



CITY OF GARDENA
DISADVANTAGED BUSINESS ENTERPRISE (DBE)
OVERALL GOAL AND METHODOLOGY
FOR
FEDERAL FISCAL YEARS (FFY) 2025 – 2027
(Covering the period of October 1, 2024 – September 30, 2027)

I. INTRODUCTION

The City of Gardena’s Transportation Department (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 2025 – 2027

The United States Department of Transportation (“DOT”) requires submission of a goal-setting methodology on a three-year cycle. GTrans is also 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, GTrans’ DBE goal and methodology submission is due to FTA on August 1, 2024 for proposed FTA funded contracting activities for Federal Fiscal Years (FFY) 2025-27. **GTrans overall goal for the FFYs 2025, 2026, and 2027 is 3%.** 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 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 2025 – 2027

Table 1 represents all FTA-assisted projects (and projected FTA-share) that have possible contracting and subcontracting opportunities considered in the overall goal setting for federal fiscal years 2025, 2026, and 2027. 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 2025-2027 period:

Bus Components – GTrans anticipates purchases for ongoing bus service equipment including but not limited to: engines, couplings, inverters, driver motors, etc.

Construction Management – GTrans has a locally-funded solar/battery storage construction project that will support electrification of its facility, and will need the services of a construction management firm to manage the project (programmed with federal funds.)

Labor Compliance - GTrans has a locally funded solar/battery storage construction project that will support electrification of its facility, and will need the services of a labor compliance firm to manage reporting and oversight of construction firm (programmed with federal funds.)

Emergency Generator – GTrans will purchase an emergency backup generator to assist with redundancy of its facility.

Bus Stop Amenities (Solar Bus Stop Lights) – GTrans will purchase bus stop solar lighting to enhance safety at bus stops throughout its service area.

HVAC Equipment/Installation – GTrans plans to purchase and install HVAC equipment for its main Operations and Administration building to regulate heat, airflow, ventilation, and air.

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

Real-Time Information Signage – GTrans intends to purchase real-time information signage that will allow the data from its new CAD/AVL system to be pushed to on-street signage in addition to other web-based apps. The signage will be located at high ridership bus stops and major transfer points. GTrans intends to purchase ‘off the shelf’ signs that can be installed using its own staff on the existing bus poles.

Bus Lifts – GTrans plans to purchase and install portable and/or in-ground bus lifts for the maintenance of its medium and heavy-duty fleet of buses and support vehicles.

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 2025 – 2027. 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 goal-setting process has been used to determine the recommended overall goal for FFY 2025 – 2027. 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 2021 United States Census Bureau's Business Pattern Database (CBP) 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.

To determine the relative availability of DBE's, GTrans divided the number of all ready, willing and able DBE firms established within its market areas by the number of all firms (DBE and Non-DBE) available in each work category. Then to determine appropriate weighting percent by NAICS, the estimated dollar value by NAICS was divided by the total estimated federal dollars GTrans expects to spend between FFY2025-2027. The weighting percent by NAICS was then multiplied by the Relative Availability of DBE Firms percentage to determine the Base Figure Percentage by NAICS. See Table I below:

TABLE 1 - CONTRACTING OPPORTUNITIES

Project	NAICS Code(s)	NAICS Description(s)	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 336340 336330	Motor Vehicle Supplies and New Parts Merchant Wholesalers, Motor Vehicle Brake System Manufacturing, Motor Vehicle Steering and Suspension Components	4	1,326	0.3%	\$300,000	9.1%	0.03%
Construction Management	236220 236210 237130	Power and Communication Line/Related Structures Construction, Commercial and Institutional Building Construction, Industrial Building Construction	99	2,508	3.9%	\$400,000	12.1%	0.48%
Labor Compliance	541199 541611 541618 561499	All Other Legal Services, Administrative Management and General Management Consulting Services, Other Management Consulting Services, All Other Business Support Services	471	11,429	4.1%	\$100,000	3.0%	0.13%
Emergency Generator	236210 236220	Industrial Building Construction, Commercial and Institutional Building Construction	97	2,324	4.2%	\$750,000	22.8%	0.95%
Bus Stop Amenities (Solar Bus Stop Lights)	335122 335129 335132 335139	Industrial and Institutional Electric Lighting Fixture Manufacturing, Other Lighting Equipment Manufacturing	0	94	0.0%	\$320,000	9.7%	0.00%
HVAC Equipment/Installation	238220 333415 423730	Air-Conditioning/Warm Air Heating Equipment / Commercial / Industrial Refrigeration Equipment Manufacturing; Electrical Apparatus / Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers, Plumbing, Heating, and Air-Conditioning Contractors	16	5,526	0.29%	\$500,000	15.2%	0.04%
Asset Management/Maintenance System	511210 541512 423430	Software Publishers; Computer System Design Services; Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	102	2,014	5.1%	\$300,000	9.1%	0.46%
Real-Time Information Signs	339950 334290	Sign Manufacturing (electrical signs); Other Communications Equipment Manufacturing	7	366	1.9%	\$224,000	6.8%	0.13%
Facility Equipment – Portable / In Ground Bus Lifts	811310 238910	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance; Site Preparation Contractors	85	1,820	4.7%	\$400,000	12.1%	0.57%
TOTAL			881	27,407	3.21%	\$3,294,000	100%	2.8%*

*Rounded to 3% per FTA guidelines

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, GTrans’ bidders list, 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 had success using race neutral measures in attaining and/or progressing towards its DBE goal of 4% during the past three Federal Fiscal Years. GTrans had two main projects that allowed for possible DBE participation: Design Build of a CNG Station and Maintenance Bay Upgrades and Campus Electrification and Renewable Energy and Storage System.

GTrans’ Design Build of a CNG Station and Maintenance Bay Upgrades had initial DBE awards in its base construction contract (May 2021). As a result of unbundling the contract to allow for additional opportunities, the labor compliance/DBE monitoring contract for this project was awarded to a DBE in FFY22. This allowed GTrans to meet its annual goal. The primarily locally funded Campus Electrification and Renewable Energy Storage System project was also unbundled, allowing for smaller, biddable parts with opportunities for DBE participation using designated federal funds. GTrans awarded an Owner’s Representative Services contract which included DBE participation, at 3.44 percent for FFY23.

Table 3 – Past DBE Goal Attainments

FFY22	FFY23	FFY24*
6.19%	3.44%	0%
Total Overall Average Three-Year DBE Participation: 3.2%		

***This reflects percentage awarded for FFY to date (3/31/2024)**

For the purposes of the FFY25-27 goal, GTrans considered an adjustment to the Base Figure based on its historical DBE goal attainments on similar contracts to those contracting opportunities identified and considered in the Overall DBE Goal Analysis for Federal Fiscal Years 2022 through 2024. Three years of DBE participation data was reviewed which included some projects of a similar variety and scope to the scopes projected for the FFY25-27 goal period. GTrans can reasonably assume that the rates of DBE participation for Federal Fiscal Years 2022-2024 are an accurate reflection of DBE capacity to perform in the

2025-2027 overall goal period. Therefore, GTrans did not adjust the Base Figure based on past DBE Goal Attainment.

B. GTrans Bidders List

GTrans maintains a bidders list for each project. GTrans' bidders list demonstrates efforts in seeking qualified DBE firms to perform work on GTrans projects, which are similar to projects within the 2025-2027 goal period. There was no evidence from GTrans' bidders list that would warrant an adjustment to GTrans' base figure.

C. Evidence from Studies

GTrans determined that it was not feasible to conduct its own independent availability/disparity study. GTrans identified Disparity Studies from two agencies, Los Angeles County Metropolitan Transportation Authority (2023) and the California Department of Transportation (2022), which provided the most relevant information in relation to GTrans' DBE Goal and whether to consider a Race-Conscious DBE program.

Los Angeles County Metropolitan Transportation Authority (Metro) 2023 Disparity Study was reviewed and considered during the evaluation of adjustment of the Base Figure. LA Metro's analyses of marketplace conditions in Los Angeles County indicate that Persons of Color (POC) and women face various barriers in industries relevant to Metro's contracting and procurement. Existing research and primary research indicated that disparities exist in acquiring human capital, accruing financial capital, owning businesses, and operating successful businesses. In many cases, there is evidence those disparities exist even after accounting for various personal and business factors. There is also evidence that many disparities are due—at least, in part—to race- or gender-based discrimination. Barriers in the marketplace likely have important effects on the ability of POCs and women to start businesses in relevant industries—construction, professional services, goods and other services, and transit services—and to operate those businesses successfully. Any difficulties those individuals face in starting and operating businesses may reduce their availability for government work and the degree to which they are able to successfully compete for such projects.

Metro's study, and its own breadth of historical projects reviewed had a substantial emphasis on very large and complex prime and subcontractor construction and engineering, architectural contracts which were not similar in scope to the types of projects that GTrans intends to conduct in the upcoming triennial period. Given that 49 CFR Part 26 states that there must be a rational relationship between the data used to make the adjustment and the actual numerical adjustment made, GTrans did not make an adjustment to its FFY 2025-2027 Base Figure for its overall DBE goal.

GTrans also reviewed and considered the State of California Department of Transportation's (Caltrans) 2022 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 a more concentrated market area like the City of Gardena uses. 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 broad scope of the market area. Additionally, there was a significant difference in the types, breadth and complexity of contracting opportunities provided in the Caltrans study that made applicability to GTrans not comparable. Similarly, because there was no rational relationship between the data used to make the adjustment and the actual numerical adjustment made, GTrans did not make an adjustment to its FFY 2025-2027 Base Figure for its overall DBE goal.

Summary

In conformance with the Ninth Circuit Court decision relative to its FTA-assisted projects, GTrans determined that at this time, it will not adjust its based figure for FFY2025-2027. GTrans will continue to review applicable Disparity Studies and consider modifying its DBE Program if it is unable to obtain sufficient DBE participation.

D. 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: AVTA, Norwalk Transit, Santa Monica Department of Transportation. However, after a review, GTrans has determined that the DBE goals of these agencies are comparable, and an adjustment based on this factor is not warranted.

E. 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 2025-2027, 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:

- Encouraging participation of DBEs in pre-bid conferences;
- Unbundling larger projects to make them more accessible to small businesses and DBEs;
- Outreaching to DBE trade associations to provide information on GTrans contracting opportunities;
- Soliciting support of DBE trade associations to distribute bid announcements including bid specifications;
- Encouraging DBEs to discuss their capabilities with prime contractors at pre-bid conferences;
- Using an eProcurement system, which will allow targeted distribution to registered DBEs;
- Using online advertising of solicitations such as DBEGoodFaith.com to increase outreach to small, minority, veteran and disabled business communities.

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 host a virtual public consultation meeting for 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' Outreach Consultation Letters will provide interested organizations and stakeholders with pertinent logistical information regarding the City's virtual public consultation meeting.

The City of Gardena will also post a Public Notice regarding the City of Gardena's proposed Overall Goal for FFY 2025-2027 FTA-assisted contracts on its website. The Public Notice will inform the public that the proposed goal and rationale are available for inspection both online or at the GTrans' Administrative Office during normal business hours for thirty (30) days following the date of the Public Notice and that GTrans will accept comments on the goal analysis for forty-five (45) days from the date of the Public Notice. GTrans will give full consideration to all comments/input, and assess any impacts on the proposed Overall DBE Goal. If the goal percentage changes from the proposed 3%, staff will return to the City Council for approval of the adjusted goal. If no impact and/or comments are received during the public participation process, the Goal will be considered final. The final goal and methodology will be submitted to the FTA.