

***Adopt Overall
Disadvantaged
Business
Enterprise Goal for
Federal Fiscal
Years 2026-2028***

**JPB Finance Committee
August 4, 2025**



What is a DBE?

Disadvantaged Business Enterprise (DBE) is defined in 49 CFR Part 26.

- Small business with less than \$31.84 million in gross annual receipts.
- Majority owned by “socially and economically disadvantaged” individuals.
- Each owner’s personal net worth under \$2.047 million.
- "Any individual who is a citizen (or lawfully admitted permanent resident) of the United States who has been subjected to racial or ethnic prejudice or cultural bias within American society because of their identity as a member of a group and without regard to their individual qualities."

DBE Overall Goal Setting

- DBE overall goals are set for three federal fiscal years (FFYs).
 - Current overall goal for FFYs 2023-2025 is 12.8%.
 - Proposed overall goal for FFYs 2026-2028 is 10.0%.
 - DBE goals are set for federally-funded contracting opportunities only.
 - DBE goals do not include purchases from Transit Vehicle Manufacturers (TVMs).
- Goal should represent the availability of ready, willing, and able DBEs in the market area for federally-assisted contracting opportunities during the three-year period.

DBE Overall Goal Setting Methodology

Methodology is prescribed by federal regulations (49 CFR 26.45).

- Step 1 base figure calculation using contract, census, and DBE directory data.
- Step 2 adjustments if warranted.
- Race/gender-neutral portion.
- Public consultation.

Anticipated FTA-Funded Projects

FFY	Description	Estimated FTA Funded Amount
2026	Broadway Burlingame Grade Separation	\$ 161,801,170
2026	Provision of Rail Operations FFY 2026	\$ 63,862,565
2026	Rengstorff Grade Separation	\$ 92,512,756
2027	Provision of Rail Operations FFY 2027	\$ 48,943,669
2028	Provision of Rail Operations FFY 2028	\$ 51,880,289
2028	San Francisquito Bridge Construction Management	\$ 744,644
2028	South Linden Grade Separation	\$ 249,764,491
	Total	\$ 669,509,584

Step 1 Base Figure Calculation

- Determine the anticipated FTA-funded contracts expected for FFYs 2026-2028.
- Calculate the FTA funding percentage for each North American Industry Classification System (NAICS) code.
- Calculate the relative DBE availability for each NAICS code.
- For each NAICS code, multiply the relative DBE availability by FTA funding percent.
- Add results to get base figure.

Relative Availability Example:
Site Preparation Contractors in Market Area

$$8.6\% = \frac{26 \text{ Certified DBE Firms}}{303 \text{ All Firms}}$$

Step 1 Base Figure (continued)

JPB's Weighted Base Figure is 10.0%.

Scope Category	% of FTA Funds	% DBE Available	% DBE Weighted Availability
Construction	46%	19.3%	8.8%
Material & equipment	4%	0.1%	0.0%
Rail operator/other	25%	0.0%	0.0%
Services	25%	4.7%	1.2%

Step 2 Adjustments

- FTA: Examine all available evidence in the jurisdiction to determine what adjustment, if any, is needed to the base figure.
- Evidence may include:
 - Past DBE participation
 - Disparity studies
 - Goals from other similar agencies
 - Continuing effects of past discrimination

Step 2 Adjustment – Past Participation

- Potential adjustment of figure represents the median of actual participation over the past 3 years.
- Adjusted Figure= $(8.6\% + 10.0\%)/2 = 9.3\%$
- Staff determined adjustment is not warranted.

FFY	Attainment
2022	11.5%
2023	8.6%
2024	7.1%
Median	8.6%

Race/Gender-Neutral Methods

- Agency must meet the “maximum feasible portion” of its overall goal by using race/gender-neutral means of facilitating DBE participation.
- Race/gender-neutral includes small business enterprise (SBE) preference, outreach, and support services.
- The majority of FFYs’ 2022-2024 DBE attainment was through race/gender-neutral methods.
- JPB intends to use only race/gender-neutral methods such as SBE preference and targeted outreach to achieve the proposed overall goal of 10.0%.

Public Consultation

- In-person stakeholder consultation– June 17, 2025
- 45 participants were asked the following questions:
 - The availability of disadvantaged and non-disadvantaged businesses;
 - The effects of discrimination on opportunities for DBEs; and,
 - JPB's efforts to establish a level playing field for the participation of DBEs.
- Public notice on website invited comments until July 3, 2025.
- Staff attended four other events with over 200 combined attendees.

Public Comments

Participants were interested in the following:

- Types of contracting opportunities for DBEs.
- Distinction of set asides for SBEs.
- The preference for race-neutral or race-conscious goals.
- Training or technical assistance offered to DBEs in preparation for contract bids.
- Improved prime and subcontractor communication regarding scopes and timelines.
- Potential of more federally funded contracts.

Increasing DBE Participation

- This year staff has attended 7 outreach events hosted by BART, Caltrans, VTA, and the Business Outreach Committee in an effort to increase SBE and DBE participation.
- In response to comments, staff intends to coordinate with business support organizations to help level the playing field.
- Staff will recommend unbundling larger contracts to allow more DBE participation.
- Staff will increase monitoring of on-call contracts to ensure participation of listed DBE subcontractors.

FOR MORE INFORMATION

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