

CITY OF SANTA ROSA
TRANSPORTATION AND PUBLIC WORKS DEPARTMENT, TRANSIT DIVISION

**DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL
FY 2017 - FY 2019**

Summary

In keeping with the requirements of 49 C.F.R. Part 26 (Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation (DOT) Programs), an overall Disadvantaged Business Enterprise (DBE) goal has been developed for DBE participation in DOT-assisted contracting by the City of Santa Rosa Transit Division during Fiscal Year 2017 through Fiscal Year 2019. The City of Santa Rosa Transit Division receives funding from the Federal Transit Administration (FTA) of U.S. Department of Transportation. The City of Santa Rosa Transit Division's overall DBE goal for 2017-2019 is 7.24% of the federal financial assistance we will expend in FTA-assisted contracts, exclusive of FTA funds to be used for the purchase of transit vehicles.

This goal identifies the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses which are known to be available to compete in the Transit Division's FTA-assisted contracts. The overall DBE goal reflects staff's determination of the level of DBE participation which would be expected absent the effects of discrimination. A discussion of the methodology for developing the goal can be found in the next section.

Overall DBE Goal Submission

FTA-assisted contracting for Fiscal Years 2017 through 2019 is expected to consist of a few capital projects, an extensive list of operational needs and purchase of transit vehicles, which are not subject to this goal-setting process¹. Additional projects may be undertaken if additional revenue becomes available; the overall DBE goal will be adjusted if necessary. The local market area for Santa Rosa and the area used (when identifying "all firms" and "DBE firms") for all the projects was all nine (9) counties (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma) within Region 4. The anticipated contracts are listed below in the Goal Setting Methodology under Table 1, column "projects".

Public Participation in Setting Overall DBE Goal

This analysis was sent to minority, women's, and general professional and trade organizations, and other organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination

¹ DBE goals for Transit Vehicle Manufacturers (TVMs) are established through a separate FTA process.

on opportunities for DBEs, and the City’s efforts to establish a level playing field for the participation of DBEs. The below organizations were encouraged to provide comments on the proposed DBE goal at a scheduled meeting on August 31, 2016. The below list was generated by reaching out to our regions transit agencies (Sonoma County and Petaluma Transit) to ensure Santa Rosa was creating an exhaustive list of organizations. The below organizations were e-mailed and called to ensure they were aware of the scheduled meeting (see attached Exhibit A). As can be seen in Exhibit A, the updated DBE Goal Methodology was published on our website ([http://ci.santa-rosa.ca.us/DEPARTMENTS/TRANSIT/Pages/DisadvantagedBusinessEnterprise\(DBE\)Goal2013-2015.aspx](http://ci.santa-rosa.ca.us/DEPARTMENTS/TRANSIT/Pages/DisadvantagedBusinessEnterprise(DBE)Goal2013-2015.aspx)) for the general public as well as the below organizations to be able to review and comment on our Goal. In the email an open ended opportunity was given to schedule an additional meeting based on the organizations availability. Unfortunately, none of the organizations provided comments or feedback, therefore there were no changes made to the document. In order to improve Santa Rosa’s outreach with organizations that could comment on our DBE goal, we will be attending future meetings of the Business Outreach Committee (BOC), a consortium of Bay Area transit and transportation agencies, that are seeking to level the playing field for disadvantaged business enterprises (DBEs).

Organization	Website
Napa-Sonoma Small Business Development Center:	http://napasonomasbdc.org/
Hispanic Chamber of Commerce of Sonoma County:	http://www.hcc-sc.org/
North Bay Black Chamber of Commerce:	http://www.nbbcc.org/home-black-chamber-commerce.html
Santa Rosa Chamber of Commerce:	http://www.santarosachamber.com/
North Coast Builders Exchange:	http://www.ncbeonline.com/
National Association of Women Business Owners SF Bay Area	https://www.nawbo.org/san-francisco-bay-area
Marin Small Business Development Center	http://marinsbdc.org/
Hispanic Chamber of Commerce of Marin	http://hccmarin.com/
Petaluma Chamber of Commerce	http://www.petalumachamber.com/
Latinos in Transit	see Facebook account

The DBE Final Rule, which became effective November 3, 2014, now requires that the grantee posts on its website a notice announcing the proposed overall goal before submission to FTA. The notice may be also posted in any other sources (local minority-focused media, and trade association publications). Such notice must inform the public that the proposed DBE goal and its rationale are available for inspection during normal business hours. The City and FTA, as the City’s lead agency on behalf of the Department of Transportation, will accept comments on the proposed goal.

Interested parties were encouraged to submit comments to:

Brandalyn Tramel, DBE Liaison Officer
 City of Santa Rosa
 635 1st St., 2nd Floor
 Santa Rosa, CA 95404

Or

Federal Transit Administration, Region IX
 Attention: Civil Rights Officer
 201 Mission St., Suite 1650
 San Francisco, CA 94105

Goal Setting Methodology

The City of Santa Rosa has defined FTA-assisted contracting opportunities that were considered in preparing its Overall Annual DBE Goal Setting Analysis for FY 2017-2019. The projects are anticipated to be awarded and/or expended within the next three Federal fiscal years.

Projects	Estimated Project Costs	Estimated Federal Dollar Share
Bus hoist Replacement	\$648,000	\$518,400
Bus stop improvements	\$40,000	\$32,000
Sub-Total Capital expenditures Fy 17-19	\$688,000	\$550,400
Operational Projects		
Vehicle Maintenance (revenue and non-revenue)	\$991,814	\$495,907
Uniforms	\$37,800	\$18,900
Fuel and petroleum fluids	\$3,220,992	\$1,610,496
Cleaning of facilities	\$103,500	\$51,750
Paratransit	\$152,000	\$76,000
Clipper Monitoring services	\$110,000	\$55,000
Marketing	\$32,250	\$16,125
Armored Care service	\$99,000	\$49,500
Sub-Total Operation expenditures Fy 17-19	\$4,747,356	\$2,373,678
Total expenditures Fy 17-19	\$5,435,356	\$2,924,078
Estimate annual Federal Operating Funds		\$974,693

A two-step process was used to establish the overall DBE goal, as described below.

Step 1: Compute Base Figure

Per 49 CFR 26.45(c), a base figure was developed to determine the relative availability of DBEs to perform work on the anticipated contracts. The projects work was identified and the NAICS code associate with this work description was identified. The number of firms available were identified by using the NAICS code. Available firms were identified by going to <http://censtats.census.gov/cbnaic/cbnaic.shtml>, under "County Business Patterns" select CA, then select each of the nine (9) counties (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma) with in Region 4 separately, then select "details" for each NAICS code column for "total establishments". The California Department of Transportation maintained DBE directory (http://www.dot.ca.gov/hq/bep/find_certified.htm) was used as the most relevant data source to find the number of DBEs that are ready willing

and able to do each project. The formula for calculating the relative availability of DBEs (see Table 1) is as follows:

$$\text{Base figure} = \frac{\text{Ready, willing and able DBEs}}{\text{All firms ready, willing and able (including DBEs and non-DBEs)}}$$

However, based on guidance from FTA and the U.S. DOT Office of Small and Disadvantaged Business Utilization, a weighted base figure was computed that takes into account the relative size of the anticipated contracts. The formula used is as follows:

$$\text{Weighted Base Figure} = [(\text{Project's \% of total contract dollars}) * (\text{Relative availability of DBEs})] + [(\text{Project's \% of total contract dollars}) * (\text{Relative availability of DBEs})]...$$

The weighted base figure was developed by:

- 1) Using the California Unified Certification Program Directory to identify the number of registered DBEs willing to perform work in the City of Santa Rosa's market area² for each of the anticipated contracts, based on the NAICS (North American Industry Classification System) code(s) most relevant to each contract. Data were collected in August 2016.
- 2) Using 2014 Countywide Business Patterns (CBP) data from the U.S. Census Bureau to identify the total number of businesses available in the City of Santa Rosa's market area for work on each contract, based on the same NAICS codes.
- 3) Dividing the number of DBEs by the number of all businesses to determine the relative availability of DBES in the market area, for each contract (noted as "Relative Availability" in Table 1).

² The City of Santa Rosa's market area is defined as the nine counties of the Bay Area, including Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

Table 1

NAICS Code	Project	Number of DBEs available to perform this work within 9 counties	Number of all firms available (including DBEs) within the 9 counties										Relative Availability
			Number of all firms available (including DBEs) within the 9 counties									Total	
			Alameda	Contra Costa	Marin	Napa	San Francisco	San Mateo	Santa Clara	Solano	Sonoma		
237310 Highway, Street, and Bridge Construction	Bus Stop improvements - construction	169	35	29	6	7	11	21	22	9	22	1.0432	
238290 Other Building Equipment Contractors	Bus hoist Replacement - install	13	38	19	2	1	13	20	23	5	10	0.0992	
326211 - Tire Manufacturing (except Retreading)	Tires-new and recap	0	0	0	0	0	0	0	0	0	0		
336310 Engine parts, mechanical, automotive and truck	Maintenance of non-review vehicles	0	0	0	0	0	0	0	0	0	0		
336310 Engine parts, mechanical, automotive and truck	Emissions and engine repair components	0	0	0	0	0	0	0	0	0	0		
336322 - Other Motor Vehicle Electrical & Electronic Equipment	Charging system components	1	0	0	0	0	0	0	0	0	0		
336330 - Motor Vehicle Steering & Suspension Components	Drive train components, transmission, turbo, etc.	1	0	0	0	0	0	0	0	0	0		
336340 - Motor Vehicle Brake System Manufacturing	Brakes and steering components	1	0	0	0	0	0	0	0	0	0		
336350 Motor Vehicle Transmission & Power Train Parts	Transmission and related components	0	0	0	0	0	0	0	0	0	0		
336399 - All Other Motor Vehicle Parts Manufacturing	Preventative maintenance-filters, sealants, etc.	0	0	0	0	0	0	0	0	0	0		
336399 - All Other Motor Vehicle Parts Manufacturing	Miscellaneous supplies-bolts, nuts, pins, etc.	0	0	0	0	0	0	0	0	0	0		
423120 Motor Vehicle Supplies & New Parts Merchant	Bus hoist Replacement purchase	12	73	22	5	0	10	20	64	6	13	0.0563	
448150 Clothing Accessories Stores	Uniforms for transit personnel	5	31	18	10	3	63	19	50	10	16	0.0227	
424720 Petroleum & Products Merchant (except Bulk)	Engine oil, coolant, gear lubricants	7	5	6	0	0	1	2	4	0	0	0.3889	
424710 Petroleum Bulk Stations and Terminals,	Fuel	0	2	12	0	1	2	5	14	5	7	0.0000	
488490 Other Support Activities for Road Transportation	Cleaning of Mail and Transfers Centers	17	83	20	8	2	1	5	15	20	8	0.2048	
541330 Engineering Services	Bus Stop improvements - design	321	433	335	79	26	303	146	701	40	133	0.1462	
541612 Human Resources Consulting Services	Paratransit Eligibility	81	40	35	22	0	63	27	56	4	9	0.3164	
541613 Marketing Consulting Services	Marketing/promotional materials	202	227	144	102	18	304	151	343	15	57	0.1484	
541618 Other Management Consulting Services	Clipper monitoring service and Grants contracting	445	157	35	16	12	1	30	19	40	1	2.8344	
561613 Armored Car Services	Armored Car service	0	6	1	0	0	0	1	4	0	2	0.0000	
561720 Janitorial Services	Cleaning of Buildings (TM, Center, Opts)	59	1290	175	58	21	146	184	342	59	91	0.0457	
561790 Other Services to Buildings and Dwellings	Shelter and stop cleaning (non-competitive bid)	24	292	48	67	14	2	8	23	80	16	0.0822	
Combined Totals		1358	6441									0.2108	

- 4) Computing a weighted base figure using the percent of the total FTA dollars for each anticipated contract as has been done in Table 2 below.

Table 2

Determine the weight of each type of work by NAICS Code:				
* Enter all the FTA-assisted projects below. Project amounts should be assigned relevant NAICS Code(s).				
	NAICS Code	Project	Amount of FTA funds on project in next three years:	% of total FTA funds (weight)
1)	237310 Highway, Street, and Bridge Construction	Bus Stop improvements - construction	\$136,000.00	0.0465
2)	238290 Other Building Equipment Contractors	Bus hoist Replacement - install	\$152,000.00	0.0520
3)	326211 - Tire Manufacturing (except Retreading)	Tires-new and recap	\$154,817.88	0.0529
4)	336310 Engine parts, mechanical, automotive and truck	Maintenance of non-review vehicles	\$30,000.00	0.0103
5)	336310 Engine parts, mechanical, automotive and truck	Emissions and engine repair components	\$17,250.17	0.0059
6)	336322 - Other Motor Vehicle Electrical & Electronic Equipment	Charging system components	\$46,479.77	0.0159
7)	336330 - Motor Vehicle Steering & Suspension Components	Drive train components, transmission, turbo, etc.	\$125,258.87	0.0428
8)	336340 - Motor Vehicle Brake System Manufacturing	Brakes and steering components	\$25,693.07	0.0088
9)	336350 Motor Vehicle Transmission & Power Train Parts	Transmission and related components	\$21,991.86	0.0075
10)	336399 - All Other Motor Vehicle Parts Manufacturing	Preventative maintenance-filters, sealants, etc.	\$54,838.89	0.0188
11)	336399 - All Other Motor Vehicle Parts Manufacturing	Miscellaneous supplies-bolts, nuts, pins, etc.	\$19,576.44	0.0067
12)	423120 Motor Vehicle Supplies & New Parts Merchant	Bus hoist Replacement purchase	\$230,400.00	0.0788
13)	448150 Clothing Accessories Stores	Uniforms for transit personnel	\$18,900.00	0.0065
14)	424720 Petroleum & Products Merchant (except Bulk)	Engine oil, coolant, gear lubricants	\$82,445.96	0.0282
15)	424710 Petroleum Bulk Stations and Terminals,	Fuel	\$1,528,050.00	0.5226
16)	488490 Other Support Activities for Road Transportation	Cleaning of Mall and Transfers Centers	\$9,750.00	0.0033
17)	541330 Engineering Services	Bus Stop improvements - design	\$32,000.00	0.0109
18)	541612 Human Resources Consulting Services	Paratransit Eligibility	\$76,000.00	0.0260
19)	541613 Marketing Consulting Services	Marketing/promotional materials	\$16,125.00	0.0055
20)	541618 Other Management Consulting Services	Clipper monitoring service and Grants contracting	\$55,000.00	0.0188
21)	561613 Armored Car Services	Armored Car service	\$49,500.00	0.0169
22)	561720 Janitorial Services	Cleaning of Buildings (TM, Center, Opts)	\$24,000.00	0.0082
23)	561790 Other Services to Buildings and Dwellings	Shelter and stop cleaning (non-competitive bid)	\$18,000.00	0.0062
	Total FTA-Assisted Contract Funds		\$2,924,077.89	1

5) Finally, the figure for relative availability of DBEs and percent of the total FTA dollars for each anticipated contract provides the weighted base figure.

Table 3

Step 3 - (Weight) x (Availability) = Weighted Base Figure						
	NAICS Code	Project	Weight	x	Avail-ability	Weighted Base Figure
1)	237310 Highway, Street, and Bridge Construction	Bus Stop improvements - construction	0.04651	x	1.04321	0.0485
2)	238290 Other Building Equipment Contractors	Bus hoist Replacement - install	0.05198	x	0.09924	0.0052
3)	326211 - Tire Manufacturing (except Retreading)	Tires-new and recap	0.05295	x	0.00000	0.0000
4)	336310 Engine parts, mechanical, automotive and truck	Maintenance of non-review vehicles	0.01026	x	0.00000	0.0000
5)	336310 Engine parts, mechanical, automotive and truck	Emissions and engine repair components	0.00590	x	0.00000	0.0000
6)	336322 - Other Motor Vehicle Electrical & Electronic Equipment	Charging system components	0.01590	x	0.00000	0.0000
7)	336330 - Motor Vehicle Steering & Suspension Components	Drive train components, transmission, turbo, etc.	0.04284	x	0.00000	0.0000
8)	336340 - Motor Vehicle Brake System Manufacturing	Brakes and steering components	0.00879	x	0.00000	0.0000
9)	336350 Motor Vehicle Transmission & Power Train Parts	Transmission and related components	0.00752	x	0.00000	0.0000
10)	336399 - All Other Motor Vehicle Parts Manufacturing	Preventative maintenance-filters, sealants, etc.	0.01875	x	0.00000	0.0000
11)	336399 - All Other Motor Vehicle Parts Manufacturing	Miscellaneous supplies-bolts, nuts, pins, etc.	0.00669	x	0.00000	0.0000
12)	423120 Motor Vehicle Supplies & New Parts Merchant	Bus hoist Replacement purchase	0.07879	x	0.05634	0.0044
13)	448150 Clothing Accessories Stores	Uniforms for transit personnel	0.00646	x	0.02273	0.0001
14)	424720 Petroleum & Products Merchant (except Bulk)	Engine oil, coolant, gear lubricants	0.02820	x	0.38889	0.0110
15)	424710 Petroleum Bulk Stations and Terminals,	Fuel	0.52257	x		
16)	488490 Other Support Activities for Road Transportation	Cleaning of Mall and Transfers Centers	0.00333	x	0.20482	0.0007
17)	541330 Engineering Services	Bus Stop improvements - design	0.01094	x	0.14617	0.0016
18)	541612 Human Resources Consulting Services	Paratransit Eligibility	0.02599	x	0.31641	0.0082
19)	541613 Marketing Consulting Services	Marketing/promotional materials	0.00551	x	0.14842	0.0008
20)	541618 Other Management Consulting Services	Clipper monitoring service and Grants contracting	0.01881	x	2.83439	0.0533
21)	561613 Armored Car Services	Armored Car service	0.01693	x		
22)	561720 Janitorial Services	Cleaning of Buildings (TM, Center, Opts)	0.00821	x	0.04574	0.0004
23)	561790 Other Services to Buildings and Dwellings	Shelter and stop cleaning (non-competitive bid)	0.00616	x	0.08219	0.0005
					Total	0.1347
					Expressed as a % (*100)	13.47%
					Rounded, Weighted Base	13.5%

Step 2: Adjust Base Figure

Per 49 CFR 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure in order to arrive at the overall DBE goal. The primary form of evidence available is the past participation of DBEs in Transit Division contracting. There are more contracting opportunities identified in this triennial goal cycle than there have been in past goal setting, but adjusting base on past participation still seems like a legitimate benchmark for future participation as past projects though there are less are very similar to the expected future projects.

- a. **Determining the Median Past Participation.** The first step in adjusting our Step One Base Figure for past participation is to determine the "median" past participation percentages.

Year	Overall DBE achieved
2011	0.00%
2012	2.76%
2013	4.81%
2014	0.00%
2015	1.00%
Median	1.00%

- b. **Adjusting the Step One Base Figure with the Median Past Participation.** With these principles in mind, we calculated our median past participation percentage and use that figure to adjust our Step One Base Figure by taking the average of our median past participation figure and our Step One Base Figure. It is important that past participation not be given disproportionate weight and therefore, we did not simply average our Step One Base Figure with a whole list of past years' participation. Instead, we averaged the Step One Base Figure with the median of our past years' participation rates.

Rounded Weighted Base Figure:	13.5%
Historical Median:	<u>1.0%</u>
Sum	14.5%
DBE Goal Race Neutral	7.24%

Based on this analysis, the City of Santa Rosa Transit Division proposes an overall DBE goal of 7.24 % of FTA funds that will be expended in FTA-assisted contracts in Fiscal Years 2017-2019, exclusive of funds to be used for the purchase of transit vehicles.

Use of Race-Neutral Methods and DBE Contract Goals

The U.S. DOT regulations require that race-neutral methods be used to the maximum extent feasible to achieve the DBE overall goal. As a grantee in the 9th circuit (Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, or Washington) the City of Santa Rosa would need to conduct a disparity study or similar analysis before using race-conscious goals. The California Department of Transportation Division of Rail and Mass Transit, conducted a disparity study completed by BBC Research & Consulting, dated December 5, 2014. This study found evidence of barriers for DBE qualified minorities and women owned businesses, with a focus on “study industries” including “construction” and “engineering-related services”. The City of Santa Rosa projects over the next three years are not expected to be within the “construction” and “engineering-related services” fields. If Santa Rosa does decide to bid a project over the next three years within the “construction” or “engineering-related services” arena, we will consider contract goals based on this disparity study. Additionally, if there are other disparity studies that we are not aware of at this time, Santa Rosa will adjust our goal if these disparity studies are applicable to our projects. Santa Rosa does have bus-stop improvements as a potential construction, but this project will likely be moved in house and completed by City of Santa Rosa Public Works staff engineers and field teams. Most of our projects will not exceed the threshold for establishing a project goal (above \$100,000) nor do they have subcontracting opportunities within them, except for these three projects; the bus hoist project, bus stop improvement project and facilities cleaning.

In the past, the City of Santa Rosa’s effort to meet the DBE goals were not well coordinated. The City of Santa Rosa will look to neighboring FTA recipients who may have already conducted disparity studies in the near future to gather relevant information to be considered during future goal setting especially if the City of Santa Rosa failed to achieve our DBE goal using race-neutral means. Race-neutral methods include making efforts to assure that bidding and contract requirements facilitate participation by DBEs and other small businesses; unbundling large contracts to make them more accessible to small businesses; encouraging prime contractors to subcontract portions of the work that they might otherwise perform themselves; and providing technical assistance, communications programs, and other support services to facilitate consideration of DBEs and other small businesses.

The City of Santa Rosa does not propose to use a race conscious goal to meet our overall DBE Goal for FY 17. During FY17 the City of Santa Rosa will closely monitor our process of meeting our Goal race neutrally. If after one year, the City of Santa Rosa is unable to show significant progress in meeting the goal race neutrally, a short fall analysis will be conducted and race conscious goals will be further considered.

Instead, the City will focus on developing race-neutral methods for facilitating DBE participation. The City will start utilizing the CalTrans UPC to advertise all federally funded expenditures with certified DBE's. The City will start advertising project on the Planet Bids (www.planetbids.com) so that we can better track our visibility to DBE's. Additionally, the City of Santa Rosa will outreach to DBE's and encourage them to sign up to receive notices of projects advertised on Planet Bids. In order to improve Santa Rosa's outreach with organizations that could comment on our DBE goal and connect with DBE certified firms, we will be attending future meetings of the Business Outreach Committee (BOC). The City of Santa Rosa when contracting will advise prospective contractors of areas for possible subcontracting, and of the availability of ready, willing, and able subcontractors, including DBE firms, to perform such work. The City will carefully monitor its progress during the course of the year and may establish contract-specific goals if race-neutral methods do not appear sufficient to achieve the overall DBE participation goals for Fiscal Year 2017 through Fiscal Year 2019. It is anticipated that the DBE goal for FTA-assisted contracts will be achieved through race-neutral methods.