



**CITY OF GARDENA
DISADVANTAGED BUSINESS ENTERPRISE (DBE)
OVERALL GOAL AND METHODOLOGY**

**FOR
FEDERAL FISCAL YEARS (FFY) 2022 – 2024**
(Covering the period of October 1, 2021 – September 30, 2024)

I. INTRODUCTION

The City of Gardena’s Transportation Department (GTrans) is required to develop and submit a Disadvantaged Business Enterprise (DBE) Overall Goal for DBE participation as a condition of receiving federal assistance, pursuant to 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. PROPOSED OVERALL GOAL FOR FFY 2022 – 2024

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, GTrans 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, GTrans’ DBE goal and methodology submission is due to FTA on August 1, 2021 for proposed FTA funded contracting activities for Federal Fiscal Years (FFY) 2021-24. **GTrans overall goal for the FFYs 2022, 2023, and 2024 is 4%** The overall goal is expressed as a percentage of all FTA-assisted funds that GTrans will expend to applicable FTA-assisted contracts in the triennial goal period.

III. LOCAL MARKET AREA

GTrans has defined its local market area as Los Angeles, Orange, Riverside, and San Diego Counties. This is the area in which the substantial majority of contractors and subcontractors with which GTrans does business are located; and the area in which GTrans spends the substantial majority of its contracting dollars.

IV. DOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2022 – 2024

Table 1 represents all FTA-assisted projects that have possible contracting and subcontracting opportunities considered in the overall goal setting for fiscal years 2022, 2023, and 2024. The projects are anticipated to be awarded during the triennial period. GTrans does not pass any FTA

funds to any sub-recipients. The following projects are anticipated to be completed during the FFY 2022-2021 period:

Bus Service Equipment – GTrans has programmed expenses for ongoing bus service equipment including but not limited to: engines, couplings, inverters, driver motors, etc.

Energy Storage System for Charging Facility – GTrans will use funds to purchase and install solar generation equipment and an energy system. GTrans will use electricity generated during the day by expanding its existing solar generation system onto its maintenance building to power the buses and store excess electricity in the energy storage system.

Solar Panels – GTrans intends to purchase and install solar panels for use on existing buildings and/or canopy structures to provide energy to the grid, or for use for off-peak charging in conjunction with its energy storage system.

Asset Management/Maintenance Software – GTrans will use funds to purchase maintenance and asset management software to centrally manage GTrans' assets. The Asset Management/Maintenance Software will help GTrans meet regulatory requirements, optimize parts management and reduce road calls.

HVAC Equipment – GTrans plans to purchase HVAC equipment for its main Operations and Administration building to regulate heat, airflow, ventilation, and air.

Real-Time Information Signage – GTrans intends to purchase real-time information signage that will allow the data from its new CAD/AVL system to be pushed to on-street signage in addition to other web-based apps. The signage will be located at high ridership bus stops and major transfer points. GTrans intends to purchase 'off the shelf' signs that can be installed using its own staff on the existing bus poles.

Bus Lifts – GTrans plans to purchase and install in-ground bus lifts for the maintenance of its medium and heavy-duty fleet of buses and support vehicles.

V. **OVERALL GOAL-SETTING METHODOLOGY**

The two-step goal-setting process required by the regulations was used to determine the recommended overall goal for FFY 2022 – 2024. The two steps for setting an overall goal are to:

1. Establish a base figure for the relative availability of DBEs; and
2. Determine the base figure adjustment, if necessary

The base figure is intended to be a measurement of the current ready, willing and able DBEs as a percentage of all businesses ready, willing, and able to perform the recipient's anticipated FTA-assisted contracts.

VI. **STEP ONE – BASE FIGURE CALCULATION**

The annual goal methodology used is in accordance with the U.S. Department of Transportation (DOT) DBE Program Final Rule, 49 Code of Federal Regulation (CFR), Part 26. The two-step goal-setting process has been used to determine the recommended overall goal for FFY 2022 – 2024. Calculations were performed to establish the GTrans Base Figure for the relative availability of Disadvantaged Business Enterprise (DBEs) in relation to all comparable firms available for GTrans contracting and subcontracting opportunities identified for the next three years. The DBEs are those who by definition in local databases are ready, willing and able to compete for contracts.

Base Figure Calculation Steps

Step 1 - Determine the weight of each type of work by NAICS Code.

Step 2 - Determine the relative availability of DBEs by NAICS Code(s)

Step 3 – Multiply the (Work Type Weight) by (DBE Relative Availability) = Weighted Base Figure

The DBE database used to identify available DBE firms was the California Unified Certification Program (CUCP) Statewide DBE Directory, which is available on the CUCP website. Los Angeles, Orange, Riverside, and San Diego Counties were the areas used to identify the number of DBEs. The United States Census Bureau (2017 Economic Census – Business Patterns) dataset for Los Angeles, Orange, Riverside, and San Diego Counties was used to identify all available firms in the local market area. The majority of the contractors who do business in the City of Gardena are drawn from these nearby areas.

The availability data for each contracting opportunity by NAICS code (North American Industry Classification System) from the California Unified Certification Program (CUCP) database (DBEs available) and from the Census Bureau database (all listed available) are shown in Table 1.

TABLE 1 - CONTRACTING OPPORTUNITIES

Project	NAICS Code(s)	NAICS Description(s)	Available DBEs	All Available Firms	Relative Availability of DBE Firms	Project Federal Funding	Weighted by Budget Expense	% of Project (Weight) X % Relative Availability of DBE Firms
Bus Components	423120 336340 336330	Motor Vehicle Supplies and New Parts Merchant Wholesalers, Motor Vehicle Brake System Manufacturing, Motor Vehicle Steering and Suspension Components	13	1,326	1.0%	\$1,105,027	29.8%	0.29%
Energy Storage System for Charging Facility	335911 335312	Storage Battery Manufacturing; Motor and General Manufacturing	1	40	2.5%	\$583,117	15.7%	0.39%
Solar Panels for Maintenance Building - Equipment	221114 335122 423690	Solar Electric Power Generation; Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing, Other Electronic Parts and Equipment Merchant Wholesalers	24	1,568	1.5%	\$510,000	13.7%	0.21%
Solar Panels for Maintenance Building - Installation	238210 238160	Electrical Contractors and Other Wiring Installation Contractors, Roofing Contractors	230	5,022	4.6%	\$90,000	2.4%	0.11%
HVAC Equipment	333415 423730	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing; Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	11	273	4.0%	\$400,000	10.8%	0.43%
HVAC Equipment Installation	238220	Plumbing, Heating, and Air-Conditioning Contractors	70	4,918	1.4%	\$100,000	2.7%	0.04%
Asset Management/Maintenance System	511210 423430	Software Publishers; Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	50	1,849	2.7%	\$300,000	8.1%	0.22%
Real-Time Information Signs	339950 334290	Sign Manufacturing (electrical signs); Other Communications Equipment Manufacturing	30	372	8.1%	\$224,000	6.0%	0.49%
Facility Equipment - Bus Lifts	811310 238910	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance; Site Preparation Contractors	240	1,756	13.7%	\$400,000	10.8%	1.47%
TOTAL			669	17,124	3.91%	\$3,712,144	100%	3.7%*

*Rounded to 4% per FTA guidelines and regulations.

VII. **STEP TWO – BASE FIGURE ADJUSTMENT**

Adjusting the Base Figure

Upon establishing the Base Figure, GTrans reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within GTrans’ market area, in accordance with provisions set forth under 49CFR Part 26.45 Step 2: DBE Goal Adjustment Guidelines. Evidence considered in determining whether or not to adjust the Base Figure included GTrans’ past DBE goal attainments, market area disparity studies, and a review of the DBE goal methodology of other transit agencies in GTrans’ area with comparable Federal funding and project types. The final determination resulted in no adjustment to the base figure. Determining factors are detailed as follows:

A. Past DBE Goal Attainments

GTrans saw some positive movement toward attaining its DBE goal during the past three Federal Fiscal Years. GTrans had three main projects that were good contenders for DBE participation: GTrans Real-Time Information Deployment (GRID) main project, Scheduling and Operations Management Software and the Design Build of a CNG Station and Maintenance Bay Upgrades.

To date, two of the three projects awarded contained DBE participation. GTrans was able to award installation of its GRID Project in FFY20 and awarded considerable participation within its CNG project on electrical work in FFY21 (as of 5/31/2021). GTrans unbundled two large projects into several smaller, biddable pieces of work which yielded more opportunity for DBE participation, and thus an overall achievement of 13 percent participation. This includes projects GTrans planned during the past three federal fiscal years.

Table 3 – Past DBE Goal Attainments

FFY19	FFY20	FFY21*
0.0%	3%	18%
Total Overall Three-Year DBE Participation: 13%		

***This reflects percentage awarded for FFY to date (5/31/2021)**

GTrans considered an adjustment to the Base Figure on its historical DBE goal attainments on similar contracts to those contracting opportunities identified and considered in the Overall DBE Goal Analysis for Federal Fiscal Years 2018-2021. However, GTrans did not adjust the Base Figure as there were very few similar projects identified for potential funding in FFY22-24 versus those that were awarded during FFY19-21, and significantly less federal funding available for award. For Federal Fiscal Years 2021-2022 GTrans has some of the funding in approved FTA grants ready for obligation for the listed projects, but a few of the projects are planned for future federal funding if it becomes

available. Because of this, GTrans did not adjust the Base Figure based on past DBE Goal Attainment.

B. Evidence from Disparity Studies

GTrans determined that it was not feasible to conduct its own independent availability/disparity study. GTrans identified Disparity Studies from two agencies, Los Angeles County Metropolitan Transportation Authority (2017) and the California Department of Transportation (2016), which provided the most relevant information in relation to GTrans' DBE Goal.

While conducted in 2017 and still its most current, the Los Angeles County Metropolitan Transportation Authority (Metro) Disparity Study was reviewed and considered during the evaluation of adjustment of the Base Figure. LA Metro's analyses of marketplace conditions determined that minorities, women, minority-owned businesses, and woman-owned businesses encounter substantial barriers in Los Angeles County as well as throughout the nation. The study also discovered that race-based and gender-based disparities exist in terms of obtaining human capital, accruing financial capital, owning businesses, and operating successful businesses. According to the study, there is evidence that those disparities exist even after accounting for various race-neutral and gender-neutral factors such as age, income, education, and familial status. There is also evidence that many disparities are due to race-based and gender-based discrimination.

Metro's study had a substantial emphasis on very large and complex prime and subcontractor construction and engineering contracts which were not similar in scope to the types of projects that GTrans intends to conduct in the upcoming triennial period. Given that 49 DFR Part 26 states that there must be a rational relationship between the data used to make the adjustment and the actual numerical adjustment made, GTrans did not make an adjustment to its FFY 2022-2024 Base Figure for its overall DBE goal.

GTrans also reviewed and considered the State of California Department of Transportation's (Caltrans) 2016 Disparity Study in its DBE Goal setting analysis. GTrans determined that the study was not applicable to GTrans due to geographic coverage as Caltrans examined opportunities throughout the entire State instead of a more concentrated market area like the City of Gardena uses.

The Study's Disparity Analysis results indicated that several racial/ethnic and gender groups show disparities on the contracts that Caltrans and subrecipient local agencies awarded during the study period, despite the fact that Caltrans applied DBE contract goals to many of those contracts.

GTrans reviewed the results and determined that the Caltrans Study is not applicable due to broad scope of the market area. Additionally, there was a significant difference in the types, breadth and complexity of contracting opportunities provided in the Caltrans study that made applicability to GTrans not comparable. Similarly, because there was no rational relationship between the data used to make the adjustment and the actual

numerical adjustment made, GTrans did not make an adjustment to its FFY 2022-2024 Base Figure for its overall DBE goal.

Summary

GTrans determined that at this time, it will not use any race- or gender-conscious measures as part of the implementation of its DBE program. GTrans will continue to review applicable Disparity Studies and consider modifying its DBE Program if it is unable to obtain sufficient DBE participation.

C. **DBE Goals of Other Local Agencies**

GTrans surveyed the goals of other FTA recipients within our local market area that have similar available Federal funding, contracting programs and transit projects to assess whether an adjustment to our goal could be warranted. GTrans reviewed the following agencies' DBE goals: AVTA, Beach Cities Transit, Culver CityBus and Norwalk Transit. However, after a review of these DBE goals, GTrans has determined that the goals are comparable and an adjustment based on this factor is not warranted.

D. **Other Evidence**

GTrans did not receive any evidence to the contrary, nor are we aware of any other factors which would have a material effect on the ability of DBEs within our market area to participate (i.e. meet bonding, insurance and financial requirements) in GTrans' FTA-assisted contracting programs. **Thus, no goal adjustment was made in consideration of this factor.** However, GTrans continues to explore and consider all available evidence that would materially affect the opportunities for DBEs to participate in our FTA-assisted contracting programs by expanding our network of communication with DBEs in our region.

VIII. **RACE- AND GENDER-NEUTRAL MEASURES**

GTrans will use race- and gender-neutral measures to meet the established overall DBE goal for FFY 2022-2024, in conformance with Title 49 CFR Part 26; "Participation by Disadvantaged Business Enterprises in Department of Transportation Programs".

GTrans will implement Race-Neutral measures to meet its Overall DBE Goal objectives in accordance with 49 CFR Part 26.51, including but not limited to:

- Encouraging participation of DBEs in pre-bid conferences;
- Outreaching to DBE trade associations to provide information on GTrans contracting opportunities;
- Soliciting support of DBE trade associations to distribute bid announcements including bid specifications;
- Encouraging DBEs to discuss their capabilities with prime contractors at pre-bid conferences;

- Using an eProcurement system, which will allow targeted distribution to registered DBEs
- Using online advertising of solicitations such as DBEGoodFaith.com to increase outreach to small, minority, veteran and disabled business communities.

IX. 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 of Gardena's market area will be consulted and provided an opportunity to review the goal analysis and provide input. The City of Gardena will prepare Outreach Consultation Letters advising the aforementioned business community of the proposed DBE goal analysis and its availability for review and comment.

Additionally, GTrans will hold consultation sessions with interested organizations and stakeholders who could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and efforts to establish a level playing field for the participation of DBEs. GTrans' Outreach Consultation Letters will provide interested organizations and stakeholders with pertinent logistical information regarding the City's consultation sessions.

The City of Gardena will also post a Public Notice and the City of Gardena's proposed Overall Goal for the FFY 2022-2024 FTA-assisted contracts on its website. The Public Notice will inform the public that the proposed goal and rationale are available for inspection at the GTrans' Administrative Office during normal business hours for thirty (30) days following the date of the Public Notice and that GTrans will accept comments on the goal analysis for forty-five (45) days from the date of the Public Notice. GTrans will give full consideration to all comments and input and assess its impact on the proposed Overall DBE Goal. If no impact and/or comments are received during the public participation process, the Goal will be considered final.