

# Disadvantaged Business Enterprise Program:

## Goal Setting Methodology



# 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 (FFY).**
  - Current JPB goal for FFY 2020-2022 is 13.5%
  - DBE goals are set for federally funded contracting opportunities only
  - DBE goals do not include contracting for Transit Vehicle Manufacturers
  
- **Goals 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 GOAL SETTING METHODOLOGY

- Methodology is prescribed by federal regulations
- Collect data on anticipated contracts for the next three federal fiscal years
- Identify work available to be subcontracted out
- Identify the available DBEs to perform the work

# ANTICIPATED PROJECTS- TOTAL AMOUNT

<b>FY</b>	<b>Description</b>	<b>Estimated amount</b>
2024	100427 San Francisquito Bridge Replacement (Preliminary Engineering)	\$ 4,400,000.00
2023	100684 Mini-Hi platforms	\$ 2,123,000.00
2024	100616 Caltrain Fiber Connectivity to Passenger Stations	\$ 5,767,893.00
2023	100572 Communication System SOGR	\$ 1,300,000.00
2023	Right of Way	\$ 1,000,000.00
2023	Facilities and Communications	\$ 2,000,000.00
2023	Signal	\$ 3,000,000.00
2023	Historic Stations	\$ 2,000,000.00
2023	Right of Way Fencing	\$ 1,500,000.00
2023	Track	\$ 10,000,000.00
	<b>Total</b>	<b>\$ 33,090,893.00</b>

# DBE GOAL CALCULATION STEP 1: BASE FIGURE

1. Determination of the anticipated federal funded contracts awarded for FFY 2023-2025.
2. Calculation of the percent scope breakdown by the six digit North American Industry Classification Code System (NAICS) of all contractable portions of the project(s).
3. Calculation and analysis of a Weighted Availability.
4. Research and identify the total number of businesses in the market area by NAICS number, utilizing The United States Census- 2020 County Business Patterns for San Francisco, San Mateo, and Santa Clara counties.
5. Research and identify the total number of Disadvantaged Business Enterprises in the market area, utilizing California Unified Certification Program (CUCP) database of certified DBE firms separated by NAICS Codes as of August 1, 2022

# STEP ONE BASE FIGURE

$$\text{Step One Base Figure} = \frac{\text{Ready, willing, and able DBEs}}{\text{All firms ready, willing, and able (including DBEs and non-DBEs)}}$$

*JPB Base Figure Example: Availability for Site Preparation Contractors Market Area (San Francisco, San Mateo, and Santa Clara):*

$$\frac{6 \text{ Market Area Certified DBE Firms}}{130 \text{ All Market Area Firms}}$$

- ❖ Weighting can help ensure that the Step One Base Figure is as accurate as possible.
- ❖ JPB's **Weighted Base Figure** is **1.82%**, reflecting the following factors:
  - Anticipated projects for FFY 2023-2025 have little DBE availability
  - Historically, construction projects offer significant DBE opportunities -- and as compared to FFY 2020-2022, less construction is anticipated for the next 3 years
  - 30% of FTA dollars going to railroad equipment, with few DBEs in market area
  - 13% of FTA dollars going to internal work, including TASI contract

# STEP 2: ADJUSTMENTS

FTA: Examine all available evidence in the jurisdiction to determine what adjustment, if any, is needed to the base figure.

Evidence includes:

- Past Participation
- Disparity Studies
- Goals from Other Rail Agencies
- Continuing Effects of Past Discrimination



# STEP 2: ADJUSTMENTS – PAST PARTICIPATION

- Adjustment of figure represents the average median of actual participation over the past 6 years.
- Adjusted Figure =  $(11.35\% + (1.82\%)/2) = 6.585\%$
- Staff then looked at the 2018 Disparity Study and DBE goals from other transit agencies to propose an overall goal of 13.58%

2021	13		
2020	18.64		
2019	4		
2018	7		
2017	15.6		
2016	9.7	11.35	Median

## Race/Gender Neutral Methods

- 49 CFR Part 26.51, states that the recipient must meet the maximum feasible portion of its overall goal by using race/gender-neutral means of facilitating DBE participation.
- In FFYs 2020-2022, the majority of DBE attainment was through race/gender neutral methods.

## FFY Goal Attainment

FY 2020	18.60%
FY 2021	12.75%
FY 2022	12.20%

# Race/ Gender Neutral and Race/Gender Conscious Split

- JPB proposes to use race/gender conscious methods such as contract specific goals to achieve a goal of 6.58%
- In addition, JPB intends to use race/gender neutral methods, such as SBE preference and DBE outreach, to achieve a goal of 7%
- **OVERALL GOAL: 13.58%**

# Public Participation

- Virtual Stakeholder Consultation– August 12, 2022
  - 30 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 for comment until Oct. 1, 2022.

# Increasing DBE Participation

- Staff intend to increase efforts for DBE outreach, DBE certification, and recruitment of potential DBEs to participate in projects.
- As a member of the California Unified Certification Program, JPB is committed to working with other agencies to level the playing field and improve business opportunities for DBEs.
- JPB will strive to maximize DBE participation by increasing contract goals where feasible and by re-introducing contract goals on FTA-assisted work directives in professional contracts.
- Staff will consider unbundling larger contracts and more aggressively monitoring non-DBE prime contractors to promote participating by more DBE primes and subcontractors

## Appendix 1: Scopes of Work

NAICS CODE	NAICS DESCRIPTION	FTA DOLLAR AMOUNT	% of TOTAL AMOUNT
0	Internal and Contingency	\$4,400,145.00	13.30%
236220	Construction Management	\$680,000.00	2.05%
541330	Engineering	\$2,593,952.00	7.84%
541611	Project Management	\$1,898,396.00	5.74%
236220	Commercial Construction	\$1,000,000.00	3.02%
237130	Communication and Fiber Construction	\$3,018,400.00	9.12%
237990	Railway construction (e.g., interlocker, roadbed, signal, track)	\$850,000.00	2.57%
237990	Other Heavy and Civil Engineering Construction	\$200,000.00	0.60%
238120	Curtain wall, precast concrete, installation	\$200,000.00	0.60%
238190	Other Foundation, Structure, and Building Exterior Contractors	\$750,000.00	2.27%
238210	Cable splicing, electrical or fiber optic	\$1,000,000.00	3.02%
238210	Railroad signaling equipment installation	\$2,150,000.00	6.50%
238910	Excavating, earthmoving or land clearing, mining (except overburden removal at open pit mine sites or quarries)	\$600,000.00	1.81%
238990	Fencing contractors (except electronic containment fencing for pets)	\$1,500,000.00	4.53%
238990	All other specialty trade contractors (New Shelters)	\$400,000.00	1.21%
333921	Elevator and Moving Stairway Manufacturing, Elevator Cab Replacement	\$350,000.00	1.06%
423860	Railroad equipment and supplies merchant wholesalers	\$10,000,000.00	30.22%
453930	Manufactured (mobile) home dealers (Crew Trailer)	\$250,000.00	0.76%
561710, 238130	Framing contractors, Termite Control Services	\$50,000.00	0.15%
562119,561790	Debris removal services, Building exterior cleaning services (except for sandblasting and window cleaning)	\$200,000.00	0.60%
562910	Lead paint abatement services	\$1,000,000.00	3.02%
	<b>Total</b>	<b>\$33,090,893.00</b>	<b>100.00%</b>

## Appendix 2: Base Figure Calculation

NAICS Codes	Description	US Census CBP San Francisco/San Mateo/Santa Clara All Firms	CALTRAN UCP San Francisco/San Mateo/Santa Clara DBE Companies	Weight	Weighted %
236220	Commercial Construction and Construction Management (combined)	406	2	5.08%	0.03
237130	Communication and Fiber Construction	31	2	9.12%	0.59
541611	Project Management	1,847	30	5.74%	0.09
541330	Engineering (Design)	1,232	38	7.84%	0.24
562119, 561790	Debris removal services, Building exterior cleaning services (except sandblasting, window cleaning)	131	1	0.60%	0.00
238120	Curtain wall, precast concrete, installation	28	8	0.60%	0.17
238910	Excavating, earthmoving or land clearing, mining (except overburden removal at open pit mine sites or quarries)	137	6	1.81%	0.08
333921	Elevator and Moving Stairway Manufacturing Elevator Cab Replacement	0	0	1.06%	0.00
238990	All other specialty trade contractors (New Shelters)	232	11	1.21%	0.06
453930	Manufactured (mobile) home dealers	7	0	0.76%	0.00
238210	Cable splicing, electrical or fiber optic	826	0	3.02%	0.00
237990	Railway construction (e.g., interlocker, roadbed, signal, track)	14	0	2.57%	0.00
238210	Railroad signaling equipment installation	826	0	6.50%	0.00
562910	Lead paint abatement services	24	1	3.02%	0.13
238190	Other Foundation, Structure, and Building Exterior Contractors	45	1	2.27%	0.05
237990	Other Heavy and Civil Engineering Construction	14	4	0.60%	0.17
561710 , 238130	Termite control services, Framing contractors	160	1	0.15%	0.00
238990	Fencing contractors (except electronic containment fencing for pets)	232	11	4.53%	0.21
423860	Railroad equipment and supplies merchant wholesalers	7	0	30.22%	0.00
0	<b>Internal/Contingency</b>	1	0	13.30%	0.00
	<b>TOTAL</b>	<b>6,200</b>	<b>116</b>	<b>100.00%</b>	<b>1.82</b>



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