



CITY OF GARDENA
DISADVANTAGED BUSINESS ENTERPRISE (DBE)
OVERALL GOAL AND METHODOLOGY
FOR
FEDERAL FISCAL YEARS (FFY) 2019 – 2021
(Covering the period of October 1, 2018 – September 30, 2021)

I. INTRODUCTION

The City of Gardena's - GTrans is required to develop and submit a Disadvantaged Business Enterprise (DBE) Overall Goal for DBE participation as a condition of receiving federal assistance, pursuant to 49 CFR Part 26 "Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs" and the Federal Transportation Administration (FTA) Master Funding Agreement.

II. PROPOSED OVERALL GOAL FOR FFY 2019 – 2021

Effective March 3, 2010, the United States Department of Transportation ("DOT") issued a final rule affecting the implementation and management of the Department's Disadvantaged Business Enterprise ("DBE") program. The final rule, requires submission of a goal-setting methodology on a three-year cycle. Pursuant to this final rule, GTrans is still required to conduct an annual review to account for changes that may warrant an adjustment to the overall goal or make an adjustment based on changed circumstances (i.e. significant change in the legal standards governing the DBE program, new contracting opportunities presented by the availability of new or different grant opportunities, etc.) to ensure the goal and program as a whole are narrowly tailored throughout the goal period. Under the three-year schedule, the GTrans's DBE goal and methodology submission is due to FTA on August 1, 2018 for proposed FTA funded contracting activities for Federal Fiscal Years (FFY) 2019-21. **GTrans overall goal for the FFYs 2019, 2020, and 2021 is 7.0%.** The overall goal is expressed as a percentage of all FTA-assisted funds that GTrans will expend to applicable FTA-assisted contracts in the triennial goal period.

III. LOCAL MARKET AREA

GTrans has defined its local market area as Los Angeles, Orange, Riverside, and San Diego Counties. This is the area in which the substantial majority of the contractors and subcontractors with which GTrans does business are located; and the area in which GTrans spends the substantial majority of its contracting dollars.

IV. DOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2019 – 2021

Table 1 represents all FTA-assisted projects that have possible contracting and subcontracting opportunities considered in the overall goal setting for fiscal years 2019, 2020, and 2021. The projects are anticipated to be awarded during the triennial period. GTrans does not pass any FTA funds to any sub-recipients. The following projects are anticipated to be completed during the FFY 2019-2021 period:

Bus Service Equipment – GTrans has programmed expenses for ongoing bus service equipment including but not limited to: engines, couplings, inverters, driver motors, etc.

Bus Stop – Solar Lighting Project – GTrans will use funds to install solar lighting at select number of bus stops where lighting is not sufficient in the early morning or at night.

Bus Stop – Solar Trash Receptacles – GTrans will use funds to procure Solar-Powered Trash Receptacles that will provide a clean and safe streetscape while reducing the number of collections by refuse trucks.

Energy Storage System for Charging Facility – GTrans will use funds to purchase and install solar generation equipment and an energy system. GTrans will use electricity generated during the day by expanding its existing solar generation system onto its maintenance building to power the buses and store excess electricity in the energy storage system.

Compressed Natural Gas (CNG) Fueling Equipment – GTrans will use funds for the purchase and installation of fueling system, including dispensers, compressors, storage vessels, and equipment that will also include maintenance garage safety detection equipment.

Scheduling, Operations Management, and Payroll Integration Software – GTrans will use funds to purchase a fixed-route bus scheduling and an operations management system, including payroll integration with the City's current financial software system.

Computer Aided Dispatch/Automatic Vehicle Location System – GTrans will use funds to purchase a real-time bus monitoring system that allows for seamless communications with GTrans' Dispatch and Supervisory personnel.

Asset Management/Maintenance Software – GTrans will use funds to purchase asset management software to centrally manage GTrans' assets. The Asset Management/Maintenance Software will help GTrans meet regulatory requirements, optimize parts management and reduce road calls.

Facility Maintenance Equipment (Bus Lifts) – GTrans will use funds to replace existing bus lifts in GTrans' Maintenance Facility.

Tire Lease Services – GTrans will use funds to contract with a vendor to provide bus tire lease services on GTrans' heavy-duty buses.

V. **OVERALL GOAL-SETTING METHODOLOGY**

The two-step goal-setting process required by the regulations was used to determine the recommended overall goal for FFY 2019 – 2021. The two steps for setting an overall goal are to:

1. Establish a base figure for the relative availability of DBEs; and
2. Determine the base figure adjustment, if necessary

The base figure is intended to be a measurement of the current ready, willing and able DBEs as a percentage of all businesses ready, willing, and able to perform the recipient's anticipated FTA-assisted contracts.

VI. **STEP ONE – BASE FIGURE CALCULATION**

The annual goal methodology used is in accordance with the U.S. Department of Transportation (DOT) DBE Program Final Rule, 49 Code of Federal Regulation (CFR), Part 26. The two-step goalsetting process has been used to determine the recommended overall goal for FFY 2019 – 2021. Calculations were performed to establish the GTrans Base Figure for the relative availability of Disadvantaged Business

Enterprise (DBEs) in relation to all comparable firms available for GTrans contracting and subcontracting opportunities identified for the next three years. The DBEs are those who by definition in local databases are ready, willing and able to compete for contracts.

Base Figure Calculation Steps

Step 1 - Determine the weight of each type of work by NAICS Code.

Step 2 - Determine the relative availability of DBEs by NAICS Code(s)

Step 3 – Multiply the (Work Type Weight) by (DBE Relative Availability) = Weighted Base Figure

The DBE database used to identify available DBE firms was the California Unified Certification Program (CUCP) Statewide DBE Directory, which is available on the CUCP website. Los Angeles, Orange, Riverside, and San Diego Counties were the areas used to identify the number of DBEs. The United States Census Bureau (2016 Economic Census – Business Patterns) dataset for Los Angeles, Orange, Riverside, and San Diego Counties was used to identify all available firms in the local market area. The majority of the contractors who do business in the City of Gardena are drawn from these nearby areas.

The availability data for each contracting opportunity by NAICS code (North American Industry Classification System) from the California Unified Certification Program (CUCP) database (DBEs available) and from the Census Bureau database (all listed available) are shown in Table 1.

TABLE 1 - CONTRACTING OPPORTUNITIES

Project	NAICS Code	NAICS Description	Available DBEs	All Available Firms	Relative Availability of DBE Firms	Project Federal Funding	Weighted by Budget Expense	% of Project (Weight) X % Relative Availability of DBE Firms
Bus Components	423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers	9	1,354	0.7%	\$167,855.00	2.7%	0.02%
Bus Stop - Solar Lighting Equipment	335122	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing	2	78	2.6%	\$23,500.00	0.4%	0.01%
Bus Stop - Solar Lighting Installation Services	238210	Electrical Contractors and Other Wiring Installation Contractors	152	4,037	3.8%	\$500.00	0.0%	0.00%
Bus Stop - Solar Trash Cans Equipment	326199	All Other Plastics Product Manufacturing	3	386	0.8%	\$96,000.00	1.6%	0.01%
Energy Storage System for Charging Facility	335911	Storage Battery Manufacturing	1	15	6.7%	\$583,117.00	9.5%	0.64%
Solar Panels for Maintenance Building - Equipment	335122	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing	2	78	2.6%	\$510,000.00	8.3%	0.21%
Solar Panels for Maintenance Building - Installation	238210	Electrical Contractors and Other Wiring Installation Contractors	152	4,037	3.8%	\$90,000.00	1.5%	0.06%
CNG Fueling Equipment - Prevailing Wage Consultant	541618	Other Management Consulting Services	437	535	81.7%	\$27,800.00	0.5%	0.37%
CNG Fueling Equipment - Equipment	335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	7	85	8.2%	\$1,109,000.00	18.1%	1.49%
CNG Fueling Equipment - Maintenance Bay Safety Upgrades	238220	Plumbing, Heating, and Air-Conditioning Contractors	56	4,751	1.2%	\$800,000.00	13.1%	0.15%
CNG Fueling Equipment - Design Engineering	541330	Engineering Services	405	4,146	9.8%	\$200,000.00	3.3%	0.32%
CNG Fueling Equipment - Construction	237120	Oil and Gas Pipeline and Related Structures Construction	22	46	47.8%	\$200,000.00	3.3%	1.56%

Project	NAICS Code	NAICS Description	Available DBEs	All Available Firms	Relative Availability of DBE Firms	Project Federal Funding	Weighted by Budget Expense	% of Project (Weight) X % Relative Availability of DBE Firms
CNG Fueling Equipment - Electrical	237130	Power and Communication Line and Related Structures Construction	42	173	24.3%	\$170,000.00	2.8%	0.67%
CNG Fueling Equipment - Construction Management Services	541611	Administrative Management and General Management Consulting Services	703	5,493	12.8%	\$110,000.00	1.8%	0.23%
Scheduling, Operations Management, & Payroll Integration Software	541512	Computer Systems Design Services	265	3,392	7.8%	\$50,000.00	0.8%	0.06%
Asset Management/Maintenance System	511210	Software Publishers	16	738	2.2%	\$300,000.00	4.9%	0.11%
CAD/AVL System	423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	32	873	3.7%	\$900,000.00	14.7%	0.54%
Shop Equipment - Bus Lifts	811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	12	795	1.5%	\$380,142.00	6.2%	0.09%
Tire Lease	423130	Tire and Tube Merchant Wholesalers	2	145	1.4%	\$400,000.00	6.5%	0.09%
TOTAL			2,320	31,157	7.45%	\$ 6,117,914.00	100%	6.6%¹

¹ Rounded to 7% per FTA guidelines and regulations.

VII. STEP TWO – BASE FIGURE ADJUSTMENT

Adjusting the Base Figure

Upon establishing the Base Figure, GTrans reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within GTrans' market area, in accordance with provisions set forth under 49CFR Part 26.45 Step 2: DBE Goal Adjustment Guidelines. Evidence considered in determining whether or not to adjust the Base Figure included GTrans' past DBE goal attainments, market area disparity studies, and a review of the DBE goal methodology of other transit agencies in GTrans' area with comparable Federal funding and project types. The final determination resulted in no adjustment to the base figure. Determining factors are detailed as follows:

A. Past DBE Goal Attainments

GTrans has experienced challenges in attaining its DBE goal using race-neutral measures for the past three Federal Fiscal Years. GTrans' capital program and associated procurements were delayed due to funding constraints; thus DBE contracting opportunities were limited during this period. Out of the \$8.2M in federal funds spend during Federal Fiscal Years 16, 17 and 19, over 94% were spent on Preventative Maintenance activities which are not considered as part of the available DBE contracting opportunities. Together these factors constrained GTrans' ability to proceed with Federally-funded projects and limited its ability to obtain its overall DBE goal.

Table 3 – Past DBE Goal Attainments

FFY16	FFY17	FFY18
0.0%	0.0%	0.0%
Median DBE Participation: 0.0%		

GTrans considered an adjustment to the Base Figure on historical DBE goal attainments on similar contracts to those contracting opportunities identified and considered in the Overall DBE Goal Analysis for Federal Fiscal Years 2016-2018.

However, GTrans did not adjust the Base Figure due to the aforementioned factors affecting DBE participation. For Federal Fiscal Years 2019-2021 GTrans now has funding in approved FTA grants ready for obligation for the aforementioned projects. Because of this, there will be more

contracting and subcontracting opportunities available for DBE participation and GTrans' DBE goal attainment.

B. Evidence from Disparity Studies

GTrans determined that it was not feasible to conduct its own independent availability/disparity study. Therefore, GTrans identified two recent Disparity Studies from two agencies, Los Angeles County Metropolitan Transportation Authority and the California Department of Transportation.

Los Angeles County Metropolitan Transportation Authority's (Metro) 2017 Disparity Study

The 2017 Los Angeles County Metropolitan Transportation Authority (Metro) Disparity Study was reviewed and considered during the evaluation of adjustment of the Base Figure.

LA Metro's analyses of marketplace conditions determined that minorities, women, minority-owned businesses, and woman-owned businesses encounter substantial barriers in Los Angeles County as well as throughout the nation. The study also discovered that race-based and gender-based disparities exist in terms of obtaining human capital, accruing financial capital, owning businesses, and operating successful businesses. According to the study, there is evidence that those disparities exist even after accounting for various race-neutral and gender-neutral factors such as age, income, education, and familial status. There is also evidence that many disparities are due to race-based and gender-based discrimination.

Metro's study had a substantial emphasis on very large and complex prime and subcontractor construction and engineering contracts which were not similar in scope to the types of projects that GTrans would conduct in the upcoming triennial period.

California Department of Transportation (Caltrans) 2016 Disparity Study

GTrans reviewed and considered the State of California Department of Transportation's (Caltrans) 2016 Disparity Study in its DBE Goal setting analysis. GTrans determined that the study was not applicable to GTrans due to geographic coverage as Caltrans examined opportunities throughout the entire State instead of focusing on a market area similar to the City of Gardena.

The Study's Disparity analysis results indicated that several racial/ethnic and gender groups show disparities on the contracts that Caltrans and subrecipient local agencies awarded during the study period, despite the fact that Caltrans applied DBE contract goals to many of those contracts.

GTrans reviewed the results and determined that the Caltrans Study is not applicable due to the difference in location, specifically Caltrans' study examined opportunities in the entire state of California rather than focusing on a market area similar to the City of Gardena. Additionally, there was a difference in the types of contracting opportunities, specifically by contract type.

Summary

GTrans reviewed the Disparity Study results from LA Metro and Caltrans in the process of determining its overall DBE goal.

GTrans determined that at this time, it will not use any race- or gender-conscious measures as part of the implementation of its DBE program. GTrans is currently managing several procurements that have opportunities for DBE's to propose/bid as a Prime Contractor or Subcontractor and anticipates that the program measures mentioned in this methodology will

significantly assist GTrans in achieving its DBE goal. However, GTrans will continue to review applicable Disparity Studies and consider modifying its DBE Program if it is unable to obtain sufficient DBE participation.

C. **DBE Goals of Other Local Agencies**

GTrans surveyed the goals of other FTA recipients within our local market area that have similar available Federal funding, contracting programs and transit projects to assess whether an adjustment to our goal could be warranted. GTrans reviewed the following agencies' DBE goals: Torrance Transit, Culver CityBus, and Norwalk Transit. However, after a review of these DBE goals, GTrans has determined that the goals are comparable and an adjustment based on this factor is not warranted.

D. **Other Evidence**

GTrans did not receive any evidence to the contrary, nor are we aware of any other factors which would have a material effect on the ability of DBEs within our market area to participate (i.e. meet bonding, insurance and financial requirements) in GTrans' FTA-assisted contracting programs. **Thus, no goal adjustment was made in consideration of this factor.** However, GTrans continues to explore and consider all available evidence that would materially affect the opportunities for DBEs to participate in our FTA-assisted contracting programs by expanding our network of communication with DBEs in our region.

VIII. **RACE- AND GENDER-NEUTRAL MEASURES**

GTrans will use race- and gender-neutral measures to meet the established overall DBE goal for FFY 2019-2021, in conformance with Title 49 CFR Part 26; "Participation by Disadvantaged Business Enterprises in Department of Transportation Programs".

GTrans will implement Race-Neutral measures to meet its Overall DBE Goal objectives in accordance with 49 CFR Part 26.51, including but not limited to:

- Conduct business outreach and communication efforts across the region to encourage the participation and growth of small businesses and minority- and woman-owned businesses.
- Providing technical assistance and other services to small businesses, including DBE firms.
- Distribute DBE directories to prime contractors in procurement solicitation documents for larger scale projects that have potential subcontracting opportunities
- Arranging timely solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBEs and other small business firms' participation.
- Unbundling large contracts to make them more accessible to small businesses, requiring or encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own work forces.
- Providing information and communications programs on contracting procedures and specific contract opportunities.
- Facilitate or host outreach efforts including meetings, website communications, advertisements, certification workshops, procurement fairs, other outreach events and workshops.
- Simplify or reduce bonding requirements based on contract type
- Providing assistance to small businesses in overcoming limitations in obtaining bonding, lines of credit and building financing capital.

IX. PUBLIC PARTICIPATION AND FACILITATION

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business chambers, and community organizations within the City of Gardena's market area were consulted and provided an opportunity to review the goal analysis and provide input. The City of Gardena prepared Outreach Consultation Letters advising the aforementioned business community of the proposed DBE goal analysis and its availability for review and comment.

Additionally, GTrans held consultation sessions with interested organizations and stakeholders who could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and efforts to establish a level playing field for the participation of DBEs. GTrans staff held public consultation meeting on Tuesday, July 17th, 2018 at GTrans Administration – Operations & Maintenance Facility. GTrans staff presented to two attendees, and no comments were received. GTrans also presented to the City of Gardena's Economic Business Advisory Council on Wednesday, July 18th, 2018. GTrans received the following comments and provided discussion regarding the proposed DBE Goal and Methodology:

- *"What occurs if GTrans does not meet its DBE goal?"*
- *"What were the obstacles to achieving the DBE goal?"*
- *"Does GTrans define the subcomponents of a project or does the prime define that?"*
- *"Would it be prudent for primes to show some type of efforts to get DBE participation?"*
- *"Does GTrans add scoring if a firm is able to get a DBE firm?"*

GTrans' mailed Outreach Consultation Letters to 120 organizations and stakeholders with pertinent logistical information regarding the City's consultation sessions.

GTrans posted the Public Notices at the Ken Nakaoka Community Center, Gardena Mayme Dear Library, and at Gardena City Hall. GTrans also posted the proposed Overall Goal for the FFY 2019-2021 FTA-assisted contracts on its website. The Public Notice informed the public that the proposed goal and rationale were available for inspection at the GTrans' Administrative Office during normal business hours for 30 days following the date of the Public Notice and that GTrans accepted comments on the goal analysis for 45 days from the date of the Public Notice. GTrans gave full consideration to all comments and input and assess its impact on the proposed Overall DBE Goal.