

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 5.66%.** 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.

Table 1 – FTA-assisted Contracting Opportunities

Description of Work	NAICS Category	Budgeted Amount	Amount of Federal Funding
1. Bus Components	423120	\$167,855	\$167,855
2. Bus Stop Amenities	238990	\$150,000	\$120,000
3. Facility Infrastructure	237120 541310 541330	\$3,546,000	\$2,616,800
4. Information Systems	423430	\$4,300,000	\$1,700,000
5. Shop Equipment	811310	\$380,142	\$380,142
6. Tire Lease	423130	\$400,000	\$400,000

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 as noted in Table 1. The DBEs are those who by definition in local databases are ready, willing and able to compete for the number of contracts as in Table 2.

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) 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 listed as follows:

1. Bus Components

Motor Vehicle Supplies and New Parts Merchant Wholesalers (#423120)

DBEs Available: 9 (Vehicle Supplies/Parts Wholesalers)
All Firms Available: 1,354 (Vehicle Supplies/Parts Wholesalers) = 0.66 %

2. Bus Stop Amenities

All Other Specialty Trade Contractors (#238990)

DBEs Available: 174 (Specialty Trade Contractors)
All Firms Available: 1,438 (Specialty Trade Contractors) = 12.10 %

3. Facility Infrastructure

Oil and Gas Pipeline and Related Structures Construction (#237120)

DBEs Available: 21 (Construction) + 111 (Architecture) + 402 (Engineering) = 534
All Firms Available: 46 (Construction) + 1,805 (Architecture) + 4,146 (Engineering) = 5,997 = 8.90 %

4. Information Systems

Computer and Computer Peripheral Equipment and Software Merchant Wholesalers (#423430)

DBEs Available: 21 (Computer Merchant Wholesalers)
All Firms Available: 873 (Computer Merchant Wholesalers) = 2.41 %

5. Shop Equipment

Commercial and Industrial Machinery and Equipment Repair and Maintenance (#811310)

DBEs Available: 15 (Commercial Machinery Repair)
All Firms Available: 795 (Commercial Machinery Repair) = 1.89 %

6. Tire Lease

Tire and Tube Merchant Wholesalers (#423430)

DBEs Available: 3 (Tire Merchant Wholesalers)
All Firms Available: 145 (Tire Merchant Wholesalers) = 2.07 %

Table 2 – DBE Availability

Project	NAICS	Available DBEs	All Available Firms	Relative Availability as %	Project Federal Funding	DBE Federal Funding
1. Bus Components	423120	9	1,354	0.66%	\$167,855.00	\$1,115.73
2. Bus Stop Amenities	238990	174	1,438	12.10%	\$120,000.00	\$14,520.17
3. Facility Infrastructure	237120 541310 541330	534	5,997	8.90%	\$2,616,800.00	\$233,011.71
4. Information Systems	423430	21	873	2.41%	\$1,700,000.00	\$40,893.47
5. Shop Equipment	333921	15	795	1.89%	\$380,142.00	\$7,172.49
6. Tire Lease	423130	3	145	2.07%	\$400,000.00	\$8,275.86
DBE Federal Funding Calculation: Bus Components: $9/1,354 = 0.66\% \times \$167,855 = \$1,115.73$ Bus Stop Amenities: $174/1,438 = 12.10\% \times \$120,00 = \$14,520.17$ Facility Infrastructure: $534/5,997 = 8.90\% \times \$2,616,800 = \$233,011.71$ Information Systems: $21/873 = 2.41\% \times \$1,700,000 = \$40,893.47$ Shop Equipment: $15/795 = 1.89\% \times \$380,142 = \$7,172.49$ Tire Lease: $3/145 = 2.07\% \times \$400,000 = \$8,275.86$						
Total Base Figure (DBE Federal Funding):						\$304,989.42
Total Federal Funding Opportunities Available to DBEs (From Table 1)						\$5,384,797.00
DBE Goal = Total Base Figure / Total Federal Funding Opportunity						5.66%

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 was severely limited because of agency staffing vacancies, and its ability to obligate Federal Section 5307 FFY 16 and FFY 17 formula

funds in Federal grants. Together these two 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. GTrans anticipates that as staffing and funding constraints are now addressed, 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. 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. Other available disparity studies conducted in our market area will be considered during the next review and calculation of GTrans' DBE goal.

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:

- 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 technical assistance and other services to small businesses, including DBE firms.
- Providing information and communications programs on contracting procedures and specific contract opportunities.
- 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 will be consulted and provided an opportunity to review the goal analysis and provide input. The City of Gardena will prepare Outreach Consultation Letters advising the aforementioned business community of the proposed DBE goal analysis and its availability for review and comment.

Additionally, GTrans will hold 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 your efforts to establish a level playing field for the participation of DBEs. GTrans' Outreach Consultation Letters will provide interested organizations and stakeholders with pertinent logistical information regarding the City's consultation sessions.

The City of Gardena will also post a Public Notice and the City of Gardena's proposed Overall Goal for the FFY 2019-2021 FTA-assisted contracts on its website. The Public Notice will inform the public that the proposed goal and rationale are 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 will accept

comments on the goal analysis for 45 days from the date of the Public Notice. GTrans will give full consideration to all comments and input and assess its impact on the proposed Overall DBE Goal. If no impact and/or comments are received during the public participation process, the Goal will be considered final.