Disadvantaged Business Enterprise Program: Goal Setting Methodology

May 2016 JPB Board of Directors
May 5, 2016
Agenda Item 15

What is a DBE?

• Disadvantaged Business Enterprise (DBE) is defined within the Code of Federal Regulations.
• “Socially and Economically Disadvantaged”
  - Small Business with less than $24 million in gross annual receipts;
  - Owners’ personal net worth under $1.32 million.
  - Generally, owners are women or minorities.
DBE Goal Setting Scope

- DBE goals are set for three federal fiscal years.
  - Current goal for FFY 2014-2016 is 12%.
  - DBE goals are set for federally funded contracting opportunities only.
- Goals should represent the availability of ready, willing, and able DBEs on projected federally funded contracting opportunities.

DBE Goal Setting Methodology

- Methodology is prescribed by federal regulations.
- All DOT funded agencies follow the same guidelines to reach a goal.
- JPB partners with VTA, SFMTA, BART, AC Transit, and other Bay Area partners to review goal setting practices with the public.
Base Figure

- Define types of work on upcoming contracts.
- Calculate DBE availability for each type of work.

EXAMPLE WORK TYPE AVAILABILITY:
Highway, Street, and Bridge Construction

| Market Area Certified DBE Firms | All Market Area Firms | = 10.95% DBE Availability |

Adjustments to Base Figure

- Public comments
  - Events held April 12th and May 3rd in conjunction with other Bay Area Transportation Agencies
- Past DBE participation
  - What has past participation been?
  - Specific work with no DBE participation
Adjustments to Base Figure (cont’d)

• Disparity Study findings
  - More actual W/MBE Small businesses than certified DBEs

EXAMPLE WORK TYPE ADJUSTED AVAILABILITY:
Highway, Street, and Bridge Construction

\[
\frac{\text{Market Area W/MBE Small Firms}}{\text{All Market Area Firms}} = 18.55\% \text{ DBE Availability}
\]

Weighting

• For each work type, weight the availability by the percentage of FTA funds to be used for that work type.

EXAMPLE WORK TYPE WEIGHTED AVAILABILITY:
Highway, Street, and Bridge Construction

\[
18.55\% \text{ DBE Availability} \times 3.34\% \text{ of FTA Funds} = 0.62\% \text{ added to the DBE Goal}
\]
Weighting (cont’d)

• Add all work types to create an overall DBE Goal.

<table>
<thead>
<tr>
<th>Work Type Description</th>
<th>Weighted DBE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Services</td>
<td>3.56%</td>
</tr>
<tr>
<td>Administrative Management and General Management Consulting Services</td>
<td>3.36%</td>
</tr>
<tr>
<td>Electrical Contractors and Other Wiring Installation Contractors</td>
<td>1.51%</td>
</tr>
<tr>
<td>Poured Concrete Foundation and Structure Contractors</td>
<td>1.38%</td>
</tr>
<tr>
<td>Other Heavy and Civil Engineering Construction</td>
<td>1.03%</td>
</tr>
<tr>
<td>Highway, Street, and Bridge Construction</td>
<td>0.62%</td>
</tr>
<tr>
<td>Site Preparation Contractors</td>
<td>0.56%</td>
</tr>
<tr>
<td>Water and Sewer Line and Related Structures Construction</td>
<td>0.40%</td>
</tr>
</tbody>
</table>

Next Steps

• 14% Proposed DBE Goal for Federal Fiscal Years 2017-2019.
• The DBE Goal will be advertised to the public for comments.
• After public comment, the DBE Goal setting methodology will presented at the June 2016 Board for approval
• A final DBE Goal is due to the FTA by August 1st.
Next Steps (cont’d)

• 2016 Joint Disparity Study with VTA and SamTrans.
  - Seeking input from DBEs on actual availability.
  - First outreach at VTA on May 3rd, additional outreach in San Mateo and San Francisco TBD.
  - New availability figures scheduled to be available by May 2017; may be used to adjust current goals.

Questions?

• John Barker – Manager, Civil Rights Programs
• Elke Campbell – DBE Officer