

**FY 2019 - FY 2021 Triennial**

**Overall Goal for**

**Disadvantaged Business Enterprise**

**Participation in Federal Transit Administration**

**Assisted Programs**

*Prepared by the*

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## **Disadvantaged Business Enterprise (DBE)**

**FY 2019 - FY 2021 Triennial Overall DBE Goal for FTA-Assisted Programs**

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## **Disadvantaged Business Enterprise (DBE)**

### **FY 2019 - FY 2021 Triennial Overall DBE Goal for FTA-Assisted Programs**

#### **INTRODUCTION**

The Santa Barbara Metropolitan Transit District (MTD) has prepared this FY 2019 – FY 2021 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 is 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 2019 - FY 2021.

#### **FTA-ASSISTED CONTRACTING PROGRAM**

MTD currently utilizes its FTA Section 5307 funding for operations. Thus, all of MTD's operating expenditures are federalized. In MTD's FY 2019 budget, the Section 5307 funds comprise 21.8 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 2020 or FY 2021. Thus, it is assumed that 21.8 percent of every MTD operating expenditure will be from FTA Section 5307 funds for the entire three-year period.

Table 1 below lists the operating expenditures that comprise potential contracting opportunities in FY 2019. These contracting opportunities comprise 22.2 percent of MTD's operating budget. The table includes both the total amount budgeted and the FTA Section 5307 share (i.e., 21.8 percent of the total) of each potential contracting opportunity. As shown in the table, nearly \$5.9 million in total funds (nearly \$1.3 million in FTA Section 5307 funds) are potentially available for contracting opportunities. This amount is not expected to vary significantly in FY 2020 or FY 2021.

**TABLE 1: MTD FY 2019 Operating Budget Contracting Opportunities**

<b>OPERATIONS</b>	<b>TOTAL COST</b>	<b>FTA SHARE</b>
<i>Drivers</i>		
Uniforms	\$8,500	\$1,851
<i>Hiring &amp; Training</i>		
Medical Exams & License Fees	\$22,090	\$4,811
Employment Advertising	\$6,000	\$1,307
Training, Travel & Meetings	\$6,460	\$1,407
<i>Risk &amp; Safety</i>		
Public Liability - Professional Services	\$115,900	\$25,241
Public Liability - Insurance	\$308,437	\$67,172
Workers Comp - Professional Services	\$300,599	\$65,465
Workers Comp - Insurance	\$85,500	\$18,620
Workers Comp - Misc Risk & Safety	\$19,000	\$4,138
<i>Transportation Subsidies</i>		
ADA Complementary Paratransit	\$899,562	\$195,909
<b>MAINTENANCE</b>		
<i>Mechanics</i>		
Uniforms	\$16,000	\$3,485
<i>Cleaners &amp; Fuelers</i>		
Uniforms	\$7,098	\$1,546
Medical Exams & License Fees	\$1,671	\$364
<i>Supervision</i>		
Training, Travel & Meetings	\$14,125	\$3,076
<i>Vehicle Consumables</i>		
Fuel & Lubrication	\$1,632,769	\$355,588
Tire Lease	\$169,957	\$37,014
Tire Mounting	\$10,000	\$2,178
<i>Vehicle Parts &amp; Supplies</i>		
Subtotal (All)	\$715,000	\$155,714
<i>Vendor Bus Repairs</i>		
Subtotal (All)	\$107,105	\$23,326
<i>Risk &amp; Safety</i>		
Workers Comp - Professional Services	\$22,571	\$4,916
Workers Comp - Insurance	\$4,500	\$980
<b>PASSENGER ACCOMMODATIONS</b>		
<i>Passenger Facilities</i>		
Bldgs & Grds - Subtotal (All)	\$45,203	\$9,844
<i>Transit Development</i>		
Training, Travel & Meetings	\$3,000	\$653
Planning Services & Supplies	\$5,000	\$1,089
<i>Promotion &amp; Information</i>		
Ad Placement, Promotions, Giveaways	\$123,300	\$26,853
Brochures, Decorations, Schedules	\$125,550	\$27,343
Market Research	\$7,500	\$1,633
Training, Travel & Meetings	\$4,000	\$871
<i>Fare Revenue Collection</i>		
Outside Services - Subtotal (All)	\$81,000	\$17,640
<b>GENERAL OVERHEAD</b>		
<i>Finance</i>		
Financial Audit Services	\$51,000	\$11,107
<i>Utilities</i>		
Telephone & Data Communication	\$76,111	\$16,576
Two-Way Radios	\$15,000	\$3,267
<i>Operating Facilities</i>		
Service Vehicles - Subtotal (All)	\$99,600	\$21,691
Bldgs & Grds - Landscaping	\$80,720	\$17,579
Bldgs & Grds - Other	\$117,832	\$25,662
<i>District Administration</i>		
Admin Services - Public Officials Insurance	\$67,143	\$14,623
Admin Services - Legal Counsel	\$85,000	\$18,512
Admin Services - Pension Admin	\$2,500	\$544
Admin Services - Office Equipment Maintenance	\$188,930	\$41,146
Admin Services - Misc Services	\$69,194	\$15,069
Admin Services - Office & Computer Supplies	\$60,000	\$13,067
Admin Services - Conferences, Meetings & Training	\$19,000	\$4,138
Admin Services - Bus Ad Revenue Program	\$15,000	\$3,267
Admin Services - Misc	\$38,636	\$8,414
<b>GRAND TOTAL CONTRACTING OPPORTUNITIES</b>	<b>\$5,853,063</b>	<b>\$1,274,695</b>

As shown in Table 2, MTD does not anticipate the use of FTA funds for any capital projects that are applicable to the overall DBE goal during the triennial period. (MTD does anticipate 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 2019 Capital Projects**

<b>Capital Projects</b>	<b>Total Cost</b>	<b>FTA Share*</b>
Revenue Vehicles	\$13,479,000	n/a
Other Capital Projects	\$5,233,000	\$0
<i>Total Capital Projects</i>	<i>\$18,712,000</i>	<i>\$0</i>

\*Excluding revenue vehicles.

MTD’s total contracting opportunities that are applicable to the overall DBE goal-setting process are presented in Table 3. As the table shows, MTD expects to have a total of approximately \$1,275,000 of FTA funds in contracting opportunities in FY 2019. This amount is not expected to vary significantly in FY 2020 or FY 2021.

**TABLE 3: MTD FY 2019 Contracting Opportunities Summary**

<b>Line Item</b>	<b>FTA Share</b>
Federal Operating Contracting Opportunities	\$1,274,695
Federal Capital Contracting Opportunity	\$0
<i>Total Federal Contracting Opportunities</i>	<i>\$1,274,695</i>

## **GOAL METHODOLOGY**

### **Step 1: Determination and Weighting of a Base Figure**

MTD does not have any subrecipients. MTD followed an approved 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 Table 1 above. Table 4 also presents the number of all firms, the number of certified DBE firms, and the percent of all firms that are certified DBE firms for those NAICS codes.

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

NAICS Codes	Description	Number of Firms <sup>1</sup>		Percent DBE
		All Firms	DBE Firms	
441310	Automotive Parts & Accessories Stores	1,001	4	0.4%
441320	Tire Dealers	636	1	0.2%
443142	Electronics Stores	1,613	0	0.0%
444130	Hardware Stores	356	1	0.3%
453210	Office Supplies & Stationery Stores	282	5	1.8%
454310	Fuel Dealers	40	0	0.0%
485991	Special Needs Transportation	135	6	4.4%
517110	Wired Telecommunications Carriers	1,008	5	0.5%
517210	Wireless Telecommunications Carriers (except Satellite)	396	0	0.0%
522110	Commercial Banking	2,521	0	0.0%
524210	Insurance Agencies & Brokerages	4,838	14	0.3%
524291	Claims Adjusting	118	8	6.8%
524292	Third Party Admin. of Insurance & Pension Funds	143	2	1.4%
541110	Offices of Lawyers	8,607	22	0.3%
541430	Graphic Design Services	1,105	118	10.7%
541611	Admin. Management Consulting Services	2,899	469	16.2%
541850	Outdoor Advertising	103	26	25.2%
541860	Direct Mail Advertising	104	18	17.3%
541890	Other Services Related to Advertising	248	46	18.5%
561311	Employment Placement Agencies	621	13	2.1%
561439	Other Business Service Centers (including Copy Shops)	303	8	2.6%
561499	All Other Business Support Services	168	40	23.8%
561720	Janitorial Services	1,485	35	2.4%
561730	Landscaping	2,070	19	0.9%
561790	Other Services to Buildings & Dwellings	405	16	4.0%
611420	Computer Training	43	41	95.3%
611430	Professional & Management Development Training	189	102	54.0%
621999	All Other Misc. Ambulatory Health Care Services	115	1	0.9%
811121	Automotive Body, Paint, & Interior Repair & Maintenance	1,372	2	0.1%
811122	Automotive Glass Replacement Shops	142	1	0.7%
811212	Computer & Office Machine Repair & Maintenance	217	17	7.8%
811213	Communication Equipment Repair & Maintenance	41	6	14.6%
812331	Linen Supply	51	3	5.9%
	<b>Total/Base Figure</b>	<b>33,375</b>	<b>1,049</b>	<b>3.1%</b>

Note 1: All firms from 2015 County Business Patterns (US Census Bureau); DBE firms from 2018 CUCP (Caltrans).

The methodology included accessing the 2018 California Unified Certification Program (CUCP) DBE database (for certified DBE firms) and the 2015 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 3.1 percent of all available firms in the MTD market area are certified by the CUCP as DBE firms.

MTD next weighted the Base Figure using the "Weighted Base Figure Worksheet" provided by FTA. Table 5 below shows the results of the weighting process. As shown, the Weighted Base Figure resulting from this methodology is 2.8 percent.

## **Step 2: Adjusting the Base Figure**

Following the establishment and weighting 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 most recent completed federal fiscal years:

- FFY 2015 - 0.0%
- FFY 2016 - 0.3%
- FFY 2017 - 0.7%

In the first six months of FFY 2018, MTD achieved 0.7%, and the agency is expecting to achieve between 1.5% and 2.0% at a minimum by the end of FFY 2018. MTD continues to believe that the Weighted Base Figure of 2.8 percent is achievable with the continuation of the agency's 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. 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 the Western States decision, will gather evidence to determine if discrimination in the transportation contracting industry is present.

**TABLE 5: Weighted Base Figure**

NAICS Codes	Description	Weight	Availability	Weighted Base Figure
441310	Automotive Parts & Accessories Stores	0.12216	0.00400	0.0005
441320	Tire Dealers	0.03075	0.00157	0.0000
443142	Electronics Stores	0.00000	0.00000	n/a
444130	Hardware Stores	0.00000	0.00281	0.0000
453210	Office Supplies & Stationery Stores	0.01025	0.01773	0.0002
454310	Fuel Dealers	0.27896	0.00000	n/a
485991	Special Needs Transportation	0.15369	0.04444	0.0068
517110	Wired Telecommunications Carriers	0.01300	0.00496	0.0001
517210	Wireless Telecommunications Carriers (except Satellite)	0.00256	0.00000	n/a
522110	Commercial Banking	0.01384	0.00000	n/a
524210	Insurance Agencies & Brokerages	0.07954	0.00289	0.0002
524291	Claims Adjusting	0.00000	0.06780	0.0000
524292	Third Party Admin. of Insurance & Pension Funds	0.07869	0.01399	0.0011
541110	Offices of Lawyers	0.01452	0.00256	0.0000
541430	Graphic Design Services	0.02145	0.10679	0.0023
541611	Admin. Management Consulting Services	0.00871	0.16178	0.0014
541850	Outdoor Advertising	0.00000	0.25243	0.0000
541860	Direct Mail Advertising	0.00000	0.17308	0.0000
541890	Other Services Related to Advertising	0.03125	0.18548	0.0058
561311	Employment Placement Agencies	0.00000	0.02093	0.0000
561439	Other Business Service Centers (including Copy Shops)	0.00000	0.02640	0.0000
561499	All Other Business Support Services	0.00214	0.23810	0.0005
561720	Janitorial Services	0.00000	0.02357	0.0000
561730	Landscaping	0.01379	0.00918	0.0001
561790	Other Services to Buildings & Dwellings	0.03968	0.03951	0.0016
611420	Computer Training	0.00000	0.95349	0.0000
611430	Professional & Management Development Training	0.00796	0.53968	0.0043
621999	All Other Misc. Ambulatory Health Care Services	0.00406	0.00870	0.0000
811121	Automotive Body, Paint, & Interior Repair & Maintenance	0.03532	0.00146	0.0001
811122	Automotive Glass Replacement Shops	0.00000	0.00704	0.0000
811212	Computer & Office Machine Repair & Maintenance	0.03228	0.07834	0.0025
811213	Communication Equipment Repair & Maintenance	0.00000	0.14634	0.0000
812331	Linen Supply	0.00540	0.05882	0.0003
Total				0.0279
Percent				2.8%

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 2.8 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:

- Staff emailed DBE information to various advocacy groups representing potential DBE firms and general contracting firms for dissemination to their members.
- Staff presented MTD's DBE program through teleconferences to groups representing potential DBE firms, such as Santa Barbara Women's Economic Ventures and various area Chambers of Commerce.
- Staff continues to work with existing vendors that may be eligible to become certified DBE firms to encourage them to apply for certification.
- Staff continues to reach out to appropriate groups to present MTD's DBE program and solicit their input into the agency's goal-setting process.

As shown in Attachments 1 & 2, MTD published a link on the agency's website ([www.sbmtd.gov](http://www.sbmtd.gov)) to MTD's DBE program, including the overall goal and methodology document, for a public comment period on June 11, 2018. No public comments were received. The document will remain posted on the website.

# MTD NEWS

## SANTA BARBARA MTD SEEKS CERTIFIED DISADVANTAGED BUSINESS ENTERPRISE FIRMS TO BID ON CONTRACTS

June 11, 2018

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ATTACHMENT 1

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## SANTA BARBARA MTD SEEKS CERTIFIED DISADVANTAGED BUSINESS ENTERPRISE FIRMS TO BID ON CONTRACTS

### ATTACHMENT 2

Become a certified Disadvantaged Business Enterprise (DBE) firm and bid on contracting opportunities with the Santa Barbara Metropolitan Transit District (MTD). DBE firms are small businesses with primary minority or woman ownership (50 % +). Contact MTD if you believe your firm may qualify for certified DBE status. MTD will assist you in applying for DBE certification.

MTD contracts for a variety of products and services. MTD anticipates that approximately 22% of our operating expenses will be available for contracting opportunities. We actively seek certified DBE firms to bid on contracts. If you are interested, or if you have further questions, please contact Steve Maas at [\(805\) 963-3364](tel:8059633364) or [smaas@sbmtmd.gov](mailto:smaas@sbmtmd.gov).

[Click here to review MTD's FY 2019 – FY 2021 DBE Goal.](#)