



**Federal Transit Administration (FTA) - Overall DBE
Goal Setting Methodology**

for

**FFY 2022/24
Goal Period**

Submitted in fulfillment of:

*Section 1101 of the Transportation Equity Act for the 21st Century
49 Code of Federal Regulations Part 26*

and

Federal Register / Vol. 75, No. 22 [Docket No. OST-2010-0021]

This analysis is prepared exclusively for the City of Simi Valley; it is non-transferable and is not to be duplicated.

**SIMI VALLEY TRANSIT (CITY)
 DISADVANTAGED BUSINESS ENTERPRISE (DBE)
 PROPOSED OVERALL GOAL AND METHODOLOGY
 FOR
 Federal Fiscal Year (FFY) Period 2022/24
 (October 1, 2021 to September 30, 2024)**

I. INTRODUCTION

Simi Valley Transit (City) is required to develop and submit a Disadvantaged Business Enterprise (DBE) Overall Goal for DBE participation as a condition of receiving federal assistance, pursuant Moving Ahead for Progress in the 21st Century; 49 CFR Part 26 “Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs” and the Federal Transportation Administration (FTA) Master Funding Agreement.

II. BACKGROUND

Effective March 3, 2010, the United States Department of Transportation (“DOT”) issued a final rule affecting the implementation and management of the Department’s Disadvantaged Business Enterprise (“DBE”) program. The final rule, requires submission of a goal-setting methodology on a three-year cycle. Pursuant to this final rule, the City is still required to conduct an annual review to account for changes that may warrant an adjustment to the overall goal or make an adjustment based on changed circumstances (i.e. significant change in the legal standards governing the DBE program, new contracting opportunities presented by the availability of new or different grant opportunities, etc.) to ensure the goal and program as a whole are narrowly tailored throughout the goal period. Under the three-year schedule, the City’s DBE goal and methodology submission is due to FTA on August 1, 2021 for proposed FTA funded contracting activities for Federal Fiscal Years (FFY) 2022/24.

The City herein presents its Proposed Overall DBE Goal Methodology for FFY 2022/24 goal period, which resulted in an 5% Overall DBE Goal.

III. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2022/24

Table 1 represents the City’s U.S. DOT-assisted (FTA) defined contracting program, which includes projects considered in preparing its **Proposed Overall DBE Goal-Setting Methodology**. The projects have viable subcontracting possibilities and corresponding availability of DBEs, a required criterion for Overall Goal consideration, and are anticipated to be awarded within the respective goal period.

Table 1

PROJECT	Total Estimated Cost
New HVAC System	\$ 250,000.00
Electric Vehicles and Infrastructure	\$ 425,000.00
New Bus Wash	\$ 500,000.00
Total:	\$1,175,000.00

IV. GOAL METHODOLOGY

Step 1: Determination of a Base Figure (26.45)¹

To establish the City’s Base Figure of the relative availability of DBEs to all comparable firms (DBE and Non-DBEs) available to propose on the City’s FFY 2022/24 FTA-assisted contracting opportunities projected to be solicited during the respective goal period, the City followed one of the five prescribed federal goal-setting methodologies in accordance with 49 CFR Part 26 regulations. This was accomplished by accessing the *California Unified Certification Program (CUCP) Directory of Certified DBE Firms* and the *2019 U.S. Census Bureau County Business Patterns (CBP) Database*. Comparisons were made within the City’s market area (defined as Ventura, Los Angeles, Orange and San Bernardino County) and by specified industries and types of businesses identified in Table 2. the City’s local market was determined by identifying where the substantial majority of the City’s contracting dollars are expended and/or where the substantial majority of contractors and subcontractors bids or quotes are received.

Table 2

Project:	Furnish and Install New Wash System		
NAICS	NAICS Description	Weighting	Value
484110	General Freight Trucking, Local	3%	\$ 15,000.00
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	35%	\$175,000.00
333318	Other Commercial and Service Industry Machinery Manufacturing	35%	\$175,000.00
238990	All Other Specialty Trade Contractors	20%	\$100,000.00
238220	Plumbing, Heating, and Air-Conditioning Contractors	7%	\$ 35,000.00
Total:			\$500,000.00
Project:	New HVAC Unit		
NAICS	NAICS Description	Weighting	Value
423690	Other Electronic Parts and Equipment Merchant Wholesalers	25%	\$ 62,500.00
484220	Specialized Freight (except Used Goods) Trucking, Local	5%	\$ 12,500.00
423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers	70%	\$175,000.00
Total:			\$250,000.00
Project:	Electric Vehicles and Infrastructure		
NAICS	NAICS Description	Weighting	Value
238210	Electrical Contractors and Other Wiring Installation Contractors	10%	\$ 42,500.00
541330	Engineering Services	10%	\$ 42,500.00
484121	General Freight Trucking, Long-Distance, Truckload	10%	\$ 42,500.00
238910	Site Preparation Contractors	8%	\$ 34,000.00
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	30%	\$127,500.00

¹ 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

524298	All Other Insurance Related Activities	2%	\$ 8,500.00
336320	Motor Vehicle Electrical and Electronic Equipment Manufacturing	15%	\$ 63,750.00
335911	Storage Battery Manufacturing	15%	\$ 63,750.00
Total:			\$425,000.00

The City made a concerted effort to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator. For corresponding detail of all work category classifications grouped, refer to Table 3 below.

- ⇒ *For the numerator:* California UCP DBE Database of Certified Firms
- ⇒ *For the denominator:* 2019 U.S. Census Bureau’s Business Pattern Database (CBP)

To determine the relative availability of DBEs, the City divided the numerator² representing the ratio of ready, willing and able DBE firms, by the denominator³ representing all firms (DBE and Non-DBEs) available in each work category, see below:

$$\frac{\text{Number of Ready, Willing and Able DBEs}}{\text{Number of All Available Firms (Including DBEs and Non-DBEs)}} = \text{DBE Availability \%}$$

To determine the appropriate weighting percent by NAICS, the estimated dollar value by NAICS was divided by the total estimated federal dollars for FFY 2022/24. The weighting percent by NAICS was then multiplied by the DBE Availability % to determine the Base Figure % by NAICS, see below:

$$\text{Weighting} \times \text{DBE Availability \%} = \text{Base Figure \% by NAICS}$$

To determine the Step 1 Base Figure, the City added together all Base Figure percentages by NAICS in Table 3 below, which resulted in a value of 6.67% that was then multiplied by 80%, (to account for the 20% Prime performance typical on most City contracts) to produce a Step 1 Base Figure of 5.33%.

Table 3

NAICS	Description	Value (B)	Weight (F) B/A	# of DBE's (D)	# of All Items Census (E)	DBE Availability (C) D/E	Base Figure (F x C)
238210	Electrical Contractors and Other Wiring Installation Contractors	\$42,500.00	3.62%	162	3379	4.79%	0.17%
238220	Plumbing, Heating, and Air-Conditioning Contractors	\$35,000.00	2.98%	50	3991	1.25%	0.04%
238910	Site Preparation	\$34,000.00	2.89%	140	725	19.31%	0.56%

² Numerator represents all DBE firms established within the City’s market area.

³ Denominator represents all comparable available established firms within the City’s market area.

	Contractors						
238990	All Other Specialty Trade Contractors	\$100,000.00	8.51%	170	1094	15.54%	1.32%
333318	Other Commercial and Service Industry Machinery Manufacturing	\$175,000.00	14.89%	1	86	1.16%	0.17%
335911	Storage Battery Manufacturing	\$63,750.00	5.43%	1	14	7.14%	0.39%
336320	Motor Vehicle Electrical and Electronic Equipment Manufacturing	\$63,750.00	5.43%	2	42	4.76%	0.26%
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	\$127,500.00	10.85%	2	480	0.42%	0.05%
423690	Other Electronic Parts and Equipment Merchant Wholesalers	\$62,500.00	5.32%	20	1327	1.51%	0.08%
423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers	\$175,000.00	14.89%	9	176	5.11%	0.76%
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	\$175,000.00	14.89%	23	247	9.31%	1.39%
484110	General Freight Trucking, Local	\$15,000.00	1.28%	149	2049	7.27%	0.09%
484121	General Freight Trucking, Long-Distance, Truckload	\$42,500.00	3.62%	36	1294	2.78%	0.10%
484220	Specialized Freight (except Used Goods) Trucking, Local	\$12,500.00	1.06%	381	589	64.69%	0.69%
524298	All Other Insurance Related Activities	\$8,500.00	0.72%	17	134	12.69%	0.09%
541330	Engineering Services	\$42,500.00	3.62%	456	3225	14.14%	0.51%

Total DBE Work Amount

6.67%

X 80% DBE Work Factor

X 80%

DBE Goal

5.33% =
5%
(rounded)

(A) Work Item Total: \$1,175,000

Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, the City reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the City’s market area, in accordance with prescribed narrow tailoring provisions set forth under 49 CFR Part 26.45 Step 2; DBE Goal Adjustment guidelines.

Evidence considered in making an adjustment to the Base Figure included the City’s *Past DBE Goal Attainments*, Evidence from *Disparity Studies conducted in the City’s market area*, and *Other Evidence*, as follows:

A. Past DBE Goal Attainments

The following table below reflects the demonstrated capacity of DBEs (measured by historical DBE participation) on FTA-assisted contracts awarded by the City within the last three (3) Federal Fiscal Years:

Table 4

Overall DBE Goal by Period	Federal Fiscal Year	DBE Attainment
10.5%	FFY 2018*	0.4%
8.4%	FFY 2019	2.1%
8.4%	FFY 2020	0.1%
Past Attainments = 0.1%, 0.4%, 2.1% = 0.4% Median Participation		

*FFY 2021 still in progress as of the date of methodology preparation, so FFY 2018 was used in lieu of FFY 2021

The City considered an adjustment to the Base Figure based on the median DBE participation on DOT-assisted contracts completed within the past three FFYs (2018/20). Upon further review of the types projects awarded in the three year period reviewed, it was evident that the dominant majority of the project scopes included the procurement and purchase of vehicle parts, tires, fuel and various software systems. As the projects anticipated for FFYs 2022/24 vary substantially in scope from those awarded in the previous goal period, the City cannot reasonably assume that the rates of DBE participation reflected are an accurate reflection of DBE capacity to perform in the 2022/24 overall goal period. Therefore, no adjustment to the Step 1 Base figure has been made.

B. Evidence from Disparity Studies, Barriers to Entry: Employment, Self Employment, Education and Training, Business Ownership Rates and Access to Capital

The City did not find it feasible to conduct a more recent independent availability/disparity study; however, the City identified two (2) disparity studies, inclusive market areas like the City’s, to consider whether a Race-Conscious DBE Program should continue to be implemented. The 2 identified Disparity Studies were the Caltrans Disparity Study and The Los Angeles County Metropolitan Transportation Authority (Metro) Disparity Study.

The first disparity study considered was that of the California Department of Transportation (Caltrans), completed in 2016 due to the timeliness of the contracts reviewed. The Caltrans disparity study reviewed Construction and Engineering contracts state-wide between the years January 1, 2011 to December 31, 2014. As the Caltrans’ disparity study included thousands of contracts from areas outside of the City’s market area as well as projects that had no relation to the scopes included in the upcoming goal period, the City opted to not utilize this disparity study to apply an adjustment to their current race-neutral/race-conscious DBE application measures.

The second disparity study taken into consideration was Metro's Disparity Study due to the similarities in market area and timeliness of the contracts reviewed. Where the Caltrans Study market area included the entire state of California, the Metro Study focused on Los Angeles County which is more aligned with the City's market area. The Metro Disparity Study was initiated in November 2016 and included a five-year study period (January 1, 2011 through December 31, 2015) to determine any differences between the participation of minority- and woman-owned businesses in relevant contracts and the availability of those businesses to perform that work (referred to as *disparities*). Disparity analysis results indicated that most racial/ethnic and gender groups showed disparities on contracts where race- and gender-conscious measures were not in place during the study period. As a result, the Disparity Study recommended the use of contract DBE goals.

Although Metro's disparity study was more relevant in market area to the City's, the contracts reviewed within the Disparity Study had no relation to the scopes included in the City's upcoming goal period. Therefore, the City opted to not utilize this disparity study to apply an adjustment to their current race-neutral/race-conscious DBE application measures.

The City will continue to review applicable Disparity Studies as they become available and apply the appropriate adjustments to their Race-neutral/Race-Conscious DBE goal application.

C. Other Evidence

The City did not receive any anecdotal evidence nor is it aware of any other factors or adverse considerations that would have had a material affect on DBEs availability within the City's marketplace, or on DBEs' ability to participate (meeting bonding, insurance and financial requirements) in the City's FTA-assisted contracting programs at this time. However, as part of the City's 30 day period public facilitation process, it will request comments/input from industry groups both representing DBEs and non-DBEs to determine whether further consideration in making an adjustment is warranted. The City will also consider input received through disparity studies in the City's market area.

The Overall DBE Goal for FFY 2022/24 goal period for the City's FTA-assisted contracts is 5%.

The proposed goal further serves to identify the relative availability of DBEs based on evidence of ready, willing, and able DBEs to all comparable firms, which are known to be available to compete for and perform on the City's FTA-assisted contracts. The proposed goal reflects a determination of the level of DBE participation, which would be expected absent the effects of discrimination.

V. RACE-NEUTRAL/RACE-CONSCIOUS APPLICATION

A. Consideration of the Amount by which the City has Exceeded Goals in the Past

DOT has identified the amount a recipient has exceeded their overall goals in the past years as a useful tool in projecting the race/gender-neutral participation one can expect in future Federal Fiscal Years.

The following table reflects the demonstrated capacity of DBEs on FTA-assisted contracts completed by the City within the last three (3) Federal Fiscal Years:

Table 4

Overall DBE Goal by Period	Federal Fiscal Year	DBE Attainment	% Goal Exceeded
10.5%	FFY 2018*	0.4%	0%
8.4%	FFY 2019	2.1%	0%
8.4%	FFY 2020	0.1%	0%
Median % Goals Exceeded by = 0%, 0% , 0% = 0%			
0%* Median Participation above			

*FFY 2021 still in progress as of the date of methodology preparation, so FFY 2018 was used in lieu of FFY 2021

The City’s Historical Past Participation above the DBE goal produced a median of 0% DBE Participation (as illustrated in the table above). As the projects anticipated for FFYs 2022/24 vary substantially in scope from those awarded in the previous goal period, the City cannot reasonably assume that the rates of DBE participation reflected in the table above are an accurate reflection of DBE capacity to perform in the 2022/24 overall goal period.

B. Past Participation by DBE Prime Contractors

DOT has identified that the amount of past participation obtained through the use of DBE primes should be considered achieved race/gender-neutrally and that those attainments can be used as a basis for estimating a similar level of race/gender-neutral participation in the next overall goal period.

Therefore, the City considered the amount of past DBE participation (based on awards) obtained through the use of DBE primes in FFYs 2018, 2019 and 2020 below:

Table 5

FFY	Total Dollar Value Awarded to DBE Prime	Reporting Period	Total Dollar Value of Awarded Contracts
2018	\$0.00	10/1/17 - 03/31/18	\$38,105.00
	\$3,500.00	04/1/18 - 09/30/18	\$875,355.00
2019	\$0.00	10/1/18 - 03/31/19	\$236,430.62
	\$13,500.00	04/1/19 - 09/30/19	\$410,341.00
2020	\$0.00	10/1/19 - 03/31/20	\$448,752.00
	\$511.00	04/1/20 - 09/30/20	\$534,487.00
Total:	\$2,543,470.62		\$2,543,470.62
% DBE Prime Participation	Total Dollar Value Awarded to DBE Primes (\$17,511.00 / Total Dollar Value of Awarded Contracts (\$2,543,470.62) = 0.7% DBE Prime Participation		0.7%

The City found that 0.75% of the DBE participation during FFYs 2018 through 2020 was produced by the utilization of DBE primes. This value was developed by dividing the total dollars awarded to DBE Primes (\$2,543,470.62) by the total dollars awarded on all Primes contracts (\$17,511.00) within FFYs 2018 through 2020, as displayed in the table above. As the projects anticipated for FFYs 2022/24 vary substantially in scope from those awarded in the previous goal period, the City cannot reasonably assume that the rates of DBE participation reflected in the table above are an accurate reflection of DBE capacity to perform in the 2022/24 overall goal period.

C. Consider Past Participation by DBE Subcontractors on Contracts without Goals

DOT has identified that the amount of past participation obtained through the use of DBE subcontractors on contracts without DBE goals should be considered achieved race/gender-neutrally and that those attainments can be used as a basis for estimating a similar level of race/gender-neutral participation in the next overall goal period. Therefore, the City considered the amount of past DBE subcontractor participation on contracts without DBE goals in FFYs 2018, 2019 and 2020 below:

Table 6

FFY	Total Dollar Value Awarded to DBE Subcontractors on RN Contracts	Reporting Period	Total Dollar Value of Awarded RN Prime Contracts
2018	\$0.00	10/1/17 - 03/31/18	\$38,105.00
	\$0.00	04/1/18 - 09/30/18	\$875,355.00
2019	\$0.00	10/1/18 - 03/31/19	\$236,430.62
	\$0.00	04/1/19 - 09/30/19	\$410,341.00
2020	\$0.00	10/1/19 - 03/31/20	\$448,752.00
	\$0.00	04/1/20 - 09/30/20	\$534,487.00
Total:	\$0.00		\$2,543,470.62
% DBE Sub Participation	Total Dollar Value Awarded to DBE Primes (\$0.00 / Total Dollar Value of Awarded Contracts (\$2,543,470.62) = 0.00% DBE Prime Participation		0%

A DBE participation value of 0% was derived by the utilization of DBE firms in the Race-Neutral (RN) periods above. As the projects anticipated for FFYs 2022/24 vary substantially in scope from those awarded in the previous goal period, the City cannot reasonably assume that the rates of DBE participation reflected in the table above are an accurate reflection of DBE capacity to perform in the 2022/24 overall goal period.

D. Consider MBE/WBE/DBE Participation Pursuant to Race/Gender-Neutral State or Local Programs.

The City monitors Small Business participation but does not currently track MBE/WBE/DBE participation on Race/Gender-Neutral or Local Programs. The City will consider methods of tracking this information in the future for use in considering the proper race/gender-neutral application.

E. Consider Concrete Plans to Implement New Race-Neutral Methods.

The City will be implementing new and comprehensive mechanisms to raise awareness regarding the DBE program and to ensure prime contractors are aware of the requirements and feel at ease with the program. The City believes that improving awareness will lead to higher numbers in utilization by its prime and subcontract contracting community.

F. Past History of Inability to Achieve Goals

DOT has identified that a recipient’s past inability to meet their goals in the past years as a powerful indicator that the recipient may be justified in applying race-/gender-conscious measures to achieve their

goals in future Federal Fiscal Years. The following table below reflects the demonstrated capacity of DBEs (measured by historical DBE participation) on FTA-assisted contracts awarded by the City within the last three (3) Federal Fiscal Years:

Table 7

Overall DBE Goal by Period	FFY	DBE Attainment	% Below DBE Goal
10.5%	FFY 2018*	0.4%	10.1%
8.4%	FFY 2019	2.1%	6.3%
8.4%	FFY 2020	0.1%	8.3%

*FFY 2021 still in progress as of the date of methodology preparation, so FFY 2018 was used in lieu of FFY 2021

The City’s historical DBE participation produced a shortfall in the City’s ability to meet goals within each of the Federal Fiscal Years (2018 through 2020) examined. As the projects anticipated for FFYs 2022/24 vary substantially in scope from those awarded in the previous goal period, the City cannot reasonably assume that the rates of DBE participation reflected in the table above are an accurate reflection of DBE capacity to perform in the 2022/24 overall goal period.

Consistent with the FTA guidance provided and the reasons delineated above the City has found it advisable to not utilize the race-neutral DBE participation achieved in FFY’s 2018/21 as an indicator of DBE ability to perform in the upcoming FFY 2022/24 goal period. The City will implement the race-neutral/race-conscious breakout illustrated below to meet the proposed Overall DBE Goal (5%) in accordance with 49 CFR Part 26.51.

<p>DBE Goal: 5%</p> <p>RN Application 5% / RC Application 0%</p>
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F. Monitor DBE Participation to Determine Whether an Adjustment to the Use of Race/Gender-Conscious Measures is Necessary

The City will continue to monitor its DBE participation during the overall goal period to determine whether the application of the City’s race-neutral/race-conscious measures to meet the proposed Overall DBE Goal (5%) remains on target. The City will adjust the application of race/gender-neutral and race/gender-conscious measures, as necessary to ensure the City meets the maximum feasible portion the overall goal by using race/gender-neutral means of facilitating DBE participation.

VI. PUBLIC PARTICIPATION AND FACILITATION

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business chambers, and community organizations within the City’s market area will be consulted and provided an opportunity to review the City’s goal analysis and provide input.

The City will issue a Public Notice, publishing the City’s Proposed Overall Goal for the FFYs 2022/24. The Notice will inform the public that the proposed goal and rationale are available for inspection at the City’s website for 30 days following the date of the Public Notice and that the City will accept comments on the goal analysis for 30 days from the date of the Public Notice.

Furthermore, the City consults and will continue to consult with minority groups and organizations year round via event attendance and facilitation to directly solicit the public in-person regarding input they have on DBE opportunities and any real and/or perceived barriers to DBE participation.

Staff has initiated the public participation process. This includes the following: 1) sending the proposed goal and methodology to local/ethnic chambers of commerce and other business/community organizations in the City's market area; 2) participating in targeted outreach events to provide these organizations, their members/constituents, and the City bidders/vendors/contractors with the opportunity to comment and/or offer feedback on the proposed goal or input regarding barriers to DBE participation; 3) advertising the goal (via a public notice) on the City's website and 4) including, in the public notice, instructions for viewing and/or providing feedback on the proposed goal and methodology.

To further support the public participation process, the City will also be hosting a virtual Public Consultation Meeting. This meeting is designed to facilitate receiving input from the City's contracting community, stakeholders, which include minority and women business groups, community organizations, trade associations and other officials or organizations that may have information concerning the availability of disadvantaged businesses and comments on the City's proposed DBE overall goal and corresponding methodology.

After completion of the public participation process, staff will consider any feedback as a factor in making a further adjustment to the goal. If the goal percentage changes from the proposed 5% staff will return to the City Council for approval of the adjusted goal and will then submit the goal and methodology to the FTA.