

REVISED
FY 2016 – FY 2018 Triennial

**Overall Goal for
Disadvantaged Business Enterprise
Participation in Federal Transit Administration
Assisted Programs**

Prepared by the

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REVISED

Disadvantaged Business Enterprise (DBE)

FY 2016 – FY 2018 Triennial Overall DBE Goal for FTA-Assisted Programs

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FY 2016 – FY 2018 Triennial Overall DBE Goal for FTA-Assisted Programs

INTRODUCTION

The Santa Barbara Metropolitan Transit District (MTD) has prepared this FY 2016 – FY 2018 triennial overall Disadvantaged Business Enterprise (DBE) goal for projects assisted by the U.S. Department of Transportation (USDOT), Federal Transit Administration (FTA), in compliance with Code of Federal Regulations (CFR) Title 49--Transportation, Subtitle A--Office of the Secretary of Transportation, Part 26--Participation By Disadvantaged Business Enterprises In Department Of Transportation Financial Assistance Programs, Subpart C--Goals, Good Faith Efforts, and Counting, Section 26.45--How do recipients set overall goals.

The purpose of the DBE goal-setting process is to level the playing field so that DBEs can compete fairly for Department of Transportation-assisted contracts. The program must be narrowly-tailored in accordance with applicable law.

BACKGROUND

As a condition of receiving funding from FTA, MTD signed an assurance that it will comply with FTA's DBE requirements. In accordance with Title 49 CFR Part 26 provisions. MTD is required to develop and submit a Triennial Overall DBE Goal for its FTA-assisted projects. This document presents MTD's Overall DBE Goal and Methodology for FY 2016 – FY 2018.

FTA-ASSISTED CONTRACTING PROGRAM

MTD utilizes its FTA Section 5307 funding for operations. Thus, all of MTD's operating expenditures are federalized. In MTD's FY 2016 budget, the Section 5307 funds comprised 19.4 percent of MTD's total operating funding. The percentage of MTD's operating funding from the Section 5307 program is not expected to change significantly in FY 2017 or FY 2018. Thus, it is assumed that 19.4 percent of every MTD operating expenditure will be from Section 5307 funds for the entire three-year period.

Table 1 below lists the operating expenditures that comprise potential contracting opportunities in FY 2016. These contracting opportunities comprise 24.3 percent of MTD's operating budget. The table includes both the total amount budgeted and the FTA Section 5307 share (i.e., 19.4 percent of the total) of each potential contracting opportunity. As shown in the table, approximately \$6.1 million in total funds (\$1.2 million in FTA Section 5307 funds) are potentially available for contracting opportunities. This amount is not expected to vary significantly in FY 2017 or FY 2018.

TABLE 1: MTD FY 2016 Operating Budget Contracting Opportunities

OPERATIONS	TOTAL COST	FTA SHARE
<i>Drivers</i>		
Uniforms	\$35,000	\$6,804
<i>Hiring & Training</i>		
Medical Exams & License Fees	\$22,000	\$4,277
Employment Advertising	\$400	\$78
Training, Travel & Meetings	\$8,000	\$1,555
<i>Risk & Safety</i>		
Public Liability - Professional Services	\$157,689	\$30,654
Public Liability - Insurance	\$270,760	\$52,634
Workers Comp - Professional Services	\$198,938	\$38,672
Workers Comp - Insurance	\$69,825	\$13,574
Workers Comp - Misc Risk & Safety	\$25,531	\$4,963
<i>Transportation Subsidies</i>		
ADA Complementary Paratransit	\$820,511	\$159,503
<u>MAINTENANCE</u>		
<i>Mechanics</i>		
Uniforms	\$12,000	\$2,333
<i>Cleaners & Fuelers</i>		
Uniforms	\$7,098	\$1,380
Medical Exams & License Fees	\$3,230	\$628
<i>Supervision</i>		
Training, Travel & Meetings	\$10,000	\$1,944
<i>Vehicle Consumables</i>		
Fuel & Lubrication	\$2,178,177	\$423,426
Tire Lease	\$147,173	\$28,610
Tire Mounting	\$10,000	\$1,944
<i>Vehicle Parts & Supplies</i>		
Subtotal (All)	\$709,661	\$137,954
<i>Vendor Bus Repairs</i>		
Subtotal (All)	\$82,500	\$16,038
<i>Risk & Safety</i>		
Workers Comp - Professional Services	\$10,470	\$2,035
Workers Comp - Insurance	\$7,350	\$1,429
<u>PASSENGER ACCOMMODATIONS</u>		
<i>Passenger Facilities</i>		
Bldgs & Grds - Subtotal (All)	\$73,083	\$14,207
<i>Transit Development</i>		
Training, Travel & Meetings	\$5,000	\$972
Planning Services & Supplies	\$18,000	\$3,499
<i>Promotion & Information</i>		
Outside Services - Subtotal (All)	\$125,200	\$24,338
<i>Fare Revenue Collection</i>		
Outside Services - Subtotal (All)	\$150,000	\$29,159
<u>GENERAL OVERHEAD</u>		
<i>Finance</i>		
Financial Audit Services	\$75,000	\$14,580
<i>Utilities</i>		
Telephone & Data Communication	\$46,000	\$8,942
Two-Way Radios	\$19,200	\$3,732
<i>Operating Facilities</i>		
Service Vehicles - Subtotal (All)	\$72,000	\$13,996
Bldgs & Grds - Subtotal (All)	\$168,727	\$32,800
<i>District Administration</i>		
Admin Services - Public Officials Insurance	\$33,864	\$6,583
Admin Services - Legal Counsel	\$135,000	\$26,243
Admin Services - Pension Admin	\$20,000	\$3,888
Admin Services - Office Equipment Maintenance	\$132,948	\$25,844
Admin Services - Misc Services	\$74,098	\$14,404
Admin Services - Office & Computer Supplies	\$49,511	\$9,625
Admin Services - Conferences, Meetings & Training	\$10,000	\$1,944
Admin Services - Retiree Health Insurance	\$88,372	\$17,179
Admin Services - Bus Ad Revenue Program	\$1,500	\$292
Admin Services - Misc	\$58,136	\$11,301
GRAND TOTAL CONTRACTING OPPORTUNITIES	\$6,141,952	\$1,193,963

As shown in Table 2, MTD also anticipates the use of FTA funds for one capital project that is applicable to the overall DBE goal in the period from FY 2016 through FY 2018 (a Transit Center rehabilitation project). MTD does not anticipate the use of FTA funds for any other capital projects that are applicable to the overall DBE goal during the period. (MTD also anticipates the use of FTA funds for revenue vehicle purchases. Pursuant to FTA regulations, transit revenue vehicle purchases are not included in this calculation of MTD’s overall DBE annual goal.)

TABLE 2: MTD FY 2016 Capital Projects

Capital Projects	Total Cost	FTA Share*
Revenue Vehicles	\$6,807,475	n/a
Transit Center Rehabilitation Project	\$1,550,000	\$250,223
Other Capital Projects	\$4,172,827	\$0
<i>Total Capital Projects</i>	<i>\$12,530,302</i>	<i>\$250,223</i>

*Excluding revenue vehicles.

MTD’s total contracting opportunities are presented in Table 3. As the table shows, MTD expects to have a total of \$1.4 million of FTA funds in contracting opportunities in FY 2016. In FY 2017 and FY 2018, MTD expects to have approximately \$1.2 million each year in operating contracting opportunities with FTA funds.

TABLE 3: MTD FY 2016 Contracting Opportunities Summary

Line Item	FTA Share
Operating Contracting Opportunities	\$1,193,963
Capital Contracting Opportunity	\$250,223
<i>Total Contracting Opportunities</i>	<i>\$1,444,186</i>

GOAL METHODOLOGY

Step 1: Determination of a Base Figure

MTD does not have any subrecipients. MTD followed the prescribed federal methodology to determine the Base Figure for the relative availability of DBEs to all comparable firms (DBE and Non-DBE) available to bid on MTD’s FTA-assisted potential contracting opportunities. Table 4 presents the North American Industry Classification System (NAICS) codes for the various potential contracting opportunities shown in Tables 1 & 2. The table also presents the number of all firms, the number of certified DBE firms, and the percent of all firms that are certified DBE firms.

TABLE 4: Total Firms & Certified DBE Firms by NAICS Code

NAICS Codes	Description	Number of Firms ¹		Percent DBE
		All Firms	DBE Firms	
441310	Automotive Parts & Accessories Stores	981	4	0.4%
441320	Tire Dealers	605	0	0.0%
443142	Electronics Stores	1,778	0	0.0%
444130	Hardware Stores	321	1	0.3%
453210	Office Supplies & Stationery Stores	324	4	1.2%
454310	Fuel Dealers	45	0	0.0%
485991	Special Needs Transportation	127	6	4.7%
517110	Wired Telecommunications Carriers	1,025	6	0.6%
517210	Wireless Telecommunications Carriers (except Satellite)	333	0	0.0%
522110	Commercial Banking	2,518	0	0.0%
524210	Insurance Agencies & Brokerages	4,572	18	0.4%
524291	Claims Adjusting	114	11	9.6%
524292	Third Party Admin. of Insurance & Pension Funds	163	2	1.2%
541110	Offices of Lawyers	8,378	24	0.3%
541430	Graphic Design Services	1,068	95	8.9%
541611	Admin. Management Consulting Services	2,686	409	15.2%
541850	Outdoor Advertising	114	27	23.7%
541860	Direct Mail Advertising	125	21	16.8%
541890	Other Services Related to Advertising	301	40	13.3%
561311	Employment Placement Agencies	450	3	0.7%
561439	Other Business Service Centers (including Copy Shops)	310	10	3.2%
561499	All Other Business Support Services	128	40	31.3%
561720	Janitorial Services	1,401	41	2.9%
561730	Landscaping	1,961	20	1.0%
561790	Other Services to Buildings & Dwellings	387	17	4.4%
611420	Computer Training	54	33	61.1%
611430	Professional & Management Development Training	213	85	39.9%
621999	All Other Misc. Ambulatory Health Care Services	124	1	0.8%
811121	Automotive Body, Paint, & Interior Repair & Maintenance	1,399	3	0.2%
811122	Automotive Glass Replacement Shops	141	0	0.0%
811212	Computer & Office Machine Repair & Maintenance	207	18	8.7%
811213	Communication Equipment Repair & Maintenance	39	6	15.4%
812331	Linen Supply	46	3	6.5%
	Total/Base Figure	32,438	948	2.9%

Note 1: All firms from County Business Patterns (US Census Bureau). DBE firms from CUCP (Caltrans).

The methodology included accessing the California Unified Certification Program (CUCP) DBE database (for certified DBE firms) and the 2012 U.S. Census Bureau County Business Patterns NAICS codes database (for all firms) in the categories of work defined in Tables 1 & 2 for MTD's market area. For all firms, the market area comprises the following California counties: Los Angeles, Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz, and Ventura. For DBE firms, the market area comprised all CUCP-certified DBE firms that indicated an interest in working in Santa Barbara County. This methodology resulted in a Base Figure that 2.9 percent of all available firms in the MTD market area are certified by the CUCP as DBE firms.

The methodology utilized by MTD for calculating the Base Figure for this overall DBE triennial goal did not include weighting of the potential contracting opportunities. However, for MTD's next overall DBE triennial goal submission, the agency does intend to weight the potential contracting opportunities when calculating the Base Figure.

Step 2: Adjusting the Base Figure

Following the establishment of the Base Figure, MTD reviewed and assessed other evidence that could potentially affect the relative availability of DBEs within the market area. This is in accordance with the prescribed narrow-tailoring provisions set forth under 49 CFR Part 26.45.

Past DBE Goal Attainment

Historical DBE participation attainments provide demonstrable evidence of DBE availability and capacity to perform. Thus, MTD calculated past DBE participation attainments for the three prior federal fiscal years:

- FFY 2013 – 0.05%
- FFY 2014 – 0.02%
- FFY 2015 – 0.00%

MTD continues to believe that the Base Figure of 2.9 percent is achievable with an enhanced effort to encourage DBE firms to become certified by the CUCP and bid on MTD projects. Thus, MTD believes that it is not appropriate to revise the Base Figure based on past DBE goal attainment.

Disparity Study

MTD uses a strictly race-neutral DBE program since the Western States decision. If MTD continues to fail to reach its DBE overall goal, the agency will re-evaluate its DBE program to determine whether contract goals are necessary to achieve the overall goal. If after re-evaluation MTD believes a race-conscious program is necessary, MTD, as required by Western States, will gather evidence to determine if discrimination in the transportation contracting industry is present.

The Los Angeles County Metropolitan Transportation Authority (Metro) conducted a disparity study in 2012 (the “Metro 2012 DBE Program Disparity Study”). The study documented disparities for African Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and Hispanic Americans. The study also found that Caucasian females were over-utilized. However, in a subsequent analysis, it was determined that Caucasian females were underutilized.

Other Available Evidence

MTD is not in possession of other information that would have an impact on the DBE goal assessment.

PROPOSED OVERALL DBE GOAL

MTD’s final triennial overall DBE goal for FY 2016 - FY 2018 for DBE participation in FTA-assisted programs is 2.9 percent. The goal is available for all CUCP-certified DBEs on a Race Neutral basis.

If appropriate, MTD may adjust the three-year overall goal during the three-year period to which it applies, in order to reflect changed circumstances. If so, MTD will submit such an adjustment to the FTA for review and approval.

RACE-NEUTRAL IMPLEMENTATION MEASURES

MTD will employ various actions to increase future DBE participation and achieve the overall goal:

- MTD will continue to identify existing contractors that could potentially qualify for CUCP certification as DBE firms, and will encourage such firms to apply for certification. Staff will assist such firms in their application as appropriate.
- MTD will increase staff participation in outreach opportunities to firms that may qualify for DBE certification, including professional organizations and publications geared to such firms. Staff will encourage interested firms to apply for DBE certification and will assist them as appropriate.
- MTD will work with nearby transit operators to consider joint participation in DBE-oriented contracting information events.
- MTD will continue to identify strategies for increasing DBE participation if the agency continues to fail to meet its DBE goal. Such strategies may include the future implementation of a race-conscious component.

Fostering Small Business Participation

MTD’s DBE program includes an element to structure contracting requirements to facilitate competition by small business concerns. The element takes all reasonable steps to eliminate obstacles to participation by small business concerns.

The small business participation element includes the following strategies:

- In multi-year design-build contracts, MTD will require bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.
- On prime contracts exceeding \$100,000, MTD will encourage the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.
- MTD will structure applicable procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.
- To meet the portion of MTD's overall goal projected to be met through race-neutral measures, MTD will ensure that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.
- MTD will actively implement these program elements to foster small business participation a requirement of good faith implementation of MTD's DBE program.

PUBLIC PARTICIPATION AND FACILITATION

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business associations, and community organizations within the market area were consulted and provided an opportunity to review the triennial goal analysis and provide input.

MTD conducted the following outreach activities during the development of the overall DBE goal:

- April 13, 2015 - MTD staff presented MTD's DBE program to the Santa Barbara Hispanic Chamber of Commerce
- April 29, 2015 - MTD staff presented MTD's DBE program to the Santa Barbara Women's Economic Ventures.
- Although attendees at both of these meetings indicated interest in MTD's DBE program, no additional bids from already-certified DBE firms were received as a result of this outreach, and no firms were enticed to apply for DBE certification.
- May 5, 2015 – MTD emailed a DBE flyer, Attachment A, to various advocacy groups representing potential DBE firms for dissemination to their members.

MTD intends to enhance the outreach to such organizations during the next triennial DBE goal-setting process.

MTD published a link to the draft overall goal and methodology document on the agency's website (on the "Purchasing" page and the "Reports and Publications - Other Reports" page) for a public comment period on May 18, 2015, more than 45 days prior to the adoption of the overall goal by MTD's Board of Directors on July 7, 2015. Attachment B is an e-mail indicating that the draft goal was published May 18, 2015. No comments were received from the public during the review period.

The final adopted overall goal was published on MTD's website following the Board adoption on July 7, 2015. However, no e-mail documentation of the date of the publication of the adopted overall goal is available. In future overall DBE goal-setting processes, MTD will ensure that complete electronic records are maintained as proof of website publication.