-certified construction company said, “I rent equipment. It’s cheaper to rent and lease equipment than to own it. And you could do a job and then you don’t have to store it.” [SDI#32]
- When asked if obtaining equipment presents a barrier, the male Hispanic president of an MBE-certified environmental engineering firm said, “No, most of the equipment that we utilize we basically rent out. People don’t buy as much equipment as in the past, unless you are a very large contractor.” [SDI#29]

Some interviewees identified access to equipment as a barrier to pursuing business opportunities. For example:

- The Hispanic male owner of a non-certified construction and concrete business said that replacing equipment without credit is difficult because “financing is difficult to get now.” He asked, “How do you grow your business when you can’t afford to replace your equipment?” [C2012#1]
- The Caucasian male owner of a concrete and construction company said that he has to rent a lot of equipment because of issues with financing. He said, “I can’t even get accounts with some of the concrete companies, let alone banks.” [C2012#3]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “Getting new equipment is hard without cash. Cash is king, without cash it is difficult to purchase the needed equipment.” [C2012#5]
- The Black American female co-owner of a non-certified construction and hauling company said that equipment can be a barrier to a small business like hers. “We have to retrofit all of our trucks because of emission laws. We will have to upgrade our trucks. This can be a barrier for small businesses like ours and is pretty costly,” she said. [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business said that equipment costs have doubled. He said that “even renting is too expensive. We used

to spend \$3.5 to \$5 million per year on equipment. Now we can't afford to do that since the economy crashed." [C2012#8]

- The Black American female owner of a DBE-certified construction and hauling company said that equipment is a huge barrier. She said, "We have to purchase designer diesel fuel, retrofit equipment to meet new air regulations, and purchase materials. All of these are expensive." She asked, "How can we maintain profitability when we have to spend so much money to retrofit our equipment to meet all these regulations? We have to borrow money to make this happen and then pay huge interest rates on top of that." [C2012#9]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that equipment can be a significant barrier. He said, "Cash flow can impact your ability to obtain equipment or maintain it." [C2012#17]
- The Hispanic male owner of a non-certified construction company said that equipment can be a barrier. He said, "We have a lot of equipment that we need but you need to invest [in other equipment] to get work. This is a hard balance. If you don't have the right equipment you can't get the work, but there is no guarantee you will get the work to pay for it." [C2012#22]
- The Hispanic male owner of a non-certified construction company said that equipment is a barrier. He said, "We have to retrofit or replace our equipment because of new regulations like AQM. This will likely run us out of business. We can't get financing so we're going to go out of business or not comply with the regulations." [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that equipment can be a barrier. She said, "We own our own equipment and can get new equipment if needed, but it is expensive. We don't want to go out of business because we timed a big equipment purchase wrong." [C2012#24]
- The owner of a UDBE-certified hauling company said, "Recently I had to pass on a Caltrans bid for hauling special material that requires special trailers. I have extensive experience in this type of haul. We don't own our equipment; it's too expensive for a small business to invest in." [C2012WT#27]
- The female owner of a WBE-certified construction company said that there are issues with obtaining equipment that are similar to borrowing money: "You're looked at twice if you're a woman and you're the owner of the company." [SDI#8]
- The vice president of IVEDC said, "Obtaining equipment would be again back on access to capital. They've had to sell off a lot of equipment. They've had to downsize their facilities [and] downsize employees." He added, "They don't have the necessary equipment to perform on some of the big jobs that we have." [SDITA#2]

One interviewee indicated that discrimination affected her ability to obtain equipment. The female majority president of a WBE-certified construction company indicated that obtaining equipment can be a barrier. She said, "Men like to deal with other men." [C2012#26]

Other interviewees indicated that access to equipment is not a barrier to pursuing or obtaining business opportunities. [For example, C2014 #2, C2012 #1, 24 & 27, SDI #10, #11, #12, #18, #19b & #20] The Caucasian female owner of a federally-certified woman-owned engineering business said that equipment is not a significant barrier. She said, “If we need equipment we buy it only if we have the money to buy it with. We don’t lease or finance anything.” [C2012#11]

A few business owners reported that California smog and emissions requirements are a barrier. For example:

- The Caucasian estimator at an SBE-certified construction company said that new smog requirements for heavy equipment are a burden to small businesses: “This heavy equipment that we spent years buying—and only in California—it’s no longer any good.” [SDI#33]
- The Caucasian female co-owner of an SBE-certified construction company said that a big issue for them as a small business has been California’s emissions requirements on trucks. She said, “Not everyone can go out and buy \$200,000 trucks just because they don’t comply with requirements.” She said that requirements for other types of equipment have been easier to comply with because they have been phased-in more gradually. [SDI#34]
- The Caucasian female owner of a WBE-certified trucking company stated, “My personal opinion, along with other people in my business feel that the State of California is trying to put us out of business. ... They’ve made it impossible for us...our type of business ... and small businesses are impacted the most.” She said, “The State has decided to give useless jobs to a group of people working at the California Air Resources Board.” She explained, “They’ve come up with this deal where you have to retrofit your trucks with a [particulate] filter that is supposed to clean the air...to add this to your trucks will cost us anywhere from \$18,000 to \$35,000 per vehicle. If we don’t retrofit your truck...that vehicle is considered by the State of California to be illegal and you cannot drive the truck on the road...so our trucks being as old as they are...our trucks could run forever because my husband takes very good care of them...they’re in good condition...but our trucks are too old to retrofit.” She continued, “Since our trucks are too old, by January 1, 2015 we will have to spend roughly \$150,000 to purchase a new truck or face going out of business. As a result of these regulations, I’m aware of many small trucking businesses who are closing their doors as of January 1, 2015...they can’t afford to stay open.” She also stated that “the State is offering truck owners a \$45,000 grant towards the purchase of a new truck...but it has to be brand new truck...with the cost of a truck around \$145,000...and you add the fees, and other cost associated with buying a new truck you’re looking at about spending \$200,000...that’s along with meeting all the State’s requirements.” [SDI#36]
- The owner of a majority-owned street sweeping firm said, “Well a lot of the sweepers are now faced with the smog laws that will go into place in two weeks. Sweeper trucks have two problems that were specifically addressed in this law – number one is the diesel emissions and so every truck will have to have diesel particulate matter filter put on it, it will have to be retrofitted to the tune of \$5,000 to \$10,000 to be able to sweep going forward. The second issue is the dust and the compliance and again the older trucks that I

have are not able to put hepa filters on or to control the dust and so basically these trucks are worth nothing. I know four or five sweeping companies in the last three or four years that have just left. That is a major capital investment that is being placed upon, not only the sweeping industry, but the whole industry, anybody that drives a diesel truck and it's going to break some of their backs. So, you know, it's a very difficult business environment for a street sweeper right now and people are folding. A lot of companies are folding as a result of that. It's under the California Environmental Protection Agency Air Resources Board, Truck and Bus Regulations, and there is page after page after page of compliance." [SDI#28]

Access to materials. As with other potential barriers, interviewees reported a range of experiences with access to materials.

Some interviewees indicated that obtaining inventory and other materials was a barrier, especially in terms of being cost-competitive and its impact on cash flow. Interviewees did not indicate additional disadvantages based on race or gender. For example:

- The Native American owner and president of a non-certified electrical contracting business said that inventory and supplies are expensive. He said, "It is like equipment costs. Everything has gotten more expensive or you can't find supplies that meet the specifications at a reasonable cost." [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that obtaining inventory or other materials and supplies is a barrier. She said, "We are at the mercy of retail costs for materials. Sometimes we will submit a bid for something and costs will rise before the job starts and that eats into our profit." [C2012#9]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, "Getting product can be a problem. Cash flow is sometimes a problem when billings take 60 days." [C2012#16]
- The Caucasian male estimator at a non-certified woman-owned trucking company indicated that obtaining inventory or other materials and supplies can be a barrier. He said, "We do have accounts that we can tap for materials but slow cash flow can make that a challenge." [C2012#17]
- The Hispanic male owner of a non-certified construction company said that obtaining inventory and supplies can be a barrier. He said, "Yes, keeping inventory and supplies in an uncertain market is risky. You have to balance it to make sure you don't get over-extended." [C2012#22]
- The Hispanic male owner of a non-certified construction company said that obtaining inventory and other materials is a barrier. He said, "It's the same as equipment, we can't afford a lot of equipment and we have to do everything ourselves to keep our equipment running." [C2012#23]

- The Hispanic female owner of a non-certified asphalt paving company said that obtaining inventory or other materials/supplies can be a barrier. She said, “If primes don’t pay us quickly, we have to sweat it out with our suppliers.” [C2012#24]
- The male Caucasian owner of a DVBE-certified construction company said, “[Veteran-owned businesses] don’t have the capital assets. The veterans that I have helped by basically advancing their money to buy the material and pay them on invoice right away so they can get on their feet. ... Very rarely do you find a contractor in the industry that will even do that.” [SDI#32]
- The Caucasian project manager of a HUBZone-certified construction company said that the major challenge for MBEs and other disadvantaged businesses that bid for projects is having enough cash to buy materials and for other expenses up front. [SDI#35]

Most interviewees reported that obtaining inventory and other materials and supplies is not a barrier to pursuing or obtaining business opportunities. For example:

- The Hispanic male owner of a non-certified construction and concrete business said obtaining inventory or other materials and supplies is not a problem as long as the bills are being paid. [C2012#1]
- The Black American female co-owner of a non-certified construction and hauling company said that there is no barrier obtaining inventory or other materials and supplies. “We have small accounts with suppliers and that has never been a problem,” she said. [C2012#7]

Financing. As with other issues, interviewees’ perceptions of financing as a barrier depended on their experiences. To some it was a barrier, and to others it was not.

Some interviewees identified obtaining financing as a barrier to pursuing business opportunities. A number of firm owners and managers indicated that financing was important to operating and expanding their businesses, but that it was difficult to obtain credit, particularly for small businesses. Some interviewees said that barriers were the same for all small businesses; others specifically pointed to difficulties for DBEs, MBEs, and WBEs.

- The Black American owner of a DBE-certified electrical contracting business commented that “Basically, the only barrier is finance and opportunity. I had actually done a disparity study maybe two maybe two years ago or three years ago, and the topic was finances. If we can't afford to barely get to the job, we definitely can't afford to get the material for the project, so we out, right?” [C2014PH-SC#1]
- The Caucasian female owner of an engineering company said that capital affects the ability of a business to be successful. “Available capital does affect businesses, because as you start to grow, as you start to get contracts, it requires more resources to be able to deliver that work,” she said. [C2012SM#16]
- The Hispanic male owner of a non-certified construction and concrete business reported that he needs about \$1 million to keep operations up and running. He said that his company

previously had a credit line but getting credit is really hard. He stated, “Rates are high and repayment terms are difficult due to decreased revenues. You have to be able to show three years of profitability and a line of credit will usually only extend for 60 days of operations.” [C2012#1]

- The Caucasian male owner of a concrete and construction company said that financing is difficult. He said, “Banks are tight; they have slammed the door on me because I don’t have the financial track record needed to obtain financing.” [C2012#3]
- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that obtaining financing is always tough for all small businesses. [C2012#4]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated that “obtaining credit is difficult and it’s not getting easier.” [C2012#5]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company mentioned that obtaining financing is difficult for most small businesses. [C2012#6]
- The Native American owner and president of a non-certified electrical contracting business said that financing is a huge barrier and there should be some guidance and support from Caltrans regarding financing. He said, “You know the money is going to be paid and Caltrans could help match up small businesses with financing. We need help with equipment, payroll, and managing receivables.” [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that obtaining financing is a huge barrier. She said, “Interest rates alone will kill you. It is prohibitive to borrow money in our business.” [C2012#9]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, “Obtaining financing is a barrier, but it’s based on the business environment not discrimination. We are all facing challenges getting more money.” [C2012#15]
- The Hispanic male owner of a non-certified construction company said that financing is a barrier. He said, “It is only a problem when you need to replace equipment but lean prospects make it hard to make financing decisions. Our credit is good but we’re scared to go into debt.” [C2012#22]
- The Hispanic male owner of a non-certified construction company said that financing is a huge barrier for him. He said, “It isn’t discrimination because I’m an MBE, it’s just that as a small business, I can’t easily get financing. You need access to good financing terms when your customers sit on your money for long periods of time.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that financing can be a barrier. She said, “Financing is difficult and we don’t like to borrow money. Many of our competitors over-bought equipment and went bankrupt as a result because they couldn’t make payments.” [C2012#24]

- The Hispanic female partner in a non-certified consulting firm reported that minorities and women are adversely affected when attempting to obtain financing. She said that she could not have obtained financing if her partner was not Caucasian. She stated that when she attempted to obtain financing for her firm she was unsuccessful while her Caucasian partner was able to access financing. [C2012#25]
- The Black American male owner of a certified electrical company said that “from years of oppression, blacks don’t have the ability to obtain financing.” [C2012#35]
- The Caucasian principal of an energy company stated that for service industries “the vendors are unable to find financing and that the process has become more difficult recently for SBEs, WBEs, and DBEs.” [C2012#2]
- The owner of a DBE-certified engineering and construction management firm said, “Access to financing for DBEs and minority-owned firms is non-existent. For those able to obtain lines of credit or working capital loans, interest rates are high and the terms are strict.” [C2012WT#26]
- The Caucasian male owner of an engineering firm said that bank financing is currently very difficult. “No matter if you’re even paying your bills on time, if your ratios are not in line, the banks don’t care ... they’re coming on you real fast, real hard.” [C2012SM#8]
- The general manager of a certified Black American-owned construction firm said that it can be difficult to obtain financing because “we’ve been through a rough period” that could have potentially damaged credit. He went on to say, “I think the banks aren’t quite set up to...look at your history from a subjective perspective and say, ‘Oh, it was hard times here, so we’ll cut them a break.’” [SDI#1b]
- When asked if obtaining financing can be a barrier, the owner of a majority-owned goods and services firm said that he thought it is a barrier for all small businesses. He said, “I couldn’t get my first business loan until I was in my mid-thirties, and I started my business when I was in my twenties. There is no source of bank financing for any start-up business that doesn’t have collateral way beyond what you’re asking for. Since the recession it’s much worse. I had the ability, personally, to borrow \$300,000 on my signature. To borrow that same \$300,000, I have to give them a trust deed on my building, all my assets in my shop, all of my receivables, and I have to ...guarantee it with my personal trust. So I’m pledging roughly \$2.5 million of collateral to borrow \$300,000. Before the recession, I could do that with a signature.” He went on to say that he does not believe that this barrier is any different for minority-owned businesses. [SDI#11]
- The president and CEO of the National Black Contractors Association said, “Having access to capital is one of the bigger inhibitors.” [SDITA#1]
- The owner of a certified WMBE consulting firm said, “Financing is in one of the main priorities. It’s difficult for small business especially one that can’t get enough revenue to support an overhead.” She added, “And it’s been difficult because we can’t go and get financial assistance from any of the banks because of our flexibility and our credit. So finance

is very difficult for a small business especially if we don't have revenue coming in on a regular basis." [SDI#30]

- The Caucasian estimator at an SBE-certified construction company said that financing can be challenging in his business. Because they do shoring work before the general contractor arrives, they often have to order supplies that need to be paid for long before his company will be paid for the completed work. He said, "In the public works contract they don't have to pay for 45 days. So, what happens is, unless I have the money to fund the project, I get behind [in paying his vendors]." He said that this can have a bad effect on his company's standing with vendors. [SDI#33]
- The male president of a DBE-certified plumbing firm said, "Yes, [our company] has some credit limits through our bank, but it's not sufficient enough to be bidding on some of the jobs that Caltrans and BART and some of the other government entities have. We are a union shop and been in business for ten years. And this is one of the most definite problems that my small firm and maybe other small firms encountered. Again, if you don't have a record of participation in these jobs as far as net worth on jobs, you're really limited to where you want to go or get bigger." [C2014PH-O#2]

Other interviewees did not perceive obtaining financing as a barrier to pursuing or obtaining business opportunities. Some interviewees, including minority- and women-owned firms, reported not having any difficulty obtaining financing. For example:

- The Black American female co-owner of a non-certified construction and hauling company said that obtaining financing is not a barrier. She said, "We've never been denied financing. The bank has been awesome." [C2012#7]
- The female manager of a majority-owned transit services firm said that obtaining financing is not a barrier for the firm. She went on to say that she has not observed issues with obtaining financing for other businesses in that line of work. [C2014#2]
- The Caucasian co-owner of an uncertified women-owned transit services company said that obtaining financing is not a barrier for his company. [C2014#1]

Other firms indicated that they have not needed to obtain financing. For example, the Caucasian female owner of a certified woman-owned engineering business said, "This isn't a barrier; we manage our money very tightly and don't have to borrow." [C2012#11]

One interviewee felt that MBEs and WBEs received preferential treatment when it came to financing. The Caucasian male president of a certified micro grading, concrete and paving business said that he believed MBE/WBEs got preferences when it came to financing. He said, "They get help more than me." [C2012#30a]

A few interviewees said that they had difficulty obtaining financing when starting their companies, but that financing was no longer a barrier for them. For example:

- When asked about obtaining financing being a barrier, the Hispanic American female owner of a non-certified transit services firm said that her firm used to struggle with obtaining the appropriate financing, but that is no longer a barrier for her firm. She said, “This year we had a good experience. In the past, it was hard [to obtain financing] due to the fact that we are a small company. We are in a better situation with our financing, but it takes a while to get there.” [C2014#3]
- The owner of a WBE-certified engineering firm stated that for the first two years of business, her firm was unable to get a line of credit from the bank. She stated, “No one got paid the first two years.” She reported that she was able to obtain a larger line of credit within the past year. In addition, she stated, “You need a banker on your side.” [SDI#10]

Some business owners explained the connection between personal assets and the ability to obtain financing. For example:

- The Black American owner of an MBE-certified security company said that obtaining financing has been difficult because “most minority small businesses don’t have good credit.” He feels that this impedes a lot of promising minority businesses from getting started: “If you don’t have a house or collateral or real good credit, you might as well hang it up.” He later added that potential creditors only base a small proportion of their decision on the merits of the business plan, and a larger proportion on credit and years of experience. He said, “Now, how are you going to get years of experience unless somebody gives you a chance?” [SDI#9]
- The vice president of a DBE-certified Black American engineering firm explained that he’s experienced talking with a banker over the phone and he’s given favorable rates, but when he actually goes into the bank the story is different. He continued, “We’ve had to put up the equity of our home for collateral to get a line of credit.” [SDI#19b]
- The owner of a DBE-certified Black American-owned goods and services firm said that obtaining financing has been a barrier for her business. She said, “I remember when I went to [a private bank], I was trying to get the seed money I needed, and they said my income wasn’t enough coming in. They needed to attach something, a home, something. So then I went to [two other private banks] and was turned down because my credit score wasn’t high enough. I had a job on the side that I was doing that I could pay back the money, but it didn’t work out.” [SDI#21]

Several minority and female business owners indicated that race- and gender- discrimination affects financing. For example:

- When asked if price discrimination in obtaining financing affects business opportunities, the owner of a certified Black American-owned construction firm said, “There [are] times when [other subcontractors] would take that contract to a bank, and they could get a line [of credit] on that contract.” He went on to say, “We have tried that, and it never happens

for us We had a vehicle with a 36-month loan payment, if we missed one payment, or you didn't pay on that exact date, they'll use that for an excuse not to give you a line...We are a lot more restricted...when it comes down to...going to banks." When asked what he believed the reason for this was, he said, "The color of my skin!" [SDI#1a]

- The female Hispanic Operations Manager of a DBE-certified towing company said that the Hispanic owner of the business has not been able to obtain loans. She said the institutions they have tried to work with keep requesting more collateral. She feels that the practices are probably discriminatory based on her past experiences when she was part-owner: "I got a lot of the 'You're a woman. You don't belong in this industry. Why are you here?'" [SDI#2]
- The female owner of a certified construction company said that "it's very, very hard for a woman to get financing. ... If you're married, they want your husband to come in and sign; and I don't think that any man that owns a business has to take his wife in to sign, or is even asked to do that." [SDI#8]
- When asked if she believed that the barrier is related to racial discrimination, the owner of a DBE-certified Black American-owned goods and services firm said, "It depends on your skin color in a lot of these situations. And it really depends on how much money you have in the bank. There could be someone identical to me in the same situation, but because I'm an African American, they wouldn't [give me the loan]. If I were Caucasian, or Filipino, or Asian, they would." When asked if she believed that this discrimination is specific to Black Americans, she said that she believes it is against both Black Americans and people of Hispanic origin.

She also said that she believes women are discriminated against when trying to obtain financing. She said, "Women specifically are having a hard time, because if you're not married, or [the banks] don't see another source of income, they always want to pull from the husband or someone [else]. Well I don't have any of that. I'm not married. I'm a single woman. I think of myself [as] being pretty educated. I'm a smart, articulate woman, and I'm self-sufficient, but that's not enough. If I had a man behind me that was bringing in the check, then maybe it wouldn't be an issue." [SDI#21]

Other factors. Beyond the factors identified above, a few business owners identified other factors that contribute to or detract from business success.

Many interviewees cited quality and low price as keys to staying in business. For example:

- The Caucasian male owner of a concrete and construction company said that in order to be competitive in his line of business you have to have good quality and competitive pricing. He said, "Quality is huge, but price often wins out. Sometimes people just want the cheapest bid." He added that you have to have a good reputation so that you can even be considered but reiterated that "price is huge." [C2012#3]
- The Black American female co-owner of a non-certified construction and hauling company said that to be competitive in this line of business "you have to be rate competitive. Rates have to be where customers want them or you won't get work." She added that "Quality is

key. We try to do the best job we can. If you don't deliver what your customers want when they want it, they'll never call you again." [C2012#7]

- The Black American female owner of a DBE-certified construction and hauling company said that to be competitive in this line of business, you have to be price competitive and provide quality services. She said, "Our long-term customers know that we will deliver when they need us to and that we do a good job." [C2012#9]
- The Asian-Pacific American owner of a non-certified engineering company noted that in order to be competitive, pricing is the most important thing and having solid contacts is essential. [C2012#10]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that to be competitive in this line of business, you have to provide quality work. She said, "We always try to over-deliver. That is the key to success — don't just do the bare minimum." [C2012#11]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "We have to lower our rates to stay competitive with the bigger companies. You also have to do your homework." [C2012#12]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated, "It takes good pricing, versatility and reliability to be competitive in our line of business." [C2012#14]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, "To be competitive we have to have good chemistry with our primes, work ethic has to be good and overall work has to be good." [C2012#15]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, "In all honesty, the only way we can compete is to lower our prices and take a lower margin." [C2012#16]
- The Black American male owner of a certified DBE telecommunications company said that in order to be competitive in his line of business, quality and expertise is the key. He said, "I provide a fairly specialized set of skills and I have to provide quality work at a good price" to be competitive. [C2012#18]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that for his firm to be competitive in this line of business you have to balance quality and price. He said, "We can't compete with huge firms because we don't have the assets they do. We have a good reputation which is huge in this business. Our customers know that we can meet their demands and that is a huge differentiator." [C2012#19]

- The Caucasian male owner of a DVBE-certified highway construction company stated, “Right now it is difficult to be competitive in the market. You have to be detail-oriented and willing to lower profit margins.” [C2012#21]
- The Hispanic male owner of a non-certified construction company said that to be competitive in his line of business cost is key. He said, “Cost is the biggest driver and you need financing to stay solvent when customers like Caltrans don’t pay fast.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that, in her view, to be competitive in this line of business “you have to hustle.” She said, “You have to be sharp and as a woman, you have to be pushy otherwise people will try to take advantage of you.” She continued - “[w]e have had to cut costs so that we can compete with the many contractors out there who don’t have licenses.” [C2012#24]
- The Caucasian male president of a certified majority DVBE said that to be competitive in his line of business it is necessary to perform high quality work and be dependable. [C2012#28]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said to be competitive a business has to be “on-time and on-budget performance.” [C2012#32]

Other interviewees cited good contacts, good employees and good equipment as keys to success. For example:

- The Black American male owner of a certified electrical company said, “Knowing people in the right position or in the right agency” is key. [C2012#35]
- The Black American male president of a certified electrical company responded that the firm needs to be “[a] contractor that takes care of business and has a good crew. That’s the only way to become competitive.” [C2012#37]
- The Black American female owner of a non-certified trucking company mentioned that in her line of business the equipment is the most important factor in being competitive. She stated, “[l]ater model trucks and good maintenance is the key for us.” [C2012#13]
- The Hispanic male owner of a non-certified construction and concrete business said it is hard to say what it takes for a firm to be competitive because of the current market. Business is contracting because of lack of revenue. He is optimistic because he has a good crew and equipment, but it is hard to keep employees with little work. He also stated that “wear and tear on equipment requires credit if you want to buy new equipment,” which further exacerbates the problem. “Replacing equipment without credit is hard,” he said. [C2012#1]
- The Caucasian female owner of a DBE-certified engineering firm said that her prices are competitive with other firms because she has had so much experience. [C2012SM#16]

Some interviewees pointed to flexibility as a key to success. For example:

- The Caucasian male estimator at a non-certified woman-owned trucking company said the key to being successful is that “you have to be flexible and wear a lot of hats to make a small business work.” [C2012#17]
- The Caucasian male owner of a concrete and landscaping company said that he believes that to be competitive in his line of business, companies must be flexible, malleable and willing to change with changing conditions. [C2012#29]

Some interviewees pointed to a specific niche in the industry which they fill. For example, a Hispanic American contractor and representative of the Hispanic Contractors and Suppliers Association reported that small businesses are being selective in what they bid, looking for places where they have a niche. [C2012SM#1]

Other interviewees pointed to changes in the California legal code and legal clauses in the formation of a business as barriers or keys to success.

- A representative of the Kern Minority Contractors Association and the San Joaquin Construction Management Company said, “The reason you have this disparity study is because 209, we had something called Proposition 209 in the State of California. We were making some headway [in incorporating minority- and women-owned businesses into State contracts] prior to that. And then when 209 came into place it said that, the court said that in order to have a race conscious program you have to have a disparity study like what we’re doing here today, to get testimony in order to look at some of the disparities.” [C2014PH-FR#6]
- When asked if there were any other factors, the Operations Administrator of a certified WMBE consulting firm, said that Proposition 209 was a barrier. He said, “[Proposition 209] was for public education and every agency seemed to use that as the reason why they don’t have requirements except when there is federal money involved. The county is really bad. And even when there is federal money with county projects they still don’t put any requirements in.” [SDI#30]
- The owner of a majority owned goods and services firm said that one specific barrier for small businesses is that most public work contracts do not have a prevailing party clause that allows for recovery of legal fees. He said, “Small businesses, small contractors, [and] people who get a small piece of that pie [can’t] afford to litigate.” [SDI#11]

E. Potential Barriers to Doing Business with Public Agencies

The interviewees were asked whether they were aware of or had experienced any barriers to pursuing work in the local marketplace. Topics included:

- Barriers in general (page 77);
- Learning about work and marketing (page 80);
- Bonding requirements and obtaining bonds (page 82);
- Insurance requirements and obtaining insurance (page 85);
- Prevailing wage requirements (page 88);
- Prequalification requirements (page 90);
- Licenses and permits (page 92);
- Other unnecessarily restrictive contract specifications (page 94);
- Bidding processes (page 96);
- Non-price factors public agencies or others use to make contract awards (page 98);
- Timely payment by the customer or prime (page 100); and
- Experience with Caltrans processes (page 105).

Barriers in general. Some interviewees, especially participants in the stakeholder meetings and public hearings, discussed barriers in general and their experiences with them.

Some transit services interviewees discussed difficulties that private transit services firms experience in attempting to obtain work with public agencies. For example:

- The Caucasian co-owner of an uncertified women-owned transit services company said that his company has bid on projects with public agencies in California. He said, “[Our company] submitted two complete proposals for a route from San Francisco to LA, and both times they refused to [hire us].” He went on to say that, “The transit agencies are intertwined or interconnecting all the way from San Jose to LA to eliminate any private bus company from ever doing anything again. That’s not the intent of the FTA, but that’s California’s interpretation of that intent.” He went on to say that there is a federal requirement that 15 percent of the total FTA funding that Caltrans receives for transit operations in California must be used on inner city bus services. However, he said, “It’s a huge amount of money that private bus companies never see because they fund cronies and different transit agencies to do the same thing that we could be doing at a lot cheaper rate.”

He explained that his company would like to provide railway bus services from Los Angeles to San Francisco. However, he said that public agencies award that work to other public agencies, not private companies. He said, “[Public agencies] want to give [the work] to Salinas Monterey Transit. They give it to the San Luis RTA. They give it to the MTD of Santa Barbara, and they don’t give it to the local bus companies that want to do it.” He said that the state of Nevada has been successful in including small businesses on their transit services-oriented FTA contracts, but that in California, “transit agencies do not want to share the work” with private companies. He said that this is frustrating because his company can “run [transit services] so much cheaper than [the transit agencies] do.” [C2014#1]

- The Hispanic American female owner of a non-certified transit services firm said that she feels that Caltrans and California local governments generally award work to larger companies with substantial financial backing. She said, “[They] should give more opportunities to the smaller businesses.” [C2014#3]

Some interviewees identified the existence of barriers in general for minorities and women in pursuing work in the local marketplace. For example:

- The Subcontinent Asian American owner of a non-certified concrete paving company discussed his lack of personal experience with any barriers or discrimination based on race, ethnicity or gender in the public sector. However, he had seen it occur occasionally in the private sector. He said, “In the private sector we have seen particular instances where race determined who won the work, but it is not prevalent in our line of work.” [C2012#5]
- The Black American male president of a certified electrical company said that “there’s discrimination based on race in everything. Sometimes those barriers can be overcome. Once the guys with power — which are normally the Caucasian guys — once they get used to you it’s a different thing. But, it’s just getting in the door and getting an opportunity to prove yourself. Once they get used to you it’s fine. But, initially, you get a bad rap.” [C2012#37]
- A representative of a DBE-certified engineering firm said, “I am convinced that racial barriers and discrimination still exist and minority firms are in general underutilized in public contracting. A narrowly tailored DBE program will help to mitigate the effects.” [C2012WT#21]
- The owner of a DBE-certified engineering and construction management firm said, “Hispanic owned firms such as [my firm] have faced many difficulties and have experienced discrimination by public agency personnel and large civil engineering contractors when bidding, proposing or seeking a subcontract on public transport projects. The public agency staff prefers the large contractors over small firms and have the erroneous belief that small minority-owned or DBE firms lack resources, experienced personnel or are otherwise not qualified.” [C2012WT#26]
- A representative of a DBE/WBE/SBE-certified firm said, “We recently were solicited to provide a quotation to a prime contractor for electrical construction materials. Once we received the required Bill of Materials, we proceeded to contact major distribution houses in

California for the quotation. We were informed by these organizations that our company was too small for them to quote this large material requirement and that they would only quote directly to the prime contractor. As a small company looking to expand, we found this very disheartening. Our credit references are very strong, and we have never encountered such a blatant attempt to remove us from a potential opportunity as this action did.” [C2012WT#17]

Other interviewees reported that they were generally unaware of barriers to pursuing work in the local marketplace. For example:

- The Black American owner of a DBE/MBE/SBE-certified engineering company stated he is not conscious of barriers and/or discrimination based on race, ethnicity or gender. He went on to state that he has not had any personal experiences with discrimination. [C2012#4]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that “I have not had any personal experience with any barriers or discrimination based on race, ethnicity or gender.” [C2012#6]
- The Black American female co-owner of a non-certified construction and hauling company said that she has experienced no issues or discrimination based on race, ethnicity or gender of which she is aware. “We have never been denied anything. I’ve never run into any racial issues at all,” she said. [C2012#7]
- The Black American male owner of a certified DBE telecommunications company said that he is not aware of discrimination based on race, ethnicity or gender that his firm faces in the local marketplace. [C2012#18]

Some business owners said there were barriers for any small business. For example:

- The Caucasian male owner of a concrete and landscaping company said that he was not aware of discrimination based on race, ethnicity or gender that affects minority- or women-owned firms in California. He said, “No. We’re all pretty sensitive to that, just because, if you’re qualified, you’re qualified.” [C2012#29]
- The Caucasian male owner of a concrete and construction company said that he is not aware of barriers related to discrimination but that there are barriers for small companies. [C2012#3]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company indicated that in general he is not aware of any discrimination in the marketplace or from personal experience but that there are significant barriers that any business faces. [C2012#19]

One female business owner said that she faced barriers because she is Caucasian. The female owner of a trucking firm said that “since this recession hit in 2008 work has become extremely difficult to get. The private sector has almost come to a standstill. That leaves the public works which has opened many projects to help stimulate the economy. That’s all fine and well if you are

a minority, but if you are like me - a Caucasian Caucasian - you are out of luck. I can't get any new work to save my life. If I do, I have to give it to some type of minority and they take 5 to 20 percent of the profit from my business. That profit is what keeps everything going. Business has slowed so bad that I have lost a lot of sub-haulers who pull my trailers. All my life I have committed to honesty and hard work and now I can't get anything cause of the color of my skin." [C2012WT#23]

Learning about work and marketing. Interviewees discussed opportunities for firm owners and managers to identify public sector work and other contract opportunities, and to market themselves in the in-depth anecdotal interviews.

Some business owners and managers reported that it is easy to market in general and, specifically, to learn about public sector work. For example:

- When asked if learning about work can be barrier, the owner of a certified Native American-owned construction firm said that the public agencies in the area are "really good about getting the word out for work." [SDI#4]
- The Senior Engineer for a non-certified minority-owned engineering firm said that the method for obtaining work is generally to "follow the money" and current grants. He said there is also the "reactive" method of responding to RFPs that are sent to them because they are on an agency's list or that they receive through a subscription to a marketing service. [SDI#5]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that there are so many databases [for finding contracts to bid on] and "so much information that it almost becomes part of the problem." [SDI#7a]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm stated that they find out about specific projects from mostly from other firms. He said that there was a time when they paid for marketing services, but that didn't really produce opportunities. He stated that in most cases, firms will contact him and ask, "Have you heard about this project, or are you going after this project?" He went to state that 99 percent of the time that's how the firm usually hears about work. He stated some projects they hear about they'll pursue and some they won't pursue. [SDI#12]
- The president of a DBE-certified Black American engineering firm said that the firm markets to businesses in the public sector through calling campaigns based upon lists from different regulatory agencies of firms who are in non-compliance with different types of regulations. She said, "We schedule one-on-one meetings and provide free consultations to these firms. This strategy has proved to be successful." She later added, "Learning about the work is not so much the problem, but getting in the door is the problem." [SDI#19a]
- The owner of a DBE-certified Black American-owned goods and services firm said that this isn't a barrier for her business. She said, "Because of all the states I've been [certified in], I know more than a lot of people do. When I walk in a room, I hear people [say], 'Well there's really no work.' I'm like, 'Yes there is. Let me tell you, [this firm] is having a pre-bid meeting

over here, and this is over here, and this is over there.' I receive the information. I sign up. I'm in people's databases." [SDI#21]

- The manager of a publicly traded engineering firm reported that his firm lists themselves as a consultant or vendor on public agency websites so they receive bid invitations via email. The firm also goes out and talks to the agencies directly to find out what they have coming up. He added that ICTC has a technical advisory committee meeting that he attends to find out what types of projects will be funded in the future. He said, "We basically follow the money. That's what consultants do." [SDI#26]
- The project development manager of a majority-owned asphalt firm said that finding out about work does not present a barrier. He added "Most, if not all of the opportunities are advertised on the AGC website and or other publications, so that typically is not a problem." [SDI#27]

Some interviewees identified notification of work opportunities and marketing as a barrier to pursuing business opportunities. For example:

- The Black American owner of a DBE-certified electrical contracting business noted "I can do the work, easy. The work is not the issue. It's getting on the project and actually being able to put my hands on the material and get it done. It's the process from getting the contract to the job is -- that's where the disparity is." [C2014PH-SC#1]
- The Native American owner and president of a non-certified electrical contracting business said that learning about work and marketing can be a barrier for firms like his. He said, "There should be a website where Caltrans can let us know what specifically we can bid on based on our specialty." [C2012#8]
- The Caucasian partner in a DBE-certified engineering firm said, "Learning about work is a problem if you're a DBE or a non-DBE. Some cities put out projects but don't advertise them." [SDI#24]
- The Caucasian female co-owner of an SBE-certified construction company said that locating work has been difficult, because they have had to search for projects themselves; general contractors are not seeking them out. She said, "Obviously, no one's going to be knocking at your door, but it would be nice if we knew of ways to find those projects. I know there are sources you can pay to find you projects, but are there sources out there that you don't have to pay to find projects that are bidding?" She added that the most useful resource for her company would be a central place that they could go to find the types of projects they bid on, without have to pay a service like BidSync. [SDI#34]

Some small business owners said that it was more difficult for smaller firms to market and identify contract opportunities. For example:

- The Asian American owner of a DBE-certified engineering company said that it is difficult for a small firm to learn about work, because small firms do not have sufficient capacity to effectively market and complete project work. He said it is difficult to "knock on doors,"

attend pre-proposal meetings and outreach events and also meet current project obligations. [SDI#3]

- The owner of a WBE-certified engineering firm reported that competing for contracts is challenging. She stated, "You have to learn to play the game." She reported that her firm doesn't do any formal marketing because "we just don't have the bandwidth." [SDI#10]
- The female owner of a certified environmental consulting company reported that overall, running a small business is challenging and that there isn't time to do all of the marketing and relationship-building she would like to do. "Just keeping up with the website is hard," she said. [SDI#13]
- The Subcontinent Asian American female owner of a certified engineering firm said, "It is difficult for a small firm to spend time marketing. Big firms can afford to hire someone to track opportunities." [SDI#16]
- The vice president of IVEDC said, "I don't think some of our small business owners understand ... how to network, how to get the word out of what they do. I think it's just a small town mentality. They just don't know how to promote their services." [SDITA#2]

Other interviewees indicated that notification of work opportunities and marketing is not a barrier to pursuing or engaging in business opportunities. For example, the Black American female co-owner of a non-certified construction and hauling company said that learning about work and marketing are not a barrier for her firm because they have been providing these services for a long time and are well known to customers. [C2012#7]

Bonding requirements and obtaining bonds. Public agencies in California typically require firms working as prime contractors to provide bid, payment, and performance bonds on public construction contracts.

Some interviewees identified obtaining bonding as a barrier to pursuing business opportunities. Bonding requirements may limit bidding opportunities for public sector contracts for some firms according to interviewees. Some interviewees described bonding as a barrier for small businesses; others indicated additional barriers for minority- and women-owned firms.

- The general manager of a WBE/DBE-certified construction and rental equipment company said, "the only concern that the general contractor has is will this person perform. And one of the ways they assure themselves they'll perform is if they can provide a bond. Well, a lot of small companies are unable to provide the magnitude of bond that's needed for the work." [C2014PH-FR#5]
- The Hispanic male owner of a non-certified construction and concrete business said that "bonding requirements are worse than a loan from the bank." He said that bonding companies "look at successful profitability on previous projects and in a down market it is difficult to get bonded," which creates a significant barrier to entry. He said that the market has made it very difficult to get bonded. [C2012#1]

- The Caucasian principal of an energy company stated that “the requirements for bonding are prohibitive and that is the large reason why there is no public sector interest for me.” [C2012#2]
- The Native American owner and president of a non-certified electrical contracting business said that bonding is a barrier for small businesses like his. He said, “Bonding is difficult for a small business and very expensive. If Caltrans actually enforced real liquidated damages they wouldn’t need bonds.” He asked “How does \$100 per day for liquidated damages penalize a big firm for doing shoddy work?” [C2012#8]
- The Hispanic male owner of a non-certified construction company said that bonding can be a barrier. He said, “[w]e did some projects where we had to bond. Finding a bonding company and having the right collateral was hard.” [C2012#22]
- The Hispanic female owner of a non-certified asphalt paving company said that bonding can be a barrier. She said, “We’ve had the same bonding company for years and they are good but it is an added expense.” [C2012#24]
- The female owner of a striping firm said, “There is discrimination in bonding, because they don’t think, because you’re a woman, that you can do the work, or they make you step through extra hoops for that.” [C2012PH#15]
- A representative of a DBE-certified firm said, “Caltrans discrimination and legitimate discrimination protest a filing, that’s a subject I really want to get into because it’s called bonding. It’s the subtlest form of discrimination that I’ve ever run into. The task orders could be only \$25,000, \$30,000, and we provided performance and payments funds for those things, and the contractors over a two- or three-year period, but guess what they ask us to bond? They ask us to bid the line items. We don’t have that kind of bonding capacity. So we are excluded from bidding the project. It’s the subtlest form of discrimination, but it’s there, and this department here, this DBE department hasn’t gotten any control over the contracts department.” [C2012PH#30]
- The Hispanic American owner of an engineering company said, “Primes are having subcontractors that aren’t big enough in dollar value supply a bond when their [prime’s] bonding company requires that. There’s no choice for them, and they have to pass it down. It is true that getting a bond is almost impossible.” [C2012SM#12]
- A Hispanic contractor representative of the Hispanic Contractors and Suppliers Association said that bonding a subcontract limits his ability to compete for that work. “It’s not even a matter of not being able to purchase [supplies] economically, or being able to stage the process economically, the problem is that I have a bonding limit ... and we can’t bid the whole enchilada even if we have the resources.” [C2012SM#1]
- The Hispanic American owner of a DBE-certified highway contracting firm disagreed with that assessment. “We’ve bid up to \$8 or \$9 million, that’s been subbed out, without bonding and we can have another job for \$4 million without bonding. But that’s our relationship with

the prime contractor ... they either feel comfortable with that or they don't. They require it from us or they don't." [C2012SM#12]

- The Hispanic American owner of a DBE-certified highway contracting firm said that "the discrimination [by bonding companies] is based on how credit worthy you are. The non-credit worthy don't get bonding, the credit worthy get bonding. I don't think that look at all at what you are ... race or gender." [C2012SM#12]
- When asked if capitalization of the firm was important in the construction industry, a female business owner and representative of the Southern California Contractors Association said, "It is, no doubt ... and especially because of the bonding requirements. That's one of the hurdles any company has to face." She added that "[c]apitalization, especially for a company that is just starting out, is key. There's no getting around it." She continued that "whether or not you qualify for bonding is all based on those numbers." [C2012SM#15]
- A representative of Associated Professionals and Contractors of California explained the linkage between equity in a home, capital in a business and the business assets that a bonding company would consider. He said that bonding is not based on equity in a home, but "what bonding is based on is what cash is available to get you out of a problem, so if you have equity in a home, and you close your books out on the first of the year ... you go to the bank on December 25 and get a loan on your home and put it in your bank account ... the bonding company looks at that cash. Your balance sheet is the same, but the bonding company looks at the cash and it will give you bonding accordingly." He added - "After you close your [year-end] statement out, you pay the bank back ... so that you have the same equity in the home ... that's the way you get bonding." [C2012SM#17]

Several interviewees reported little or no problem obtaining bonds, or that bonding was unnecessary for their work. For example:

- At a 2014 public hearing, the Black American owner of a DBE-certified electrical contracting business noted "I can handle the insurance, the 1 million-2 million. I can probably handle the bond." [C2014PH-SC#1]
- Some companies reported that they do not need to obtain bonding. For example, the Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm mentioned they do not have to bond in their line of work and that he has not heard of this being an issue for other companies in the market. [C2012#16]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that bonding is not an issue for them. He said, "We typically don't have to bond because we are subs. We provide services to the prime who has to be bonded." [C2012#17]
- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that the type of work his firm performs does not require bonding. [SDI#13]
- The vice president of a DBE-certified Black American engineering firm said that his firm doesn't need a bond. [SDI#19b]

- The owner of a certified WMBE consulting firm, said, “We don’t have to be bonded.” [SDI#30]
- The male Caucasian owner of a DVBE-certified construction company said, “I work as a subcontractor because basically most of the contracts, no matter how large, when I come in they don’t require us to bond.” [SDI#32]
- The vice president of a WBE-certified Hispanic construction company said, “Well we work with our own bonding company and it is secured by the real estate and personal finances, so we don’t have a bonding problem.” [SDI#37]
- The owner of a majority-owned street sweeping firm said, “I’ve never been required to have a bond.” [SDI#28]

Potential for discrimination against MBE/WBEs in acquiring bonding. A few minority and female business owners felt that racial or gender discrimination existed in obtaining bonding. Examples include:

- The female owner of a WBE-certified construction company said that she feels there is discrimination against women when it comes to bonding, similar to that faced when they are trying to obtain financing. [SDI#8]
- The president and CEO of the National Black Contractors Association said, “Lending institutions have discriminated against the small companies and the Black Americans and what have you. They go in and give them their balance sheet and they don’t show a steady flow of cash and they don’t have an asset base. So they don’t get the bonding.” [SDITA#1]

Insurance requirements and obtaining insurance. The study team asked business owners and managers whether insurance requirements and obtaining insurance presented barriers to business success.

A number of Caltrans interviewees and most SDI interviewees did not perceive insurance requirements as a barrier to pursuing or obtaining business opportunities. [For example, C2014 #1, #2, #3, C2012 #7, #10, #18, #26, SDI #1, #2, #3, #7a, #15, #16, #18, #20, #24, #25, #27, #31, #34, #36 & #37].

- The female manager of a majority-owned transit services firm said that they manage to get whatever insurance is required. She went on to say, “It can be frustrating because different cities have different requirements.” [C2014#2]
- The Asian-Pacific American owner of a non-certified engineering company stated that design insurance is expensive, but it is not a barrier. [C2012#10]
- The Black American male owner of a certified DBE telecommunications company said that obtaining insurance is not a barrier but that “it can be expensive depending on the type of work you are doing.” [C2012#18]

- The female majority president of a WBE-certified construction company said she was not aware of any race, ethnicity or gender-based barriers or discrimination with respect to insurance requirements. [C2012#26]
- The Black American female co-owner of a non-certified construction and hauling company indicated that there is no barrier in obtaining insurance but said that “some customers and their locations are now requiring more insurance which costs more money. We have had to increase insurance over the past two years.” [C2012#7]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that the firm has not had issues with obtaining insurance. A recently acquired project on a nuclear site required more insurance than they had in their base policy, but they were able to get it increased reasonably and quickly. [SDI#7a]

Some interviewees identified insurance requirements as a barrier to pursuing business opportunities, especially for small companies. For example:

- The Hispanic male owner of a non-certified construction and concrete business said that “insurance requirements are very disadvantageous for small businesses. Sometimes there are requirements of \$5 million umbrella policies which are very expensive. Why would a small business do this? Construction defect lawsuits require expensive insurance. You can get one job policies but that is hard and expensive.” He reported that the volume of work is relatively small in comparison to the expense of these policies. [C2012#1]
- The Caucasian principal of an energy company stated that insurance requirements are prohibitive and that he would like to see “seminars on these topics.” [C2012#2]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated that “premiums are ridiculously high and insurance requirements for public sector work are too high.” [C2012#5]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that insurance requirements for various public sector agencies can be exorbitantly high and that obtaining insurance to meet these requirements can be a huge barrier for small companies. [C2012#6]
- The Native American owner and president of a non-certified electrical contracting business said that “any highway work is extremely expensive and prohibitive. You have to pay hazard pay for some work but it shouldn’t be so prohibitive because we use law enforcement to slow down traffic. That should help us with insurance but it doesn’t.” [C2012#6]
- The Black American female owner of a DBE-certified construction and hauling company said that insurance is a huge barrier. She said, “Insurance costs have gone up along with the cost of materials because they are based on gross revenue. It shouldn’t work that way. Increasing costs for materials make it look like we are making more money because our revenues are increasing but that doesn’t mean our profit is increasing.” She continued “Our profitability is

actually lower because margins are so tight and to top it off, our insurance costs have risen.” [C2012#9]

- The Caucasian female owner of a federally-certified woman-owned engineering business said that insurance presents a significant barrier. She said, “Insurance for a small firm is expensive. If there are issues, big firms have a big advantage.” [C2012#11]
- A Hispanic American owner of an engineering company, said that professional liability insurance was a large concern for small engineering businesses. [C2012SM#22]
- The Black American female owner of a non-certified trucking company stated, “Insurance is a barrier, especially because we are required to have \$1 million in coverage. There is no discrimination here, it’s expensive for everybody.” [C2012#13]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that insurance can be a barrier. He said, “We have to have drivers with clean driving records and if they don’t it can impact our insurance rates and costs.” [C2012#19]
- The Hispanic male owner of a non-certified construction company said that insurance requirements and obtaining insurance is a barrier. He said, “Insurance is really expensive for our drivers and trucks.” [C2012#23]
- The owner of a DBE-certified environmental consulting firm said, “Next one is about cost of insurance. I am a small company. Then we get a big \$77 million project, I need workmen’s comp, I need all kinds of coverages. Now because it is a highway project, it skyrockets. That was very difficult. But once again, a small business, take this upon ourselves, you have to get your funding. That is something you can help us with possibly, but I don’t know if you can help us over the hurdle. That is a major hurdle.” [C2012PH#1]
- The female owner of a DBE-certified research firm said, “The insurance requirements can also be high. We have purchased required insurance and spend up to \$5,000 a year. It would be helpful if there was some way to have a subsidized program or lower requirements for subs.” [C2012WT#7]

One interviewee said that discrimination did affect her ability to obtain insurance at a competitive price. The female owner of a striping firm said, “In insurance I think there is discrimination. I don’t think they want to give you the best price at first. You have to be there and play hardball with them to even get you in the same neighborhood as your competitors that are men.” [C2012PH#15]

One owner of a WBE-certified business stated that insurance was more difficult because of lawsuits, among several other reasons. She felt SANDAG had better protections for small businesses, but Caltrans did not. She said that obtaining insurance is difficult, and “there are so many frivolous lawsuits now, that it’s passed down to the smallest sub.” She added that SANDAG has more protections for small businesses in its insurance requirements: “A prime cannot ask [their] sub to [cover] more than the portion of their work.” She said, “I have to praise SANDAG

for doing that, because it's something that I have been talking to Caltrans about for years [and] that has impeded small business from participating." She said that this is something that affects all small businesses, but particularly women and minorities. She later advised that there needs to be more consideration of the needs and vulnerabilities of small businesses by insurance agencies: "They need to fight ... frivolous lawsuits in the insurance world and not pass that on to the weakest link in the chain." She said that fear of liability may be preventing more people from starting their own businesses: "The workman's comp ... is so high. Health insurance is going to be a tremendous thing that impedes small business." [SDI#8]

Prevailing wage requirements. Contractors discussed prevailing wage requirements that government agencies place on certain public contracts. Notably many interviewees thought of prevailing wage as another word for "union wage" hence the extensive mention of unions in this section.

Some interviewees perceived working with unions to pay a prevailing wage as a barrier to pursuing business opportunities. The study team discussed whether the prevailing wage and union membership presented a barrier for firms doing business, especially in the public sector. Many firm owners indicated that working with unions to pay a prevailing wage did present a barrier and often discussed difficulty paying these wages. In general, business owners did not suggest that minority- and women-owned firms faced any greater barriers than other firms in dealing with these issues. Although the discussion focused on business owners' and managers' perspectives about working with unions and paying prevailing wages, some individuals also discussed whether unions had been a barrier to entry for the advancement of women- and minority-owned businesses.

- The Hispanic male owner of a non-certified construction and concrete business said that "unions are not concerned with employers and their profitability. Prevailing union wages are a barrier." [C2012#1]
- The Native American owner and president of a non-certified electrical contracting business said that unions can be a barrier depending on the area/specialty. He said, "You can work with them but union specifications don't make sense sometimes. The specs for the jobs are classified wrong. You have concrete guys doing electrical and they aren't qualified. If the specs are written wrong and you can use unqualified and cheaper guys then I can't compete." [C2012#8]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that working with unions and paying prevailing wages can be a barrier. He said, "Occasionally we have to meet prevailing wage requirements. That means we have to charge a higher rate or make less money." [C2012#17]
- The Hispanic male owner of a non-certified construction company said that union dues can be a barrier when contract payment rates do not make up the difference. He said, "Occasionally, we've done work where we have to have union credentials to get the work. We can't afford to pay union dues when your rate can't make up for the expense." [C2012#22]

- The Caucasian female owner of a federally-certified woman-owned engineering business said this can be a barrier. She said, “We pay prevailing wages and meet all state criteria.” She continued, “How can unions dictate like this to the state? This isn’t fair to small businesses. You have to be competitive to get the job and owners go without profit sometimes in order to meet prevailing wage requirements.” [C2012#11]
- The Hispanic female owner of a non-certified asphalt paving company said that working with unions can be a barrier. She said, “If we get a prevailing wage job then we have to pay union rates. That usually cuts into our margin.” [C2012#24]

Some interviewees perceived working with unions in general as a barrier. For example:

- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that working with unions is a barrier. He said, “Unions are a major barrier that keeps us from getting work. I’ve had people tell me that ‘We don’t want non-union members taking food out of the mouths of our union members.’” [C2012#19]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “Working with the unions can be a barrier. We have had our issues with the Local 12 & 3 in the past.” [C2012#12]
- The Caucasian male owner of a majority-owned demolition and loading company mentioned that he has had issues working with the unions many times over the years. He stated, “The [unions] are the devil. They make working with them very difficult.” [C2012#20]

Some interviewees thought unions discriminated against women and minorities. For example:

- The Hispanic female partner in a non-certified consulting firm reported issues working with unions. She stated that unions are not shy about biases toward women and minorities. She added that men routinely made crude remarks to women working in the construction trade and expected the women to adjust. [C2012#25]
- The female owner of a striping firm said, “There’s been discrimination in the unions. Some of our WCOE [Women Construction Owners and Executives] members that have come up through the trades have the most horrendous stories to tell of the things that they have had to put up with. And if you’ll look at the union membership now, you’ll see that there are very few women in there still.” [C2012PH#15]

Other interviewees reported that working with unions does not pose a barrier to pursuing or obtaining business opportunities. For example, the Black American female co-owner of a non-certified construction and hauling company indicated that working with unions is not a barrier for her company. She said, “We are not union so that has never been a problem.” [C2012#7]

Some interviewees felt that the fact that they were not a member of a union or a union employer operated as a barrier to pursuing or obtaining work in the local marketplace. Many small business owners that were non-union employers indicated barriers. For example:

- The Hispanic male owner of a non-certified construction and concrete business said that not being union has some drawbacks in not being able to compete for some work in the public sector. He also said that being in a union would require joining many unions and paying multiple dues. He explained that despite those hassles, his firm still would not qualify for union benefits. [C2012#1]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated, “Because we are a non-union employer we have a difficult time with harbor unions and their picketing. This doesn’t have anything to do with discrimination just normal union ways.” [C2012#14]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that being a non-union employer is a barrier. He said, “We can’t bid on things sometimes because we are non-union.” [C2012#19]
- The Caucasian male owner of a construction company reported that he is required to hire subcontractors that are union contractors. “As union contractors as primes, we cannot sign up anybody as a non-union company.” [C2012SM#10]

Some business owners and managers said that being a non-union company had not been a barrier to obtaining public sector projects. Examples include:

- The owner of a DBE-certified surveying company said, “I thought at the time I was doing the [DBE] registration and going through — jumping through all those hoops that I was going to get some kind of an opportunity with Caltrans to provide surveying services. The bottom line is while there are a lot of projects being bid, every time I look at the scope of the project and involve myself with the prime contractors, there’s a union affiliation that seems to get in the way. I’m not union affiliated, and being a small firm, I don’t have the resources to have people on staff doing all the paperwork and whatever it is required to get — to get the union certification, so it really hasn’t done me a whole lot of good.” [C2012PH#21]
- The Caucasian estimator at an SBE-certified construction company said that his firm does not bid on some types of public sector work, such as federal highway projects, because it is not a union company. [SDI#33]

Other interviewees perceived no barriers in connection with being a union or a non-union employer. As one example, the Hispanic American office manager of a SBE/DBE-certified concrete company stated, “We are a non-union company and haven’t had issues with the local union.” [C2012#15]

Prequalification requirements. Public agencies sometimes require construction contractors to prequalify in order to bid or propose on government contracts.

Some interviewees identified prequalification requirements as a barrier to pursuing business opportunities. For example:

- The Caucasian principal of an energy company stated that “there are pre-qualification barriers during the Request for Proposal process. Prime bidders want specific smaller firms to participate.” [C2012#2]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that pre-qualification requirements can be a barrier. She said, “We had a project with [a city] recently and it was very time consuming to fill out all the forms. They can be very confusing — you have to re-submit qualifications again and again and they change requirements on a whim. They should keep it simple and not over complicate the process.” [C2012#11]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that pre-qualification requirements are a significant barrier. He said, “We encounter pre-qualification requirements all the time. The ... airport job we did required us to do test pours and run tests on them to ensure that they met the specs. This takes up time and money. It is just part of doing business, though. It is more of a challenge than a barrier for us, but for others it can be a show-stopper if they have to spend money on outside labs to get pre-qualified.” [C2012#19]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said that prequalification requirements could be a barrier. He said, “There is a problem due to bonding requirements.” [C2012#22]
- The owner of a certified Native American-owned construction firm who said that there can be too much paperwork involved in prequalification requirements. He said, “Most of our jobs [are] \$10,000-25,000 on a \$5 million contract, and they want you to fill out paperwork for three days. There’s normally only one of us. It’s hard to go out and work and do the paperwork. Maybe they need an agency where somebody has all the forms filled out and you just sign your name.” [SDI#4]
- The owner of a DBE-certified Black American-owned goods and services firm said that prequalification requirements are a barrier to new businesses because it is hard to prove your capabilities without previous work experience. She said, “I need a break so I can at least get in the door and show you that I can get the job done for you.” She then went on to explain that many of the qualifications required in the bidding process are inhibitive to her business. She said, “If you don’t type the proposal specifically the way [the prime contractors] want it, then that means you’re not-responsive. If you don’t give a minimum of three references, that means you’re disqualified. When you go to fill out the [prequalification] screens that they set up in their database, a lot of it doesn’t pertain to goods and services.” [SDI#21]
- When asked if prequalification requirements are a barrier for his firm the vice president of a WBE-certified Hispanic construction company said, “Absolutely. County of San Diego, for example, they are very heavy on the prequalifications. Sometimes Caltrans on the big projects.” [SDI#37]

- The male Hispanic president of an MBE-certified environmental engineering firm said that prequalification requirements can be a barrier. [SDI#29]
- The Asian-American owner of a DBE-certified engineering company said that his firm has been turned down for contracting opportunities, because it did not meet prequalification requirements. [SDI#3]
- When asked if prequalification requirements can be a barrier, the vice-president of a certified Black American engineering firm said, “it’s just too much paperwork.” [SDI#19]

Other interviewees identified no barriers in connection with prequalification requirements.

- The female owner of a WBE-certified construction company said that her company has been in business long enough to have gained a reputation for good performance: “Maybe I’ve been in business long enough that I’m prequalified — I’ve proven myself.” [SDI#8]
- The Hispanic male owner of a non-certified construction and concrete business said there are no problems with the pre-qualification requirements. Everything he has applied for he has successfully pre-qualified. [C2012#1]

Licenses and permits. Certain licenses, permits and certifications are required for both public and private sector projects. The study team discussed whether licenses, permits and certifications presented barriers to doing business for firms in the transportation contracting industry.

Several business owners and managers reported that obtaining licenses and permits was not a barrier to doing business. In general, business owners did not identify additional barriers for small businesses owned by minorities or women. [For example SDI #7a, #11, #12, #13, #16, #18, #19b, #20 & #22, C2012 #1, #25, #30, #31, #32, #34, #36 & #37] Comments included:

- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that about half of their workforce maintains some type of professional credential, but they have never had problems getting the required business licenses to work in different cities. [SDI#7a]
- The project development manager of a majority-owned asphalt firm said, “That’s not a problem. Although trying to get permits sometimes is a real hassle but it’s just the way it is.” [SDI#27]
- The owner of a majority-owned street sweeping firm said that his firm does not require many licenses or permits so it is not a problem. [SDI#28]
- The male Caucasian owner of a DVBE-certified construction company said, “No, licenses are straightforward and permits are straightforward. Not subject to opinions.” [SDI#32]

Some business owners and managers reported that obtaining licenses and permits was a barrier to doing business. Comments included:

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “There is no race or gender barrier for obtaining licenses; it is just difficult due to the nature of the tests.” [C2012#5]
- The Black American female co-owner of a non-certified construction and hauling company indicated that licenses and permits are a barrier. She stated, “There are a lot of permits and licenses to keep up with. We have to keep up with these. Some expire annually, some semi-annually, some quarterly. This can be hard to keep up with if you don’t keep track of it.” [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business indicated that licenses and permits are expensive and create a significant barrier. [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that licenses and permits are a huge barrier. She said, “The cost to stay licensed all year is huge. Why should we pay these costs just to bid? If we win [a bid] we could get the licenses before we start, otherwise it is just a huge cost we incur all year long when we do mostly seasonal work.” [C2012#9]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that licenses and permits are a significant barrier. He said, “Licensing fees exist for everything in our business: small engine licenses, air quality control permits, heater licensing, compressor permits, storage container inspections, water quality, etc. We have to devote resources — both people and money to these inspections and keep track of the expiration for each one. It is expensive and time consuming.” [C2012#19]
- The Hispanic male owner of a non-certified construction company said that licenses and permits are a significant barrier. He said, “They are so restrictive. You need city, county, state, fire, CHP licenses or permits. They all make it so restrictive and time consuming that it is hard to keep up with and pay for.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that licenses and permits can be a barrier. She said, “It depends on the customer. Some cities have specific permits and certifications you need that you don’t need anywhere else. This is potentially expensive and time consuming.” [C2012#24]

One interviewee indicated obtaining licenses and permits was not a barrier for her firm because they can rely on prime contractors to sponsor her company. The owner of a WBE-certified engineering firm stated that special licenses and permits are not a big challenge for her company, because larger companies with which her company works sponsor them for special clearances when needed. [SDI#10]

Other unnecessarily restrictive contract specifications. The study team asked business owners and managers if contract specifications, particularly on public sector contracts, restrict opportunities to obtaining work.

Some owners and managers indicated that some contract specifications present barriers. Examples of those comments include the following:

- For example, the Caucasian male owner of a concrete and construction company said, “It just seems like some public sector bids require a lot of detail compared to residential. No discrimination that I’m aware of but it is just restrictive for a small business.” [C2012#3]
- The sales manager of a non-certified concrete paving company mentioned that he has always thought that barriers do exist with regards to restrictive contract specifications for public sector contracts. He stated, “Restrictive contracts prevent us from doing more work in the public sector.” He also said, “The bidding process overall is broken, the majority of the contracts just want the lowest bid not the best vendor.” [C2012#5]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that “the bidding process can be very cumbersome to small businesses. The bids often require a high number of hours to complete.” [C2012#6]
- The Native American owner and president of a non-certified electrical contracting business indicated that restrictive specifications and bidding procedures are a huge barrier for small businesses. He said, “This is one of the biggest problems. You have people writing specifications who don’t understand what they are doing so they require things that don’t make sense. The result is that only big businesses can compete.” He also said, “[h]ow do you identify the pieces that you might be qualified for? You can’t bid on the whole thing [as a small business] so only big firms get the work.” [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that unnecessarily restrictive contract specifications and bidding procedures can be a barrier for small businesses like hers. [C2012#9]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that the requirements and specifications can be a barrier. She said, “The formulas and requirements often don’t make sense and require a lot of paperwork just to bid.” She also said that the bidding process is a huge barrier. She said, “They just need to simplify it and not require so much paperwork and repetitive information.” [C2012#11]

- The Caucasian male estimator at a non-certified woman-owned trucking company said that unnecessarily restrictive contract specifications and bidding procedures are a significant barrier. He said, “All public sector work is hard and they should streamline the bidding procedures so that it doesn’t take so much time to respond to a bid.” [C2012#17]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company indicated that contract specifications and bidding procedures are a barrier. He said, “All plants are certified and we have to meet Caltrans specifications and our materials and equipment has to meet their tolerances. It is overwhelming and maddening that we have to pay this much money to many different agencies for certification just to meet specs before we ever get a job.” [C2012#19]
- The Hispanic male owner of a non-certified construction company said that unnecessarily restrictive contract specifications and bidding procedures are a barrier. He said, “Jobs based on union restrictions unnecessarily can create an issue.” [C2012#22]
- The Hispanic male owner of a non-certified construction company said that contract specifications are a significant barrier. He said, “We never get an opportunity to bid on jobs directly. It seems like someone else always gets the work and we only get the scraps.” He also said that the bidding process was a barrier. He said, “The big firms have a big advantage and Caltrans always seems to use the same firms over and over — even when they screw things up. The process is not fair.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that restrictive contract specifications and bidding procedures can be a barrier. She said, “Our bids are usually fairly simple but we will sometimes get blueprints and if the blueprint is wrong, we have to decipher that and make the changes. This can take a lot of time.” [C2012#24]
- The female owner of a DBE-certified research firm said, “The accounting requirements for subcontractors can be prohibitive. For example, a recent RFP from Caltrans required that both primes and subs would need to have an accounting system that allows for ‘continuously updated’ overhead rates. We were not able to participate because of this requirement.” [C2012WT#7]
- A small business contractor said, “It’s very hard for me to do blueprints over BidSync. I tried to get information from the chief engineer. He said I need to request it through BidSync. BidSync wouldn’t respond to me quickly enough. The blueprint on the record was 497 pages. The job was one page. So if that gives you any idea of what I have to deal with as just a metal fabricator, there’s just way too many pages that I didn’t need at all. I mean, they could have summarized it up. The sketch that they had was not accurate, not even close. It was like a generic sketch. And the measurements that were on that sketch weren’t even accurate, so there’s no way a small business guy like me could accurately bid that job, even come close to bidding that job without the correct measurements being on that. I tried to get the measurements. I mean, I just needed to know — just get me close. Give me the width of the road. The width of the road wasn’t on 497 pages, nor was it on the sketch. And that’s pretty

bad. I was really upset about that. There were just not enough measurements there for me to accurately give a bid.” [C2012PH#7]

- The female Hispanic Operations Manager of a DBE-certified towing company said there is a catch-22 for the company: They need contracts to show that they are eligible for further contracts, but do not currently have them because their business has shrunk to just a few areas. [SDI#2]
- The vice president of a DBE-certified Black American engineering firm said, “When agencies require you to have a local office is a barrier or a certain area code. For instance, our offices are here in Orange County, but for us to bid on a public job in San Diego we had to open up an office. That is very expensive just to bid on work. Now they’re saying your headquarters have to be in San Diego County.” [SDI#19b]

Several business owners and managers did not identify restrictive contract specifications as a barrier to doing business. [For example SDI #12, C2012 #1, #25, #31, #33, #34 & #36] Some examples of those comments:

- The Hispanic male owner of a non-certified construction and concrete business said contract specifications seem pretty fair, and that most bidding processes are pretty straightforward, but you have to really know the system. He stated that there is “lots of paperwork” involved in the process. [C2012#1]
- The Black American female co-owner of a non-certified construction and hauling company said that bidding processes do not present a barrier to her business. [C2012#7]
- The project development manager of a majority-owned asphalt firm said, “I’m not going to say that’s an issue because that’s something that all the contractors have to deal with and if you can’t step up to the plate then don’t bid the project.” [SDI#27]
- When asked if unnecessarily restrictive contract specifications and bidding procedures can be a barrier, the owner of a majority-owned street sweeping firm said, “Yeah, and there are some. There are some, but we can work around that. Sometimes they want a specific kind of a brush or sometimes they want certain hours to go in, so it’s not too big of a barrier actually.” [SDI#28]

Bidding processes. Interviewees shared a number of comments about bidding processes.

Many business owners said that bidding procedures presented a barrier to obtaining work. Examples of those comments include the following:

- The Hispanic American female owner of a non-certified transit services firm said that bidding on public work is very complicated. She is not sure that her firm is ready to go through that process. She said, “I’m not sure if we want to do that, or if we are ready.” She went on to say that she finds it difficult and confusing to learn about and bid on public projects. She said she is considering bringing in a specialist that can help the firm get work with public agencies. [C2014#3]

- In regards to the bidding process, the owner of a WBE-certified engineering firm stated that her firm does not have a sales staff, so marketing is not a primary effort. She stated that she relies on repeat business and has placed the company “on all bid lists.” She reported that she writes proposals on a regular basis and that “it’s a huge effort.” She further stated that she is careful to read the fine print on RFPs because many public entities will not accept limited liability insurance. [SDI#10]
- The owner of a majority-owned goods and services firm said that the bidding process is often expensive, which can be inhibitive for small businesses. He said, “That’s the overhead that every one of your customers pays for even if you don’t get the work.” [SDI#11]
- The co-owner of a WBE-certified construction firm said that the paperwork requirements in the public sector bidding can be over burdensome. [SDI#18]
- When asked about barriers to the bidding process, the owner of a DBE-certified Black American-owned goods and services firm said that the design phase of construction projects is so long that often, when the construction phase starts, the construction firm has already decided who they want to utilize on a project. [SDI#21]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported, “The bidding process has not always been smooth. Being a WBE caused some issues with the customers because the customers didn’t believe in the validity of our certification. But we worked to get around this barrier.” [C2012#12]
- When asked about the bidding process for his firm, the Caucasian male owner of a DVBE-certified construction company said, “Pretty much negatively because normally when you bid and the prime sends your bid into SDI all of the subcontractors are listed. ... Usually they deal with the veteran after the fact once the contract has been awarded and they come looking for them. ... One little problem. The subcontractors have already been listed and the contracts have already been let, and the prime said yes and he has let his subcontracts out. The only way a disabled veteran can get involved as they will have to violate one of those subcontracts. And they are not going to do that. So then comes the phrase ‘Oh, we are sorry. We will get you next time.’ And that is where we are at.” [SDI#32]

Several interviewees reported no problems with the bidding process. [For example, SDI #3, #4, #5, #15, #16, #20, #31, #36 & #37] Specifically, subcontractors reported that they are often not involved in the bidding process. Some comments include:

- The Asian American owner of a DBE-certified engineering company said that his firm is usually not directly involved in the bidding process because it typically works as a subcontractor. He said his firm submits its qualifications to the prime contractor and hopes that the prime contractor wins the bid. [SDI#3]
- The project development manager of a majority-owned asphalt firm said that the bidding process is not a barrier. He added, “It’s much more detailed, much more time consuming, but it’s not a barrier, we can still bid on the jobs.” [SDI#27]

Non-price factors public agencies or others use to make contract awards. Public agencies select firms for some construction-related contracts and most professional services contracts based on factors other than price. Many firm owners and managers made observations about those non-price factors.

Some business owners and managers had complaints about factors that public agencies use to make awards. Some interviewees identified factors that favored large businesses over small businesses, and some said that the low-bid system represented a barrier. In general, interviewees did not report that these factors affected minority- and women-owned small businesses differently than majority-owned businesses. For example:

- The Native American owner and president of a non-certified electrical contracting business said that the factors agencies use to make awards are a huge barrier. He said, “They are geared to big companies only. They write specifications so only big companies can win.” [C2012#8]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor felt that factors public agencies use to make contract awards can be a barrier. He said, “Opening the door for new guys is difficult. Agencies prefer to award contracts to firms they have been working with.” [C2012#32]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that factors public agencies use to make contract awards are a barrier. She said, “Low bidder winning doesn’t make sense. Just because the bid is lowest doesn’t mean it is the best value.” [C2012#11]
- The Hispanic male owner of a non-certified construction company said that the factors public agencies or others use to make contract awards is a barrier. He said, “They take the low bid and then make up for it later with change orders because they know they are underbidding.” [C2012#23]
- The Asian-Pacific American male owner of a certified engineering company stated that factors public agencies or others use to make contract awards can be a barrier. He said, “Contracts should be awarded based on low price so small companies can compete with large contractors.” [C2012#36]
- The Black American owner of an MBE-certified security company said that a contract for work with the city schools was given to another company even though his bid was lower. He said that he believes there was no real intention to give to the contract to anyone other than the large company that won it: “I went down there and I raised Cain, and they [said] ‘Oh, we’ll get you in on the next one’ In other words, they knew they were wrong. Why would you tell us you’re looking for an intelligent bid, and we give you an intelligent bid, and they give it to the same people?” [SDI#9]
- When asked if he has had difficulties with the factors public agencies or others use to make contract awards, the Hispanic owner of a DBE-certified engineering firm said, “Yes, two contracts that I bid on ... I would get high scores from two of the three reviewers and then

the third reviewer would score me poorly.” He added that when he asked for feedback, he was told things weren’t included in his bid that he knew, for a fact, were actually included. [SDI#25]

Some interviewees identified experience and expertise as a barrier to pursuing business opportunities. For example:

- Some interviewees thought that experience and expertise requirements presented a barrier, but that is was the same for small businesses in general. The Black American female owner of a DBE-certified construction and hauling company said that experience and expertise can be a significant barrier to small businesses like hers. She said, “It isn’t based on race or gender, it is basically discrimination against small businesses. Caltrans doesn’t scope work in favor of small businesses. They don’t break down projects so a small business can bid on them independently.” [C2012#9]
- The Caucasian male owner of an SBE-certified engineering company reported on a recent experience teaming with a larger A/E firm on a project where the prime was scored based on their prior experience working with each subconsultant on the team. “All of a sudden, boom ... I was out the door. I didn’t have experience [with the prime].” He agreed that it was a “Catch 22” situation. [C2012SM#8]
- The Black American owner of a DBE-certified security company said that he has felt that the bidding process has been unfair in some cases. He cited the San Diego City Schools, Qualcomm Stadium, the Convention Center, and the Sports Arena as potential clients who are monopolized by one security company. He said, “I went to ... apply for the stadium contract ... but the contract reads such that ... the only people who can get it is [a large security company]. ‘You must have NFL experience.’ How do we get that?” He said that his relevant personal experience with similar work, such as concerts and conventions, was not taken into account. [SDI#9]
- “I have been to couple of these conferences where they encourage SBE participation. However, most of these projects (including the mid-coast project) require subs to have prior experience in large projects. For a small and emerging business such as myself, I feel it is almost impossible to get these jobs because of this requirement. Even though we are fully capable of doing the actual work, we do not have prior experience working on large projects (I started the company doing residential landscaping). I believe due to this requirement, only companies that get these jobs are the large companies (such as Valley Crest, Benchmark, etc...), and these meetings are useless.” [SDIWT #1]
- The owner of an SBE-certified surveying firm said, “I know that it is all about establishing relationships and getting to know these people, and getting to know them well enough that they’ll trust you on a bid opportunity and put you on their team. However, it’s kind of a catch-22 for most of our companies that, we don’t have the experience and we are looking for that one chance for the experience, but we’re not going to get those opportunities because we don’t have the experience.” [SDIPH #2]

Other interviewees indicated that experience and expertise are not barriers to pursuing or engaging in business opportunities. For example, the Black American female co-owner of a non-certified construction and hauling company said that experience and expertise are not a barrier for her company because they have been providing these services for a long time and are very experienced and their customers know that. [C2012#7]

Timely payment by the customer or prime. Slow payment or non-payment by the customer or prime contractor was often mentioned by interviewees as a barrier to success in both public and private sector work.

Most interviewees said that slow payment by the customer or a prime contractor is an issue and can be damaging to companies in the transportation contracting industry. Interviewees reported that payment issues may have a greater effect on small or poorly capitalized businesses. Examples of such comments include the following:

- The Black American owner of a DBE/MBE/SBE-certified engineering company mentioned that payment is a “big problem, I don’t know how to solve it.” He also stated that they often submit multiple invoices to the prime before being paid. [C2012#4]
- The Black American female co-owner of a non-certified construction and hauling company said that timely payment is a barrier for her business. She said, “Yes, slow payment is always a barrier. As a small business, you can’t have accounts receivable floating out there too long.” [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business said that there are some “shady” practices by some primes. He said, “Sometimes you have to do what the prime wants in order to get paid, even if it not part of the contract. There is no oversight. There should be a hotline for identifying shady business practices with staff dedicated to following up on these types of complaints.” [C2012#8]
- The Black American female owner of a non-certified trucking company stated, “Getting paid by the brokers [primes] is always difficult. This happens to almost everyone that subcontracts.” [C2012#13]
- The Hispanic male owner of a non-certified construction company said that timely payments are always a barrier. He said, “Payments seem to always be an issue, especially lately. It seems like the bigger the company, the more they drag their feet in paying you.” [C2012#22]
- The Hispanic female owner of a non-certified asphalt paving company said that treatment by the prime or customer is a barrier. She said, “Some pay slowly. Sometimes more than 90 days or even longer, then they try to get you to take less just so you’ll get something.” [C2012#24]
- The female owner of a construction business and representative of Women Business Owners and Executives reported that payment of subcontractors by the prime contractor is “a very big problem.” [C2012SM#11]

- The Caucasian male owner of an engineering company said that banks do not look favorably on his accounts receivables that are 60 or 90 days because he has yet to be paid by the prime. [C2012SM#21]
- The Hispanic male owner of a non-certified construction company said that timely payment is always a barrier for a small business. He said, "It is hard to make payroll, maintain equipment, buy new equipment or pay yourself when you have primes who pay you slowly. It's like they are trying to run us out of business and they blame Caltrans for the slow payment." [C2012#23]
- The owner of a certified Black American-owned construction firm said that after working 30 days, he will sign a contract that says his firm will get paid when the prime contractor gets paid. He said that this will often result in 60 days of work before his firm gets paid. He said, "We have to worry about paying guys \$60 an hour, 40 hours a week. ... We need to make sure we have that financial support to be able to carry that project." He talked about how the amount owed to laborers can add up. He then said that he doesn't "have a rich uncle" to help bail him out. [SDI#1a]
- The Black American owner of a WBE-certified security company said that he sometimes has to wait 45 days to get paid, which is a burden on a small business that does not have a lot of cash on hand. [SDI#9]
- When asked if he thought lack of timely payment was a barrier for the industry in general, the owner of a majority-owned goods and services firm said, "From what I understand from our legal counsel, it happens [fairly often]. For us it hasn't been an issue except for one time. But let's say we've done \$4 million worth of public work, 10 percent of it was a problem. If you had to take that and say 10 percent of the time [timely payment is an issue], that's a barrier to small business." [SDI#11]
- The Caucasian male owner of a DVBE-certified construction company said, "The biggest challenge as a sub to the larger companies is payment terms. Their default language is, 'We get paid when they get paid.'" He cited an example when his firm was a subcontractor on a high-speed rail project that, even though their work was completed in a very satisfactory way, they were not paid on time because the larger company had problems with its invoicing. [SDI#14]
- In regards to timely payment, the Subcontinent Asian American female owner of a DBE-certified engineering firm said, "That's an issue. They pay us when they get paid and that can string us out for at least 90 days. That is very difficult for a small business." [SDI#16]
- The Caucasian male owner of a construction firm said, "Yes, untimely payments are very common and for any business it's a barrier. [Cash flow] is for expansion and you want to make your payroll and it can be a barrier." [SDI#20]
- The male principal of a DBE-certified geotechnical engineering company said, "Our biggest challenge is after we get the work and we're doing the work is getting paid for the work, absolutely getting paid for the work. We have -- small businesses are seldom primes and

they're second or third tiered subs so our invoices go up one level. And there might possibly be a 30-day processing there, then they go to another level and there might be a 30-day processing there, and -- this is under ideal situations. Then they'll go to the awarding agency. So there may be a minimum of 60 to 90 days, and now under California law the awarding agency has 30 days to promptly pay the small business, and as far as they're concerned they promptly pay. And then it will take another couple of cycles of 30 days to get back. So it's not uncommon to be 90, 120 or, dare I say, even greater than 120 days. And at the same time this is the smallest guy on the job, the smallest person on the job effectively loaning the project money, because we're paying our subs, we're paying our labor, we're paying our taxes but we're not getting paid." [C2014-LA#3]

One interviewee identified prime billing policy as an issue. The Caucasian male owner of an engineering firm reported that there may be lags in getting paid for subcontract work because the prime consultant won't invoice every month for the services if the dollars are too small. This can be a big disadvantage for small business because they still need to pay employees and outside vendors on time. [C2012SM#8]

A few interviewees identified problems with agencies, not prime contractors, paying on time. For example:

- The female owner of a SWBE-certified trucking firm said, "The problem is, the majority of the brokers no longer pay their subcontractors on time because they are not getting paid on time. Where we could previously expect payment for our services within 45 to 60 days, we now have to wait 90-plus days. Small businesses like myself cannot withstand the lag and continue to sink deeper and deeper into debt." [C2012WT#6]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm mentioned that customers have terms and conditions but these do not match with government terms and conditions. He stated, "Getting paid on our schedule is next to impossible based on government terms and conditions." [C2012#16]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that timely payment by the customer or prime is always a barrier. He said, "Slow paying customers make it difficult to pay our drivers and employers and to maintain our equipment." [C2012#17]
- The president of a non-certified Native American-owned engineering firm said that in the public sector it takes too long to get paid. He said, "That is why I like working in the private sector because the turnaround time to get paid is 30 days." He continued saying that by working in the public sector, "a small firm has no choice but to secure a line of credit to sustain themselves on projects because it takes three to six months to get paid. That was sure my experience." [SDI#15]
- The Hispanic owner of a DBE-certified engineering firm reported that he has had an issue with one public agency paying on time. He said that he was told that they sent the invoice to the accounting department. It's been three months and they say they're looking in to it but he has not been paid. [SDI#25]

- When asked if timely payment can be a barrier, the owner of a majority-owned street sweeping firm said, “Once in a while [it’s a problem]. I actually had a public entity go bankrupt on me, a water district up in Marietta, and left me hanging for \$10,000. I had a couple go bankrupt on me in 2006, but since then I’ve been very careful.” [SDI#28]
- The Caucasian Estimator at a certified construction company said that timely payment is an issue in public works contracts for “the bottom-tier folks.” [SDI#33]

Interviewees were also concerned about timely payment for change orders on contracts. For example:

- The owner of a certified Black American-owned construction firm said that there was one prime contractor that his firm had an issue receiving payment from. He said, “There was a change order that they refused to pay.” He then went on to explain that this contract was a public contract and was eventually settled. [SDI#1a]
- The Hispanic owner of a DBE-certified engineering firm reported that some public agencies want a lot of changes and don’t want to pay for them. He said, “The public entities are stewards of the tax money but sometimes they ask for things that are insensitive to the fact that it’s going to cost you more to do the changes.” [SDI#25]

A few business owners and managers said that payment was sometimes more difficult on private sector contracts than public sector work. Examples of such comments include the following:

- The owner of a certified Native American-owned construction firm said that he has heard that it can take a long time to get paid on City contracts. He went on to say, “The government is normally pretty good about [paying in] 30 days. [With] private work, they’ll string you out four to six months sometimes.” [SDI#4]
- The Senior Engineer for a non-certified minority-owned engineering firm said, “We know we will get paid with the public work. We don’t always have that assurance with the private.” [SDI#5]
- The female owner of a certified environmental consulting company reported that collecting payment from clients in the private sector is a challenge. She stated that sometimes it takes time for public sector money to get through the bureaucracy, but they do not worry about getting paid. [SDI#13]
- The Caucasian male owner of a DVBE-certified construction company said that working for the Municipalities and Federal government is better than for some other entities because it has systems to ensure quick payment for small businesses. [SDI#14]
- The Caucasian partner in a DBE-certified engineering firm said, “We’ve been paid by public agencies. There are a few on the private side that went on 90 to 120 days and we let it go on then they stopped paying altogether.” [SDI#24]

Several business owners and managers said that slow payment is frequent and normal for the industry. Examples of such comments include the following:

- The female Hispanic Operations Manager of a DBE-certified towing company said that slow payments are the norm for the industry. She said they have had the most issues with the Motor Club and insurance companies, which take up to two months to get paid. [SDI#2]
- The Asian American owner of a DBE-certified engineering company said that waiting anywhere from 60 to 90 days for payment is typical. He said that he does not feel that he can say that the specific reason for slow payment is related to being an MBE. He said, “All of our contracts have that language in there that ‘you get paid when [the prime contractors] get paid.’” [SDI#3]

Potential for discrimination against MBE/WBEs. The study team asked minority and female business owners whether their firms were affected by slow payment or non-payment because of discrimination. Although some said that slow payment was due, at least in part, to race- or gender- based discrimination, most did not think that it was due to discrimination. Examples of those comments include the following:

- The Asian American owner of a DBE-certified engineering company said that he cannot tell whether payment issues are due to discrimination, because he does not know what goes on between the prime contractor and the client with regard to payment. [SDI#3]
- The president and CEO of the National Black Contractors Association said that DBE businesses have an uphill battle. He said, “What they do is some of these contractors will slow pay you and no pay you and discourage you from doing work. So if you’ve been forced on them they will find a way to break you so you don’t want to come back. So they will red tape you. They will tell you you didn’t have all of your billing in, you don’t have your receipts. So there’s a lot of things that keep these contractors from even looking that way and they are afraid. And they are afraid – you don’t curse out the surgeon when you get under the knife. That is with the Association is supposed to do. But if I bring you to the table as a guy that I say is qualified then you are going to punish that guy so a lot of people just say I’m not a member of the BCA or he’s not speaking for me. I’m on my own, because they don’t want any retaliation.” [SDITA#1]

Several firms indicated timely payment was not an issue. [For example: SDI#19b & C2012#12] Examples of such comments include the following:

- The Hispanic American female owner of a non-certified transit services firm said that timely payment by the customer is not a barrier for her firm because her firm is always paid for work up front. [C2014#3]
- The female manager of a majority-owned transit services firm said that receiving timely payment from customers is not a barrier for her company. [C2014#2]

- The Hispanic female partner in a non-certified consulting firm said that they have been blessed with respect to prompt payment. In her company's long history they just had one client that was slow making payments. [C2012#25]
- The Hispanic American owner of an engineering company reported that his company is not having issues being paid by primes. He indicated that most of the primes his firm works with are good about that. He said he may not be having problems because prompt payment is a contract requirement. [C2012SM#12]
- The owner of a WBE-certified engineering firm reported that her firm has not experienced slow payment from its clients. She stated specifically, "[Large defense contractor] has been awesome in paying us." [SDI#10]
- The Caucasian female co-owner of an SBE-certified construction company said they have never had trouble getting timely payment, partly due to the fact that projects are generally grant-funded. She said, "The money's there, so unless somebody absconds with it...it's set aside to pay for the work." [SDI#34]
- When asked if timely payment was an issue for his firm, the vice president of a WBE-certified Hispanic construction company said, "Most ... agencies ... have some sort of timely payments. Caltrans, County of San Diego they are among the top." [SDI#37]

Experience with Caltrans processes. Some of those interviewed had not had experience in working or bidding on Caltrans projects. Several had experience in bidding on Caltrans projects and fewer had experience working on them. However, some had comments specific to what experience they did have with the agency.

Some interviewees reported a positive overall experience performing work for Caltrans.

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that her company has done work with Caltrans in the past. She stated, "Our experiences have been good and the work done with Caltrans is the same ... services we perform for other clients." [C2012#6]
- The Caucasian male owner of a DVBE-certified highway construction company mentioned that overall working with Caltrans is easier than working with other public works groups. He stated, "It is easier to work with Caltrans. Their plans are more straightforward. They are easier to understand and they are generally standard designs." [C2012#21]
- The Caucasian male owner of a concrete and landscaping company said, "Caltrans is great to work with. They're extremely fair and satisfactory — that has been my experience." [C2012#29]

Some interviewees reported negative overall experiences performing work for Caltrans.

- For example, the Black American female owner of a DBE-certified construction and hauling company said that Caltrans is very difficult. She said, "Caltrans is adversarial and treats us

with suspicion. Why do I have to constantly defend that I am not a front?" She added that "Caltrans is supposed to help level the playing field for companies like mine but they are really just another barrier" to remaining profitable. In terms of her experience with Caltrans, she added that timely payment was a huge issue. "Caltrans sometimes makes progress payments to our customers that don't match our services. We will sometimes have huge asphalt deliveries that won't be paid for immediately but we have to pay our suppliers." She continued, "Why doesn't Caltrans pay for our services like we have to pay our suppliers?" [C2012#9]

- The Hispanic female partner in a non-certified consulting firm said that she believes that Caltrans is so heavily engineering-oriented that their culture is engineer driven. She reported that it is difficult to get through Caltrans' cultural bias against women and minorities. [C2012#25]
- The male vice president and treasurer of a non-certified woman-owned construction company explained why it was more difficult to work with Caltrans than other public agencies or private clients, saying "Caltrans had more inspectors and it was more stressful." [C2012#27]
- The female owner of a DBE-certified materials supplier firm said, "I stand before you this evening on the verge of going out of business. This isn't because of any contractor, it's not because I don't know what I'm doing, and it isn't because of the economy. I can say with 100 percent certainty that it is because of Caltrans. If I sound hostile, it is because I am. I have been involved in two totally separate situations with Caltrans and have been treated with such disdain that I wonder why I continue in this program. And the answer is: Because I have to. If I quit, I will have to sell my house and go on welfare." [C2012PH#17]
- A representative of a small firm said, "I run a very small business and we have had nothing but problems with Caltrans projects. So much so that I rarely say yes to primes who want us on their teams. So, needless to say, I would not recommend anyone going after Caltrans projects." [C2012WT#11]
- A representative of a minority-owned construction firm said, "It all started years prior. [My company] would bid and win awards for the field office and the experience was not good. From the office manager to the field inspector, [they] all were very difficult with my company and picked on us during the entire process of performing the project. Most times I did experience verbal abuse along with outright cheating from this particular office. Sometime I had to settle for less payment than my company had actually performed. The subcontractors were not accepted on the basis of the specifications but rather either accepted or rejected on their personal preference. While having my company perform in a very unfriendly manner the other contractors were allowed to flourish and ways were made easy for the accepted or what they view as elite." [C2012WT#16]
- The Caucasian male president of a certified micro grading, concrete, and paving business said that relative to other public sector work, Caltrans was more difficult because there were too many inspectors, no one makes decisions and the specifications and tolerances are too

tight. He said, "Caltrans has specs. Our industry is ever changing. I mean yearly it changes big and they hold you to specs from the 70s. You know, I can give them a lot better product today than I could have then, but they're holding them to those specs." [C2012#30a]

- The Caucasian male owner of an SBE-certified engineering company reported that he has submitted with Caltrans multiple times. "The individuals of the firm have experience, but the firm itself did not have experience, and that was points against them." He explained that with A/E, licenses go with the individual, not the firm. "Why is that [experience of the firm] even being considered? It should go with the individuals involved." [C2012SM#8]
- The Caucasian male owner of an engineering firm said that he has spent seven years trying to break into public agency work without success. "I do all the work anybody else does, but it's hard to break in because I don't talk the same lingo or don't have the same contacts." He added "Someone coming from the public sector into the private [sector], they seem to have better access back." [C2012SM#8].
- A representative of the National Society of Hispanic Professional Engineers agreed. "If I step out of a Caltrans or county or Metro environment after five to ten years of experience and start up a business, am I going to be disadvantaged? In today's world, in the last 30 years? No, I'm going to have an advantage. Now what does that do to the other populations?" [C2012SM#23]
- The Caucasian male owner of an engineering company reported that he will be going up against another company owned by a former Caltrans employee if he approaches Caltrans for work. "They're going to feel more comfortable about hiring that person because they've actually seen their work and know them." [C2012SM#21]
- The Caucasian male owner of an engineering firm said that public agencies do not understand the regulations concerning payments in FAR [Federal Acquisition Regulation], which he saw as unfair to small businesses. He would like to be able to work on fixed-price contracts rather than rates with approved overhead under FAR. He reported that many professional services firms do not have the records to be able to justify overhead rates to an agency such as Caltrans. [C2012SM#8]

Some interviewees have had bad experiences with other public sector work or have heard negative comments about Caltrans.

- For example, the Hispanic male owner of a non-certified construction and concrete business said he has not specifically worked with Caltrans but other public sector work has not been a good experience. He stated that the "bidding process was horrible. Bids and proposals took a lot of time and expense. Poor margins led to losing money on nearly every public sector job." [C2012#1]
- The Black American owner of a DBE/MBE/SBE-certified engineering company mentioned that his company has done no direct work with Caltrans but that Caltrans does not pay well. "Caltrans isn't in the same hemisphere with regards to pricing." He further mentioned that, in his opinion, current bids are going for well under market value. [C2012#4]

Some interviewees mentioned that Caltrans increasingly does design work in house.

- The Asian-Pacific American owner of a non-certified engineering company said, “I don’t work with Caltrans; they do all their design work in-house. It makes me sick to my stomach thinking about Caltrans doing all the work in-house. Caltrans would get better quality if they would allow jobs to outside vendors.” [C2012#10]
- According to an Asian-Pacific American owner of an engineering business and a representative of the American Council of Engineering Companies-California 90 percent of A/E work at Caltrans is kept in-house and 10 percent contracted out. “Imagine how much more work would be contracted out ... if you went to 20 percent instead of just 10 percent. Many years ago, that was actually happening, but all of a sudden it went to 90-10. An incremental increase of 5, 10 percent would stimulate the economy for all of us.” He said that he has talked with Caltrans leadership about this issue. [C2012SM#2]
- The Asian-Pacific American female owner of a construction services business reported that she has talked with Caltrans about prime contract opportunities for the types of work she does. Caltrans responded that they have a department that does that type of work. She reported that it might be advantageous to Caltrans to contract this work out. “How do we get them to change the way they think?” she asked. [C2012SM#20]

Some interviewees report they were unable to work as a prime for Caltrans due to Caltrans policy and work culture.

- The Caucasian co-owner of an uncertified women-owned transit services company said that a private bus company used to provide bus services for a number of public agencies, but that company does not work on those projects anymore. He said that he is looking to fill the spot that the private company left open in the public market for bus services, but that he has been met with a lot of resistance when trying to get public work. He said that, generally, public agencies want to award transit services work to other public agencies instead of private firms. [C2014#1]
- The Asian-Pacific American owner of an engineering firm further suggested that Caltrans unbundle more of his type of engineering work. He reported that he would have more opportunity for work as a prime (which he does for other public agencies) if Caltrans would unbundle that work from larger contracts. “We do a lot of local and city and county work. We’ve done a lot of Caltrans-like work, but not directly for Caltrans. The only time we’ve worked directly for Caltrans is as a sub for larger firms.” When asked if there was work he could be doing for Caltrans as a prime, he responded, “Yes, but you’re [Caltrans is] looking for Caltrans experience, and we don’t have Caltrans experience as a prime. That makes it difficult for us to qualify other than as a subconsultant.” [C2012SM#2]
- When asked if there are prime contracting opportunities for him at Caltrans, the Native American owner of an engineering-related business indicated that there were, but that he thought the best approach was to “start as a Calmentor, then come go in as a Subconsultant, [get experience] ... and then go up to prime.” [C2012SM#3]

Other interviewees reported little to no experience with Caltrans. For example, the Caucasian male owner of a concrete and construction company said that he has no experience in working with or attempting to work with Caltrans but that he would be very interested in learning about opportunities to work with them in the future. [C2012#3]

Some interviewees indicated that Caltrans has good notification procedures in place to notify individuals of opportunities to bid. A number of interviewees said that it was easy to find out about Caltrans bid opportunities, especially through Caltrans' website or other electronic notification services. Other firms indicated that they learned of Caltrans work through primes, and that this system worked well for them.

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "It is always been easy for me to find out about Caltrans work. I use the website and Caltrans updates it regularly. It works very good for me." [C2012#12]
- The Caucasian male president of a certified micro grading, concrete, and paving business said, "Caltrans is real easy to find out about anything." [C2012#30a]
- The Caucasian female principal and partner of a WBE-certified environmental consulting firm said, "It was pretty easy to find out about Caltrans work opportunities, because you know it's Caltrans and you can go to their website." [C2012#38]
- The Black American male owner of a certified electrical company said, "It's easy to find out about Caltrans work. I met Caltrans officials at a meet and greet, and I get BidSync notices." [C2012#35]

Some interviewees indicated it was easier to find out about Caltrans opportunities than other public sector work.

- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, "[Relative to other public sector work] it's a lot easier to find out about Caltrans' work, we get lots of faxes and emails about the different jobs." [C2012#15]
- The female majority president of a WBE-certified construction company stated that compared to other public agencies it is easier to find out about Caltrans work opportunities. She said, "Caltrans is easier. All their jobs are made public." [C2012#26]
- The Caucasian male president of a certified majority DVBE said, "It was easier to find out about Caltrans work due to the Internet and because I am known by Caltrans personnel." [C2012#28]
- The Caucasian male owner of a concrete and landscaping company said that it was easier to find out about Caltrans' work opportunities because Caltrans provided a weekly listing of projects that were out to bid. [C2012#29]

- The Caucasian male president of a certified micro grading, concrete, and paving business said that it was easier to learn about work from Caltrans than from other public agencies. [C2012#30a]
- The Black American male owner of a certified concrete company said, "It is easier to find out about Caltrans work than for other public agencies. Everyone is aware of available Caltrans jobs. Primes call and ask for bids from MBEs." [C2012#33]
- The Asian-Pacific American male owner of a certified engineering company said, "It was easy to find out about Caltrans work because the prime contractor called my company based on a referral." [C2012#36]

Others said finding out about Caltrans opportunities was the same as other public sector work.

- The Caucasian male estimator at a non-certified woman-owned trucking company said that relative to other public sector work, there is no difference in finding out about Caltrans' work opportunities. He said, "Everything is online now. I will visit companies and partners to find out about teaming opportunities for different [public sector] opportunities." [C2012#17]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that relative to other public sector work it is "about the same" finding out about Caltrans' work opportunities. He said, "Everything is online and there is usually a fair bit of notice before we have to bid." [C2012#19]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated, "It was not any harder to find out about Caltrans work compared to other public sector agencies." [C2012#6]

Some interviewees reported challenges learning of opportunities to bid with Caltrans. Some interviewees were not familiar with Caltrans' website or thought that it was still difficult to learn of bid opportunities.

- The Subcontinent Asian American owner of a non-certified concrete paving company discussed the difficulty in determining what bids were available. He said, "I imagine that there is an easier way to find out about Caltrans work, but I don't know what that is or how to go about it." [C2012#5]
- The Native American owner and president of a non-certified electrical contracting business said that it is difficult finding out about Caltrans work opportunities. He said, "There should be an interactive website that provides small businesses opportunities. They should make it more clear where we can fit into the bigger picture." [C2012#8]
- The female owner of a DBE/SBE/LSBE/CBE/MBE/WBE-certified research firm said, "It's still really hard to find the bids, to locate them. That's the number one problem, is locating them." [C2012PH#23]

Even with bid opportunities on the website, some interviewees reported difficulty understanding how to pursue Caltrans work.

- The Hispanic male owner of a non-certified construction company said that relative to other public sector work, it was harder to find out about Caltrans' work opportunities. He said, "It is much harder even though they have a website with the jobs listed on them. You have to network or know someone to get this work it seems." [C2012#23]
- The Hispanic male owner of a non-certified construction company said, "Not knowing how to go after the jobs for Caltrans is the real issue. They are usually big projects that are out of our realm." [C2012#22]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that relative to other public sector work, it was harder to find out about Caltrans' work opportunities. She said, "Their specifications are too complex, take too much time to decipher, and often don't make sense." She also said, "Who thinks up this stuff? It doesn't make any sense. It is clear that unqualified people are developing these specifications. They need to use experts in the field to help develop common sense specifications." [C2012#11]

Some interviewees reported positive experiences with Caltrans' bidding process.

- The Caucasian male owner of a DVBE-certified highway construction company stated, "The bid process for Caltrans is good. I don't have any recommendations for them." He also reported that Caltrans' bid process was easier than at other public agencies. [C2012#21]
- The Hispanic American office manager of a SBE/DBE-certified concrete company mentioned that the Caltrans bid process is easier relative to other public sector work and the requirements are less. She also stated, "The paperwork is much less." [C2012#15]
- The Caucasian male owner of a concrete and landscaping company said that the Caltrans bid process was easier than other public agencies because it was well structured and there was no guesswork involved. [C2012#29]
- The Black American male owner of a certified concrete company said, "Bidding on Caltrans jobs is easier than for other public agencies because there are less bid items to bid on and the process is straightforward." [C2012#33]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated, "The bid process was no different than any other public sector project. We were required to provide the necessary paperwork to the prime vendor coordinating the bid." [C2012#6]
- One interviewee described the opt-in feature for prime contractors and subcontractors on the Caltrans website that helps primes and subs communicate to each other their interest and capabilities concerning a particular upcoming bid opportunity. [C2012SM#10]

Some interviewees reported challenges with Caltrans' bidding process due to the amount of paperwork involved and a more difficult bidding process compared to other public sector work. For example:

- The Hispanic male owner of a non-certified construction and concrete business said that the "bidding process was horrible. Bids and proposals took a lot of time and expense." [C2012#1]
- The Black American owner of a DBE/MBE/SBE-certified engineering company described his past experiences with Caltrans as bad because the bidding process was cumbersome and the pricing was difficult. He stated that he has pursued traffic survey projects with Caltrans but has been largely unsuccessful as a prime bidder. He also stated that relative to other public sector work, the Caltrans bidding process was harder. "[It is] infinitely more difficult. The bid process is the barrier." [C2012#4]
- The Caucasian female principal and partner of a WBE-certified environmental consulting firm said that the Caltrans bidding process was extremely difficult. "Caltrans has its pool of people it likes to work with and if you're not in that pool — forget it." [C2012#38]
- A representative of the Young Black Contractors Association (BCA) mentioned that the bidding process with Caltrans was a barrier to BCA members. When asked if these issues were unique to Caltrans, he said, "I think it's a lot of the agencies but it's more Caltrans. The policies that Caltrans has put forward, like the race-neutral and race-specific are good programs if every job had those goals. Every job could, but Caltrans allows each contract to say they have performed due diligence (good faith efforts) to find disadvantaged businesses." [C2012#39]
- The Hispanic male owner of a non-certified construction company said that relative to other public sector work, Caltrans' bidding process is about the same as others. He said, "They are all the same. They squeeze out the little guy and give all the work to big companies." [C2012#23]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that his experience attempting to get work with Caltrans is from his previous company. He said, "We haven't bid on any Caltrans work since I've been here but I know from past experience that there is so much paperwork with pre-qualifications, specifications, and other paperwork. Why does anyone want to do business this way? It is just too complicated and time consuming." When comparing Caltrans to other public agencies, he said, "They are all the same — arduous. Public sector in general has a lot of pre-qualification requirements that take a lot of time to respond to." [C2012#17]
- The Black American female owner of a DBE-certified construction and hauling company said that relative to other public sector work, the bidding process for Caltrans' work opportunities is harder. She said, "They make you jump through so many hoops by providing the same information over and over again. Why do we have to provide the same licensing and insurance information over and over again?" She continued, "They make it hard for

small businesses to compete because of all the unnecessary and repetitive paperwork.” She concluded that “Most cities and counties are much easier to work with because they don’t require as much paperwork.” [C2012#9]

Some interviewees reported no success in getting Caltrans contracts despite many attempts.

- The Black American female owner of a non-certified trucking company stated, “We have not done work with Caltrans and I don’t think we will in the future. We are just never given the opportunity.” He added, “They ask for so much stuff that just doesn’t make sense. There is no point to most of it.” [C2012#13]
- The Hispanic male owner of a non-certified construction company said that his firm bid on some off-ramp work several years ago. He said, “We bid on the excavation and landscaping portion, but the bonding requirements were a huge barrier for us so we weren’t successful.” [C2012#22]
- The Hispanic male owner of a non-certified construction company said that he has attempted to work with Caltrans but that he has not been successful as a prime contractor. He said, “It is impossible to get work with Caltrans on my own.” [C2012#23]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, “We tried [to win work with Caltrans]. We have not yet been successful.” [C2012#32]
- The female owner of a DBE/SBE/UDBE/WMBE-certified marketing firm said, “After all the certifications, all this time, I still don’t have a Caltrans contract. I have bid with the transportation department over 15 times this year, and I haven’t received one contract. It takes time, and it takes money for SBEs to bid on contracts and hire extra people to help them get to the point that we get to and still we don’t get a contract.” [C2012PH#28]
- The female CEO of a SBE/SWBE/WBE/DBE-certified environmental firm said, “We have attended numerous events put on by Caltrans along with SBA, etc., to try to pursue Caltrans work. We have not had any luck.” [C2012WT#15]

Some interviewees had negative comments about the bidding process at Caltrans because they believed they were competing against “low ball” bids from other firms. For example:

- The Caucasian female owner of a federally-certified woman-owned engineering business said that relative to other public sector work, Caltrans’ bidding process was much harder than others. She said, “They take low-ball bids that anyone qualified knows aren’t right. There is no way anyone can do what is expected for the bids that are accepted. . . We lost the bid to someone who low-balled to win even though they didn’t have the right qualifications. Low-ball bids that win like that leads to poor quality.” [C2012#11]
- The Caucasian male president of a certified majority DVBE said that there are opportunities to bid, but that he has a problem with “low-ball bidding.” [C2012#28]

Some interviewees recommended that Caltrans improve its notification of work opportunities, its bidding process and its administration of contracts.

Several interviewees complained about the BidSync system. For example:

- At a 2014 public hearing, the Black American owner of a DBE-certified electrical contracting business noted that he is more interested in e-mails from Caltrans instead of BidSync. He commented that BidSync is not user-friendly and “does not feel right” to him. [C2014PH-SC#1]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that the bidding and notification processes could be improved. She said, “The BidSync system could be more intuitive and alerts should be built into the system. This would save small businesses time as now we are required to search constantly, as opposed to having opportunities pushed out to us.” [C2012#6]
- The female majority president of a WBE-certified construction company recommended that “Caltrans ... make it easier for existing contractors to bid on emergency work.” She added that “Caltrans should find out how to get bid opportunities out faster. Caltrans always uses BidSync and they [BidSync] don’t provide enough time to bid.” [C2012#26]
- The Caucasian male owner/operator of a certified small majority-owned road grading business recommended that Caltrans “start doing their own stuff instead of farming it out to BidSync and all these other outfits. If I could just go to a site that just has Caltrans projects and could narrow it down and simplify it. I think it’s lousy. They sub it out to a different outfit and you got to pay \$500 a year just to view the upcoming schedule. I haven’t even tried to get the plans from them.” [C2012#31]

Others recommended a more comprehensive notification system for all businesses, including small businesses and women- or minority-owned businesses. For example:

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that “Caltrans should have a better alerting system that would allow us to know further in advance about opportunities and would allow us to better set aside time to respond to these opportunities.” [C2012#6]
- The Caucasian male owner of a concrete and construction company said that he recommends that Caltrans provide better access to bidding opportunities for small companies. He said, “If Caltrans would make it easier to team up with bigger contractors, it would be easier to work with them.” [C2012#3]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported that “Caltrans could actually notify the registered bidders of opportunities, so that I wouldn’t always have to check for new opportunities.” [C2012#12]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that his recommendations for Caltrans to improve its bidding process would be to make it more

straightforward. He said, "Give us enough time to get bids complete if you are going to ask for that much information. Also, provide better documentation and make the existing documentation more user-friendly. There is too much stuff to wade through now." [C2012#17]

- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that he recommends that Caltrans can improve its processes by "removing a lot of the paperwork and bureaucracy." [C2012#19]
- The Hispanic male owner of a non-certified construction company said that his recommendation for Caltrans to improve its notification and bid process would be to help small businesses find opportunities. He said, "We need help in identifying work that we can actually bid on. Would being certified help in that regard?" [C2012#22]
- The Hispanic male owner of a non-certified construction company said that his recommendation for Caltrans to improve its notification and bidding process would be to make it more transparent. "Just make the bid process more transparent and make it clear how companies like mine can actually compete. Right now, there is no opportunity for me to work with Caltrans unless I take what some big company is willing to give me. The system is set up against me." He added that additional information on contracting procedures and bidding opportunities would be helpful. "I've seen the Caltrans website and it doesn't seem that comprehensive. It would be helpful for better guidance and instructions on how we could contract directly with Caltrans." [C2012#23]

One interviewee recommended that Caltrans enforce its own regulations. The Black American female owner of a DBE-certified construction and hauling company said that Caltrans' bid process could be improved by protecting businesses like hers who are in compliance. She said, "They should enforce their regulations on illegal out-of-state businesses and businesses from Mexico who don't have to meet the same requirements. They undercut us on cost and make it hard for us to compete." [C2012#9]

Other interviewees recommended that Caltrans make it easier for both small and DBE/MBE/WBE businesses to bid on contracts. For example:

- The Caucasian male owner of a concrete and landscaping company said he observed that Caltrans had established a trend toward awarding larger contracts, and that this trend was eliminating about 80 percent of the available contractors. He explained that this trend toward larger contracts makes it more costly for the public. [C2012#29]
- The Black American male owner of a DBE-certified electronics and telecommunications company said that his recommendation to Caltrans would be to make opportunities for DBEs like his more transparent. He said, "They should make the bids easier to find or make it easier for me to figure out how to team up with bigger companies who are bidding." [C2012#18]
- The Native American owner and president of a non-certified electrical contracting business, said that Caltrans should have more workshops and bid conferences for small businesses. He

said, “They should provide better communication about what is available [by specialty] by area and location.” He further added that there should be workshops for small businesses to help them understand contracting procedures and bidding opportunities. He said, “Caltrans should help people with notification of opportunities. They could use email or other notifications to let them know about opportunities by geography. They aren’t geared towards small contractors.” [C2012#8]

- A representative of the Young Black Contractors Association said, “I would hope that even when it came to the bidding process, that Caltrans would be more forceful when it came to the participation. Caltrans knows the majority of disadvantaged business. They know who they are, and they can partner them and begin to put them into a cooperative. But Caltrans is extremely slow. They are so slow, it’s unbelievable.” [C2012#39]
- Interviewee PH #12 said, “What Caltrans and the larger primes don’t seem to recognize is, unlike large corporations, where there’s a specific estimation staff, most of the small UDBEs, and DBE, and SBE, and MBE, and WBE companies do not have those resources. We cannot afford to bid on huge plan sets and invest the kind of resources without some help. So, you know, it’s 2012. We’ve got to figure out some ways that will allow really small companies to isolate and specifically identify their work category, and bid efficiently and effectively. Not large plan sets. We’ve got to break it down. This — there’s got to be some kind of way or program put in place that will allow smaller companies to be more effective at bidding. And I don’t know how you do that, but I’m sure there are great minds in this room and great minds at Caltrans that can do that, so that you could be more effective and allow people to work here.” [C2012PH#12]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company recommended that Caltrans “make their bidding process more public so consultants could easily see what’s out there.” He also said, “If I wanted to see what Caltrans had to offer — well with what I know from what I’ve seen working for [the large consulting firm] — I wouldn’t even waste my time, because I know if you don’t know somebody in there, you’re not going to get anything.” He elaborated that he had observed — while working as an employee for a large consulting company — that contracts were awarded in a “backdoor, under-the-table, buddy-buddy” manner in which it was understood that “you get all the contracts.” He said, “Obviously it’s who you know.” [C2012#34]

Some interviewees recommended a weekly or monthly e-mailed for qualified small, women-owned and minority-owned businesses. For example:

- The Black American owner of a DBE/MBE/SBE-certified traffic engineering company suggested that Caltrans do a monthly email push to qualified DBE/MBE/WBE/SBEs. He stated, “It would be useful for Caltrans to send out monthly email to qualified businesses.” [C2012#4]
- The Black American operations manager of an MBE/WBE/DBE-certified hazardous waste transportation company mentioned that he thinks that Caltrans should do more to enhance

its diversity programs. He stated, “Caltrans should send out information as opposed to us having to dig for it on a weekly basis.” [C2012#14]

Interviewees made several other, very specific recommendations for the notification and bidding process. For example:

- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, “Caltrans should streamline access to drawings.” [C2012#32]
- The Black American male owner of a certified concrete company said, “Caltrans should require primes to turn in subcontractor information on bid day and hold them to it. This will prevent bid shopping.” He added that Caltrans should “eliminate the whole certified payroll thing.” [C2012#33]
- The Asian-Pacific American male owner of a certified engineering company said, “Caltrans should list engineering oversight as a bid item.” [C2012#36]
- The Caucasian female owner of a DBE-certified engineering company reported that creating “electronic forms for all submittals to Caltrans should be the highest priority.” [C2012SM#16]
- The female owner of a certified web design firm said, “[An] e-mail option could be added when responding to RFPs. It’s 2012. You know, don’t make us make, you know, 100-page copies at FedEx and send it you, where on an average, \$50, \$100, \$150, to get it in there on time. So, you know, we can implement more e-mail options where you can make it easier for small businesses. We just don’t have the staff.” [C2012PH#11]

Some interviewees reported a positive or successful experience receiving payment on Caltrans projects. For example:

- The Black American female owner of a DBE-certified construction and hauling company said that getting paid on Caltrans work has not been a particular problem. She said that “We work with customers who we have existing relationships with and they pay us when we provide our service, whether it is on a Caltrans project or not.” [C2012#9]
- The Caucasian male owner of an engineering firm had favorable comments on being promptly paid by Caltrans when he is the prime. “It’s just like clockwork.” [C2012SM#21]
- The Caucasian female owner of a federally-certified woman-owned engineering business said it was no problem getting paid by Caltrans. [C2012#11]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “The prime vendors we work with have told me that the Caltrans payment process is good. This means we usually get paid fairly quickly.” [C2012#12]

- The Caucasian male owner of a DVBE-certified highway construction company stated, “The best thing about Caltrans projects is that we are usually paid in less than 30 days. This is partly due to the contractors we work with and partly due to Caltrans.” [C2012#21]
- The Caucasian male owner of a concrete and landscaping company said, “Caltrans pays their bills on time, and if they don’t, they pay you interest.” [C2012#29]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, “I didn’t have any problems getting paid.” [C2012#34]

Some interviewees mentioned that the payment schedule for Caltrans projects was about the same as for other public sector contracts. For example:

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company mentioned that the payment for the Caltrans work was typical of public sector projects and that her company was not paid until the prime vendor was paid. [C2012#6]
- The male vice president and treasurer of a non-certified woman-owned construction company said there was no difference in getting paid between Caltrans and other public agencies. [C2012#27]

Some interviewees reported negative experiences receiving payment on Caltrans projects. For example:

- The Hispanic male owner of a non-certified construction company said, “Caltrans doesn’t pay timely to primes who pass that along to subs. It’s almost like they are trying to run you out of business by not paying you.” [C2012#23]
- The Caucasian male president of a certified micro grading, concrete, and paving business said that “Caltrans is pretty slow.” He added that “they put in that you’re a small business and faster payment for small business, you know, but that never happens — ever. We’re going to pay the small guy progress payments, you know, that never happens — ever.” [C2012#30a]
- A representative of the Young Black Contractors Association commented that “Caltrans had Quick Pay. It sounded good, but it still relied on the prime to pay their subs first. Well, they don’t do that, and Caltrans doesn’t do anything about it.” [C2012#39]
- The Caucasian male president of a certified majority DVBE said, “You have to wait longer for Caltrans to pay than other public agencies. The Army Corps of Engineers paid three days after the job was completed.” [C2012#28]
- A representative of the Associated Professionals and Contractors of California reported that local agencies around the state recommend against bidding on Caltrans contracts. They say, “Don’t bid Caltrans contracts, you won’t get paid.” [C2012SM#17]

Some interviewees recommended that Caltrans improve its payment process, especially in regard to subcontractors. For example:

- The Caucasian male president of a certified majority DVBE recommended that Caltrans pay contractors when the Caltrans registered engineer signs off on the job. He added that Caltrans pays about 30 days after the job is complete and recommended that Caltrans pay within 15 days after job completion. [C2012#28]
- A representative of the Young Black Contractors Association mentioned “If subs have not been paid, then Caltrans needs to respond, either by holding back pay, or by putting those dollars in the hands of the subs in order for the subs to be able to continue to work or provide mobility or working capital. A lot of subcontractors have a very limited amount of working capital.” [C2012#39]
- The Asian-Pacific American male president of a non-certified female Asian-Pacific American owned environmental company indicated that prime contractors were slow making payments to subcontractors. He suggested that the government should “require documentation [from prime contractors] that all subs were paid.” [C2012#34]

Some interviewees suggested replacing the “meeting goals or showing good faith” elements of the Program with incentives or allowances for prime contractors to use DBEs. For example, a Caucasian male owner of a construction firm said, “I think we need to look at somehow to put allowances in contracts so that the money is in there to achieve the goals that Caltrans wants. And then we take out the issue of the low bidder and the lowest cost and we have an allowance as a bid item that we all want to make.” He recommended that Caltrans set a contract specification for inclusion of DBEs with a dollar amount that the prime contractor could then use, in a flexible way, for this purpose. [C2012SM#10]

Some interviewees discussed encouraging DBE utilization as second-tier subs. Participants in one stakeholder meeting said that it would be beneficial to encourage DBE utilization as second-tier subcontractors [working as subcontractors to other subcontractors]. When asked whether it is common to meet a DBE contract goal through second-tier subcontractors, participants in a stakeholders group meeting said “no.”

- The Hispanic American owner of an engineering firm [C2012SM#12] indicated that that was “pretty rare ... it hardly ever happens.” The Caucasian male owner of a construction firm [C2012SM#10] agreed, noting that “it’s got to be a really, really huge contract that allows those guys to go out and make that effort, otherwise it’s not happening.”
- A representative of the Port of Los Angeles said that he was aware of Los Angeles World Airports’ efforts to achieve DBE participation as second-tier subs for a \$1 billion terminal project. That was the only time he was aware of DBE participation at the second-tier level. [C2012SM#13]
- A representative of the Port of Long Beach talked about a \$700 million design-build project. Under the design-build law, primes are allowed to pick subs based on either low bid or “best

value process.” Under the best value process, the Port of Long Beach is expecting that subs will be getting bids from second-tier subs. [C2012SM#14]

- However, the subcontractors should also be expected to meet DBE goals. A Hispanic contractor and representative of the Hispanic Contractors and Suppliers Association explained that he has had difficulty doing business as a subcontractor to other subcontractors on a project. He said that he will ask prime contractors for names of key subcontractors they work with, and the primes will give him those names. “I’ll call those subs up ... do they return my call? No. Why? Because nobody’s jumping on them to meet any goals.” “The goals have to translate down to the subs. Once the goals translate down to the subs, all kinds of wonderful things are going to happen, because that’s where the work is.” [C2012SM#1]

Some interviewees recommended that the State have an advisor dedicated solely to assisting small businesses or develop a system to share what makes firms successful.

- The Black American female co-owner of a non-certified construction and hauling company said that Caltrans should provide one person that businesses can contact for guidance. She said, “There should be an advisor for small businesses who is dedicated to answering questions about the process from start to finish. One go-to person.” [C2012#7]
- A small business owner and representative of the California Small Business Association recommended identifying what makes some DBEs successful and then sharing those best practices with other firms. [C2012SM#4]

One interviewee recommended that Caltrans provide training on how to use their website.

The Caucasian male vice-president and co-owner of a WBE-certified power and communication conduit firm mentioned that any form of website navigation training from Caltrans would be very useful. He stated, “I don’t know how to navigate the website very well. I feel like if it were easier than it might be beneficial to my business.” [C2012#16]

Some interviewees recommended that the State make work opportunities more accessible to small businesses in general. For example:

- The Hispanic male owner of a non-certified construction and concrete business said Caltrans should open up more opportunities to support the work done by small businesses. He said they should “help remove barriers like excessive bonding and insurance requirements. Costs have increased but rates haven’t.” He concluded that Caltrans should examine rates and budgets to account for rising costs of equipment and materials. [C2012#1]
- The Native American owner and president of a non-certified electrical contracting business said that there should be regional liaisons for small businesses who are dedicated to helping them find work. He added that Caltrans should have better websites with access to information for small firms. He said, “Everything is electronic today. It shouldn’t be that hard to have information geared for small businesses” related to Caltrans contracts. [C2012#8]

- The Hispanic male owner of a non-certified construction company said, “We only want a fair shot at getting the work we know is out there. By making it so complex and time consuming to just bid, you are leaving out a lot of good small firms who can do the work better and cheaper.” [C2012#22]
- The Hispanic male owner of an MBE-certified construction company said that he would recommend making financing more accessible. He said, “The thing that would really help is financing and access to the work that only goes to big firms now.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said, “We’re hard workers and just want the opportunity to do work. Give us the opportunity and we will get the job done. There are a lot of small businesses like ours who can do the work better and cheaper than the big companies that continually get the work.” [C2012#24]
- The male vice president and treasurer of a non-certified woman-owned construction company said, “Many contracts are too big and small businesses can’t get bonding. The breakout into smaller contracts would be helpful.” [C2012#27]
- The Caucasian male owner of a concrete and landscaping company said, “The best way to help a small business is to actually provide projects that are attainable by a small business. Which would be, I would say, contracts \$500,000 and less. Maybe even \$50,000 contracts thrown in there now and then. But you can’t say we’re all for small business and then have everything that’s out there \$12 to \$800 million jobs. And the data is really looped toward that direction. I noticed lately that Caltrans is putting all these large amount of money jobs – a billion dollar job. Why not make a thousand million dollar jobs or two thousand \$500,000 jobs, or break these things up a little bit, and some of them are just ridiculous the way they structure them. You look at some of these contracts are going they could have totally split this into several contracts and helped out contractors in this state instead of just helping just one large company that might not even be from California. They’re not doing any good for anybody doing that.” [C2012#29]
- The Asian-Pacific American male president of a non-certified female Asian-Pacific American owned environmental company said that it would be helpful “if they would send emails to small businesses letting us know there are contracts out there.” [C2012#34]
- The Caucasian male partner of a certified woman-owned environmental consulting firm said, “We like the idea of goals. Making some of the contract monies available like splitting large contracts is probably a useful thing. Making sure that there isn’t just a suite of consultants that get selected time and time again, but that there is a rotation.” [C2012#38]

One interviewee recommended that the State do more to prevent bid shopping. The Caucasian female owner of a WBE/SBE/DBE-certified company recommended that “[p]rivate auditors should be around on bid days to prevent bid shopping. Caltrans should also reprimand primes to prevent kick-backs. They could set-up ‘sting’ operations.” [C2012#12]

Some interviewees recommended that the State provide greater oversight of the MBE/WBE and DBE Programs.

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “There are too many fronts, it needs to stop. There is not enough investigation to the companies applying.” [C2012#12]
- The Caucasian male vice-president and co-owner of a WBE-certified power and communication conduit firm stated, “I think that the [governing bodies] should conduct on-site inspections once in a while. This would help sort out the good vendors from the bad vendors.” He added that “[t]he certifying boards should confirm certifications are legitimate. People are using shell companies and just taking the 10 percent.” [C2012#16]
- The female owner of a DBE/SBE/LSBE/CBE/MBE/WBE-certified research firm said, “I would like to see these — I would like to see some accountability and have, you know, there be some procedures, some oversight as to how these companies are fulfilling their DBE contracts, the transportation companies.” [C2012PH#23]

Some interviewees recommended that Caltrans should better recognize DVBEs.

- The Caucasian male vice-president and co-owner of a WBE-certified power and communication conduit firm stated, “They should give a higher percentage to DVBE businesses that are just getting back into the workplace.” [C2012#16]
- The Caucasian male president of a certified majority DVBE said, “Caltrans should include DVBEs too” when asked about race, ethnicity and gender-based measures. He added “Some minority-owned firms seem to be owned and operated by immigrants who don’t speak English. Veterans who have served their county should not be penalized by awarding contracts to non-Americans. DVBEs also employ vets, including those returning from Iraq and Afghanistan. Immigrant-owned companies that bid low prices are likely not paying prevailing wages or meeting insurance requirements. Caltrans should throw out bids that they know are too low to cover mandatory costs and acceptable materials.” [C2012#28]

Some interviewees recommended that the State do more to encourage MBE/WBE/DBE utilization.

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “My recommendation is to allocate more work to actual ethnic groups with solid business quals and to award more minority work.” [C2012#5]
- The Native American owner and president of a non-certified electrical contracting business said that the commitment by Caltrans to the DBE/MBE/WBE programs is not clear. He said, “Caltrans should really encourage participation by small/minority companies. Don’t just give it lip service.” [C2012#8]
- The Asian-Pacific American owner of a non-certified engineering company recommended that the State and Caltrans should use more outside firms for designing and reviewing

engineering work. He indicated that this should be done with more small firm requirements, including DBE/MBE/WBEs. [C2012#10]

- The Caucasian female owner of a certified woman-owned engineering business said that it would “be useful if Caltrans would have real goals and targets for WBEs and small businesses like ours that we could understand. It seems like they only give lip service to using firms like ours.” [C2012#11]
- The Black American male owner of a certified DBE telecommunications company said that Caltrans should not just give “lip service” to the certification process. He said, “It seems like they actually discourage DBEs from doing work. Goals are good to have but unless you have a way to make sure they are measured, it doesn’t work.” [C2012#18]
- A representative of the Young Black Contractors Association said, “I really think that each district should be promoted in a DBE situation, whether that’s quarterly or annually. These subs should be checking into Caltrans to give and update their information. In the form of a mixer of some sort to find out who’s interested and who each other are. To give the smaller contractors a better chance to begin to work together. You don’t need to help the big guy. It’s the smaller guy that creates more of a tax burden if we don’t get them working and get them into a position of leadership at some point.” [C2012#39]
- The president of a DBE-certified engineering firm said, “I also recommend that Primes need to show proofs that DBE submittals were seriously accounted for by including in their bid submittals a statement whether or not the DBEs meet the Prime criteria, such as “the lowest responsible bid” or any justification for not meeting their criteria.” [C2012WT#12]

Some interviewees recommended that the state provide better outreach to MBE/WBE/DBE firms.

- The Hispanic American office manager of an MBE/WBE-certified concrete company stated, “It would be great if there were quarterly meetings of DBEs to discuss how to better utilize certifications and make it work for us. Also other ways to meet contractors would be great.” [C2012#15]
- The Black American male owner of a certified DBE telecommunications company said that Caltrans needs to make the advantages of being a DBE more transparent. He said, “There should be a better pay off for going through the process” of getting certified. [C2012#18]
- The Black American male owner of a certified electrical company said, “I recommend that pre-bid meetings be held with DBE/MBE/WBEs to advise them of jobs and provide free sets of plans.” He added that Caltrans should have “outreach programs that bring businesses together for government to see what’s available, and a website with diversity statistics.” [C2012#35]
- A representative of the Port of Los Angeles recommended creating a video about these programs and putting it on the web. [C2012SM#13]

RCJ & Associates, Inc. claim made to Caltrans.

RCJ & Associates, Inc. (RCJ) made the BBC study team aware of a dispute it had as a subcontractor on a Caltrans project that apparently was not resolved to the satisfaction of RCJ. The following summarizes the dispute, initial Caltrans actions, and a subsequent court decision regarding those actions.

It appears that RCJ, a DBE-certified firm, on January 7, 2011, made a formal request to investigate and audit various bid line items of work for Caltrans' Doyle Drive Project Number N3: CN 04-163734 (Doyle Drive) to find out how the UDBE requirements were achieved for the specific bid line items at work. RCJ complained that C.C. Myers, Inc.'s (CCM) violated their Subcontract Agreement by improperly quantifying the bid line items of work relating to street sweeping for the Doyle Drive Project.

CCM and RCJ entered into a contract that provides for CCM to pay \$215,000 to RCJ for street sweeping services on the Caltrans Doyle Drive project. RCJ performed street sweeping services, and on October 31, 2011, RCJ filed with Caltrans a stop notice requesting that Caltrans withhold approximately \$173,000 from the funds due to CCM that RCJ claims remain unpaid by CCM to RCJ.¹ Subsequently, Caltrans withheld funds to CCM.

There is a dispute as to the basis of RCJ's claim, but it appears RCJ claims its services were underutilized in that RCJ was not permitted to perform work that it should have been allowed to perform pursuant to the subcontract.² CCM filed a complaint in court contending that such a claim is not the proper basis for a stop notice and no funds should be withheld, and demanded that the withheld funds be released, but Caltrans refused to release the funds to CCM.

At a hearing held on March 16, 2012, the court considered the complaint by CCM to order that the stop notice be declared as improper and that Caltrans remove the stop notice and issue the payments to CCM.³ The court pointed out the subcontract provides a contract price of \$215,000 and that there are receipts in the record to RCJ in excess of that amount. The Court stated that it is not addressing whether or not there are reasons why CCM may owe RCJ more money, but from a stop notice standpoint, the court is not provided in this proceeding with a way to determine a breach of contract relative to how much is owed.⁴

The court only addressed whether the stop notice was valid.⁵ The court found that CCM has paid over \$260,000 to RCJ.⁶ The court stated that for purposes of a stop notice, there must be something that the court can trace within the stop notice itself as to labor and services actually

¹ Complaint for Declaration of Rights to Withheld Funds, filed on February 9, 2012 by Plaintiff CCM.

² Complaint by CCM.

³ Transcript of Proceedings, dated March 16, 2012 in the Superior Court of the State of California for the County of Sacramento, Case No. 34-2012-00118525.

⁴ Transcript, March 16, 2012.

⁵ *Id.*

⁶ *Id.*

performed, not a loss of opportunity, or misrepresentations as to the bidding process.⁷ The court held this is more a claim for lost opportunity, underutilization.⁸ The court noted that regardless of whether the claim of breach of contract may be meritorious, it is not the proper subject for a stop notice, and on that basis the court ordered the release or removal of the stop notice.⁹ The court stated that its finding is not binding on any other aspect of the case and so all remedies, rights, duties, and obligations related to any other issues in the case are still “in play.”¹⁰

The court subsequently issued an order removing the stop notice, and according to Caltrans, there is no further activity in their records relating to the claim filed by RCJ against CCM.

Other barriers. Some interviewees identified additional potential barriers to doing business with public agencies.

New environmental regulations are reported as a barrier for some businesses. For example:

- A small business owner and representative of the California Small Business Association reported on the burden of new environmental regulations on small construction firms. “Unfortunately, more recently it’s not been positive, especially with things that are going on with the 8032 [new regulations on diesel engines]. Everybody’s having to get new equipment, or they essentially can’t get new equipment, or they’re going to go out of business. One of our prime board members is a striping company and she’s doesn’t know what she’s going to do. It’s getting bad for [small] businesses out there.” He described the situation for one firm that moved all of their trucks out of California and bought new trucks for California. “Small businesses, including DBEs, they don’t have that kind of money. They can’t even get access to capital. Bonding kills them. All they’re doing is driving another stake in the heart.” [C2012SM#4]
- A female owner of a construction business and representative of Women Business Owners and Executives also reported that environmental regulations are having a negative impact on small businesses. [C2012SM#11]

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ Transcript March 16, 2012.

F. Allegations of Unfair Treatment

Interviewees discussed potential areas of unfair treatment, including:

- Bid shopping (page 126);
- Bid manipulation (page 129);
- Potential for discrimination against minority- and women-owned subcontractors (page 130);
- Treatment by prime contractors and customers during performance of the work (page 132);
- Unfavorable work environment for minorities or women (page 134); and
- Approval of work by prime contractors and customers (page 135).

Bid shopping. Business owners and managers often reported being concerned about bid shopping and the opportunity for unfair denial of contracts and subcontracts through that practice.

Many interviewees indicated that bid shopping was prevalent in the local construction industry. Examples of those comments include the following:

- The Hispanic male owner of a non-certified construction and concrete business reported that within general contractors bid shopping happens, that “[the general contractors] solicit bids and show them to their buddies.” [C2012#1]
- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that bid shopping happens all the time. [C2012#4]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “Bid shopping even happens in public works, but good luck proving it.” [C2012#5]
- The Black American female co-owner of a non-certified construction and hauling company said that bid shopping occurs but she said, “this is part of doing business. Customers will give us prices to beat all the time. This is an opportunity.” [C2012#7]
- The Black American female owner of a DBE-certified construction and hauling company said that bid shopping is a barrier. She said, “This happens all the time. Contractors will ask you to beat someone else’s bid in order to get work.” [C2012#9]
- The Asian-Pacific American owner of a non-certified engineering company said, “I don’t deal with people who shop bids. I know it happens, know who they are, but it is not worth the liabilities.” [C2012#10]

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “Bid shopping is a huge barrier. We can’t bid with certain primes. Recently, we posted a bid early to the website and we heard through the ‘grapevine’ that our bid was shopped. This is just business though and has nothing to do with discrimination.” [C2012#12]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that bid shopping has happened a few times in the past. [C2012#14]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated that “[bid shopping] happens all the time, but it has nothing to do with discrimination.” [C2012#15]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that bid shopping can be a barrier. He said, “Certain companies are known for this. They take bids and then ask you to beat them. Our approach is to just give them our best number — we don’t like to play that game.” [C2012#17]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that bid shopping was a barrier. He said, “Yes, we have people come to us with bids to beat all the time.” [C2012#19]
- The Caucasian male owner of a majority-owned demolition and loading company stated, “Bid shopping certainly occurs in the market. I have had it cost me a few jobs in the past. Something needs to be done about this.” [C2012#20]
- The Hispanic male owner of a non-certified construction company said that bid shopping is a significant barrier. He said, “We have other big firms come to us all the time telling us what the bid is we have to beat.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that bid shopping is a huge barrier. She said, “Many primes will ask you to beat bids they have. We have to adjust our bids to beat them if we want the work.” [C2012#24]
- The Caucasian male owner/operator of a certified small majority-owned road grading business is aware that bid shopping happens. He said, “It happens all the time. I hold off on price until the last minute.” [C2012#31]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, “I’ve heard of [bid manipulation and bid shopping] happening a lot. When I worked for [a large consulting company], I pick on them a lot because this was glaring. They had a guy who worked for Caltrans who went over to [a large consulting company]. It was pretty obvious that we got a lot of contracts from Caltrans because he had inside people getting work.” [C2012#34]
- A representative of a UDBE-certified construction company said, “I’ve had my bids shopped out before with that agency. Bid shopping is where you have a bid that’s due at maybe two

o'clock, and around twelve o'clock if you are — if you are bidding jobs to everybody on the list, you start getting phone calls, 'You're \$500 high, \$200 high. You're got to be here.' That's bid shopping." [C2012PH#13]

- The female owner of a striping firm said, "I've been bid shopped many times recently on a design/build contract with Caltrans, where the subs are not listed at the time of bid." [C2012PH#15]
- When talking about design-build contracts, a female owner of a construction business and representative of Women Business Owners and Executives said, "There's no listing of subs at bid time on that. It gives [primes] time to bid shop your bid. You give them the best bid at the time of bid, and then they want to come and work you over. That's very hard on small business because we're giving you the best bid at the time of bid." [C2012SM#11]
- The female owner of a WBE-certified construction company said, "In the past I have been bid shopped, where I've had primes come and say 'If you want this job, you'll do it for this amount.'" [SDI#8]
- The vice president of a DBE-certified Black American engineering firm said that bid shopping does happen at times and usually it's because of race and attitudes around working with preferred firms. [SDI#19b]
- When asked if bid shopping can be a barrier, the owner of a DBE-certified Black American-owned goods and services firm said that prime contractors will ask for her information, and then ask another firm if it can beat her price. She said that this blocks her from getting contracts. [SDI#21]
- The male Caucasian owner of a DVBE-certified construction company said, "Big time right at the moment. It used to be the contracts went in and you are listed at and they used only the listed subcontractors and if there was a change they had to show why. Now jobs are being signed by political correctness. And they already got the job and they are seeking subcontractors and you know they are bid shopping. They take your bid in right around and see if anybody can beat it." [SDI#32]
- When asked about bid shopping, the Caucasian woman owner of a WBE-certified trucking company stated, "That's a big problem...they are not supposed to do that." She went on to say, "If I know the reputation of the person [who calls] me for a quote, I ask them, 'Are you shopping my quote?'" [SDI#36]

A few interviewees reported that bid shopping occurs on public as well as private sector contracts. Examples of such comments include the following:

- The Asian-Pacific American male owner of a certified engineering company said that bid shopping is "prevalent in the public and private sectors." [C2012#36]
- The project development manager of a majority-owned asphalt firm said that bid shopping does happen. He added, "If I find out that there is somebody that's shopping my bid I won't

bid to them again. As far as us doing it, I won't do it. It's not part of the business. It happens in both [the private and public sector]. Let's just say in my experience there are some contractors who will shop subcontractors, they have their favorites so they'll tell them what they need to be at. It happens, but that goes on all the time, you just have to deal with it." [SDI#27]

Some owners and managers reported that they do not see bid shopping, or that it is not a big issue. [For example SDI #9, #25, #28 & #37] Examples include:

- The Caucasian male owner of a construction firm said, "That's not a barrier. Yes that happens. An owner doesn't have a firm bid, so he shops people against each other. That has nothing to do with race or gender. It has more to do with bad business practices." [SDI#20]
- The vice president of a DBE-certified consulting firm said, "I'm not really that familiar with that. We look at it like ... if you wanted to go to with somebody cheaper, then go ahead." [SDI#31]
- When asked about bid shopping, the owner of a majority-owned street sweeping firm said, "No, [it's] not [an issue]. Not with me. I have a price and they either take it or leave it." [SDI#28]

Bid Manipulation. Beyond bid shopping, a number of interviewees discussed bid manipulation.

Some interviewees said that bid manipulation affected their industry, and that it was common. For example:

- The Native American owner and president of a non-certified electrical contracting business said that "a lot of semi-crooked things happen all the time. Some big primes will manipulate bids and specifications and take it out on their subs so they can make money." [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that bid manipulation is a significant issue. "We have had contractors ask us to violate our commercially useful function (CUF) so that they can get credit. Caltrans needs to investigate and punish these practices." [C2012#9]
- The Hispanic male owner of a non-certified construction company said that bid manipulation is a barrier. He said, "Primes will basically tell you 'take it or leave it' for a bid knowing that what they will pay you barely covers costs." [C2012#22]
- The Hispanic male owner of a non-certified construction company said that bid manipulation is a barrier. He said, "Same as bid shopping. I think that Caltrans knows who they want to use and manipulate specs and requirements to make it fit." [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company, said that bid manipulation is a barrier. She said, "A lot of firms underbid on purpose knowing the low bid

gets the job. Then they make up for it with change orders. How is this not fraud?" [C2012#24]

- When asked if bid manipulation can be a barrier, the owner of a certified Native American-owned construction firm said that he did not consider it a barrier, but that it is a common part of the business he is in. He said, "[Prime contractors] all do it. They'll call you up and say, 'This company's going to do [the job] for this amount, can you do it for cheaper than that?' That's the game we play. Unfortunately that's the way it is." [SDI#4]
- The owner of a WBE-certified engineering firm reported that she has experienced bid manipulation. She said, "It's not uncommon in our business." She described a project for the City of San Diego where "we were clearly the best qualified bid." She stated that her company lost the bid by one point. She added, "There was an inside person ... clearly rigged ... [but] if you contest, you get blackballed ... it was a hard pill to swallow." She further explained that everyone faces bid manipulation, not just her company, and that "clearly, the best company doesn't always win." [SDI#10]

Some interviewees reported no experiences with bid manipulation, or that it is not a big issue.

[For example, SDI #11, C2012#1, #25, #31, #36 & #37] A number of business owners and managers said that they were not affected by bid manipulation:

- The Caucasian principal of an energy company stated that "he is not aware of bid manipulation in this field." [C2012#2]
- The Black American female co-owner of a non-certified construction and hauling company said she is not aware of bid manipulation. [C2012#7]
- The female owner of a certified environmental consulting company reported that she has heard allegations of bid manipulation in the field, but has never directly experienced it. [SDI#13]

Potential for discrimination against minority- and women-owned subcontractors.

Interviewees discussed whether prime contractors might discriminate against MBE/WBEs in their selection of subcontractors.

Some interviewees reported knowledge of or experience with possible forms of discrimination in the local marketplace. For example:

- The Black American male owner of a certified electrical company said, "There is little diversity in the workers at public worksites." [C2012#35]
- A representative of Associated Professionals and Contractors of California said that in the 1950s unions tended to recruit people of the same ethnic background (Irish, Italians, Swedes, etc.) and that Hispanics were not recruited. "There was no Mexican local, there was no black local" He said he was the first Hispanic to enter the local union for his trade. He reported that entry into unions is different now, but that the history of limited opportunities for minorities had a lasting effect. "To go from carpenter to foreman to project manager and

so forth takes many years ... and we're still working on that." He reported that "we're still seeing the effects of that." [C2012SM#17]

- A representative of the Hispanic Contractors and Suppliers Association said, "Three or four years ago, before the first disparity study was published, there were some 300 members throughout the state in the Hispanic Contractors Association, and today we don't have anywhere near that many, because many of them have gone out of business, have gone under, declared bankruptcy because of the effects of the discrimination that has been practiced against the minority communities." [C2012PH#14]
- The female owner of a striping firm said, "[Women are] 50 percent of the population, and there's very little participation in the construction field, of women. Discrimination has always been alive and well, and I know I've been in business a long time, but it is still there. We have moved a little bit, but not much." She added "I've been discriminated with suppliers. You go to trade shows and you go up and talk to the suppliers. If they don't know who you are, they'll barely talk to you. They want to talk to some man, because they think he's going to buy more or something." [C2012PH#15]
- A representative of the BRIDGE Indian Training Trust said, "I just see a lot of discrimination. A lot of contractors will talk out of the side of their mouth. They'll get the contractor, but they'll never follow up. And if they do follow up and hire some token Indian to sweep or just to do some labor work, they're not on the job very long." [C2012PH#16]
- "It's challenging for everybody," says the Caucasian male owner of a construction business when talking about the issues affecting construction businesses. He also reported that these challenges were felt more by small businesses and minority- and women-owned businesses. He also said, "I don't care what color your skin is, to be in business today is an absolute nightmare ... Yes it's probably harder for minorities and women." [C2012SM#10]
- The Caucasian female owner of a DBE-certified engineering company said that the "ultimate insult" from prime contractors is "no recognition for job performance." She said, "I currently have a project where another engineer's name will be listed on the plans in my place. The prime does not want the client to know that my firm provided services on the project." [C2012SM#16]

Some interviewees said that experience and expertise of minorities and women were questioned by others due to race, ethnicity or gender or that experience requirements on contracts put minorities and women at a disadvantage. For example:

- The female manager of a majority-owned transit services firm said that she has not noticed discrimination in the form of stereotypical attitudes related to gender at her firm. However, she said that there is gender-based discrimination in the transit services industry as a whole due to the fact that it is a predominately male field. She went on to say that she has not personally had any negative experiences as a woman in the transit services industry, but she said that she has been told that "men tend to get more respect than women" in the transit services industry. [C2014#2]

- The Caucasian male partner of a certified woman-owned environmental consulting firm said the experience and expertise of his female partner was questioned based on gender. [C2012#38]
- The owner of a UDBE said, "I think it's very important that you understand, especially with Hispanics and blacks, not only do we have the problem of being Hispanic and black or disadvantaged, we also have a problem of having the background experience or the performance background to show to be able to get on some of the contracts in which Caltrans put a minimum background on past performance on." [C2012PH#2]

Some minority and female interviewees report that there may be discrimination but that prime contractors would not be blatant in any discrimination. Examples of such comments include the following:

- The Asian American owner of a DBE-certified engineering company said that stereotypes probably existed back in the '90s, but not now. He indicated that discrimination in such situations is subtle: "It's a sense that you get when you talk to people. You get a sense that they are not really interested in doing business with you." [SDI#3]
- The Caucasian female owner of a WBE-certified construction company said that she had never been denied the opportunity to submit a bid but had sometimes not won contracts where she believed she was the lowest bidder. "There's still basic discrimination for women. It's a silent, unspoken thing ... but I have to be better than my competitors. We have to do better work, I always feel, to be considered." [SDI#8]
- The Subcontinent Asian American female owner of a DBE-certified engineering firm reported that she doesn't feel that there is blatant discrimination but said "I have experienced some discrimination in my industry as a young engineer, because I'm a woman in a male-dominated business." [SDI#16]

A few business owners reported that they have been unfairly treated by prime contractors, but noted they did not feel it was due to discrimination. For example:

- The Caucasian partner in a DBE-certified engineering firm said, "We all have those issues but it's just normal business ... nothing to do with being a DBE." [SDI#24]

Treatment by prime contractors and customers during performance of work. Many business owners and managers discussed unfair treatment by a prime contractor or customer.

Some interviewees indicated that unfair treatment during performance of work had affected their businesses. Some interviewees reported abuse of small firms in general and others identified specific mistreatment of firms based on the race or gender of their ownership. For example:

- The Native American owner and president of a non-certified electrical contracting business said that many primes treat subs very poorly. "Some primes won't pay you what they really

owe you. If you keep your mouth shut, you get paid faster. If you don't take your per diem you will get paid faster. There is little integrity with big contracts." [C2012#8]

- The owner of a DBE-certified environmental consulting firm reported that he felt he had been treated unfairly. "I would have to say as a business owner, I feel there have been some very particular instances where I have felt I have been treated unfairly. I won't say it was discrimination, but definitely unethical practices. It's hard to prove discrimination by race, gender or color, but if there is an ethical practice that is not consistent throughout the different districts and different projects, we are definitely a victim of that." [C2012PH#1]
- The female president of a certified DBE/UDBE/WBE/LBE/CBE/VFBE resource management company said, "There's a really big situation out there with client abuses from prime contractors using a small firm, and I've got to tell you what the gentleman before me said, if I could get a million dollar project, I would not be complaining. I would just like something for \$20,000. I'd be happy." [C2012PH#25]
- When asked if treatment by prime has ever been an issue for his firm, the vice president of a WBE-certified Hispanic construction company said, "Yes. If the agency doesn't like the contractor and is forced to accept that contractor because, for example, they were the lowest bid, they make their life so miserable so that contractor never goes back again to that agency. That happens all the time, especially in Southern California." [SDI#37]

Some interviewees indicated that unfair treatment was connected with their race/ethnicity or gender. Examples of those comments included the following:

- The Caucasian female principal and partner of a WBE-certified environmental consulting firm reported that treatment by prime consultants or customers during work performance can be a barrier. She said, "The prime gets you because you're a WBE or DBE and then they don't give you the work." [C2012#38]
- A representative of the Young Black Contractors Association mentioned "that's always a problem, because in most instances, these primes always have someone who's being disrespectful or calling somebody names. It happens a lot. I tell my guys that 'we're not here to make friends.' It's race specific." [C2012#39]
- The female Hispanic Operations Manager of a DBE-certified towing company said, "I'm female and I'm Hispanic and I had my issues with saying that I was part-owner of [Company Name] especially in this industry. And my husband now is having a real hard time with acceptance, also, in this industry, which is really weird—nobody believes him, that he's an owner. ... They just say, 'You're just a driver [or] you're just a worker.'" She said that people now are more likely to assume that she is the owner than that her husband is the owner. [SDI#2]
- The female owner of a WBE-certified construction company said that as a woman she has to demand respect from prime contractors that would be awarded more automatically to a man. "When I serve on construction committees, I can have an idea or express what's going

on in the field and it's more or less ignored, but if a man says the same thing 10 minutes later, it's his idea." [SDI#8]

- The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that his previous employer would have him attend project interviews to be "the minority face" to present before a potential client. He added "I found his behavior to be very offensive and I called him out on it." He also reported that he heard jokes and "stuff like that." [SDI#12]

Other interviewees reported that they had no experience with and were unaware of barriers in connection with treatment by a prime contractor or customer during the work performance.

For example, the Black American owner of a DBE/MBE/SBE-certified engineering company stated that he has not had bad experiences regarding treatment by prime consultants or customers. [C2012#4]

At least one interviewee reported that the firm's women-owned status is viewed favorably by women customers. For example, when discussing customer attitudes, the Hispanic American owner of a non-certified transit services firm said, "I'm sure a lot of the women customers love the fact that the company is women-owned. There are not a lot of women-owned transportation businesses, so they probably like that fact." [C2014#3]

Unfavorable work environment for minorities or women. The study team asked business owners if there was an unfavorable work environment for minorities or women, such as any harassment on jobsites.

Some interviewees reported being aware of or having experienced an unfavorable work environment for minorities or women. For example:

- The Black American owner of a DBE-certified electrical contracting business said, "The other obstacle -I would say, for black contractors, is when -- like, for me, when I drive past construction sites and I see 90 percent Caucasian faces and no black faces, for -- when we do finally get on to the project, there's a lot of -- it's not you guys. It's the people out in the field that want to give a hard time to people like me. So that's -- that's an obstacle that's really hard to overcome when there's so much opposition, because people like to do devious things to block your progress." [C2014PH-SC#1]
- The Hispanic female owner of a non-certified asphalt paving company said that unfavorable environments for women are a huge problem in her business. She said, "Men make offensive comments all the time when there is a woman on the job. Sometimes they won't even talk to me about jobs." [C2012#24]
- The female majority president of a WBE-certified construction company said, "I've experienced some offensive comments and behavior from men, but it was all between family members who were also working in our company." [C2012#26]

- The Black American male owner of a certified electrical company reported awareness of an unfavorable work environment for minorities. He said, “Yes. Minorities get the lowest pay rates and are the first to go.” [C2012#35]
- The Black American male president of a certified electrical company reported some awareness of an unfavorable work environment for minorities or women. He said, “Oh, I’ve heard of them — sure. Have I become a victim of them? They wouldn’t let me know. It’s all things said behind closed doors.” [C2012#37]
- The female president of a UDBE/WBE-certified firm stated that at a recent workshop held by Caltrans a speaker presenting on how to do business with Caltrans remarked “... all those pioneers who met their death as a result of being fatally shot in the back by arrows ...” when discussing demographic changes that occur in the construction industry workforce as men and women retire. “Her clear implication was that Native Americans are of the sort of people who would shoot you in the back, a truly inflammatory and highly amazing racial slur. I was shocked. I took corrective action the next day by bringing this racially offensive remark to her attention via e-mail. I told her how it was interpreted and recommended that if this expression is used within her company their human resources department needs to correct their racial sensitivity awareness training program. As for me, this remark has a chilling effect as I determine with which contractors I want to develop successful working relationships. The impression I have is that it would be a long, hard road to travel just to get recognized and treated with respect as a valued environmental management consultant on any of her companies’ teams.” [C2012PH#24]
- The vice president of a DBE-certified Black American engineering firm said that he was on a job where they had to go inside a sewer and he saw a worker point at him and overheard him say, “Send that boy down there.” [SDI#19b]

Some interviewees said that they that had not experienced unfavorable work environments. [For example, SDI #3, #15, #25, #31, & #36]

Approval of work by prime contractors and customers. Interviewees were asked if approval of work presents a barrier for businesses. Most interviewees indicated that the approval of work by a prime contractor or customer was not a barrier.

Some interviewees identified approval of the work by prime contractors or customers as a barrier that they have experienced or are aware exists in the local marketplace. For example:

- The Caucasian female owner of a federally-certified woman-owned engineering business said that approval of the work can be a barrier. She clarified that it is “not necessarily the approval, but what jumps out at me is the short time frames for making corrections. This process should be clearer and more collaborative between the contractor and Caltrans.” [C2012#11]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that there are some barriers to getting approvals. He said, “Getting approvals can be a barrier but we always over-design so it generally isn’t a problem

for us. However, getting approvals often require showing how goals and standards are met or exceeded which can be time consuming. If they aren't met then payment can be withheld." [C2012#19]

- The male Caucasian owner of a DVBE-certified construction company said, "Actually it's been very positive. They've been very surprised. They originally figured we would be a problem. And then they find out we are not. We are exactly the opposite." [SDI#32]
- The female Caucasian owner of a certified construction company said that her company rarely has anything that is not approved "because I probably have the best crew in the state." [SDI#8]

Other interviewees indicated that approval of work by a prime contractor or customer is not a barrier to pursuing or engaging in work. For example, the Black American female co-owner of a non-certified construction and hauling company stated that approval of the work by the prime or customer is not a barrier. [C2012#7]

G. Additional Information Regarding any Racial/ethnic or Gender-based Discrimination

Interviewees discussed additional potential areas of any racial/ethnic or gender-based discrimination, including:

- Stereotypical attitudes about minorities and women (or MBEs, WBEs, and DBEs) (page 136);
- "Good ol' boy" network or other closed networks (page 138); and
- Other allegations of discriminatory treatment (page 143).

Stereotypical attitudes about minorities and women (or MBE/WBE/DBEs). A number of interviewees reported having experienced or been aware of stereotypical attitudes on the part of customers and buyers. For example:

- The Asian-Pacific American female owner of a DBE-certified construction services company said that when she attempted to obtain certification through Caltrans, a male Caltrans staff member was skeptical of her ability to perform specific types of work and denied a number of NAICS codes on her DBE certification. She attributed this to gender discrimination. "That sort of discrimination still does exist." She continued, "There's an expectation that things work a certain way ... working a certain way might have to do with education levels, might have to do with economics, might have to do with gender or ethnic background, but there still seems to be an expectation that things work a certain way. 'You know you're a woman, you can't be a [certain trade or occupation].'" [C2012SM#20]
- Interviewee PH #12 said, "In actuality the [DBE goal] awards continue to be the same, because the minority, the very small minority of companies, are perceived to not be capable,

whether or not they are, whether or not they're in partnership with large reputable companies." [C2012PH#12]

- The Native American owner of an engineering-related firm reported, "Some of the larger firms approach us as though we're a hobby business because we're small or a DBE I've owned the business for 15 years, and it's not a hobby. I've gotten to the point where I resent that." [C2012SM#3]
- The owner of a certified Black American-owned construction firm said that the stereotype is that "as a black minority, we don't really know what we're doing." [SDI#1a]
- The female owner of a WBE-certified construction company said, "I can tell you that we still have not 'arrived' as women, but it's a lot better than it was in the beginning, because [it used to be] that you could not negotiate a contract or do anything without a male present. So that's where I have come from." [SDI#8]
- The Black American owner of an MBE-certified security company said that he has had "a lot" of trouble convincing potential clients of his experience and expertise. He said, "People look at me and...they don't know what to think about a guy like me Once I start talking they think, 'Okay, he sounds like he knows what he's talking about.'" [SDI#9]
- The co-owner of a WBE-certified construction firm said, "I've gotten calls and people will say only send me workers who speak English. There have been times that I've sent someone to a job who was not Caucasian and the customer called and asked me to send someone else out to do the work." [SDI#18]
- When asked if stereotypical attitudes can be a barrier to women- and minority-owned businesses, the owner of a DBE-certified Black American-owned goods and services firm said that she has often experienced this. She said that she feels people perceive her differently because she is a woman, and because she is Black American. She said, "They sit there and just stare at you when you're talking to them, and they just nod their head. No interaction. When I say something to them about their interaction with me, [they say], 'Oh no, that's not what I'm doing.'" [SDI#21]

As discussed later in this appendix, some interviewees said that there is a negative stigma to being DBE-certified. For example, the Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated, "The view in the marketplace is that companies with that certification have poor qualifications and are not qualified." [C2012#6]

One interviewee indicated that negative stereotypes had to do with being a disabled veteran-owned business. When asked if he thought whether it is a form of discrimination that firms choose not to work with disabled veterans, the Caucasian male owner of a DVBE-certified construction company said, "There is a stigma about disabled vets. It's the same for all disabled people. The idea disabled and related to unable to, they don't want disabled people. What they don't understand there is a lot of the disabilities and wounds and so forth are not even visible to them. Missing arms – they have that problem." [SDI#32]

A few interviewees reported some instances of stereotypical attitudes on the part of customers or buyers. Some comments included:

- The Hispanic female owner of a non-certified asphalt paving company said that stereotypical attitudes on the part of customers and buyers are a problem. She said, “There are very few women in this business and [men] don’t think I understand how the business works.” [C2012#24]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company stated that there are customers or buyers with stereotypical attitudes. He said, “There’s nothing you can do about that. Some people are prejudiced.” [C2012#34]

Other interviewees reported no instances of stereotypical attitudes on the part of customers or buyers. Some comments included:

- The Hispanic American female owner of a non-certified transit services firm said that she has not experienced any discrimination in the form of stereotypical attitudes on the part of the customer. [C2014#3]
- The owner of a WBE-certified engineering firm stated that she has not felt any gender discrimination from prime contractors. She reported, “Maybe it’s because I’ve been doing this for a long time.” She added, “There [are] hardly any women doing what we do so I think it was hard to break in, but I’ve been doing this for so long [and that helps].” [SDI#10]
- When asked about experiencing any stereotypical attitudes on the parts of customers or buyers, The vice president of a DBE-certified consulting firm said, “No. Sometimes they stereotype because they’re good engineers, but that’s ok.” [SDI#31]

Good ol’ boy network or other closed networks. Many interviewees had comments concerning the existence of a “good ol’ boy” network that affects business opportunities.

Many interviewees reported knowledge of or experience with a “good ol’ boy network” or other type of closed network. For example:

- A representative of the Kern Minority Contractors Association and the San Joaquin Construction Management Company said, in regards to upcoming high-speed rail contracts in the Central Valley, “There’s been a lot of regional consultants and a lot of money that’s been spent. And no small businesses, no people of color, good ol boys network getting that money.” [C2014PH-FR#6]
- The Hispanic male owner of a non-certified construction and concrete business reported that the “good ol’ boy network” exists and is a barrier. He said, “Yes, there are some general contractors who manipulate bids. It’s not clear how these guys make money because they shop bids and then show them to their friends who undercut the bidding process.” He went on to say - “This is how construction works, guys play golf together, introduce them to friends of friends and then steer work to them.” [C2012#1]

- The Subcontinent Asian American owner of a non-certified concrete paving company stated that the “‘good ol’ boy network” exists, especially in the unions.” [C2012#5]
- The Black American female co-owner of a non-certified construction and hauling company said that the “‘good ol’ boy network’ is just the way business is done.” She said, “Business relationships are key in this business.” [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business said the “‘good ol’ boy network” is “alive and well.” He said, “If Caltrans made things more open and transparent this wouldn’t go on. The big guys wouldn’t get all the work if Caltrans really wanted to eliminate this. There is very little competition and the big firms don’t really compete or bid against each other.” [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that the “‘good ol’ boy network” exists but that it is just the way business is done. She said, “I might be naïve, but I don’t think it is based on race and gender but it is just the way business is done. Everyone is reluctant to bring in new people — they want to work with people they know and trust.” [C2012#9]
- The Asian-Pacific American owner of a non-certified engineering company stated, “I’m aware this is around — hard to prove though.” [C2012#10]
- The Black American female owner of a non-certified trucking company mentioned that the ‘good ol’ boy network’ is out there all over the construction industry. “I know that we have missed out on work because of the [‘good ol’ boy network’] but what can you do.” [C2012#13]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm mentioned that this happens everywhere in business, especially in the construction business. He stated, “It is natural that companies want to work with their friends, within their network.” [C2012#16]
- The Black American male owner of a certified DBE telecommunications company said that the ‘good ol’ boy network’ is “alive and well. It’s not what you know, it’s who you know.” [C2012#18]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that work often goes through closed networks. He said, “Sometimes it’s who you know and networking that lead to jobs.” [C2012#19]
- The Caucasian male owner of a DVBE-certified highway construction company stated, “I know that the ‘good ol’ boy network’ exists, but I go with people I know, people I trust.” [C2012#21]
- The Hispanic male owner of a non-certified construction company said that the ‘good ol’ boy network’ is an issue for small businesses. He said, “Big firms are the only ones who can do the big jobs it seems like. I’m not part of that [closed network].” [C2012#22]

- The Hispanic male owner of a non-certified construction company said that the ‘good ol’ boy network’ is an issue. He said, “Everyone works with who they know — that’s the way our business works. Whether it’s discrimination or not is hard to say.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that the ‘good ol’ boy network’ is a problem. She said, “Women can’t get into the club. But if you do good work and you can fit in and not cause problems you can prove yourself. It is not easy though.” [C2012#24]
- The Hispanic female partner in a non-certified consulting firm said that the ‘good ol’ boy network’ was a fact of life that made it difficult for DBE/MBE/WBE firms to get government contracts. [C2012#25]
- The Black American male owner of a certified concrete company reported awareness of the ‘good ol’ boy network.’ He said, “High dollar contracts are awarded to the big contractors, and just a small percentage flows down to small business.” [C2012#33]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company stated that the ‘good ol’ boy network’ is a problem. He said, “Oh yes. You can put a big star next to that. That’s a problem. Whoever the project manager for the state or local government agency is, it seems like the same people always get theirs — they get favorite people — they always get everything. Anybody new doesn’t get anything.” [C2012#34]
- The female owner of a DBE-certified construction business was asked if she was treated the same as men. “If I’m sending over a quote ... and I’m at \$20,000 and my competitor is at \$25,000, they’re not noticing that I’m a woman-owned business. . . When it starts off that way, then no, I don’t think I am [treated differently]. But when you go to some of the meetings, I think that sometimes it comes into play, but it hasn’t discouraged me to stop doing what I’m doing and trying to be successful. . . Sometimes you got the ‘good ol’ boy’ mentality ... which doesn’t recognize a woman in the industry. That doesn’t always happen, but yes, it has happened. I just have to know that going in and recognize with certain contractors that I know that that’s the way it is. . . It has played a part.” [C2012SM#3]
- A Caucasian female owner of a DBE-certified engineering firm reported “Often women or minorities are left out of the boardroom.” She went on to give examples of the impact. “Figuring out how to read a contract is often left to the principals. Without mentoring, this puts the inexperienced business owner in a weaker position during negotiations.” [C2012SM#16]
- The owner of a WBE-certified engineering firm stated that the “good ol’ boy network” does indeed exist but not for her company. She reported that dealing with “good ol’ boy network” was a particularly difficult experience with her past employer. She further stated that she knows that it currently exists within the bidding process. “I know it happens, so yeah [it exists].” [SDI#10]

- In regards to the “good ol’ boy network,” the Subcontinent Asian American female owner of a DBE-certified engineering firm said, “It’s there. It feels odd to be in that group. I don’t play golf. There’s a guy in the water industry who really doesn’t like me and I know that it’s because I’m a female and I openly speak my mind and I’m not a part of that network.” [SDI#16]
- The vice president of a DBE-certified Black American engineering firm said, “The good ol’ boy network is alive and well.” He went on to say that so many deals are made out on the golf course or at the country clubs where you don’t see many Black Americans there. “Most of us can’t afford a membership. We’ve tried to take potential clients out to dinner, but nothing has come of it. It is all on the surface.” [SDI#19b]
- When asked if the “good ol’ boy network” can be a barrier to women- and minority-owned businesses, the owner of a DBE-certified Black American-owned goods and services firm said that this network is prominent in the construction industry. She said, “[Prime contractors] will go with the people that they know can get the work done because they’ve worked with them, and they’ve established that rapport. They wouldn’t come to a new person such as myself to reach out to me, because they really don’t know me.” [SDI#21]
- When asked if he was aware of a good ol’ boy network, the project development manager of a majority-owned asphalt firm said that he believes this network exists. He said, “I think that happens in construction all the time, although it’s not near as prevalent as it was 20 years ago. There are certain general contractors who like to use certain suppliers and they’ve got good relationships and because of that they will talk pricing at bid time and work things out. I don’t think there are, in the public area, I don’t think that goes on near as much except for shopping of material prices, I think that still goes on in some instances.” [SDI#27]
- The owner of a majority-owned street sweeping firm said a good ol’ boy network does exist. He added, “Especially some of the prime contractors are very close to the unions and they are, period.” [SDI#28]

Some minority and female interviewees indicated that the good ol’ boy network adversely affects their businesses. For example:

- The Black American owner of an MBE-certified security company said that public work is more difficult to obtain because it is hard to become a part of the network. “It’s difficult to move into that next stage from where we are because everyone has that group of people who they normally like working with. I call it the good ol’ boy network. They say ‘we want the best bid,’ but when you put out your bid they go with the same company they’ve been going with.” He later added that he has been more likely to run into an ol’ boy network when attempting to get government contracts, including federal and city contracts. [SDI#9]
- The president of a non-certified Native American-owned engineering firm said that his experience with the good ol’ boy network” has been in bidding to public agencies where he says “the big firms are hired to write the specifications for these jobs that edge out smaller companies.” [SDI#15]

- The owner of a DBE-certified Black American-owned goods and services firm said that many people are surprised that she hasn't won a contract yet. She explained that she thinks that this is largely due to the "good ol' boy network." She said, "I have a lot of people that say to me, 'Why haven't you received a contract yet? You're an African American woman. You should have been on a project.' Right, I know. I don't know what to tell you at this point. It just appears that [prime contractors] know who they want. So I'm locked out." [SDI#21]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported that "The good ol' boy network is a big deal in the construction business and we constantly have issues with this. It's sad because we don't give out our prices or do engage in this type of behavior; we are honest while others aren't." [C2012#12]

One interviewee said that there was a good ol' boy network, but they have, over time, been able to enter the group. The Asian American owner of a DBE-certified engineering company said, "Oh, yes [there is a good ol' boy network] It took us a very long time to get our foot in the door with the prime contractors." He said that prime contractors tend to have a specific set of subcontractors that they use. He reported that he has heard from other companies that the situation is similar today. [SDI#3]

Some interviewees reported they were not affected by any good ol' boy network or other closed networks or that the good ol' boy network no longer exists. For example:

- The female manager of a majority-owned transit services company said that she is not aware of the 'good ol' boy network' or other closed networks. [C2014#2]
- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that the 'good ol' boy network' is not apparent in the local marketplace. [C2012#4]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that the 'good ol' boy network' does not occur in their type of work. He stated, "Our reputation keeps things going." [C2012#14]
- The Senior Engineer for a non-certified minority-owned engineering firm said that he would "put it differently" when asked about the presence of a good ol' boy network." He said that, instead, the project manager has to do the work of getting to know the important decision-makers before even writing the proposal. "Help them find a way to be 'prejudicial' on our behalf. Expose them to the fact of what we were doing so that we weren't such strangers for that particular discipline by the time we got there." [SDI#5]
- The female owner of a certified environmental consulting company stated that she does not experience the good ol' boy network in conducting her business with other firms or agencies. [SDI#13]
- In regards to the good ol' boy network, the manager of a publicly traded engineering firm said, "There's probably several networks. I think it's probably gone over more on the other side. There's more of an emphasis of women having more opportunities than there used to be." [SDI#26]

- The Caucasian female owner of a WBE-certified trucking company stated that since she's been doing this work for so long, the good ol' boy network is not a problem. She continued "I know it exists, but it's not a problem for me." [SDI#36]

Other allegations of discriminatory treatment. The study team also examined other comments about discriminatory treatment.

Some interviewees reported being aware of or having experienced discrimination in obtaining financing, bonding, materials and supplies or other products or services.

- The Hispanic male owner of a non-certified construction and concrete business reported that price discrimination in obtaining financing, bonding, materials, and supplies or other products or services occurs. He said it is "probably because they work only with who they are comfortable with. There might be reverse discrimination because minorities work for less and that might be more attractive for some." [C2012#1]
- The Caucasian principal of an energy company stated that "price discrimination is not overt but it's there. Not sure if SBE/MBEs can handle the rigidity of the bureaucracy." [C2012#2]
- The Hispanic female partner in a non-certified consulting firm reported that minorities and women are adversely affected when attempting to obtain financing. She said that she could not have obtained financing if her partner was not Caucasian. She continued by stating that when she attempted to obtain financing for her firm she was unsuccessful while her Caucasian partner was able to access financing. [C2012#25]
- A Hispanic contractor representative of the Hispanic Contractors and Suppliers Association said that minorities don't have the same wealth as non-minorities, which has lasting impacts on who is able to start a business and the success of those businesses. He also said that banking decisions might take into account race and ethnicity, and that minorities could suffer because of discrimination in lending decisions. [C2012SM#1]
- The Hispanic American owner of a highway contracting DBE agreed about the history of discrimination in banking. "I saw that with my Dad's business in the late 70s, but I haven't seen it since I've been in business ..." Of note is the fact that a number of participants in one stakeholder meeting agreed that whether someone "looked Mexican" or could "pass for a European" would affect how they are treated. [C2012SM#12]
- The Caucasian female owner of an engineering business said that obtaining a small business loan was critical to her success. She indicated that she was denied a loan by the first bank she went to but was successful at the second bank. She noted that she thought the first bank was "male-oriented" and was not interested in meeting with her and looking at her materials, but the second bank had a female manager who was more understanding of a women-owned business seeking a loan. She reported "Women-owned businesses are often not seen as credible. Persistence pays off, but it is work to get financing." [C2012SM#16]

One interviewee said that his company was affected because it was a small business. The Hispanic male owner of a non-certified construction company said that price discrimination in

obtaining financing, bonding materials, and supplies is a problem but not because of race or gender. “It isn’t discrimination on race because I’m Mexican. It is discrimination because as a small business you can’t get access to the resources you need to help you compete. You need money to compete for these jobs.” [C2012#23]

Many interviewees reported having no awareness of or experience with price discrimination in obtaining financing, bonding, materials and supplies or other products or services. For example:

- The Hispanic American female owner of a non-certified transit services firm said that she has not knowingly experienced any price discrimination in obtaining financing and other products or services. She said, “If I am not getting the loans or financing because of discrimination, then how would I know?” [C2014#3]
- The female majority president of a WBE-certified construction company said that her company had not experienced any discrimination with respect to obtaining financing, bonding, materials and supplies or other products or services. [C2012#26]

Some interviewees reported an awareness of or experience with being denied the opportunity to submit a bid.

- The Black American female owner of a DBE-certified construction and hauling company said that her company has been denied the opportunity to bid by Caltrans. She said, “Caltrans doesn’t understand the nature of our work and has been adversarial by making us feel like we are doing something wrong for working within the parameters of the certification program.” [C2012#9]
- The Hispanic female owner of a non-certified asphalt paving company said that denial of opportunity to bid is a big problem for a woman-owned firm. She said, “A lot of these guys think a woman can’t know this business. They look at me and say, ‘We expected a man, does your husband do the work or own the business?’” [C2012#24]

Some interviewees reported awareness of or experience with having been unfairly denied a contract award.

- The Hispanic male owner of a non-certified construction and concrete business said that unfair denials of contract awards depend on the bid. He said, “Lowest bidder should win but you can be deemed unqualified or fail a reference check” which is subjective. [C2012#1]
- The Caucasian male owner of a majority-owned demolition and loading company mentioned that he has seen contract awards that were denied, and he believes strongly that it had to do with discrimination. He stated, “Customers have discriminated against friends of mine just because of their race. It is ridiculous.” [C2012#20]
- The Hispanic female owner of a non-certified asphalt paving company said that unfair denials of contract awards are a problem. She said, “It’s the ‘good ol’ boy network.’ They give jobs to their friends and do favors for each other.” [C2012#24]

- The owner of a DBE-certified small business said, “We’ve sent out numerous bids, I mean, and it’s a very lengthy process. A lot of, you know, time and effort goes into sending out the bids, and I haven’t received work off of one bid that we sent out. Even on the DBE projects, I never even hear back from the estimator on something. I look at the bid summaries, and I know that our prices are competitive, and in most cases we’re coming under on our prices, so I’m not sure what the case is there. I did talk to one estimator. She said, ‘We already worked with our group of people.’ So it’s almost like they already have their own network going on, and they don’t really want to deviate from there if they don’t have to.” [C2012PH#19]

Some interviewees reported a difficulty in discerning whether a denial of a contract award was in fact unfair. The Hispanic female partner in a non-certified consulting firm said that there were no blatant denials of contract awards. She indicated that excuses other than race or gender, such as a lack of experience, were given. She continued by stating that the ‘good ol’ boys club’ is a fact of life. [C2012#25]

Some interviewees reported being aware of or having experienced double standards in performance.

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “I have seen prime contractors have double standards regarding subcontractors when it comes to race.” [C2012#5]
- The Hispanic female owner of a non-certified asphalt paving company said that double standards in performance are a problem for a woman-owned business. She said, “I hate when people act like you are stupid because you are a woman. They look at me like I couldn’t possibly do the work like a man can.” [C2012#24]
- The Black American male owner of a certified concrete company said in regards to double standards that “primes expect that you will not be able to do the work. They use you only because they have to.” [C2012#33]

Some interviewees reported being aware of or having experienced discriminatory practices with respect to payment including slow and non-payment.

- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that discrimination happens to all competitors. He stated, “All companies deal with discrimination in payments and that is not specific to his company.” [C2012#4]
- A representative of the Young Black Contractors Association stated, “Yes. I think it hinges back onto the prime. I know Caltrans gives dollars once the bid is awarded, and the biggest issue is that primes don’t feel like they need to pass those dollars onto their subs. And when a Caucasian general contractor gets a Caucasian subcontractor, and that Caucasian subcontractor tells the general that they need money, they don’t really have a problem getting it. But when a black contractor goes to the general as says we need some mobilize money, it turns into a big issue when they’ve already got the money. A certain percentage of

that money should be going to mobilizing the subcontractor, but it doesn't happen." [C2012#39]

- The female president of a certified DBE/UDBE/WBE/LBE/CBE/VFBE resource management company said, "The problem I have is especially in transportation, is that there's no teeth in the regulations at all that, if your prime contractor doesn't pay you, per the Prompt Payment, there are penalties that are supposed to be enacted. There's no repercussions against that prime contractor. I have had projects that I haven't been paid for years, and when I complain, I get thrown off the job because I cause trouble." [C2012PH#25]

One interviewee reported having difficulty getting paid, but felt that this was not because of discrimination. The Black American female owner of a non-certified trucking company mentioned that receiving payments is often one of her biggest challenges. She stated, "Getting paid on-time is difficult but it doesn't have anything to do with discrimination." [C2012#13]

There were some interviewees who discussed being affected by predatory business practices. For example, the Native American owner of an engineering-related business said, "Another problem is the endless accommodations that smaller firms have to make because of their size ... and because they've been granted UDBE on a contract. That means 'you provide us with more work, and we're not going to pay you for all of it.' It's almost like, 'we've done you a favor by bringing you into these contracts because you're UDBE or DBE.'" [C2012SM#3]

Some interviewees reported being aware of or having experienced governmental resistance to the use of MBE/WBEs. The Hispanic female partner in a non-certified consulting firm said that governmental resistance to DBE/MBE/WBEs was not blatant, but that other excuses were given to avoid the awarding of contracts. [C2012#25]

H. Insights Regarding Neutral Measures

The study team asked business owners and managers about their views of potential race- and gender- neutral measures that might help all small businesses, or all businesses, obtain work in the transportation contracting industry. Interviewees discussed various types of potential measures and, in many cases, made recommendations for specific programs and program topics. The following pages of this Appendix review comments pertaining to:

- Technical assistance and support services (page 149);
- On-the-job training programs (page 151);
- Mentor-protégé relationships (page 152);
- Joint venture relationships (page 154);
- Financing assistance (page 155);
- Bonding assistance (page 156);
- Assistance in obtaining business insurance (page 157);

- Assistance in using emerging technology (page 157);
- Other small business start-up assistance (page 158);
- Information on public agency contracting procedures and bidding opportunities (page 159);
- On-line registration with a public agency as a potential bidder (page 160);
- Hard copy or electronic directory of potential subcontractors (page 161);
- Pre-bid conferences where subcontractors can meet prime contractors (page 161);
- Distribution of lists of planholders or other lists of possible prime bidders to potential subcontractors (page 163);
- Other agency outreach such as vendor fairs and events (page 164);
- Streamlining or simplification of bidding procedures (page 165);
- Breaking up large contracts into smaller pieces (page 166);
- Price or evaluation preferences for small businesses (page 168);
- Small business set-asides (page 169);
- Mandatory subcontracting minimums (page 171);
- Small business subcontracting goals (page 171);
- Formal complaint and grievance procedures (page 172); and
- Other measures (page 174).

General comments about neutral measures.

Some interviewees indicated that they had no knowledge of any race-, ethnicity-, or gender-neutral programs or measures to assist small businesses, including minority-owned and female-owned businesses. Some interviewees said that they were not aware of these types of programs but would be interested in them or would find them useful. For example:

- The female manager of a majority-owned transit services firm said that neither she nor the company have participated in any programs that are available to small businesses to help them enter into public work. When asked if there are any programs that would be helpful to the firm, the female manager of a majority-owned transit services company said that mentor-protégé programs could be beneficial. [C2014#2]

- The Caucasian male owner of a concrete and construction company said, “I am not aware of any neutral measures but would be interested in a lot of these categories.” [C2012#3]
- The Black American female co-owner of a non-certified construction and hauling company said that she is not aware of any specific neutral measures but said that she was interested in any programs that help small businesses like hers. [C2012#7]
- The Hispanic female owner of a non-certified asphalt paving company said that she is not aware of any programs that would help them but said, “Anything that will help us identify work would be appreciated.” [C2012#24]

Other interviewees reported general awareness of certain race-, ethnicity-, or gender-neutral programs or measures to assist small businesses, including minority-owned and female-owned businesses. For example:

- The Hispanic male owner of a non-certified construction and concrete business said that measures to encourage small business participation are helpful but “they might limit their effectiveness or quality by not reaching out further” to non-local competition. [C2012#1]
- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that he knows that some neutral measures exist. He stated that he does not participate in any of the programs. He also said it would likely be beneficial to multiple businesses if the number of neutral measures were increased and more widely publicized. [C2012#4]
- The Hispanic female partner in a non-certified consulting firm said that training is a big chunk of measures or programs that are helpful to small MBE/WBEs. She indicated that joint training that includes bright people from small companies as well as from government would help build networks and establish bonding during the training sessions, and that this would lead to a different type of ‘good ol’ boy network’ that would reduce risks. [C2012#25]
- The Caucasian male owner/operator of a certified small majority-owned road grading business said, “I’ve heard of neutral measures.” He added that he felt that the programs are helpful, saying, “If you know the ins and outs of anything that makes you faster.” [C2012#31]

Some interviewees knew of neutral programs and did not think they were helpful. For example:

- When asked if he is aware of any small business programs for small businesses in California, the Caucasian co-owner of an uncertified women-owned transit services company said that he is aware of those programs, but he feels that Caltrans’ small business programs are ineffective for businesses in his industry. [C2014#1]
- The Hispanic American female owner of a non-certified transit services company said that, in order to improve the administration of public contracting in California, there should be more effective workshops for small businesses. When asked about her experience attending workshops in California, the Hispanic American female owner of a non-certified transit services firm said that she has gone to workshops hoping to get help. She said “I’ve gone to

workshops thinking I would get help, but you walk out knowing less than when you walked in. I don't feel like I've gained anything from workshops." [C2014#3]

- At a public meeting in 2014, a representative of the Black Chamber of Commerce stated, "We're really concerned that, you know, there's the DBE programs in place, but because it is an aspirational goal and it's race neutral, parts of it is race neutral, that it hasn't been as effective in reaching the desired outcomes that the, that the federal DBE program has." [C2014PH-FR#4]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, "Oh, I'm aware of [neutral measures]. I don't think they're helpful. Right now they're giving a lot of contracts to the veterans of Iraq and Afghanistan. It's all politics. It's whichever way the wind blows." [C2012#34]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company mentioned that "I am aware that there are neutral measure programs being done, but they are not very helpful and have minimal impact on the bottom line." [C2012#6]

Technical assistance and support services. The study team discussed different types of technical assistance and other business support programs.

Some interviewees reported awareness of technical assistance and support services and thought they were helpful. For example:

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "I am aware of similar services. I attend a class at USC that teaches estimating, insurance and safety. I think this type of class is very helpful to small businesses." [C2012#12]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that he was aware of programs being offered at Cal State Fullerton that help smaller companies learn how to work with primes. He stated, "The technical assistance training was helpful." [C2012#14]
- The female majority president of a WBE-certified construction company said, "Technical assistance and support services are helpful. The SBA has a program that provides technical assistance and support services." [C2012#26]
- A representative of Associated Professionals and Contractors said that Caltrans used to have a program that would do training of businesses ... and that is still needed." [C2012SM#17]
- A representative of the National Society of Hispanic Professional Engineers said that "it's very difficult for local construction business owners to make the leap from local and small to the size and complexity of the work that goes on at the state level." He said that there needs to be more assistance by state and local agencies to help these firms. [C2012SM#23]

- The president of a non-certified Native American-owned engineering firm said that he attended a seminar sponsored by Caltrans that helped to change his firm's processes and ultimately assisted them by making the process easier. [SDI#15]
- The co-owner of a WBE-certified construction firm said, "My wife and I are aware of the SBA program and we've actually been in contact with SCORE to get advice and to bounce off some ideas with the folks over there." He reported that he found these resources to be helpful because of their many years of business wisdom. [SDI#18]
- The owner of a majority-owned street sweeping firm was aware of technical assistance and said it was helpful. [SDI#28]
- The Caucasian female owner of a WBE-certified trucking company stated that she is aware that technical programs already exist and feels they would be helpful. [SDI#36]

Some interviewees reported awareness of technical assistance and support services and did not think they were helpful. The Caucasian male president of a certified micro grading, concrete and paving business said that he was aware of government programs to help contractors in submitting bids, but that his company did not find them particularly helpful. [C2012#30a]

Other interviewees reported that they were unaware of technical assistance and support services for small businesses but though they would be helpful. [For example, C2012 #1, #3, #8, #11, #15, #17, #22 & #28] Examples of comments include:

- The Caucasian male owner of a DVBE-certified highway construction company stated, "I have heard of these but I have not attended any of these. I think they would be helpful." [C2012#21]
- The Hispanic male owner of a non-certified construction company said that technical assistance would be helpful. He said, "Yes, it would definitely help. I can do most of this myself but it took me a long time to learn how. It would have been nice up front to have some assistance when I started my company." [C2012#23]

Other interviewees indicated that the provision of technical assistance or support services would not be beneficial to small businesses. For example:

- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm mentioned that he was not aware of these types of services being offered. He stated, "I don't know that these would be that helpful. I use QuickBooks and everybody should be able to do that." [C2012#16]
- The Caucasian male owner of a concrete and landscaping company indicated that programs or initiatives for technical assistance and support services are not needed, because he designs his own programs and is happy with them. [C2012#29]

On-the-job training programs. The majority of owners and managers interviewed were aware and supportive of on-the-job training programs available to small businesses. Examples include:

- The Caucasian male owner of a concrete and landscaping company indicated that he was familiar with the training program for development of a Lead Compliance Plan and felt that was helpful. [C2012#29]
- When asked if on-the-job training programs would be helpful, the vice president of IVEDC said, "It would be very helpful and we do have on-the-job training programs through the workforce development board office and the state of California employment training panel." [SDITA#2]
- The vice president of a DBE-certified consulting firm said, "We have never really taken advantage of that but if we had the right contract, we'd be happy to hire some new people and use some on-the-job training grants to train them." [SDI#31]

Other interviewees reported that they were not aware of any on-the-job training programs available to small businesses, but thought they would be helpful. For example:

- The Hispanic male owner of a non-certified construction and concrete business said that he is not aware of on-the-job training programs. However, he said, "These [on-the-job training programs] would be helpful because actual work is the best way to learn." [C2012#1]
- The Caucasian male owner of a concrete and construction company said he is not aware of any but would be interested. [C2012#3]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "I am not aware of this program, but it would be helpful." [C2012#12]

Other interviewees did not think that on-the-job training programs would be beneficial to small businesses. For example:

- The Subcontinent Asian American owner of a non-certified concrete paving company, stated, "I don't think [on-the-job training] would be helpful to me." [C2012#5]
- The Black American female co-owner of a non-certified construction and hauling company, said she is not aware of any on-the-job training programs but does not know how helpful they would be. [C2012#7]

One interviewee said that on-the-job training would only be useful in certain settings. The vice president of a DBE-certified Black American engineering firm said on-the-job training programs would be good for some industries. He added, "Our firm deals with regulatory compliance. You have to have experience." [SDI#19b]

Mentor-protégé relationships. Some interviewees commented on mentor-protégé programs and thought they would be helpful, even if it has not helped their company or they have not participated.

- The Caucasian male owner of a DVBE-certified highway construction company stated, “I have heard of these but I have not attended any of these. I think they would be helpful.” [C2012#21]
- The owner of a DBE-certified environmental consulting firm said, “I am a member of Calmentors Program. It’s a nice program. For my company itself, it has not yet bared any fruits. In the long run, it may. So Calmentors Program is a good program.” [C2012PH#1]
- A female business owner and representative of the Southern California Contractors Association said that mentor-protégé relationships help both partners in the relationship and the industry at large. She recommended expansion of these programs. [C2012SM#15]

Some interviewees reported a negative experience with the Calmentor Program. For example:

- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said he had experience with mentor/protégé relationships. He said that his mentor gave up on the paperwork snowstorm and therefore did not get certified. He explained that since his mentor was not certified, “I was not compliant, and I haven’t gotten any work since.” [C2012#34]
- The owner of a DBE-certified surveying company said, “I heard somebody mention the Calmentor Program. That’s another thing I participated in or attempted to participate in when I got my certification. I submitted the paperwork, I submitted applications, I sent e-mails, I left phone messages, and it was totally non-responsive to me. I contacted the mentor that was assigned to my particular field and got no response. I did this two or three times. About once a year, I get an inquiry from the Calmentor Program asking how the Calmentor Program is helping me. The first time, I responded with all the politically correct phrases and whatnot and got no response. The second time, I — I was pretty clear in — in my lack of being able to receive any kind of mentoring. It was pretty — worded strongly, I guess I’ll put it that way. I got nothing back. And just the other day, I got another message, how are we doing in the Calmentor Program for you, and I responded again that it’s been totally unresponsive to me, that it doesn’t do me any good, and it hasn’t done me any good.” [C2012PH#21]
- The owner of an equipment rental company said, “I heard mention of the Calmentorship Program. They mentioned the Calmentorship Program, so when the workshop finished, I, you know, went to go speak to somebody about the Calmentorship Program. They said, ‘Well, okay. What kind of business do you do?’ I said, ‘We will do — we have an equipment rental company.’ [They] said, ‘Oh, okay. We’re — sorry, the Calmentorship Program is really services for engineers, for contractors. Since you’re providing just rentals, we really can’t help you.’ So I thought, well, okay. That’s kind of a disadvantage. So I’m not sure if that’s something that you guys can maybe improve or change, because, you know, having a mentor

for us, even though it's — you know, we're not engineers or anything like that or consultants, it would be, you know, very beneficial to us." [C2012PH#22]

- The Asian-Pacific American owner of an engineering firm and representative of the American Council of Engineering Companies-California said, "The Calmentor program, we participated in that over the past two or three years, but it hasn't really worked. We couldn't find a mentor, there aren't enough mentors around. That's the problem." [C2012SM#2]

Many other interviewees reported that they were unaware of state level mentor/protégé programs available to small businesses. Some thought that such programs could be helpful.

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "I am not aware of mentor/protégé programs, but they would be helpful." [C2012#12]
- The Hispanic American female owner of a non-certified transit services firm said that she is not aware of the Calmentor mentor/protégé program. [C2014#3]
- The Black American female co-owner of a non-certified construction and hauling company said pairing up small businesses with larger businesses might be helpful. [C2012#7]
- The owner of a UDBE said, "The mentor/protégé program would be an exceptional program to help especially under-utilized DBEs by giving them a past performance and getting on the contracts, but everyone wants the DBE to have past performance already. To me, how can you get the past performance if no one is allowing you to get on the contract?" [C2012PH#2]

Other interviewees did not think that mentor-protégé programs would be beneficial to small businesses. For example:

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, "Mentor/protégé relationships won't provide anything to me." [C2012#5]
- The Caucasian male owner of a majority-owned demolition and loading company stated, "I'm not aware of this, but I don't think this would be helpful." [C2012#20]
- The Caucasian male owner of a concrete and landscaping company said he did not believe that mentor/protégé relationships were helpful. [C2012#29]

One interviewee was critical of government mentor-protégé programs in general. The Caucasian male owner of a construction firm said, "I believe in mentor-protégé programs. That's the old school way. The father plumber brought his son or brother's son. He said, 'Go here, go there with me and learn from me.' That's not a formal program. It works best when you do not have bureaucratic/government involvement." [SDI#20]

Another participant in a public hearing recommended an overhaul and expansion of the program. A representative of the Black Chamber of Commerce said, "I know Caltrans has a mentor program, but for right now my understanding is it's strictly engineering in this region. Again, you're talking about a more refined pool of businesses and there's a much smaller number of diverse firms that are actually engineering firms. And so, you know, if that -- those kinds of

programs are expanded to the construction, other professional services, that would also create I think more opportunities for businesses to be engaged.” [C2014PH-FR#4]

Joint venture relationships. Interviewees also discussed joint venture relationships.

Some of the business owners and managers interviewed had favorable comments about joint venture programs. Examples of those comments include the following:

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “We currently have joint venture types of agreements with other vendors, but it would be useful if this information was more widely available to other small businesses.” [C2012#5]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported, “I am not aware of any joint venture program but it would be helpful and a great opportunity for small businesses.” [C2012#12]
- The Caucasian male owner of a DVBE-certified construction company reported that joint venture training would be useful. He said that, for example, he is not sure whether two DVBEs can register as a joint venture. He compared this to the SDUSD, which requires prime contractors to meet with small businesses. [SDI#14]
- In regards to joint venture relationships, the Caucasian male owner of a construction firm said, “Yes, I endorse that concept. Two businesses getting together without bureaucratic/government involvement, that’s good.” [SDI#20]

Other interviewees reported that they were unaware of joint venture relationships available to small businesses. For example:

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “I am not aware of any joint venture program but it would be helpful and a great opportunity for small businesses.” [C2012#12]
- The Native American owner and president of a non-certified electrical contracting business said that joint venture relationships “could be very useful in helping small companies identify where they fit into big Caltrans contracts.” [C2012#8]
- The Black American male owner of a certified DBE telecommunications company said that joint ventures and teaming up with other companies would be helpful. He said, “This is why I got my certification, so I could team up with other large firms doing business with Caltrans [and other agencies].” [C2012#18]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that joint venture relationships would be helpful. He said, “Yes, if we could team up with other firms, we would be able to compete with bigger firms.” [C2012#19]

Other interviewees reported that joint venture relationships would not be beneficial to small businesses and in fact may hurt them. Examples include the following:

- The Caucasian male owner of a majority-owned demolition and loading company stated, “I’m not aware of this, and I don’t think this would be helpful.” [C2012#20]
- The Vice President of Marketing and Business Development for an MBE-certified engineering firm said that the SBA has tightened rules for mentor-protégé relationships by requiring that for 8(a) joint ventures the protégé is to perform 40 percent of the work. She said, “There are a couple of companies that are just absolutely notorious for preying on these small companies and just using them. Because then you can compete ... like you’re small, but you have the forces of a 30,000 person company behind this little 8(a) joint venture.” [SDI#7a]
- The Caucasian male owner of a DVBE-certified construction company said, “[Joint venture relationships] are dangerous.” He went on to say, “The problem with it is a requirement by the state of 51 percent ownership and management by disabled veterans. What corporation is going to get 51 percent of their stuff away to a disabled vet? ... You have to understand and of course the veteran learned real fast you get in bed with an elephant and he rolls over and what happens.” [SDI#32]

Financing assistance. Most business owners and managers had comments about assistance obtaining business financing, even though they were unaware of its availability.

Many business owners and managers indicated that financing assistance would be helpful. Comments in favor of financing assistance programs included the following:

- The Hispanic male owner of a non-certified construction and concrete business said he is not aware of any financing assistance like loan guarantees and inventory financing but indicated that these types of programs would be helpful. [C2012#1]
- The Black American owner of a DBE/MBE/SBE-certified engineering company mentioned that he is not aware of any financing assistance programs. [C2012#4]
- The Caucasian male owner of a concrete and construction company said, “I am not aware of [financing assistance], but it would be very helpful because banks and suppliers are very restrictive for small businesses.” [C2012#3]
- The Black American owner of a DBE/MBE/SBE-certified engineering company stated that financing assistance programs would be useful. He said, “most businesses need financial assistance from time to time.” [C2012#4]
- The Native American owner and president of a non-certified electrical contracting business said that financing assistance would be a great help to small businesses. “Small businesses need help with equipment, making payroll and buying supplies. You know the money will get paid, but it takes a while sometimes which makes it hard to get financing.” [C2012#8]

- The Hispanic male owner of a non-certified construction company said that financing assistance would be helpful. “The key in this business is access to money so you can get equipment to compete. You need money for fuel, insurance, wages because sometimes you don’t get paid quickly. You have to have money to bridge those gaps.” [C2012#23]

One business owner had attempted to use a financing assistance program and had negative comments: The owner of a DBE-certified Black American-owned goods and services firm said that she participated in a financing assistance program hosted by a local career development center, but that the program was not helpful to her business. She said, “It was a waste of time.” [SDI#21]

Bonding assistance. The study team asked business owners and managers about bonding assistance.

Many business owners and managers indicated that bonding assistance would be helpful. Examples of such comments include the following:

- The Hispanic male owner of a non-certified construction and concrete business said he is not aware of any bonding assistance but said “bonding is expensive” so any support would be welcome. [C2012#1]
- The Black American owner of a DBE/MBE/SBE-certified engineering company mentioned that he is not aware of any bonding assistance programs but mentioned that he would find bonding assistance programs useful. [C2012#4]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company was not aware of bonding assistance. She did mention that “bonding assistance would be helpful as many small businesses don’t know what is available to them.” [C2012#6]
- The Hispanic male owner of a non-certified construction company said that bonding assistance would be helpful. We have people and equipment to do the work but if you can’t afford the bond then that is a huge barrier.” [C2012#23]

Other interviewees did not think that the provision of bonding assistance would be beneficial to small businesses. For example:

- The Caucasian male owner of a majority-owned demolition and loading company stated, “I’m not aware of this and I don’t think this would be helpful.” [C2012#20]
- The Caucasian male owner of a concrete and landscaping company indicated that bonding assistance would not be helpful. [C2012#29]

Assistance in obtaining business insurance. Interviewees discussed assistance obtaining business insurance.

Most interviewees reported that they were unaware of the availability of assistance to obtain business insurance, but thought it would be helpful. For example:

- The Hispanic male owner of a non-certified construction and concrete business said he would be interested in learning more about assistance in obtaining business insurance. [C2012#1]
- The Black American female owner of a DBE-certified construction and hauling company said that assistance in obtaining business insurance would be helpful. “The state should provide some brokering help that could benefit small businesses and decrease costs.” She continued by saying that “if they just eliminated the need to provide the same insurance information over and over again that would be nice. We have to do so much paperwork and answer the same questions over and over. Why isn’t this stuff kept on file?” [C2012#9]
- The Black American male owner of a certified electrical company said, “That would be good if available during the company’s first year. Assistance in obtaining \$2 million insurance coverage would be helpful.” [C2012#35]

Other interviewees thought that the provision of assistance to obtain business insurance would not be beneficial to small businesses. For example:

- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm mentioned that his company has had no problems getting insurance and that this would not be a useful program. [C2012#16]
- The female majority president of a WBE-certified construction company said, “Assistance in obtaining business insurance is not necessary; however, it would be helpful if the \$5 million umbrella insurance coverage was reduced.” [C2012#26]

Assistance in using emerging technology. Interviewees discussed assistance in the emerging technology.

Some interviewees were aware of the provision of assistance in using emerging technology and thought it was helpful. For example, the Caucasian male owner of a majority-owned demolition and loading company stated, “I have used assistance that helped with electronic bidding and it was very helpful.” [C2012#20]

Many business owners said that assistance using emerging technology would be helpful. A number of interviewees pointed out potential assistance with electronic bidding. Examples of those comments include the following:

- The Black American female co-owner of a non-certified construction and hauling company said she is not aware of any assistance in using emerging technology. [C2012#7]

- The Caucasian male owner of a concrete and construction company said this would be helpful. “Help with complex electronic bids would be nice.” [C2012#3]
- The Black American female co-owner of a non-certified construction and hauling company said any assistance in using emerging technology “would definitely be helpful because we don’t have a lot of experience in electronic bidding, searching for available bids online, or just using computers.” [C2012#7]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that assistance in using emerging technology would be helpful. “Electronic bidding would be helpful but unless Caltrans is willing to sit down and really understand their own bidding process, just making it electronic wouldn’t be a benefit.” [C2012#11]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that any assistance with emerging technology would be helpful for many smaller businesses. [C2012#14]
- The Caucasian male owner of a concrete and construction company said, “Help with electronic bids for complex bids would be nice.” [C2012#3]
- The Hispanic female partner in a non-certified consulting firm said assistance in using emerging technology for WBE/MBEs “would be ideal.” She indicated that information technology training is required throughout one’s career. [C2012#25]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, “That would be really beneficial, because it’s pretty challenging when you get on these government websites.” [C2012#34]

Some interviewees did not think that the provision of assistance in using emerging technology would be necessary or beneficial. For example:

- The Caucasian male owner/operator of a certified small majority-owned road grading business felt that assistance in using emerging technology would not be helpful. “I’m not a fan. Paper is good. They’ll train you; they’ll change it.” [C2012#31]

Other small business start-up assistance. Interviewees discussed other small business start-up assistance.

Only a few interviewees had any comment about other small business start-up assistance. Examples of those comments include:

- The president of a certified Subcontinent Asian American-owned engineering firm said that a small business incubation program would be helpful for start-up businesses. He went on to say that he is “familiar with this type of set-up in other cities and also in India...where programs like this offer funding for up to three years for emerging small businesses to help them get a leg up.” [SDI#12]

- The Caucasian woman owner of a WBE-certified trucking company stated that “small business start-up assistance for companies to learn more about banking, equipment financing, and maintaining a good credit score will be helpful.” [SDI#36]
- When asked about other small business start-up assistance, the president of a non-certified Native American-owned engineering firm said, “That’s where the SBA comes in.” [SDI#15]
- The Hispanic female partner in a non-certified consulting firm said that providing small business start-up assistance for WBE/MBEs “would be wonderful.” [C2012#25]

Information on public agency contracting procedures and bidding opportunities.

Some interviewees indicated that information on public agency contracting procedures and bidding opportunities is helpful. For example:

- The Caucasian male estimator at a non-certified woman-owned trucking company said that this information already exists and that contracting procedures and bidding opportunities are well documented. However, some people may not be aware of these resources. [C2012#17]
- The Caucasian male owner of a DVBE-certified highway construction company stated, “I have attended meetings discussing bidding opportunities. I found these meetings to be helpful and I think it would be helpful to others.” [C2012#21]
- The Caucasian male owner of a concrete and landscaping company said that the existing weekly publication on Caltrans bidding opportunities is helpful. [C2012#29]

A number of interviewees suggested that public agencies better coordinate how they provide information about contract opportunities. For example:

- The Caucasian male owner of a concrete and construction company said, “I would love to get information on where these [online bid information programs] exist. Any online or other support would be helpful.” [C2012#3]
- The Black American female co-owner of a non-certified construction and hauling company said that any information on public agency contracting procedures and bidding opportunities would be helpful. “Anything that streamlines their process would be helpful to us” she said. [C2012#7]
- The Black American male owner of a certified DBE telecommunications company said he is aware that bidding opportunities are online but indicated that it would be helpful to “know what opportunities are available that I am qualified to bid on and help with the contracting procedure. They should make it more relevant to small businesses so that it is clear what you are qualified to bid on. Right now it seems that everything is geared to big companies.” [C2012#18]
- The Black American male owner of a certified concrete company said, “I would like to learn details on whether subs are included in primes’ bids.” [C2012#33]

- The Black American owner of a certified security company said that he is not aware of how to get on lists of potential bidders for contracts. He also said that he had heard about an opportunity to take a course that would allow him to be on the list of bidders for an airport construction contractor, but has not been able to locate information about it. [SDI#9]
- The vice president of a DBE-certified Black American engineering firm said, "Agencies should have a way to get the word out in a timely manner to especially small firms." [SDI#19b]

One interviewee cautioned that obtaining information when public agencies publicly announce bidding opportunities may not be helpful because it is then too late in the process.

The president of a DBE-certified Subcontinent Asian American-owned engineering firm said that so often, by the time bid information hits the street and the pre-bid meeting occurs, the primes already have their teams together. He added that there should be a better way to create a "level playing field" so that smaller firms were able to participate more. [SDI#12]

Online registration with a public agency as a potential bidder. Interviewees were asked to discuss on-line registration with a public agency as a potential bidder.

Very few interviewees had any comment on on-line registration as a potential bidder.

Examples include:

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "I am aware of online registration and it is helpful. We do this with Caltrans." [C2012#12]
- The Caucasian male owner of a DVBE-certified highway construction company stated, "I have used the online registration opportunities for various bids. I found this option to be helpful and I think it would be helpful to others." [C2012#21]
- When asked about on-line registration as a potential bidder, the Caucasian female owner of a WBE-certified trucking company stated, "This already is in place. ... You just have to be a go-getter to make it work for you." [SDI#36]

One interviewee said on-line registration systems are too complicated for small businesses.

The female owner of a WBE-certified construction company said that Internet sites and bid boards for locating projects may be intimidating to some small business owners: "We don't have IT people to help us negotiate things." [SDI#8]

At least one interviewee knew about the online registration process but never received feedback. The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, "I've done online registration and then they never get back to me." He indicated that it would be helpful "if it's done well" and "if it actually works." [C2012#34]

Other interviewees reported that they were unaware of opportunities to become registered with an agency as a potential bidder, but thought that this would be helpful. For example, the Black American male owner of a certified DBE telecommunications company said that online

registration with a public agency is helpful but that “it would be more helpful if it was easier to target what you are qualified to bid on.” [C2012#18]

Hard copy or electronic directory of potential subcontractors. Most interviewees said that hard copy or electronic lists of potential subcontractors would be helpful.

Some business owners pointed out existing resources. Examples of such comments included the following:

- In regards to hard copy or electronic directories of potential subcontractors, the Caucasian female owner of a WBE/SBE/DBE-certified company reported, “I am aware of this because of the work we do with Caltrans. I like being able to look up other subcontractors.” [C2012#12]
- In regards to the hard copy or electronic director of potential subcontracts, the Caucasian male owner of a construction firm said, “Yes, I’m aware that this is available. It is positive because it gives you connections.” [SDI#20]

Other business owners recommended an electronic directory of prime contractors. For example:

- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that electronic directories of potential subcontractors might be helpful. “I think all of this information is paper-based now. Having it online would be helpful.” [C2012#19]
- The president of a non-certified Native American-owned engineering firm stated that it would be beneficial to have a directory. He also stated that “a directory of primes would also be beneficial because unless subs were going to team with each other, a list of who the primes are makes more sense.” [SDI#15]

Pre-bid conferences where subcontractors can meet prime contractors. Some business owners and managers reported they were aware of pre-bid conferences and thought they would be helpful. For example:

- The Caucasian principal of an energy company stated, “I know [pre-bid conferences] exist and that they are helpful to some firms depending on the contract and their previous relationships.” [C2012#2]
- The Caucasian male owner of a concrete and construction company said pre-bid conferences are helpful, but they are time consuming. [C2012#3]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “We have attended a few pre-bid conferences, and they have been helpful to identify potential partners.” [C2012#5]

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that she has had experience with many pre-bid conferences and that they “are a great place for subs to meet primes. We have made many contacts at these meetings.” [C2012#6]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company stated, “We have attended pre-bid conferences with Caltrans and these have been very helpful. I encourage others to attend these types of conferences.” [C2012#14]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that Caltrans should have more pre-bid conferences. “There should be more pre-bid conferences where we can team up with partners.” [C2012#17]
- The Caucasian male owner of a DVBE-certified highway construction company stated, “I have attended pre-bid conferences to meet primes. I found these meetings to be helpful and I think they would be helpful to others.” [C2012#21]

A few interviewees did not think that pre-bid meetings were useful. For example:

- The Black American owner of a DBE-certified electrical contracting business said, “I went to that “prime/meet” deal there [at the Sacramento Municipal Utility District - SMUD], but ---- it didn’t feel promising at all when I was in there.” [C2014PH-SC#1]
- The Hispanic male owner of a non-certified construction and concrete business said he has attended some pre-bid conferences but no vendor fairs. He indicated that they are time consuming. [C2012#1]
- The Black American female co-owner of a non-certified construction and hauling company said that pre-bid conferences are not helpful because they are too time consuming for most small business owners. [C2012#7]
- The Native American owner and president of a non-certified electrical contracting business said that pre-bid conferences would be helpful but that they should not be limited to helping subs meet primes. He asked, “Why can’t they have conferences geared for small businesses to help them identify opportunities?” [C2012#8]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that pre-bid conferences are not really helpful. “These take a lot of time and expense and Caltrans won’t really tell you anything. They don’t really collaborate or provide good information.” [C2012#11]
- The Hispanic female owner of a non-certified asphalt paving company said that she is aware of pre-bid conferences where subs meet primes. “I’ve been to some pre-bid meetings but they are time consuming for a small business, especially when you aren’t guaranteed you can even bid.” [C2012#24]

- The Caucasian male owner of a concrete and landscaping company said, “No, I hate those” in response to a question about the helpfulness of pre-bid conferences where subs and primes meet. [C2012#29]

Other interviewees reported that they were unaware of any pre-bid conferences, but thought they could be helpful. For example:

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “I am not aware of pre-bid conferences, but it sounds like it might be helpful.” [C2012#12]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated that she was not aware of pre-bid conferences where subs can meet primes, but she thought they would be helpful. [C2012#15]
- The Black American male owner of a certified DBE telecommunications company said that pre-bid conferences where subs can meet primes would be helpful for him to identify partnering opportunities. “That is why I got my certification — so I could market myself to bigger companies and get a piece of bigger contracts.” [C2012#18]
- The Hispanic male owner of a non-certified construction company said that pre-bid conferences where subs can meet primes would be helpful. “Getting small pieces of jobs from big firms is fine, but we need help in getting partnered with the right people.” [C2012#22]
- The Caucasian male president of a certified majority DVBE said that it would be helpful to have pre-bid conferences where subs and primes meet, and lists of planholders or other lists of possible prime bidders are distributed to potential subcontractors. [C2012#28]
- The Caucasian male president of a certified micro grading, concrete and paving business, said that he had never attended a pre-bid conference, but felt that they would be helpful. [C2012#30a]

Distribution of list of planholders or other lists of potential prime bidders to subcontractors. Some of the business owners and managers interviewed supported the distribution of planholders lists. For example:

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “I am aware of planholders lists because of Caltrans projects. These are helpful as we determine who to bid with.” [C2012#12]
- The Black American male owner of a certified concrete company said, “They already have [planholders’ lists]. It is useful to know who to talk to.” [C2012#33]
- The Hispanic American office manager of a SBE/DBE-certified concrete company mentioned that there are websites and training from contractors associations on planholders’ lists. He stated, “It is very helpful to know who is bidding.” [C2012#15]

Other interviewees reported that they were not aware of any distribution of planholders' lists or lists of other potential prime bidders, but thought they would be helpful. For example:

- The Black American male owner of a certified DBE telecommunications company said that distribution of lists of planholders or other lists of possible prime bidders to potential subcontractors would be helpful. [C2012#18]
- The Caucasian male owner/operator of a certified small majority-owned road grading business said, "I think it's helpful. I do think that it encourages bid shopping a little more. You're going to be firing your number all over the place — not secure anymore." [C2012#31]

Some interviewees thought that the distribution to subcontractors of planholders' lists or lists of other potential prime bidders would not be beneficial to small businesses. For example, the Hispanic female partner in a non-certified consulting firm indicated that she felt the distribution of planholders' lists or other lists of possible prime bidders to potential subcontractors was biased and reflected a control of information by the public agency. [C2012#25]

Other agency outreach such as vendor fairs and events. Some business owners and managers reported that outreach such as vendor fairs and events were useful. Others no longer regularly attend those events.

Examples of positive comments about agency outreach events include the following:

- A participant in a 2014 public hearing and a representative of the Black Chamber of Commerce said Caltrans should "encourage your prime contractors to do kind of two-tiered business match-making activities. So often it will be Caltrans who again is typically not going to be their actual, I want to say employer or buyer of those products and services from those diverse firms. It's going to be, you know, Caltrans' prime or the prime's subcontractors who will be the business of which that DBE participates in." [C2014PH-FR#4]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, "We have gone to vendor fairs and met a few potential partners. This opportunity should be used by other small businesses." [C2012#5]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said they have done some vendor fairs but were not sure how effective they were. "We've done a few vendor fairs where we brought some trucks to attract hiring but I'm not sure how worthwhile they were. Maybe if they defined what the benefit was it would be helpful." [C2012#19]
- The Black American female co-owner of a non-certified construction and hauling company indicated that agency outreach can be helpful. She indicated that she is a member of the California Transportation Association and that she goes to some of their meetings to find out what is going on in the industry. She said, "They have a lot of meetings and summits that have buyers and other potential customers." [C2012#7]

- The Black American male owner of a certified DBE telecommunications company said that agency outreach would be helpful “as long as they aren’t too time consuming.” He said, “Small businesses don’t have a lot of time to chase these types of events.” [C2012#18]
- The owner of a UDBE-certified construction management firm said, “We’re pretty excited to be finally certified as a disadvantaged business, and being a minority, we automatically become UDBE as well. Our challenge is to be involved in opportunities where we can get to see the primes face-to-face, get to learn about upcoming projects, form a relationship, let the primes know we exist, we have the following type of staff, and more opportunities in the sense where consultants like us can come in and hear what Caltrans plans to do in the future, six months, a year, two years, three years, and then also allow us an outreach type of activity where we’re mingling with the primes, we’re trying to learn who these primes are, what type of projects do they specialize in, and if they’ll have a need to use companies like us.” [C2012PH#20]

Other interviewees have not found these kinds of agency outreach events helpful. For example:

- The Native American owner of an engineering-related business said, “I’m not participating in [agency outreach] meetings anymore, because we’ve found that the A/E players are the ones that have the biggest drums, they have the business development teams, they have business development officers, they go out and bang the drums louder than anybody else ... and those are the ones getting the contracts.” [C2012SM#3]
- The Caucasian female owner of a DBE-certified engineering firm said, “A lot of times I go to these small business gatherings that have and they end up being more of the mixers ... I feel like they give me bottled water and a fortune cookie and ‘Good luck!’ I really feel like, as a business owner, there are so many things that I’m responsible for that I need to know that I could use ... additional advice, mentors or additional resources. That’s one of the things that the state and Feds can help us out with.” [C2012SM#16]
- “The amount of time you take from small businesses to go to pre-bid meetings and matchmaking meetings, these are big impacts,” according to an Asian-Pacific American female owner of a construction services business. [C2012SM#20]

Streamlining/simplification of bidding procedures. Most business owners said that streamlining or simplifying bidding procedures would be helpful. Examples include:

- The Caucasian principal of an energy company stated that “streamlining the bid process would be helpful to the business community and would allow for more competition.” [C2012#2]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “Any program that simplified the bidding process would be useful to any size business. We have not heard of this type of neutral measure.” [C2012#5]

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated streamlining bid procedures would be helpful, because many small businesses “don’t have the capability to respond to procurements due to the difficulty and complexity of the required responses.” [C2012#6]
- The Black American female co-owner of a non-certified construction and hauling company said that simplification of the bid process would be of particular interest. “The process is too complex now,” she said. [C2012#7]
- The Black American female owner of a DBE-certified construction and hauling company said that streamlining/simplifying the bidding procedures would be helpful. It would “eliminate the need to provide the same information over and over again.” [C2012#9]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that streamlining/simplifying bidding procedures would definitely help. “Caltrans doesn’t understand what they need or want most of the time which requires us trying to translate their specifications. This takes a lot of time. They should work with us to clarify specifications and requirements.” [C2012#11]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that streamlining/simplification of bidding procedures is needed. “Simplifying bidding procedures is needed for anyone trying to get work. You can spend all your time putting bids together because they are too complex.” [C2012#17]
- The Hispanic male owner of a non-certified construction company said that streamlining bidding is needed. “With the way bids are now, we don’t have time to respond to them even if we are qualified.” [C2012#22]
- The Hispanic female owner of a non-certified asphalt paving company said that streamlining/simplification of the bidding process would help her. “A lot of public sector bids have to be broken down into a lot of detail. Any way to simplify the process would make it easier for us to bid.” [C2012#24]

Some interviewees thought that streamlining or otherwise simplify bidding procedures would not be beneficial to small businesses. For example, the Black American owner of a DBE/MBE/SBE-certified engineering company stated that the process is reasonably fair and should not be changed. [C2012#4]

Breaking up large contracts into smaller pieces. The size of contracts and unbundling of contracts were topics of interest to many interviewees.

Most interviewees were unaware of any efforts to segment larger contracts into smaller pieces but thought this would be helpful. Examples of those comments include the following:

- At a 2014 public hearing, a representative of the Black Chamber of Commerce noted that “debundling” large contracts helps smaller firms, including minority- and women-owned firms. “One of the things, and it does require some more administrative components to

contracts, but debundling projects to make them more attainable for smaller firms. And smaller firms still could be relatively, you know, relative a sizable firm, but it might just be outside of their scope. So, you know, when you have a 50 million dollar contract, you know, that limits, of course, if it's a one-size contract that limits the ability for maybe smaller firms to participate." [C2014PH-FR#4]

- The Hispanic male owner of a non-certified construction and concrete business said he is not aware of efforts to break up larger contracts into smaller pieces, but he said "it would be helpful for bonding and insurance requirements." [C2012#1]
- The Caucasian male owner of a concrete and construction company said he is not aware of any segmentation or unbundling, but it would be helpful. [C2012#3]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated, "Breaking up contracts for more vendors would definitely benefit small vendors. It would allow for more participation in public sector contracts." [C2012#5]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that she has not had direct experience with breaking up large contracts into smaller pieces, but she thought that "overall the idea of breaking up of the contracts has more pros than cons. I think if it is done correctly this could benefit many businesses." [C2012#6]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, "I'm not aware of this but [breaking up contracts] would be especially helpful during the bidding process." [C2012#15]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that breaking up large contracts into smaller pieces is key for small businesses getting work. "Breaking up contracts would give you a better shot at getting work, especially for subs that provide a narrow set of services." [C2012#17]
- The Black American male owner of a certified DBE telecommunications company said that breaking up large contracts into smaller pieces would be beneficial for small businesses like his. "Otherwise we can't compete with big companies and we are only going to help them meet their quotas." [C2012#18]
- The Hispanic male owner of a non-certified construction company said that breaking up large contracts into small pieces would be helpful. "You could break it up into smaller pieces. There is no reason to keep everything closed up for big firms only." [C2012#22]
- The Hispanic male owner of a non-certified construction company said that breaking up large contracts into smaller pieces would be helpful. "They definitely need to break contracts up — otherwise we can't compete the way things are today." [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that breaking up large contracts into smaller pieces would be beneficial to her business. "Right now, we can't

really compete with bigger companies on big jobs. If there were pieces we could bid on that we do well, that would be better.” [C2012#24]

- The Hispanic female partner in a non-certified consulting firm indicated that the breaking up of large contracts into small pieces would be beneficial to WBE/MBEs. “Contracting is not rocket science.” She explained that with the availability of word processing and data processing it is simpler now to have numerous small contracts rather than a limited number of large contracts. [C2012#25]
- The female majority president of a WBE-certified construction company said, “Yes, it would be helpful to break up large contracts into small pieces.” She added “It would also be helpful to award contracts to local firms.” [C2012#26]
- The Caucasian male president of a certified majority DVBE said, “Breaking up large contracts into small pieces would be good. Caltrans jobs are getting bigger.” [C2012#28]
- The Caucasian male owner of a concrete and landscaping company said, “Definitely, I think [breaking up large contracts] should be an objective for Caltrans.” [C2012#29]
- The Caucasian male president of a certified micro grading, concrete and paving business said, “[Breaking up large contracts] would be huge. That would be good for me. [Caltrans] likes to bundle it up and make it simple for themselves. Now you got [a major construction company], or whoever, doing the dispatching for them. There’s nothing set-aside for a Caucasian guy.” [C2012#30a]
- The female owner of a construction business and representative of Women Business Owners and Executives said that bundling of contracts hurts small businesses. “Sometimes they [contracts] get so big that we can’t wrap our arms around them.” [C2012SM#11]

A few business owners saw both positive and negative aspects of unbundling contracts. For example:

- The Caucasian male owner of a DVBE-certified construction company said that breaking up larger contracts would not necessarily be useful for his business, since the breakdown is usually already done by the prime contractor who gets the award. [SDI#14]
- The president of a non-certified Native American-owned engineering firm said that breaking up large contracts into smaller jobs would be great for small businesses, but may be a challenge for contract administrators. [SDI#15]

Price or evaluation preferences for small businesses. Interviewees also discussed bid preferences for small businesses.

Many interviewees said that price or evaluation preferences for small businesses would be helpful. [For example, SDI #12, #15 & #19b, C2012 #1, #24 & #25]

Some interviewees identified the advantages and disadvantages with preferences for small businesses. Some interviewees did not think that price or evaluation preferences would be beneficial or appropriate for small businesses, while others applauded their use. For example:

- The Caucasian male owner of a concrete and construction company said that he is not aware of this but that “it would definitely help small businesses compete with the big firms who have an advantage going in.” [C2012#3]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that price or evaluation preferences for small businesses would be beneficial. “This is often the only way small businesses can compete with bigger firms who will often underbid just to get the work and make up for it with change orders.” [C2012#11]
- The Caucasian male estimator at a non-certified woman-owned trucking company said that price or evaluation preferences for small businesses would be helpful. “Contracts should have goals for small businesses so that we can compete with the big boys.” [C2012#17]
- The Black American male owner of a certified DBE telecommunications company said that price and evaluation preferences for small businesses are important but that “Caltrans should make specifications that [small businesses] can respond to rather than gearing them only to big companies.” [C2012#18]
- The Hispanic male owner of a non-certified construction company said that price or evaluation preferences for small business are necessary. “If you don’t have pricing and evaluation preferences, what is the point of being certified?” [C2012#23]
- The Black American male owner of a certified concrete company felt that price evaluation for small businesses would be helpful, “especially since workers’ comp is 23 percent for small business and 8 percent for large business.” [C2012#33]
- The female majority president of a WBE-certified construction company said, “I don’t think [price or evaluation preferences for small businesses] are appropriate.” [C2012#26]
- The Caucasian male owner of a concrete and landscaping company said that he did not believe it would be advantageous to provide price or evaluation preferences for small businesses. [C2012#29]

Small business set-asides. The study team discussed the concept of small business set-asides with business owners and managers. That type of program would limit bidding for certain contracts to firms qualifying as small businesses.

Most business owners and managers supported small business set-asides. Examples of those comments include the following:

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that she likes the idea of small business set-asides

but noted “I wish they would change the name of this, it has a negative connotation to small business.” [C2012#6]

- The Native American owner and president of a non-certified electrical contracting business said that small business set-asides would be a great advantage for small businesses. “That is the only way you can change the culture and get away from only awarding work to the same big firms who underperform.” [C2012#8]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that small business set-asides would be helpful. “I thought that was the purpose of the program. Instead it just seems like they want to make us all subs to bigger firms.” [C2012#11]
- The Hispanic male owner of a non-certified construction company said that small business set-asides are needed. “Otherwise big firms get everything.” [C2012#23]
- The Hispanic female owner of a non-certified asphalt paving company said that small business set-asides would be helpful. “There are a lot of jobs that are perfect for our company but the big companies come in and undercut us.” [C2012#24]
- A representative of a DBE-certified woman-owned environmental consulting firm said that set-asides rather than big bundled contracts give more opportunities directly to small businesses. Otherwise they end up working as subcontractors. [C2012SM#24]

Some interviewees did not think the set-aside were fair or have not actually helped small businesses. For example:

- At a 2014 public hearing, a representative of the Black Chamber of Commerce noted that race-conscious measures, as opposed to race-neutral measures, with a mandated percentage or set-aside would better meet the Caltrans goal. [C2014PH-FR#4]
- The Caucasian male owner of a concrete and landscaping company said, “[Small business set-asides] would benefit me, but I don’t think it’s really fair.” [C2012#29]
- The Caucasian female vice president of a certified micro grading, concrete and paving business said, “I think something like [small business set-asides] would be good if it was just small business, if it wasn’t the women-owned and minority-owned because you put all those together as a bundle all the time, and we get overlooked because of that.” [C2012#30b]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, “[Small business set-asides] should be helpful, but big guys are still coming in. Fourteen million dollars in annual sales is too large to be a small business. When they exceed the maximum sales, they start up another small business.” [C2012#32]

Mandatory subcontracting minimums. Interviewees were asked to discuss mandatory subcontracting minimums.

Some interviewees reported that they were aware of mandatory subcontracting minimums and had comments on how this program might be improved. For example:

- The Black American female owner of a DBE-certified construction and hauling company said she is aware this already exists, but that it is not transparent enough. [C2012#9]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, “We are aware of subcontracting minimums, but we believe that they should be raised to higher than 6 percent.” [C2012#15]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “I am in favor of raising the minimums. This would help out more small businesses.” [C2012#12]
- The Asian-Pacific American owner of a non-certified engineering company said that mandatory subcontracting minimums would be helpful, but “most of these subcontractors are just facades, the primes would be giving more money to their buddies.” [C2012#10]

Some interviewees reported that mandatory subcontracting minimums would not be beneficial to small businesses. For example:

- The Caucasian male owner of a majority-owned demolition and loading company stated, “Subcontracting minimums don’t apply to me so I don’t think this would be useful.” [C2012#20]
- The Caucasian male owner of a concrete and landscaping company indicated that he was not in favor of mandatory subcontracting minimums. [C2012#29]

Small business subcontracting goals. Interviewees discussed the concept of setting contract goals for small business participation.

Some interviewees reported that they were aware of small business subcontracting goals and had suggestions for improvements. For example:

- The Black American female owner of a DBE-certified construction and hauling company said that she is aware of small business subcontracting goals but that these goals are not transparent enough. [C2012#9]
- The Black American male owner of a certified DBE telecommunications company said that small business subcontracting minimums already exist but are not transparent to most. “It seems like we are discouraged from bidding and that they only want to make it appear that they are trying to help us meet goals.” [C2012#18]

Some interviewees thought that small business subcontracting goals could be beneficial to small businesses. For example:

- The Caucasian male owner of a concrete and construction company said that small business subcontracting goals would be helpful for small businesses. “This would be helpful because otherwise, it is hard for a small business to compete with larger, more established firms.” [C2012#3]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that small business subcontracting goals would be beneficial. “Yes, this could help if they had real goals that they actually tried to meet.” [C2012#11]

Other interviewees said that small business subcontracting goals would not be beneficial to small businesses. For example:

- The Caucasian male owner of a concrete and landscaping company said that small business subcontracting goals were not helpful. [C2012#29]
- The Caucasian male president of a certified micro grading, concrete and paving business said, “A goal doesn’t mean anything. They’re not going to meet any goal unless it’s mandatory.” [C2012#30a]

Formal complaint / grievance procedures. The study team discussed procedures for making complaints or outlining grievances.

Some interviewees reported that they were aware of formal complaint and grievance procedures and found them helpful. For example, the Caucasian male owner of a concrete and landscaping company said that there is a formal complaint/grievance procedure in place, and it is good. [C2012#29]

Many business owners and managers said that formal complaint and grievance procedures would be a benefit. [For example, SDI #12, #15 & #19b, C2012 #1 & #25]

Other business owners reported that they had used existing processes and did not find them to be helpful or that there were negative consequences associated with using them. For example:

- The Caucasian male president of a certified micro grading, concrete and paving business said, “They have [formal complaint procedures], but I don’t think they do any good. Those big guys are good at what they do.” [C2012#30a]
- The Caucasian male owner/operator of a certified small majority-owned road grading business did not think that formal complaint/grievance procedures would be helpful. He said, “In this business — yeah — no thanks. There’s no such thing as a blacklist right? Open your mouth and find out.” [C2012#31]

- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, “[A formal complaint/grievance procedure] would fall on deaf ears. Who carries the burden of proof?” [C2012#32]
- The Caucasian male owner of a construction firm said, “Yes I am aware of them. It is handled by the law and the building code. It’s generally in your contract. You already have a procedure; if you lie to me I sue you for fraud. There’s too much litigation here anyway.” [SDI#20]
- The Caucasian partner in a DBE-certified engineering firm said, “There’s no formal grievance procedure but everybody knows that if you complain they’re going to blacklist you. Not formally, but it’s easy for them to find a way to not hire you.” [SDI#24]
- The manager of a publicly traded engineering firm said, “Formal complaint or grievance procedures always exist but nobody wants to use them because there’s a stigma that you’re going to be black-balled if you use them, but the agencies have never done anything to address that perception.” [SDI#26]

Some interviewees had recommendations about formal complaint and grievance procedures. For example:

- The Native American owner and president of a non-certified electrical contracting business said that there should be a hotline where small firms could report complaints. “One of the biggest problems is the lack of standards and quality and no one seems to care. They need a hotline for identifying shady business practices. This is one way to improve standards and identify [chronic] poor performance.” [C2012#8]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that a formal complaint/grievance procedure is needed. She replied “Definitely, the nature of business with Caltrans is that they don’t often really understand what they are looking for. This requires a lot of collaboration which they aren’t willing to engage in. They need a good complaint or escalation process.” [C2012#11]
- The Caucasian male safety and training manager of a majority-owned concrete and construction company said that a complaint/grievance process would be beneficial. “With all of the inspections and licenses we have, any one of them can cause a problem and many of them don’t have formal processes for complaints.” [C2012#19]

The Black American owner of a DBE-certified electrical contracting business noted that Caltrans should take formal complaints more seriously. He said, “If Caltrans has an eye out for that and is keen to contractors, DBE contractors, making complaints, they’re not complaining just because they feel like complaining or the work is too hard; it’s because there’s actual stuff is happening.” [C2014PH-SC#1]

Other measures. The study team asked interviewees if there were any other measures that would be helpful. Comments included:

- The general manager of a WBE/DBE-certified construction and rental equipment company and a participant in a 2014 Public Hearing recommended the development of a government-led program that pools risk for prime contractors so they would be more likely to use small, unknown subcontractors, including minority- and women-owned firms – “I think if there was some type of a mentoring or some type of a program that, say, managed a pool of small contractors and basically have sureties with those contractors. So if this guy did fail, you know, they would get you another one for the same price and finish his work out. And I think if you could figure out how to get to that point I think that the participation rate would be better.” [C2014PH-FR#5]
- A representative of the Black Chamber of Commerce reiterated the general manager’s points and mentioned umbrella bonds in other CA communities, like San Francisco and LA Unified School District as a possible solution. [C2014PH-FR#4]
- A representative of the Kern Minority Contractors Association and the San Joaquin Construction Management Company said of government training programs that “Most of these programs aren’t prepared people for coming out there to be prepared because they don’t even know, they’ve never built anything. So a lot of contractors with the restraints that they have on them they’re going to play the little dancing around game of good faith effort and all that stuff because the enforcement side is so lax it allows them to get away with it.” He recommended a complete overhaul of these programs. [C2014PH-FR#6]
- In one Stakeholder Group Meeting, participants discussed the idea of a bid depository for subcontractor bids. Using this concept, the public agency would segment portions of contracts and then ask for bids from subcontractors, which would be available for all prime contractors bidding the project. This system is used for certain types of public works contracts in states such as Massachusetts.
- A representative of Associated Professionals and Contractors of California reported that California used to have a bid depository and no longer does. He said the problem was that subcontractors, including him, would not always give the same price for all general contractors. “I used to vary my bid ... one general I’d bid higher than the next.” He would give higher bids to general contractors that didn’t pay on time. [C2012SM#17]
- A Caucasian male owner of a construction business said that he liked the general concept of the bid depository. He talked about the idea that an agency might decide how it wanted to structure subcontracted items and then obtain subcontractor bids a day or two in advance which would then be available to the prime contractors. However, he also said that most of the traditional subcontracted items on a typical Caltrans project are too big for small businesses. “We’ve got to find a way of breaking it down before bid day.” [C2012SM#10]
- The same interviewee also reported that he receives his bid from a subcontractor at 1:52 p.m. for a 2 p.m. bid deadline on a project. “I’ve still got to figure out who’s low, write it all

out, put those guys in, spell it all out, and submit it to Sacramento and have it turned in by 2 p.m.” He added, “We’re talking about breaking down work. How am I going to get an electrical contractor that’s bidding to me ... to agree to use a minority or SBE company to dig a trench for them if I don’t even know who’s going to be low?” [C2012SM#10]

- In discussing how project owners structure projects and how prime contractors choose subcontractors, the Asian-Pacific American female owner of a construction-related services company said that “changing of behavior is the key here.” [C2012SM#20]
- The Caucasian male owner of a construction company added “It’s not going to work ... we’ve been trying to change contractors’ behavior for 30 years. It’s all mandated by the fact that we’ve got to survive. I’ve got a [very old] company, and I struggle to stay in business every day.” [C2012SM#10]
- When asked whether getting a sub’s bid sooner would help the bidding process for a prime, the Caucasian male owner of a construction company that acts as a prime said, “The soonest I’ll get a sub bid is 24 hours [before bid deadline] ... if someone gets me a bid earlier, it doesn’t matter because someone else is going to come in with a cheaper price between now and then anyways.” [C2012SM#10]
- The Hispanic American owner of DBE-certified highway construction firm and representative of the Engineering Contractors Association said that a bid depository will not work because as a sub you don’t get the numbers that you need to submit a bid far enough in advance. “So, I need a concrete price and I need a rebar price and other things for my scope of work that I’m going to bid to the prime, but I don’t get it until bid day. I don’t get until an hour before.” He said he has the same problems putting together a bid as a sub that the prime has putting together the overall bid. [C2012SM#12]
- The Caucasian female owner of a DBE-certified engineering company reported that a bid depository will not work for A&E contracts. She indicated that these contracts are awarded based on qualifications, not price. [C2012SM#16]
- One interviewee from the SDI study recommended shelter programs. The president of a DBE-certified Subcontinent Asian American-owned engineering firm stated that neutral measures that would be helpful to small businesses, including minority-and women-owned firms, would be “Shelter Programs.” He added, “This would not be a sole source, like the Navy does, but would allow the small firms to compete for the work. This would help to build capacity.” [SDI#12]

I. Insights Regarding Race-/Ethnicity- or Gender-based Measures

Interviewees, participants in public hearings, and other individuals made a number of comments about race- and gender-based measures that public agencies use, including DBE contract goals, including comments regarding:

- Support for race-/ethnicity- or gender-based measures (page 176);
- Negativity toward race-/ethnicity- or gender-based measures (page 177);
- Criticism for aspects of the Implementation of the Federal DBE Program (page 178);
- MBE/WBE/DBE fronts or fraud (page 187); and
- False reporting of DBE participation or falsifying good faith efforts (page 189).

Support for race-/ ethnicity- or gender-based measures. There were many comments in favor of the Federal DBE Program, including DBE contract goals.

Some interviewees reported a positive experience in connection with the Federal and California-based DBE/MBE/WBE Programs. For example:

- The Black American owner of a DBE/MBE/SBE-certified engineering company believes that the state DBE programs are solid programs and that additional measures “can be good for businesses if they are properly determined and enforced.” [C2012#4]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “The programs are good and useful for my business. The best certification is the UDBE. This has led to the most work.” [C2012#12]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that their experience with the DBE program has been positive and is a stepping stool for MBE and WBEs. “The program administrators should continue to be tight and strict with acceptance into these programs.” [C2012#14]
- The owner of a DBE-certified environmental consulting firm commented “I would say that the DBE program is effective. It’s actually affected my company. We went from one individual, myself, to now 10. We have seven — a solid seven, plus we have an additional three that kind of come in when we need additional help and assistance.” [C2012PH#1]
- The female owner of a DBE-certified research firm said, “Overall, our experience with the [DBE] program has been positive. Large communication firms especially reach out to us on state contracts because of the DBE requirement.” [C2012WT#7]
- The owner of a DBE-certified engineering firm said, “I am very thankful for the DBE program, which provided me the opportunity to provide my engineering services for Caltrans.” [C2012WT#19]

- A representative of a DBE-certified engineering firm said, “I would like to commemorate the Department for actively advocating the DBE program in the past for both design and construction contracts. The Department has set up a model that has helped many small businesses (like my firm) to succeed and be able to participate in many large public works projects. The DBE program allows small competent firm to have the opportunities to be a team member of a major design team. Through the design process, DBE firms (like mine) will learn from the Department and major firms and eventually build-up substantial experiences and capabilities to compete as prime consultants. I look to the Department for leadership in continuous implementation of a strong DBE program and DBE participation.” [C2012WT#21]
- The Asian-Pacific American owner of an engineering company and representative of the American Council of Engineering Companies-California indicated that there may be an increase in DBE certification applications from engineering-related firms because of the increase in the SBA size standard, which allows higher-revenue businesses to be certified as DBEs. He also stated that he would hate to see firms that have not applied for DBE certification get the benefits of the program. [C2012SM#2]
- The female owner of a DBE-certified construction firm, reported that her company “has picked up a considerable amount of work because we’re a UDBE.” She added “The majority of my [current and recent] contracts are UDBE contracts. . . In my business, there’s about six or seven other companies [in her part of the state]. Mine by far is the smallest So for me, the DBE and UDBE has helped out a lot because we can now get jobs that we might not have been able to get because a lot of times in our industry the bigger companies can come in and bid at a lower dollar amount to keep the overhead going throughout the year to keep the crews going ... we can’t do that because we are so small.” She further stated, “Our UDBE status has helped out a lot because there are more prime contractors reaching out to me ... we definitely get tons of emails and faxes with outreach to bid on particular projects, plus we do our own research on projects we’re going to bid. The majority of the prime contractors in this area are the same. We work for a lot of big paving contractors. We did have a rapport with them, but I would say that once we became certified ... and people may need DBE or UDBE to qualify for the job, we definitely heard from a lot more contractors ... contractors that we’d never dealt with. I’ve definitely gotten a lot more contractors calling and wanting to do business with us because of my certification.” [C2012SM#6]

Negativity toward race-/ethnicity- or gender-based measures. Some interviewees said that they did not support programs that gave advantages to MBE/WBEs.

Some interviewees were critical of race- and gender-based programs. For example,

- The Caucasian male owner of a construction firm said, “These programs are too bureaucratic and totally unnecessary. I don’t believe in them and they have no benefit. The government needs to eliminate it.” He also said, “I’m a small business and I don’t believe in these affirmative action programs. It’s misused. I run into these landscapers who are using their girlfriends and wives to get certified. It’s all a joke. Affirmative action is outdated.” [SDI#20]

- When asked if there are any measures limited to certified MBE/WBE/DBE firms that would be helpful, the project development manager of a majority-owned asphalt firm said, “No. To be very honest with you, I think they need to compete on the same level as everybody else. I’m not for preference programs, even if it was small businesses. If you’re playing the game you gotta play by the rules, you better be able to compete.” [SDI#27]
- The owner of an SBE-certified surveying firm said, “I know there are a lot of companies out there that are DBEs and have those designations that make them special and more valuable than just us lowly SBEs, but we need the business too in order to grow, and I just want to make sure that everyone in the room understands that just because we are not minority-owned or woman-owned doesn’t mean we are having any easier of a time getting on these big contracts. It’s every bit as challenging and frustrating in a lot of ways.” [SDIPH #2]
- The male president and CEO of a DBE-certified environmental consulting firm said, “My three main points are: One, Caltrans should continue and maximize to the greatest extent possible DBE-participation requirements in its contracts and solicitations. Two, race-neutral rather than race-conscious category goals should be used. It’s only fair to everyone. Three, however, if race-conscious goals are established, disabled DBE firms such as ours should be categorized and included as UDBEs.” [C2014PH-O#1]

Criticism for aspects of the implementation of the Federal DBE Program. There were several interviewees criticizing how public agencies implement particular aspects of the Federal DBE Program.

One participant at a public hearing noted that there has been little to no outreach about the DBE program, despite a contract in place. A representative of the Black Chamber of Commerce said, “I think today there’s evidence that there’s not always effective outreach. The last disparity meeting I went to there was at least 15 people, you know, it was a similar type of setting, and so that there’s only a handful here today when there’s I think even more heightened awareness around contracting and DBE participation than there was, you know, two, three years ago....I know there was a recent, relatively recent award of a contract for DBE outreach statewide. And as I’m aware of I haven’t received any kind of communication from whoever received that contract as far as activities or anything to that effect around DBE outreach or programs or anything to that effect.” [C2014PH-FR#4]

Two interviewees indicated that there are no incentives to manage the DBE program as intended. Examples of these comments include:

- The Hispanic American owner of an engineering business said, “You get work now because you’re low ... the incentive to get work because you’re a DBE or UDBE ... has now been minimized because everybody is just trying to survive ... not just the small businesses, but also the primes. They’ve been forced into a corner where as much as they’d like to be magnanimous and try to help, this is not an entitlement program.” [C2012SM#12]
- A representative of a DBE-certified firm said, “The overriding theme here is that most people don’t care enough to help the small business; and there are no consequences for their

behavior or incentives to help. This is not the way, I'm sure, Caltrans intended on helping the 'Disadvantaged Business Enterprise.' Those that can help perhaps do not have the right tools. I think that is what your [sic] program is truly up against." [C2012WT#20]

Some DBE-certified businesses feel that they have been treated with suspicion by public agencies. For example:

- The Black American female owner of a DBE-certified construction and hauling company stated that her experience has mostly been negative. "We have been treated with suspicion and like we are doing something wrong." She continued, saying "Caltrans should just say up front what they are looking for and what information they want. Don't act in such an adversarial manner and don't discourage everyone by accusing them of being a front." [C2012#9]
- The Caucasian female owner of a certified woman-owned engineering business said that it would be helpful if Caltrans and other agencies "would actually work with us instead of treating us like the enemy." She continued by saying "There are a lot of knowledgeable people out there who can help Caltrans with developing specifications. Why don't they use them as the experts they are?" [C2012#11]

Some interviewees did not see the advantage in being certified, or DBE certification does not help their company. For example:

- When asked if being women-owned has provided his company with any benefits, the Caucasian co-owner of an uncertified women-owned transit services company said that he has seen no benefit from being women-owned. He said, "[Public agencies] don't even consider us." [C2014#1]
- The Hispanic American female owner of a non-certified transit firm said that she does not see any advantages or disadvantages of DBE certification. She went on to say that she thought there should be more advantages associated with the certifications, but that, unfortunately, that is not the case in California. [C2014#3]
- The Hispanic male owner of an MBE-certified construction company said that in his experience, it is not clear what advantage there is to being certified. "I don't see a clear advantage to being a certified firm. I do get some calls from primes asking for my certification, but certification shouldn't just be geared toward being a subcontractor." [C2012#23]
- A DBE-certified wire and cable manufacturing firm stated, "No effort is given to supporting a manufacturer. The processes in your program are designed for contractors. No attention has been given on behalf of manufacturers." [C2012WT#1]
- A representative of a DBE-certified firm said, "I just wanted to let you know that after over three years of being DBE-certified, I have yet to do even ONE job through this program. I get rare notifications of a project where I may be eligible, but even after I send notification that I would like to bid, I never get a return notification." [C2012WT#13]

- The owner of a minority owned firm said, “I was DBE-certified until earlier this year, but decided not to renew it. In the three years that I have been certified, I have not received a single request for proposal or IT opportunity. When the utilization report was presented at the SBC a year ago, I questioned the validity of it. The report said that the IT contracts won by the companies were minority owned and therefore could be counted as DBEs. My question at that time was if they are counted toward the DBE fulfillment, then why did those companies not get certified? The assumption that they could have been is clearly wrong. Because if they were eligible, they would have been certified. Assuming that someone is eligible and counting it as encouraging the DBEs is questioning the very existence of the DBE certification if the DBE-certified companies don’t actually matter.” [C2012WT#18]
- The owner of a DBE-certified trucking firm said, “We are and have been a certified DBE trucking company for 25 years, and the program has worked well for us. We were a bit confused when the district came out with a new category, UDBE, which excluded Hispanic heritage. We felt as if we were, in some ways, being penalized for not being of a different ethnicity. It seems the district has identified minority groups within minority groups. We feel strongly that the UDBE category should either be abolished or made to include Hispanics.” [C2012WT#22]
- When asked if he was pleased that he got DBE-certified, one interviewee said that he is “going around it now ... it has no relevance anymore. We’re creating other markets. We’re not pursuing it as diligently as we wanted to because of those things [disadvantages of being a DBE] ... We’ve not landed a contract yet.” [C2012SM#3]

Other interviewees felt the program was not fair and was too political. For example:

- The female majority president of a WBE-certified construction company said, “I don’t feel it was fair that a State contract was awarded to a DVBE from out-of-state” when asked about her experience with DBE or any State program. [C2012#26]
- The Asian-Pacific American male president of a non-certified female Asian-Pacific American owned environmental company said, “It’s all political. It’s great if you’re an Iraq veteran, but the rest of us are not getting anything.” [C2012#34]

Several interviewees noted that changes in the DBE/UDBE program since 2009 have hurt many small businesses. Examples of these comments include:

- A representative of a DBE-certified engineering company said, “Until about three or four years ago we were very happy with the program, [the] DBE program. Unfortunately, in the last three or four years the program has been detrimental to our business because of the multiple barriers the program has created, itself, as one of the barriers, a separate requirement of UDBE versus DBE.” [C2012PH#9]
- An employee of a DBE/SBE/UDBE/WMBE-certified marketing firm said, “I want to make a point that the DBE program is supposed to be for disadvantaged business enterprises, but this program actually adds more disadvantage to the disadvantaged business enterprise that’s trying to not be disadvantaged anymore. And in saying that, it’s what everybody has

talked about jumping through hoops, spending money, spending time, human capital, all the resources just to get in the door, and I'm asking that the program itself actually check itself because what you're doing is you're actually using all the small disadvantaged businesses to tout your own efforts of doling out taxpayer money on public jobs after you already picked the prime contractor and you give the prime contractor sole discretion to pick winners and losers after that." [C2012PH#29]

- A representative of a DBE-certified firm said, "The new DBE rules have resulted in returning the Chicano/Latino contractor back to a second class status, and I'm not going to stand for that." [C2012PH#30]
- The Native American owner of an engineering-related business reported that A/E prime consultants are confused by UDBE and DBE portions of the program. [C2012SM#3]
- A Hispanic contractor representative of Hispanic Contractors Association in Northern California stated that Caltrans has suffered a severe setback in DBE utilization. He asked to what extent was the 2007 Disparity Study responsible for this setback. In 2007, he said Hispanic contractors were doing something like 10 percent. Currently it is closer to 2 percent because Hispanic American firms are not eligible to meet UDBE goals. [C2012SM#1]
- The president and CEO of a DBE-certified structural engineering firm said, "Since 2009, a new category, Race Conscious UDBE, has been introduced as a requirement on State projects receiving Federal-Aid funds. Businesses owned by Asian Subcontinent Americans and Latino/Hispanic Americans are excluded from racial groups that can be certified as 'Race Conscious UDBE.' In practice, most primes end up using UDBE firms to fulfill both the UDBE and the DBE requirements, since UDBE firms continue to hold the DBE status. This significantly limits business opportunities for Race Neutral DBE businesses. Accordingly, 'Race Neutral DBE' companies face a definite disadvantage in procuring business on State contracts that can force such companies out of business." [C2012WT#2]
- The owner of a DBE/SBE certified engineering firm stated, "Between 2000 and 2007, the DBE program was helpful in overcoming some of the barriers in the business world and helped us in getting some work from the State and Local agencies. However, ever since the program changed three years ago to create separate UDBE category in which Hispanics and Subcontinent Asians were not considered part of the UDBE, we have not received a single new contract from the State or any Local Agency. While I had three employees in 2009, I could not afford to keep any of them because of lack of any new work load from the public agencies. I have stayed in business and have worked on a Caltrans project during the last two years, but this project is a continuation of the contract we had signed before Subcontinent Asians were removed from the newly created UDBE requirement. While I have often hear from Caltrans that there is still a DBE requirement in its contracts, the fact remains that contractors have no incentive in hiring any Subcontinent Asian or Hispanic DBEs. There is simply no requirement for a DBE that cannot be filled by a UDBE. On the contrary, a Hispanic or Subcontinent Asian cannot fulfill UDBE requirements in Caltrans contracts. I believe that the two tier system of DBE and UDBE with exclusion of certain minorities from the UDBE

program has [reversed] the progress made by Hispanic and Subcontinent Asian businesses under the DBE program.” [C2012WT#5]

Some interviewees/prime contractors reported challenges or concerns regarding the Federal DBE Program. Some interviewees said that the DBE contract goals portion of the Federal DBE Program does not work well because of the limited availability of DBEs to bid on Caltrans subcontracts and the dynamics of putting bids together. For example:

- The Caucasian male owner of a construction company said that many minority- and women-owned firms, including DBEs, are not available for subcontract work “on bid day.” He said that many DBEs will indicate that they are available for Caltrans work but not submit bids. He said that the result is that goals are such that they cannot be achieved. He also reported that the program doesn’t achieve the objective of building minority- and women-owned firms. He suggested that it just creates a process of prime contractors documenting good faith efforts without actually using minority- and women-owned firms. [C2012SM#10]
- A Caucasian male owner of a construction firm also explained the difficulty of meeting a DBE contract goal at bid time. He said that, “At the end of the day, it’s not necessarily discrimination ... general contractors are not sitting there saying, ‘I don’t want to use them because they’re small business or UDBE.’ We’re bidding work, we’re in a horrible economy, we’re doing everything we can to get work. What drives this whole thing is money. We look at a bid and say, ‘you know what, we can’t afford not to list the low person.’ Well, that’s not fair to the UDBE or the small business that’s put all this work in and their price may be a little higher. Of course it’s going to be higher. They’re not going to be like a ‘normal subcontractor.’ We don’t make allowances for that, we don’t have a way to build that into the system. We don’t have ways of unbundling, there’s too many moving parts.” How are we accomplishing goals? ... through trucking for the most part.” [C2012SM#10]
- The same interviewee, a Caucasian male owner of a construction company, recommended looking at new ways to meet contract goals that do not rely on prime contractors choosing low bid subcontractors at time of bid. “Put a line item in there [in the contract specifications] with an allowance that makes it a responsibility of the general contractor to fulfill that by utilizing small businesses and underutilized businesses, and make that allowance, that number in the bid, the portion of the bid that need to go to the goal.” He continued, saying “The prime contractor gets to use that money, that allowance, as a force account, so the person is not held to lowest bid, they [the small business or DBE] get to be paid a fair and reasonable amount ... to perform some task or work on that job ... and to develop and grow people in an atmosphere that’s not hostile and that’s so risky.” [C2012SM#10]
- The same interviewee explained that it’s “too much of a lift, too big of a battle” for small business and DBE subcontractors to have a complete bid, that covers all their items, that they can give to their general contractor and be price competitive. He said that “we’re failing miserably” in building small businesses with the current implementation of the DBE Program. [C2012SM#10]

- A Hispanic contractor representative of the Hispanic Contractors and Suppliers Association said that “I’ve heard the AGC [Associated General Contractors] guy say, ‘Why don’t we just have a set-aside program and just knock [out] all this other nonsense. ‘ So they’re ready to support a more out-of-the-box type of approach.” [C2012SM#1]
- The Asian-Pacific American female owner of a DBE-certified construction services company said, “We need to change people’s behavior, and you usually get what you incentivize . . . Right now you’re asking primes to take on a whole bunch of extra work.” [C2012SM#20]
- The Hispanic American owner of an engineering company said that DBE goals “become a ceiling rather than a floor.” He recommended a sliding scale for goals and providing incentives to prime contractors to have higher DBE participation on the contract. [C2012SM#22]
- A Hispanic American contractor and representative of the Hispanic Contractors and Suppliers Association said, “If setting the goals is going to be contingent on how prime contractors have performed their part of the bargain in the past, then those goals are going to be difficult to meet. Prime contractors have not really bent over as far as unbundling is concerned. I don’t think prime contractors have done enough working with subs, because the subcontractor market is where the small business contractors’ opportunities are Unless a prime contractor unbundles, or unless a prime contractor works with a sub to unbundle, it isn’t going to happen ... If you go to the small business market and you start querying them about participation on Caltrans contracts, and all they can think of, is ‘I saw this contract [request for bid] and I saw the bid items and there wasn’t a bid item on there less than \$5 million, there’s no way I’m going to have any interest in that, there’s no way I’m going to get in that market.” [C2012SM#1]
- The same interviewee went on to explain that the market for minority-owned subcontractors has been somewhat dictated by how prime contractors have performed outreach in the past. “I think that the answer, as far as achieving goals is concerned, lies in the issue of unbundling.” He explained that primes do not typically specialize in the trades covered by subcontracting areas (electrical, concrete or structural), “They hire subs for that. For the prime to be asked to do the unbundling is very difficult. When you unbundle you have discrete lines that outline, precisely, the scope of work. Many of the primes don’t have that capability. I’ve talked with them, I get their invitations to bid. I talk to them about unbundling.” When asked whether a DBE contract goal would give primes the incentive to unbundle, Interviewee SM#1 said, “You would think so, but the prime is going to have trouble unbundling because they don’t have the wherewithal, the knowledge to draw the lines about where the discrete chunks of work are ... that’s what I’ve been told anyway.” [C2012SM#1]

One interviewee recommended a simple process to connect DBE subs to prime contractors. He recommended that Caltrans simplify how DBE subcontractors can respond to requests for subcontractor quotes by making it possible for the DBE subcontractor to respond once, online, and have each prime contractor have access to that information, rather than individually responding to each prime contractor. “Everybody [every prime] has to have their own forms,

have their own logo on it, and I fill that out over and over and over again ... just to find out at the bid opening that they [the prime] didn't even bid. No, that's a colossal waste of time ... Subcontractors cannot afford this." [C2012SM#20]

One interviewee noted that DBE firms cannot act as primes under the new program. The Caucasian female owner of a DBE-certified engineering firm reported "The last UDBE program disallowed credit for UDBE firms acting as a prime. The contract budgets, scope and schedule are driven by the prime. UDBEs were effectively left trying to drive from the back seat. As I stated before, primes do not want to allow their subs any access to the client, even if this puts their project at a disadvantage. I have often seen the prime do the work in house, leaving the sub out of the process. The UDBE/DBEs are seen as easy competition to knock off." [C2012SM#16]

At least one interviewee noted he stayed competitive even after the rules changed. The Hispanic American owner of a DBE-certified highway construction firm and representative of the Engineering Contractors Association said that when the DBE contract goals went away, his participation on a contract didn't matter as much as it did with the goals. His business was not affected that much because they competed as any other firm would for that work. "If that means finding the prime contractors and getting to know them or their staff and preparing ourselves to know the vendors who supply us numbers ... whatever you have to do you have to do, because it's a business at the end of the day. It's very color-blind now ... you better be the low bidder because they're not going to use you if you're not the low bidder." [C2012SM#12]

Some interviewees were critical of the Good Faith Efforts (GFE) component of the program. For example:

- At a 2014 public hearing, a representative of the Black Chamber of Commerce noted that 'good faith efforts' do not work well in rural areas, for instance California's Central Valley - "the good faith effort, you know, a lot of times can be justified of not actually utilizing DBEs. And particularly here in the Valley where there's a smaller percentage, you have a smaller pool of certified DBE firms." [C2014PH-FR#4]
- The Hispanic American owner of an engineering business indicated that Good Faith Efforts responses are now 1,100 to 1,200 pages long. "It's hard to not approve that as being a Good Faith Effort but they're not going to make the goal because largely the resources just don't exist from a subcontractor perspective." [C2012SM#12]
- A Caucasian male owner of a construction firm observed that the Good Faith Efforts process is "horrible." "The Good Faith Efforts process is purely a function of CYA." "If you look at these 800-900 pages ... all that energy and time could be used to connect with DBEs and actually do something useful. It's disappointing." [C2012SM#10]
- A female business owner and representative of the Southern California Contractors Association gave some specific comments about the Good Faith Efforts process. "You have two competing bidders and they start attacking one another's efforts. It almost becomes the self-enforcer ... the bidder takes on the role of enforcing the program by being able to show that your competitor didn't meet those requirements ... I don't know that that's what the

Program wants to have. These people should be in the business of constructing. They shouldn't have to take on the role enforcing those issues or becoming investigators." [C2012SM#15]

- A representative of the Port of Los Angeles agreed that in his experience most of the contested bids are on the basis of MBE/WBE or DBE requirements. "They're just going after the GFE." [C2012SM#13]
- The same interviewee went on to describe how the Port has changed its programs. In 2007, the Port of Los Angeles implemented a small business enterprise program. "It was our effort to get away from the Good Faith Efforts program that the rest of the City had ... where there was such a huge burden on proposers and bidders on going through that process, and even if they went through it, there was a way to, potentially, get around hiring any minority or women business enterprises at all." When the Port started with the SBE program, it had a GFE element. "The very first contract that we had go through our board, the contractor went through the Good Faith Effort, went around to all of the small businesses they could find, and awarded the subcontracts to whoever they worked with initially [non-SBEs]." After that, the Port eliminated the Good Faith Effort component of the SBE program. It now sets SBE contract goals that must be met. If the bidder doesn't meet the minimum number, its proposal or bid is not considered. The interviewee reported that about 11 percent of contract dollars going to minority- and women-owned firms. [C2012SM#13]
- The interviewee also talked about other efforts at the City of Los Angeles. The City of Los Angeles has moved to an electronic Good Faith Efforts process on its Business Assistance Virtual Network. Primes are required to utilize the network. All interaction between primes and subs is documented electronically on the Network. "Electronic notification of when contracting opportunities come up is invaluable and is a huge step in the right direction. The implementation of an electronic GFE system, if it's required, is a huge improvement over the old system." [C2012SM#13]
- A representative of the Associated Professionals and Contractors of California said that Caltrans does not have enough staff to fully evaluate the Good Faith Efforts of prime contractors. [C2012SM#17]
- The Hispanic American owner of a DBE-certified highway contracting firm said that "This is another hazard that Caltrans allows to happen ... we have been brought to be substituted when our quote says we're not going to provide a bond but after we're named for the job, the prime then wants us to provide a bond and it becomes an issue. So we've got to go to the substitution hearing, and Caltrans will let that happen and be a reason to disqualify us and substitute somebody else. Without it being counted towards the goal, there was no search for another DBE." [C2012SM#12]
- However, a Caucasian male owner of a construction firm talked about the opt-in system that Caltrans has that allows prime contractors to reach out to subcontractors about the bids for which they are looking. UDBE and DBE contractors go on the database to inform prime contractors of their interest in doing certain types of work. The interviewee reported that he

has used this with his company. "It's very useful." He reported that it is not yet well known within the industry. "When it's used, it's used effectively." [C2012SM#10]

A representative of the Fresno Black Chamber of Commerce noted that perception on the part of prime contractors plays a part in the success or failure of Good Faith Effort programs. In regards to a transit contract in Los Angeles, he mentioned finding a specialized contractor in a very depressed area when the company thought they would have to bring in a contractor from Georgia - "It wasn't anything that the general contractor was doing on purpose. It was this perception that we couldn't pull qualified people out of what appeared to us to be a depressed area. And, you know, we were wrong." [C2014PH-FR#5]

Some interviewees cautioned that prime contractors cannot meet contract goals if they are unrealistically high. Examples of these comments include:

- The Hispanic American owner of an engineering company observed during a discussion of the level of utilization other agencies have reached that "It's a huge achievement to get 10 percent. Again, I'd like to caution everybody that there's just not enough resources in the form of contractors available to make that sort of a goal when it comes to Caltrans. I think they'd have to have a revision to allow it to happen or the goal has got to be lowered. It's not magic." [C2012SM#12]
- The Subcontinent Asian American owner of an engineering firm also spoke about what he saw as limited availability of UDBEs, at least in his line of business, to meet the goal. "There aren't many UDBE firms [in his line of work]. When the goals are set as high as 8 percent UDBE participation, the contractors will have a hard time meeting these goals." [C2012SM#9]
- The Hispanic American owner of an engineering firm also reported that the Good Faith Efforts process is especially burdensome for DBE primes. "If you're ever a DBE bidding as a prime, which doesn't happen a lot, they [the DBE] could not fashion a good faith effort in the same grand nature that the primes do. They spend a horrendous amount of money doing it. [Speaking about his own firm] We don't have a department to do that. We don't have a Good Faith Effort budget to do that. It puts the DBEs at a disadvantage when trying to compete." [C2012SM#12]
- A Caucasian male owner of a construction firm and United Contractors board member commented on what he saw as a disconnect between DBEs and prime contractors. He reported that there was a real challenge in identifying DBE companies that wanted to work with primes, and vice versa. "Every time we set [DBE contract] goals that may be overstated, it's damaging the ability of the DBE world to get work and the primes ... and it's making us all look bad." He explained that his interest was in future implementation of the DBE Program that was sustainable and able to work in the long term. [C2012SM#10]
- The same interviewee went on to explain that it is difficult to categorize contractors according to the work they do if they "sign up" for many different types of work. He described the challenge at bid time, "We have 10, 12, 15 different types of work at Caltrans

to bid on ... it's not just signing up and saying 'I want to do excavation,' it's signing up and saying 'I'm going to give you a bid for storm drainage — complete' ... 'I'm going to give you an electrical package — complete' ... 'I'm going to do landscaping — complete.' Part of the challenge that I see in looking at all this is, we have this big bowl of everybody who's in there that says 'I want to do excavating' ... 'I want to do dirt' ... 'I want to do different categories, different aspects of work,' but when it comes to giving a price at bid time on bid day, that pool is hundreds and hundreds of times reduced." He said that many firms just can't give a price complete on bid day. [C2012SM#10]

- He went on to say that "The system right now doesn't work ... we need a program that allows DBE firms to get experience and get exposure to Caltrans ... without the risk of losing money and without the prime contractor worrying about losing money." [C2012SM#10]
- A female business owner and representative of the Southern California Contractors Association [Interviewee SM#15] observed "One of the major challenges that the Program has in its entirety is ... that the construction industry as a whole does not respect the Program ... In one sense they think it's unrealistic percentages, and then they don't understand what the purpose behind it is." [C2012SM#15]
- She said that there needs to be more education about the program, making it relevant and realistic and ensuring more accountability. "You can't just set requirements and percentages without (a) enforcing them and (b) being able to know that those percentages were realistic to begin with because they could have been met, in practical terms, not just in theory." When asked what a successful program would look like, she said, "Its acceptance and adherence. Unfortunately, right now, I think the program struggles with both." [C2012SM#15]

MBE/WBE/DBE fronts or fraud. Some interviewees with a diverse range of experiences and opinions commented on the existence of fronts or fraud.

Several interviewees reported knowledge of examples of fronts or fraud. Some gave first-person accounts of instances they witnessed, whereas others spoke of less-specific instances or those of which they had no first-hand knowledge. For example:

- The Native American owner and president of a non-certified electrical contracting business said that fronts and/or frauds are common. "This happens all the time. I've had women approach me saying they are a woman-owned business and need men to carry out the work." [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that she has no direct experience with MBE/WBE/DBE fronts or frauds, but she said "I have heard it happens." [C2012#9]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "In my estimation, one out of every 10 MBE/WBE/DBEs is a front for other businesses. There are also others that are fishy." [C2012#12]

- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that MBE/WBE/DBE fronts and frauds are out there. “We haven’t had any direct experience with MBE/WBE/DBE fronts or frauds but we know of some who have had issues.” [C2012#14]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated, “We have seen this around here, but I don’t believe it had anything to do with Caltrans.” [C2012#15]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm mentioned that he was aware of certified companies that were fronts. “There are more fraudulent companies out there than people know.” [C2012#16]
- The Hispanic female partner in a non-certified consulting firm said that MBE/WBE/DBE fronts and frauds are “very prevalent.” She indicated that other companies had wanted to use her company name and would pay her, but she would not have to perform any work. She refused to participate in such an arrangement. [C2012#25]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, “[DBE/MBE/WBE fronts or frauds are] all over. Policing is not there.” [C2012#32]
- A representative of an MBE/SBE-certified trucking firm said, “Large companies obtaining certifications will appoint an employee/friend to start their own ‘pass-through’ and use the equipment and personnel of the large company to perform the job with a supposed ‘lease’ agreement. This undermines the purpose of the entire program and is actually giving the work to large companies that are not disadvantaged in any way.” [C2012WT#24]
- A small business owner and representative of the California Small Business Association reported that there was abuse of state and federal small business programs. “With the state side, we have found that, a lot of contracts, the primes have found less than scrupulous small businesses so that they can use their name and essentially pay them a fee or a commission so that they don’t have to really use a small business ... The federal government ... is running into the same problems. They’re looking at different vehicles to stop the pass-through, which just makes it bad for all small businesses. I’m wondering if ... primes are becoming much better at finding these kinds of individuals.” The interviewee added “[Until there is a crack-down on pass-through] I don’t think a lot of small businesses are going to get the chance.” The interviewee continued “A lot of the small businesses ... are not renewing their small business certification, because they see no chance.” [C2012SM#4]
- The interviewee went on to report about efforts to better enforce commercially useful function requirements to reduce fraud. “The next thing we did is the CUF issue [commercially useful function] ... last year we got the penalties increased, which includes debarment for small business, for lying on their CUF certification. It went from \$1,000 on first offense to \$10,000 to \$30,000, jail time, civil penalties, civil fines, perjury charges, and

then all costs that are incurred. And it also now ties back to the primes. So until some of the primes and small businesses are brought to task, it's not going to change because they don't feel there are any penalties. But we're getting things put in place that, down the road, we'll see things change." [C2012SM#4]

- A public hearing participant said, "At the same time they are certifying companies that should never be certified as a DBE. So for all the legitimate DBE's that are sitting here they are competing with firms that are illegitimate and they are taking the credit for it, Caltrans, they are taking the credit for it and reporting back to Washington, D.C. every year that they are reaching a goal." [C2014PH-LA#1]

False reporting of DBE participation or falsifying good faith efforts. Some public agencies in California set DBE contract goals on certain projects. Prime contractors can meet the goals through subcontracting commitments or show good faith efforts to do so. The study team asked business owners and managers if they know of any false reporting of DBE participation or whether prime contractors falsify good faith efforts submissions.

Some interviewees reported that they were aware of or have had personal experience with false reporting of MBE/WBE or DBE participation or falsifying good faith efforts. For example:

- A representative of the Kern Minority Contractors Association and the San Joaquin Construction Management Company said, "I'll tell you one thing about the contractors, they will do what you allow them to get away with. They'll get away from this good faith effort crap. They'll find a way to meet the goal if you start talking about holding money back and being serious that you want to be serious. But I am finding right now in Washington there's a signal that things are starting to tighten up, they are starting to get a little more tough on this good faith stuff. There's a lot of stuff happening right now, but not enough happening for us on the ground here. So we need to keep pressure on the system and that's why I want to put this in the public record." [C2014PH-FR#6]
- The Caucasian female owner of a WBE/SBE/DBE-certified company reported "I am aware of false reporting and falsifying good faith efforts. Overall, the good faith program is not good. Caltrans should look into this program." [C2012#12]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, "I have heard of good faith efforts that were not completed properly. It's not fair to the other companies that are capable of doing the work." [C2012#16]
- The Caucasian male president of a certified majority DVBE said, "Prime contractors do falsify good faith efforts for DVBEs. They call you up for initial discussions, but never follow-through. Then they say they made good faith efforts." [C2012#28]
- The Black American male president of a certified electrical company reported some awareness of false reporting of DBE/MBE/WBE participation or falsifying good faith efforts. He said, "They're probably out there. Do I have evidence of it? No, of course not. They're too sharp for that." [C2012#37]

- A representative of a DBE-certified program and project management company said, “[Local agencies] have UDBE and DBE goals, but they call it more a good-faith effort. So consequently they are not holding their contractors, who already kind of require it. . . all contractors have to do is send out a couple e-mails and maybe a couple of phone calls, say we tried to reach out, we couldn’t find anybody.” [C2012PH#4]
- The female owner of a DBE/WBE-certified public relations firm said, “Come up with ways to assure us that the rates or information listed on Caltrans’ DBE database is not being misused by some companies to simply show that they made a ‘good faith effort’ to find a qualified underserved, namely an f American-, Asian-American- or woman-owned company. They should be required to do more than simply to go that database.” [C2012PH#8]
- A DBE-certified wire and cable manufacturing firm stated, “Good faith efforts are the practice of just sending emails. No true outreach efforts are made to determine matches in need of supplies from manufacturers.” [C2012WT#1]

Some interviewees representing MBE/WBEs said that prime contractors would list them on a contract to comply with the program, and then reduce or eliminate their work without informing the public agency. For example:

- The female president of a certified DBE/UDBE/WBE/LBE/CBE/VFBE resource management company said, “Now, my problem, what I’m seeing with being a DBE is what most people call the good faith effort. I had to change that because what all of us DBE people know in the room - it’s really called a good *fake* effort because they tell you they want you on their team, and then they never use you.” [C2012PH#25]
- The female owner of a SWBE-certified trucking firm said, “I received emails and faxes asking for me to bid which I did. It was so amazing that everyone wanted me to bid jobs and I did. It took me awhile to understand that the reason they were requesting a bid from me was to supply their quota for ‘good faith effort.’” [C2012WT#6]
- The female owner of a UDBE/WBE/SBE-certified firm said, “I have experienced problems with being utilized *after* I have been awarded a contract. It appears that some of my projects have used me as a UDBE/WBE, but I have been underutilized, sometimes not at all, once the project gets underway. It appears as if they have met their goal by using a company like mine, but then do the work in-house.” [C2012WT#8]
- The female president of a DBE-certified ecological consulting firm said, “My experience is that primes are active in soliciting bids from DBE firms; however, if they win the bid with our firm included in the bid proposal there is often no work that follows. Over the past several years I’ve had the unfortunate experience of being asked to participate in preparing a bid for a prime contractor for Caltrans projects. After spending time and money preparing the bid materials and providing a copy of our Caltrans DBE to the prime (as they request) I later find out the prime contractor has won the bid with our firm included in the bid, but we are never contacted to perform the services. Classic example of contractors contacting us for the

purpose of obtaining our DBE certification with no intent of actually using our firm. When I've contacted them they indicate that they decided to use another firm or they are performing the work in-house. They seem to do this with impunity and I don't know what, if any recourse, a small firm such as mine would have in such cases. As a result, we have become very reluctant to respond to bid requests from prime contractors that we have not worked with in the past." [C2012WT#9]

- The president of a DBE-certified engineering firm said, "Prime contractors seeking DBEs to attain good faith effort are usually in the practice of seeking DBEs through whatever means they have to prove that they are serious in reaching out. But there is the problem of the loophole. These primes are responsible only to the point of contact, and that is where their responsibility of 'good faith effort' terminates." [C2012WT#12]
- A representative of a DBE-certified engineering firm said, "In my opinion, [DBE good faith efforts] do not work at all. The so-called DBE outreach effort by prime consultants is just for show. Even worse, some major firms hire outreach firms to seek potential DBE firms for teaming. I have received several such notices requesting qualifications for different projects, and I have submitted our qualifications in response. However, these outreach firms and major firms have no intention of interviewing and following up on the qualifications I have submitted (except in the end, they sent notice to advise us that we were not selected). It is a total waste of my time and effort." [C2012WT#21]
- The same interviewee went on to say that there is a condescending attitude on the part of prime contractors. "We have had firms come in, take our information, use our DBE status and not notify us." He continued by saying "Primes are not being asked [by agencies], 'who are your UDBEs and show us the documentation.'" [C2012SM#3]

Some interviewees representing MBE/WBEs noted that prime contractors would contact them right before a final bid was due. They believe it was an example of a "good faith effort." For example:

- The Native American owner of an engineering-related firm was critical of good faith efforts. "We have gotten requests to bid two days before bid day." He said, "It doesn't give time to do anything. [DBEs] are receiving notification ... but there's no time [to bid]. That existed four or five years ago and it still exists today." [C2012SM#3]
- The female owner of a DBE-certified construction firm said that sometimes the timing of when some prime contractors contact her for a bid does not leave her enough time for the bid. "We're already doing searches for ... projects coming up ... we are already doing our bid schedules and have an idea [about the project], but sometimes something comes up that we didn't know about. A contractor will send us something at the very last minute ... there have been several times that I couldn't bid on it." She said that it takes about two weeks for her to prepare a bid depending on where they are or the plans for the project. "At least a week minimum." [C2012SM#6]

One interviewee reported that they were aware of or have had personal experience with false reporting of MBE/WBE or DBE participation or falsifying good faith efforts in the past, but that this was no longer a problem. The Caucasian male president of a certified micro grading, concrete and paving business said, “There used to be a lot of [MBE/DBE/WBE false reporting] going on. [Prime contractors] had to show a good faith effort, but now that’s kind of gone. I don’t think there’s a problem there anymore.” [C2012#30a]

Several interviewees discussed agency enforcement of DBE participation. Examples of these comments include:

- A representative of the Kern Minority Contractors Association and the San Joaquin Construction Management Company noted that Caltrans does not mandate district staff to effectively manage the DBE program – “One thing about district staff, district staff come to those they get paid. Most of us coming, like when I came from here to Bakersfield I’m driving on my dime and my own time to come here and go, we’d go to the meetings with good faith to try to solve this problem. Most of the things that we suggest be done wouldn’t be received in good faith or they’d find a way to say it can’t be done. So it’s just a waste of time. . . some of the people feel like the Federal Highway is too lax in its oversight of Caltrans and compliance because you have the ability, you’re giving the money to Caltrans.” [C2014PH-FR#6]
- A representative of the Port of Los Angeles indicated that the Port performs an end of contract audit, and that if a listed sub is not used then the prime is fined with withholding of final payment equal to 10 percent of what they did not contract out. “That is not a very strong penalty ... we at the Port believe that is not the strongest penalty and maybe it would not be the entire amount ... and if that’s done once, that would be the penalty and if it’s done twice, you go on the non-responsive list.” [C2012SM#13]
- A representative of the Port of Long Beach reported that the Port of Long Beach makes the contract information known to subcontractors and lets the subs make the complaint to the Port or Caltrans. [C2012SM#14]
- However, the Caucasian male owner of an engineering firm reported that, from the perspective of the sub, “you almost shoot yourself in the foot when you do that. Even if you do it silently, it comes around. It sounds very easy, but it’s not business-wise because you’ll be black-balled in your industry or specialty.” [C2012SM#8]

J. DBE and other Certification Processes

Business owners and managers discussed the process for DBE certification and other certifications, including comments related to:

- Ease or difficulty of becoming certified (page 193);
- Advantages and disadvantages of DBE certification (page 197); and
- Recommendations regarding the certification process (page 201).

Ease or difficulty of becoming certified. Many interviewees commented on how easy or difficult it was to become certified.

Some interviewees reported relatively positive experiences with the certification process. For example:

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported that the certification process was not too difficult. [C2012#12]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that the certification process is not that difficult. “Pretty easy, not difficult at all.” [C2012#14]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, “The process was not difficult, we filled out the paperwork, did the inspections. The process is the same every five years.” [C2012#16]
- The Caucasian male owner of a DVBE-certified highway construction company stated, “The certification process is OK. It’s painful because of the amount of paperwork but it’s acceptable.” [C2012#21]
- The Black American male owner of a certified electrical company, said, “Certification was easy.” [C2012#35]
- The Black American male president of a certified electrical company said that the certification process is “fairly easy. You will have to jump through a few hoops.” [C2012#37]
- A representative of a DBE-certified program and project management company said, “First, I want to acknowledge that staff of the certification office, as well as your small business liaison, have been very, very supportive and very informative in terms of every time I interacted with them.” [C2012PH#4]
- The Asian-Pacific American owner of an engineering company and representative of the American Council of Engineering Companies-California complimented Caltrans on the certification process. He reported that it took less than two months to become certified as a DBE by Caltrans. Within a week or two of submitting applications, Caltrans had questions back to the firm. [C2012SM#2]

Other interviewees reported challenges and barriers in connection with the certification process. This caused some firms to forego certification. For example:

- The Black American owner of a DBE/MBE/SBE-certified engineering company said that the people conducting the certification process were making it more difficult than it should have been. “If the people were better trained then it would be easier for new applicants.” [C2012#4]
- The Black American female co-owner of a non-certified construction and hauling company stated that her company is not certified with the state or a local agency as an MBE/WBE or DBE. She said that the process was too confusing and took too long. “As a small business owner, I didn’t have time to wade through all of the requirements and certification genres.” She added “I did contact a business that helps you get certified but I became discouraged because it wasn’t clear what the benefits would be.” She also said, “If it was easy, we would be certified...I think it may be worth it to go through the process but just be straight with me about what you are looking for and what I need to do to qualify.” [C2012#7]
- The Black American female owner of a DBE-certified construction and hauling company said that the certification process was extremely difficult. “It is not easy; we were initially denied certification because they discounted all of my experience. They said that I didn’t have the required experience. I had to join a lot of organizations and reach out to a lot of contacts to get credibility and backing” before getting certification. She added that “Caltrans has been combative and adversarial. They make us feel like we are doing something wrong for working within the parameters of the program.” [C2012#9]
- The Asian-Pacific American owner of a non-certified engineering company mentioned “From what I recall the [certification] process was difficult. It took effort — tax records, forms, notary.” [C2012#10]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that the certification process was difficult. “The process was intensive. Small businesses don’t have time to do all this paperwork and actually do real work at the same time.” [C2012#11]
- The Black American female owner of a non-certified trucking company stated, “The certification process is cumbersome.” She reported that the biggest disadvantage of certification was the sign-up process. “We had to meet certain criteria and get all the materials together.” [C2012#13]
- The Black American male owner of a certified DBE telecommunications company said that the certification process is difficult. “It is a lot of paperwork and it is not clear what the advantage is. I haven’t seen any benefit from my certification yet. Is there someone who can help me find a benefit to all the work I did?” He said, “[The certification process] was extremely paper intensive and difficult to manage while running a small business.” [C2012#18]

- The Hispanic male owner of a non-certified construction company said that his firm is not certified as an MBE or DBE. “We were told that we couldn’t qualify as an MBE because of education but I think this is wrong. We are definitely interested in learning more about how to become certified.” He said that the main impediment to being certified would be paperwork. “I’ve heard there is a lot of paperwork [to get certified]. We are on the job six days a week. When would we ever find time to do this?” [C2012#22]
- The Hispanic male owner of a non-certified construction company said that the main disadvantage of certification is the paperwork. “It was a lot of paperwork and bureaucracy to get the certification. The first time was very difficult but the paperwork has gotten easier as time has gone on and we learned more about it.” [C2012#23]
- The Hispanic female partner in a non-certified consulting firm reported that she once attempted to get the company certified as an MBE/WBE but abandoned that attempt when the government official required documentation to prove her Hispanic ethnicity. She reported that the Caltrans official asked for documentation of her grandmother’s ethnicity. She said of the certification process that “It was so humiliating.” [C2012#25]
- The female majority president of a WBE-certified construction company felt that the certification process was “very difficult!” [C2012#26]
- The male vice president and treasurer of a non-certified woman-owned construction company stated that the certification process is difficult. “You give them the information, and they ask for more. Then they interpret it.” [C2012#27]
- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, “MBE certification is overly burdensome.” [C2012#32]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, “The recertification process is easy, but the initial certification process is challenging.” He also said, “The paperwork is a snowstorm. I just went through the City of Oakland to get this local small business certification. My God it’s just ridiculous.” [C2012#34]
- The Asian-Pacific American male owner of a certified engineering company said that “it was difficult for my company because of the time constraints.” [C2012#36]
- A representative of the Young Black Contractors Association said, “The most difficult one is the state DBE. It takes a number of years’ tax returns. It also has a lot to do with your performance, who you worked for, and the size of jobs. That one has the most procedures.” [C2012#39]
- The female owner of a WBE-certified management consulting firm said, “The first barrier is just the certification process itself. What happens is that if you have a company like mine, I am one person, you are going to crush me under the weight of the process. I can’t give it my full attention while I’m out trying to work, trying to win jobs, and then the rules, stated in 49

CFR, I mean, it says 90 days. I turned in my application on January the 10th. I was certified July 1st.” [C2012PH#10]

- The female owner of a DBE/SBE-certified administrative services provider said, “I am certified DBE, SBE. Why do I need to go through another certification process to get UDBE, XYZ, whatever acronym you want — qualifications you want me to have. Otherwise, I’m spending all of my time filling out paperwork. It’s just constant.” [C2012PH#26]
- The owner of a non-certified trucking firm stated, “Half of the reason there are not enough certified truckers in this area is due to the process involved in getting certified as a DBE company. The application, interviews and follow up documentation is completely overwhelming and almost impossible to provide. This is causing many companies like ours to ultimately be weeded out of the certification process completely.” [C2012WT#3]
- The Vietnamese owner of a trucking firm wrote “I am writing this letter because I feel that the DBE certification process and guidelines are unfair. A program such as DBE is supposed to create fairness and equal opportunities for small business owners such as myself. Yet becoming certified has nearly become a discriminant [sic] act within itself. Much of the information required to attain certification for DBE is extremely personal. Information that is insignificant to my origin as being disadvantaged or a true small business owner is requested for certification. Telephone bills, credit card statements, personal tax information and proof of how I attained funds to start my business, all of which I feel are unnecessary in providing proof of my being a small business owner of Vietnamese decent. Why has becoming certified for DBE become so difficult? As a matter of fact, I have friends who have applied for their certification that find themselves in the same situation with the same questions as myself. None of them have been certified. My last effort to become certified resulted in a response letter that requested even more thorough information be submitted in a time frame of less than 14 days. That to me seems like a short window of opportunity purposely created to make applying difficult.” [C2012WT#25]
- The Asian-Pacific American owner of an engineering company and representative of the American Council of Engineering Companies-California indicated that he has to go through a separate process for LA Metro. He said that it was the same form as the DBE certification form. Primes seeking LA Metro work are requiring his firm to be separately certified with that agency. [C2012SM#2]
- A representative from San Mateo County Transit District responded that LA Metro was operating a small business program, which was why LA Metro was requiring a separate certification. [C2012SM#5]
- The Native American owner of an engineering-related company indicated that there is a perception in California that “everyone [each agency] requires their own certification.” He said that there is confusion about whether each agency has to have its own DBE certification. [C2012SM#3]

Some minority and female business owners said that they were not familiar with the program or the certification process. For example, the Hispanic female owner of a non-certified asphalt paving company said that her firm is not certified. “We weren’t aware of the program or how to qualify for it.” [C2012#24]

Advantages and disadvantages of DBE certification. Interviews included broad discussion of whether and how DBE certification helped subcontractors obtain work from prime contractors.

Some interviewees perceived a value to certification. For example:

- The Hispanic male owner of a non-certified construction and concrete business stated that “certification might allow me to possibly pick up more work and in this economy you need to find work where you can.” [C2012#1]
- The Black American owner of a DBE/MBE/SBE-certified engineering company mentioned that the benefits of certification include the percentage of state and local contracts being set aside for certified parties. He did not mention any disadvantages of certification. He mentioned that approximately 30 percent of his work results from projects with DBE/MBE/WBE goals. [C2012#14]
- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that the benefits of certification are that “the company is considered, registered, and identified as a disenfranchised company and that leads to opportunities.” [C2012#6]
- The Black American female co-owner of a non-certified construction and hauling company said that she sees the benefits of certification as leading to more business and providing greater visibility to her company. She stated that “it is a benefit to be certified because it can open up opportunities to work with the government and Caltrans. I see Caltrans trucks out there and I want to be a part of it.” [C2012#7]
- The Black American female owner of a DBE-certified construction and hauling company said that the advantages of certification are simple for their company. “We meet a lot of contractors at bid meetings who need qualified certified firms to provide services like we provide.” [C2012#9]
- The Black American operations manager of an MBE/WBE/DBE-certified waste transportation company mentioned that each of the acquired certifications has helped them get business. He added “The benefits of the certification come from the contracts with required minimums for certified companies.” [C2012#14]
- The Hispanic American office manager of a SBE/DBE-certified concrete company stated the benefits of certification are that “we get requests for bids frequently; it helps get our name out there.” [C2012#15]

- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, “One of the primary benefits of being certified is that it shows we are legitimate. It also helps when the big contracts have WBE requirements.” [C2012#16]
- The Caucasian male estimator at a non-certified woman-owned trucking company indicated that he had some past experience working with other DBE firms with a previous employer. He said that he thinks the benefits would be that you might get some better opportunities to compete for work. “I know that we’ve lost bids to certified firms.” [C2012#17]
- The Caucasian male owner of a DVBE-certified highway construction company mentioned that there are a few minor benefits of certification and one major benefit. “The only way to get the 5 percent segment in the public sector is to be DVBE certified. This is the biggest benefit of certification.” [C2012#21]
- The Hispanic male owner of a non-certified construction company said that although they are not certified, he thinks that the main advantage to certification would be more contracting work. “I know that there are opportunities for minority owned businesses that I’d like to tap into.” [C2012#22]
- The Hispanic male owner of a non-certified construction company said that he sees the benefits of certification as a way to get exposure for jobs and that some of his customers need certified firms and he fills that need. “We were told several years ago that we needed to be certified so that we could compete for work so we did. The certification has led to some good opportunities.” [C2012#23]
- The male vice president and treasurer of a non-certified woman-owned construction company stated that the company is not certified, but they are “working on it because certification should provide more business opportunities.” [C2012#27]
- The Black American male owner of a certified electrical company said one benefit to certification is “bid preferences if prices are close.” [C2012#35]
- The Caucasian male partner of a certified woman-owned environmental consulting firm said, “I think [certification] increases our opportunities, especially in this economy and especially with goals becoming more important.” [C2012#38]
- The owner of a DBE-certified environmental consulting firm said, “We like this program, the DBE program. It is a good program. I see it worked for us. You have to know how to navigate through it, through the system, and to build relationships with companies.” [C2012PH#1]
- The Hispanic male owner of a non-certified construction and concrete business stated that he is not sure how difficult the certification process is, but “I would like to become certified now because of the poor private sector market. Finding work in the private sector is hard right now.” [C2012#1]

- The male president and CEO of a DBE-certified environmental consulting firm said, “One, [our company], without respective DBE participation requirements for Caltrans solicitations, would undoubtedly not have been included on prime contractors' teams and thus would not have been able to build our corporate résumé in order for us to establish itself within our industry.” [C2014PH-O#1]

Some minority and female business owners perceived limited or no value to certification.

Examples of these comments include:

- The female owner of a DBE-certified construction firm said, “Because I've been DBE certified I've always said, I've talked to other contractors and, you know, I've always said Hey, this is a DBE requirement. This job has DBE requirement, let's work on it, and their reaction is No. Because all they have to do, the person that's got the contract is have a good faith effort. I've always said, you know, that because of their negativity towards that statement I've always said, you know, instead of having a 15 percent DBE good faith effort, why not make it 15 percent good faith achievement or fulfillment or change the effort because effort's not getting us work. If we changed the last word I think we're going to get somewhere.” [C2014PH-FR#1]
- The co-owner of a DBE/MBE/WBE-certified pool construction and maintenance company said, “Now, see, that's telling me that that piece of paper I have is worthless, it's worthless” in regards to his ability to get public contracts with multiple certification [C2014PH-FR#7]
- The Native American owner and president of a non-certified electrical contracting business said that they are not certified with the state or local agency as an MBE/WBE or DBE. “There is no advantage. I don't see any payoff for the hassle” of obtaining certification.” [C2012#8]
- The Black American female co-owner of a non-certified construction and hauling company said that one disadvantage of certification is that “it is not worth the time it takes to complete the process.” She continued, saying “It probably doesn't lead to the increase in business that you think it will so I didn't complete the process.” She further stated that she sought out the help of a business that specializes in helping with certification but that this process was discouraging. [C2012#7]
- The Asian-Pacific American owner of a non-certified engineering company mentioned “I was certified as an MBE with the State and the City of Fresno seven years ago. I did not find any benefit with being certified. The process was cumbersome and it seemed like the same certified vendors were being chosen for everything. I didn't see the point in paying to continue certification as I wasn't getting anything out of it.” He added that “I didn't get any benefit from it. It was more of a hassle than anything.” [C2012#10]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that the disadvantage to certification was the amount of paperwork required to gain and maintain certification. “We work with a large engineering firm who pushed us to get certified but we haven't seen anything come from our certification.” [C2012#11]

- The Hispanic American office manager of a SBE/DBE-certified concrete company stated that the disadvantage of certification is that “it doesn’t really lead to that much work.” [C2012#15]
- The female majority president of a WBE-certified construction company replied simply “None” in response to the question of what she saw as benefits of certification. [C2012#26]
- The Subcontinent Asian American owner of a non-certified concrete paving company stated that his firm “is not certified and is too new to know how advantageous this might be.” [C2012#5]
- The Asian-Pacific American male president of a non-certified Asian-Pacific American female-owned environmental company said, “I don’t know if there are any benefits. People find you and they go down the list and say, ‘I need to hire a person who’s certified by the state.’” [C2012#34]
- The owner of a DBE-certified data collection company said, “in the beginning, I thought [my DBE certification] was a feather in the cap, you should mention it every chance you get, but I have not seen any fruit from the effort. My question is why are we not promoting it?” [C2012PH#3]
- The owner of a DBE-certified small business said, “Myself, as a small business owner and being part of the DBE certification, at first, I was ecstatic, you know, just to know that I had gone through the paperwork process, and it was all done, and I had been approved for the DBE certification. But it’s been about 15 months now, and it really hasn’t done much for me, unfortunately. So I look at it, and it’s like, okay, what did I do wrong, or what’s wrong with the process?” [C2012PH#19]
- A Hispanic American contractor and representative of the Hispanic Contractors and Suppliers Association said, “I try to get my guys [Latino contractors] to get certified, but I can’t show them any success stories. . . I keep saying to Caltrans, ‘We need winners to get players.’” [C2012SM#1]

Some interviewees identified certain disadvantages to certification. Some interviewees noted a negative stigma related to certification. For example:

- The Black American diversity marketing manager of an MBE/SBE/DBE-certified environmental consulting company stated that the disadvantages of certification are that “the rest of the firms that are not certified view your company differently, in a more negative light due to the lack of education around what a DBE certification entails. The view in the marketplace is that companies with that certification have poor qualifications and are not qualified.” [C2012#6]
- The Black American male owner of a certified DBE telecommunications company said that the disadvantages to certification are that “the [agencies] seem to actually discourage you. Goals are good, but they are hard to figure out. What is the advantage to me if I am certified? This should be clearer.” [C2012#18]

- The Asian-Pacific American male owner of a certified engineering company said one disadvantage to certification is that “People look at you like you got the work only because of your certification.” [C2012#36]
- The Native American owner of an engineering-related company reported “We’ve found an expectation that we should provide below normal rates [because we’re a UDBE].” [C2012SM#3]

Recommendations regarding the certification process.

Some interviewees recommended that the State simplify the certification process.

- The Subcontinent Asian American owner of a non-certified concrete paving company stated, “We have heard from business associates that the certification process is a bit difficult and repetitive. If it could be shortened and simplified that would be beneficial to businesses.” [C2012#5]
- The Native American owner and president of a non-certified electrical contracting business said that the certification process is not easy. “The system is hard to navigate. They should make it easier to figure out how to do it.” He added that the certification process could be improved by making the Caltrans website easier to navigate. “All this information should be on their website.” [C2012#8]
- The Black American female owner of a DBE-certified construction and hauling company said that her recommendations for improving the certification process are for Caltrans to be more transparent. “Just say up front what you want for documentation and don’t act so adversarial. It was insulting to me that they were implying that I was simply a ‘front’ because I was a woman.” [C2012#9]
- The Caucasian female owner of a federally-certified woman-owned engineering business said that she would recommend they simplify the process. “It is way too complicated. Why do they need to have personal financial information that isn’t relevant? They should base certification of your qualifications not on financial information.” [C2012#11]
- The Hispanic American office manager of a SBE/DBE-certified concrete company said that the certification process “can be streamlined quite a bit, that there are too many repetitive items.” [C2012#15]
- The Hispanic male owner of a non-certified construction company said that his recommendation for improving the certification process would be to make the process more transparent and to make the benefits easier to track. “Make it easier to get jobs as a prime instead of just as a sub and make the process easier to track.” [C2012#23]
- The female majority president of a WBE-certified construction company recommended that “companies should have just one number for government identification purposes. We have so many numbers to keep track of and have to look for all of them when it’s time to recertify.” [C2012#26]

- The Caucasian male senior project manager of a non-certified Subcontinent Asian American electrical contractor said, “They should streamline the MBE certification process and reduce it from six months to two weeks.” [C2012#32]
- The Black American male owner of a certified concrete company said, “It could be done quicker. My certification took six months.” [C2012#33]
- The Caucasian male partner of a certified woman-owned environmental consulting firm said that the difficulty and delays in getting the firm certified as a WBE constituted a barrier. [C2012#38]

Some interviewees recommended that Caltrans provide more training or assistance concerning the certification process. The Black American female co-owner of a non-certified construction and hauling company said that her recommendations for improving the certification process would include ensuring that agencies that provide certification services should not discourage companies like hers from completing the process. She said, “The firm we worked with was not helpful and actually discouraged us from completing the certification process.” [C2012#7]

Some interviewees recommended that the certification process should have more oversight.

- The Caucasian female owner of a WBE/SBE/DBE-certified company reported “There are too many fronts, it needs to stop. There is not enough investigation to the companies applying.” [C2012#12]
- The Caucasian male vice-president and co-owner of a woman-owned non-certified power and communication conduit firm stated, “I think that the [governing bodies] should conduct on-site inspections once in a while. This would help sort out the good vendors from the bad vendors.” [C2012#16]

One interviewee recommended that Caltrans conduct in-person interviews as part of the certification process. The Caucasian female principal and partner of a WBE-certified environmental consulting firm said, “I recall that when I did this the first time in 1994 that I was actually interviewed, and I think that would be valuable. In this particular situation, when Caltrans recently denied the company’s application for WBE certification, there was no conversation at all.” [C2012#38]

One interviewee recommended that Caltrans and the State provide materials and support in different languages. The general manager of the Fresno County Rural Transit Agency noted “that’s a big deal especially when you’re talking about this particular subject, things need to be in different languages.” He went on to say over 125 languages were recognized in California’s Central Valley. [C2014PH-FR#8]

Some interviewees recommended more coordination among certifying agencies.

- The representative of the Port of Los Angeles recommended creation of a state-wide database which all local cities would use. He indicated that right now each city and private

company (such as Northrup Grumman or Toyota) has its own database. “[If you’re a minority-owned firm] you need a full-time IT person to make sure you’re on all these databases and you have your certifications.” [C2012SM#13]

- A female business owner and representative of the Southern California Contractors Association agreed. “One of my biggest criticisms is we have so many certifying agencies with different requirements. If it was universal, it would benefit everyone in so many ways ... DBE companies looking for work as well as agencies contracting the work.” [C2012SM#15]

ATTACHMENT D
CALTRANS FTA SUBRECIPIENTS BY FUNDING SOURCE

D	5310 Agency Name
1	Community Cornerstone
1	Community Catalysts
1	City of Eureka
1	City of Fortuna
1	Humboldt Community Access & Resource Ctr (HCAR)
1	Humboldt Medi-Trans
1	Humboldt Sr. Resource Center
1	Lake Transit Authority
1	Redwood Coast Seniors
1	Ukiah Senior Center
1	Willits Seniors, Inc.
2	Glenn County Office of Education
2	Golden Age Center
2	KT Net
2	Lassen Senior Services
2	Redding Area Bus Authority
2	Shasta Senior Nutrition Center
2	Shasta County Opportunity Center
2	Tehama County Public Works
2	Tehama County Opportunity Center (North Valley Services
3	Easter Seals Superior CA
3	City of Roseville
3	Common Ground Senior Services
3	El Dorado County Transit Authority
3	Help Central Inc
3	Nevada-Sierra Regional IHSS Pu blic Authority
3	Paratransit, Inc..
3	PRIDE Industries One, Inc.
3	Sacramento County Dept. of Health & Human Services
3	UCP of Greater Sacramento, Inc.
3	Work Training Center
3	Yolo Adult Day Health Center
3	Town of Truckee
3	United Christian Center
3	Western Placer Consolidated Transportation Services Agency
3	County of Butte Association of Govts.
3	Asian Community Center
4	AchieveKids
4	ALZHEIMER'S SERVICES OF EAST BAY
4	Bay Area Outreach & Recreation Program (BORP)
4	Becoming Independent
4	Casa Allegra Community Services
4	Center for Elders Independence
4	City of Fairfield
4	Center for Independent Living
4	City of Lafayette: Lamorinda Sprit Van Program
4	City of Petaluma
4	City of Pacifica Senior Services Transportation Progam
4	City of Rio Vista
4	City of San Ramon
4	CONTRA COSTA ARC
4	CENTRO LATINO DE SAN FRANCISCO
4	Drivers for Survivors
4	Edgewood Center for Children & Families
4	Faith in Action
4	Friends of Children with Special Needs
4	Future Explored
4	Golden Rain Foundation of Walnut Creek
4	Hope Services, Santa Clara County
4	JEWISH FAMILY & CHILDREN'S SERVICES
4	Kimochi, Inc
4	LIFE ElderCare VIP Rides Program
4	LifeLong Medical Care
4	Lifesteps Foundation
4	Laguna Honda Hospital and Rehabilitation Ctr.
4	Las Trampas
4	MARIN SENIOR COORDINATING COUNCIL (dba Whistlestop)
4	Milestones Adult Development Center
4	NAPA COUNTY TRANSPORTATION PLANNING AGENCY

ATTACHMENT D

CALTRANS FTA SUBRECIPIENTS BY FUNDING SOURCE

4	FAMILY BRIDGES, INC.
4	Mobility Matters(Senior Helpline Services)
4	ON LOK DAY SERVICES
4	OUTREACH & ESCORT
4	PACE SOLANO
4	Pacific Autism Center for Education - PACE
4	Peninsula Jewish Community Center
4	Rehabilitation Services of Northern California
4	RICHMOND PARATRANSIT PROGRAM (City of Richmond)
4	San Mateo County District
4	SANTA ROSA DEPARTMENT OF TRANSIT
4	SELF HELP FOR THE ELDERLY
4	Satellite Senior Homes (aka) Satellite Housing, Inc.
4	The Sebastopol Area Senior Center
4	Solano County Transit (SolTrans)
4	SOLANO TRANSPORTATION AUTHORITY
4	Sonoma County Transit
4	VETERAN'S HOME OF CALIFORNIA
5	Atascadero Christian Home
5	Camping Unlimited
5	Cambria Community Council
5	Community Bridges
5	Easy Lift Transportation
5	Hope Rehabilitation Services Santa Cruz
5	Life Steps Foundation, Santa Maria Wisdom Center
5	Monterey Salinas Transit
5	NCI Affiliates, Inc.
5	San Benito County Local Trans Authority
5	San Luis Obispo COG
5	SMOOTH
5	UCP Ride-On
5	Work Training Programs SLO / Path Point
6	ARC FRESNO
6	ARC TAFT
6	BAKERSFIELD ARC
6	CENTRAL CALIFORNIA NIKKEI FNDN
6	CITY OF FRESNO
6	COMMUNITY CATALYSTS OF CA
6	DESERT AREA RESOURCES & TRNG
6	FRESNO COUNTY ECONOMIC (EOC)
6	KINGS REHABILITATION CENTER
6	NEW ADVANCES FOR PEOPLE WITH DISABILTIEIS
6	NORTH OF THE RIVER REC & PARK DIST.
6	PORTERVILLE SHELTERED W/SHOP
6	TULARE COUNTY TRAINING CTR FOR HANDICAPPED (ABLE INDUSTRIES)
6	WESTCARE CALIFORNIA
7	Access Services, Inc.
7	ALTAMED Health Services, Inc.
7	Arc of Ventura County
7	Arts and Services for Disabled
7	Brethren Hillcrest Homes
7	Braswell Rehabilitation Institute - B.R.I.D.G.E.S., INC.
7	Camarrillo Health Care Distirct
7	City of Azusa
7	City of Glendale
7	City of Inglewood
7	City of Pasadena
7	City of Whittier
7	East Los Angeles Remarkable Citizen's Association, Inc.
7	Easter Seals Southern California
7	Exceptional Children's Foundation
7	Goodwill Serving the People of Southern Los Angeles
7	Goodwill Industries of Southern CA
7	Grandview Foundation, Inc.
7	Help of Ojai
7	Institute for the Redesign of Learning (Almansom Ctr)
7	Jr. Blind of America dba Foundation for Junior Blind
7	Lanterman Developmental Center

ATTACHMENT D

CALTRANS FTA SUBRECIPIENTS BY FUNDING SOURCE

7	Mary Lind Foundation dba Mary Lind Recovery Ctrs
7	Motion Picture and Television Fund
7	Pomona Valley Transportation Authority
7	Rancho Research Institute
7	San Fernando Valley ARC (dba New Horizons)
7	San Fernando Valley Interfaith Council -Wilkinson Center
7	Shields for Families
7	Social Vocational Services Santa Fe
7	Steelworkers Oldtimers Foundation
7	Tarzana Treatment Center, Inc
7	Tierra del Sol Foundation
7	Valley Village
7	Villa Esperanza
7	Watts Labor Community Action Committee/ Theresa Lindsay Senior Center
8	Ability Counts, Inc.
8	ANGEL VIEW CRIPPLED CHILDREN'S FOUNDATION
8	B.E.S.T. Opportunities, Inc.
8	Care-A-Van
8	CARE CONNEXXUS
8	City of Fontana
8	City of Montclair
8	Desert Blind and Handicapped Association
8	DesertArc
8	EXCEED dba VALLEY RESOURCE CENTER FOR THE RETARDED
8	Foothill AIDS Project
8	Friends of Moreno Valley Sr. Center Inc.
8	Independent Living Partnership
8	Inland Valley Recovery Services
8	MFI Recovery Center
8	OMNITRANS
8	OPARC
8	Peppermint Ridge
8	Pomona Valley Workshop (PVW)
8	Wildomar Senior Partners
8	VetLink
8	Victor Valley Community Service Council
8	Victor Valley Transit Authority
8	Vocational Improvement Program Inc
8	West End YMCA
9	Inyo-Mono Association for the Handicapped (IMAH)
10	WATCH Resources, Incorporated
10	Calaveras Council of Governments
10	Catholic Charities of the Diocese of Stockton
10	City of Escalon
10	Howard Training Center
10	Kings View
10	United Cerebral Palsy of Stanislaus County
10	Amador Transit
10	Service First of Northern California, Inc.
10	Tuolumne County Transit Agency
10	San Joaquin Regional Transit Authority
10	ARC Amador/Calaveras
10	ARC San Joaquin
10	Manteca CAPS
11	ARC Imperial Valley
11	City Link Foundation
11	City of Vista
11	Developmental Services Continuum
11	Friends of Adult Day Health
11	Full Access & Coord. Transp. Inc. (FACT)
11	Home of Guiding Hands
11	Imperial County Transportation Commission
11	Jewish Family Services of San Diego
11	Mountain Shadows Support Group
11	Noah Homes
11	Redwood Sr. Homes/Elderlink
11	San Diego Center for the Blind
11	SHARP Healthcare/San Diego Hospital Asso.
11	St, Madeleine Sophie Center
11	Sunrise Driving Services
11	Tri-City Hospital District

ATTACHMENT D

CALTRANS FTA SUBRECIPIENTS BY FUNDING SOURCE

11	TERI, Inc.
12	ABRAZAR, INC
12	AGE WELL, INC
12	AIDS SERVICES FOUNDATION
12	Alzheimer's Family Services Center
12	City of Anaheim
12	CITY OF BUENA PARK SENIOR CTR
12	CITY OF HUNTINGTON BEACH
12	CITY OF IRVINE
12	CITY OF SANTA ANA
12	GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
12	HORIZON CROSS CULTURAL CTR
12	IRVINE ADULT DAY HEALTH SVCS.
12	Jewish Federation & Family Services of Orange Co.
12	ORANGE COUNTY ARC
12	PROJECT INDEPENDENCE
12	PROGRAM
12	Vietnamese Community of Orange County, Inc.
12	VOCATIONAL VISION
D	5311 Agency Name
1	City of Eureka
1	Arcata and Mad River Transit System
1	Humboldt Transit Authority
1	Mendocino Transit Authority
1	Redwood Coast Transit Authority
1	Lake Transit Authority
2	County of Shasta
2	Golden Umbrella
2	Lassen Transit Service Agency
2	Modoc Transportation Agency
2	Plumas County Transportation Commission
2	Redding Area Bus Authority
2	Shasta County Dept. of Public Works
2	Siskiyou County
2	Tehama County
2	Trinity County Department of Transportation
3	Butte County Association of Governments
3	City of Auburn
3	Colusa County Transit Agency
3	County of Sacramento - Department of Transportation
3	El Dorado County Transit Authority
3	Glenn County Transportation Commission
3	Nevada County Department of Public Works, Transit Services Division
3	Placer County Public Works (TART & PCT)
3	Sacramento Council of Governments
3	Sierra County Transportation Commission
3	Tahoe Transportaton District
3	Town of Truckee
3	Yolo County Transportation District
3	Yuba-Sutter Transit Authority
4	City of Dixon
4	City of Fairfield
4	City of Rio Vista
4	Livermore Amador Valley Transit Authority
4	Marin County Transit District
4	Napa County Transportation and Planning Agency
4	San Mateo County Transit District
4	Santa Clara Valley Transportation Authority
4	Solano County Transit (SolTrans)
4	Sonoma County Transit
5	City of Guadalupe
5	City of Santa Maria
5	City of Solvang - Santa Ynez Valley Transit
5	Monterey Salinas Transit
5	San Benito County Local Transit Authority
5	San Luis Obispo Regional Transit Authority

ATTACHMENT D

CALTRANS FTA SUBRECIPIENTS BY FUNDING SOURCE

5	Santa Barbara County Association of Governments	
5	San Luis Obispo Regional Rideshare - SLOCOG	
5	Ventura Transit System	
6	City of Dinuba	
6	City of McFarland	
6	City of Porterville	
6	City of Shafter	
6	City of Taft	
6	City of Wasco	
6	City of Visalia	
6	City of Woodlake	
6	Fresno County Rural Transit Agency	
6	Kern Regional Transit	
6	Kings County Area Public Transit Agency	
6	Madera County	
6	Tulare County Area Transit	
7	County of Los Angeles DPW	
7	City of Ojai	
7	City of Simi Valley	
7	Ventura County Transportation Commission	
8	City of Barstow	
8	City of Needles	
8	Morongo Basin Transit Authority	
8	Mountain Area Regional Transit Authority	
8	Riverside Transit Agency	
8	SunLine Transit Agency	
8	Victor Valley Transit Authority	
9	City of California City	
9	City of Ridgecrest	
9	City of Tehachapi	
9	Eastern Sierra Transit Authority	
10	Alpine County	
10	Amador Transit	
10	Calaveras County Department of Public Works	
10	City of Escalon	
10	City of Taft	
10	Mariposa County Local Transportation Commission	
10	San Joaquin Regional Transit District	
10	Stanislaus County Public Works - Transit Division	
10	Transit Joint Powers Authority of Merced County	
10	Tuolumne County Transit Agency	
10	Yosemite Area Regional Transportation System	
11	Imperial County Transportation Commission	
11	North County Transit District	
11	San Diego Metropolitan Transit System	
D	5339 Agency Name	
3	Butte Regional Transit	
4	City of Petaluma	
4	Napa County Transportation and Planning Agency	
5	City of El Paso de Robles	
5	City of Lompoc	
5	City of Santa Maria	
5	Monterey-Salinas Transit	
5	San Luis Obispo Regional Transit Authority	
5	Santa Barbara Metropolitan Transit District	
5	Santa Cruz Metropolitan Transit District	
6	City of Porterville	
6	Kings County Area Public Transit Agency	
11	Yuma County Intergovernmental Public Transportation Authority	
D	5303/04 Agency Name	
1	HCAOG	FTA 5304

ATTACHMENT D
CALTRANS FTA SUBRECIPIENTS BY FUNDING SOURCE

2	Shasta Regional Transportation Agency	FTA 5303
2	Siskiyou CLTC	FTA 5304
3	Butte County Association of Governments BCAG	FTA 5304, 5303
3	El Dorado CTC/El Dorado County Transit Authority	FTA 5304
3	Nevada CTC	FTA 5304
3	PCTPA	FTA 5304
3	Placer CTPA	FTA 5304
3	SACOG	FTA 5304, 5303
3	SACOG/ Paratransit	FTA 5304
3	SACOG/City of Elk Grove	FTA 5304
3	SACOG/Yolo County Transportation District	FTA 5304
3	Tahoe - TRPA	FTA 5303
4	City of Hayward	FTA 5304
4	Eastern Contra Costa County	FTA 5304
4	Livermore Amador Valley Transit Authority	FTA 5304
4	MTC	FTA 5304, 5303
4	San Francisco Bay Area Rapid Transit District	FTA 5304
4	Solano Transportation Authority	FTA 5304
4	Sonoma-Marin Area Rail Transit District	FTA 5304
5	AMBAG	FTA 5304, 5303
5	AMBAG/Santa Cruz METRO	FTA 5304
5	SCCRTC	FTA 5304
5	SCCRTC/Santa Cruz METRO	FTA 5304
5	Santa Cruz CRTC	FTA 5304
5	SBCAG	FTA 5304, 5303
5	SbtCOG/San Benito LTA	FTA 5304
5	SLOCOG	FTA 5304
5	SLOCOG/ San Luis Obispo Regional Transit Authority; City of San Luis Obispo	FTA 5304
5	TAMC	FTA 5304
6	Fresno COG	FTA 5304, 5303
6	KernCOG	FTA 5303
6	Tulare County Association of Governments	FTA 5304
7	SCAG	FTA 5304, 5303
7/12	SCAG/Anaheim Transportation Network	FTA 5304
7	SCAG/Bike San Gabriel Valley	FTA 5304
7/11	SCAG/City of Calexico	FTA 5304
7	SCAG/City of Pasadena Dept of Transportation	FTA 5304
7/8	SCAG/City of Riverside	FTA 5304
7	SCAG/City of San Marino	FTA 5304
7	SCAG/City of Thousand Oaks	FTA 5304
7	SCAG/City of Vernon	FTA 5304
7	SCAG/Gold Coast Transit	FTA 5304
7/11	SCAG/Imperial CTC	FTA 5304
7	SCAG/LA County/Bicycle Coalition TRUST South LA	FTA 5304
7	SCAG/Long Beach Transit	FTA 5304
7/8	SCAG/Omnitrans	FTA 5304
7/8	SCAG/RCTC	FTA 5304
7/8	SCAG/Riverside Transit Agency	FTA 5304
7/8	SCAG/San Bernardino Associated Governments	FTA 5304
7/8	SCAG/San Bernardino Associated Governments	FTA 5304
9	Mono County Local Transportation Commission/Eastern Sierra Transit Authority	FTA 5304
10	Alpine County Local Transportation Commission	FTA 5304
10	Mariposa CLTC	FTA 5304
10	Merced CAG	FTA 5304, 5303

ATTACHMENT D
CALTRANS FTA SUBRECIPIENTS BY FUNDING SOURCE

10	Merced CAG/Univesity of Calif, Davis, Institute of Transportation Studies	FTA 5304
10	San Joaquin COG	FTA 5303
10	Stanislaus COG/Stanislaus County	FTA 5303
11	SANDAG	FTA 5304, 5303
11	SANDAG/San Diego County Regional Airport Authority	FTA 5304
11	SANDAG/San Diego University	FTA 5304