



# 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.**

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## 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.**

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## 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**

$$\frac{\text{Market Area Certified DBE Firms}}{\text{All Market Area Firms}} = 10.95\% \text{ DBE Availability}$$

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## Adjustments to Base Figure

- **Public comments**
  - Events held April 12<sup>th</sup> and May 3<sup>rd</sup> in conjunction with other Bay Area Transportation Agencies
- **Past DBE participation**
  - What has past participation been?
  - Specific work with no DBE participation

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## 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**

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

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## 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**

$$\begin{array}{r} 18.55\% \text{ DBE Availability} \\ \times 3.34\% \text{ of FTA Funds} \\ \hline .62\% \text{ added to the DBE Goal} \end{array}$$

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## Weighting (cont'd)

- **Add all work types to create an overall DBE Goal.**

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

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## 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 1<sup>st</sup>.**

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## 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 3<sup>rd</sup>, 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.

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## Questions?

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

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