



## **CITY OF ELK GROVE – TRANSIT DIVISION**

### **DISADVANTAGED BUSINESS ENTERPRISE (DBE) Goal Setting Calculations and Methodology**

Federal Fiscal Years 2020, 2021, 2022  
September 2019

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#### **I. GOAL OVERVIEW**

Pursuant to the rules and regulations provided in 49 CFR Part 26 (DBE Regulations), the City of Elk Grove's Transit Division (the City) proposes a DBE goal of 2.78% for Federal Fiscal Years (FFY) 2020-22 for the City's operation and preventative maintenance service contract with SacRT and the City's Federal Transit Administration (FTA) sustainable communities planning grant administered by the California Department of Transportation (Caltrans) for zero emission bus (ZEB) fleet transition.

During the next three fiscal years, the City anticipates the expenditure of approximately \$1.1 million per year of FTA funds on an on-going, FTA-assisted contract with Sacramento Regional Transit District (SacRT) for fixed-route (local and commuter service) operations and preventive maintenance. The City also anticipates the expenditure of FFY 2019-20 Caltrans planning funds, in the amount of \$150,000, to help the City develop a zero-emission bus (ZEB) fleet transition plan for the City's e-tran fleet.

The City has no capital projects planned with FTA funds (excluding bus purchases through register-red transit vehicle manufacturers) during the next three year.

The City's DBE program was implemented in 2016. The City, unfortunately, did not achieve the City's established three-year DBE goal during the last three fiscal years. DBE participation primarily occurred within the limited availability of subcontracting elements within the City's previous operations and preventive maintenance contract with MV Transportation (MV). There also were no capital construction projects during this time that were funded with FTA funds.

The City's new 3-year DBE goal is set as entirely race-neutral. The City has a plan of defined race neutral activities and will work with its operating contractor, SacRT, to define more

subcontracting opportunities for on-going DBE participation. Further details regarding the City's goal calculations and race-neutral determination are outlined below.

## **II. CONTRACTING OPPORTUNITIES**

During FFY 2020-22, the City anticipates the expenditure of approximately \$1.1 million per year of FTA funds for an on-going five (5) year fixed-route operations and preventive maintenance contract with SacRT. State and local funding sources provide the majority balance of funding spent for fixed-route operating and preventive maintenance expenses. The City's base contract term with SacRT is July 1, 2019, through June 30, 2024. The first three (3) years of the five (5) year contract are included within the contracting opportunities identified in Table 1, below, and within this goal analysis. Any FTA-assisted procurements conducted by SacRT under the maintenance and operations contract, will be conducted under SacRT's FTA approved DBE program, which includes FTA's authorization to use DBE race conscious contract goals if the procurement has subcontracting opportunities and there are ready, willing and available DBEs to participate in the procurement.

The City has no capital projects planned with FTA funds (excluding bus purchases through registered transit vehicle manufacturers) during the DBE goal time period and therefore no construction contracting opportunities that would offer opportunities for DBE participation.

In determining the number of available subcontracting opportunities for DBE participation, the City considered several areas of work relevant to fixed-route operations and preventive maintenance activities administered by SacRT, as well as the available contracting and subcontracting opportunities for DBE participation for the City's ZEB planning grant.

The budget estimates identified in Table 1, below, are the budgeted costs listed in the City's contract with SacRT. These costs are adjusted to account for the proportionate share of Federal revenues that are paying for the contract's expenses, equating to 15.8%, compared to the total local and State revenues that are paying for the remainder of the contract's expenses. These Federally-funded costs are currently accounted for in the contract's overall fixed monthly administrative and maintenance cost flat fee that the City pays SacRT for providing fixed-route transit services. FTA available contracting opportunities for the ZEB planning study are also identified as a separate line item in the City's overall three-year DBE goal calculation.

Table 1, below, identifies the City's anticipated DBE participation opportunities for the next three years, and their corresponding NAICS codes.

**Table 1: DBE Participation Opportunities During FFYs 2020-22**

<b>NAICS Code</b>	<b>NAICS Description</b>	<b>Estimated Contracting Opportunities FFY 2020-2022</b>	<b>Adjustment to Consider Federal Participation Only</b>
<b><i>EG/SACRT CONTRACT MATERIALS AND SUPPLIES</i></b>			
<b>453210</b>	Office Supplies and Stationary	\$31,836	\$5,030
<b>423420</b>	Office Equipment Merchant	\$31,836	\$5,030
<b>441310</b>	Auto Parts and Accessories	\$391,466	\$61,852
<b>423130</b>	Tire and Tube Sales	\$391,466	\$61,852
<b>424720</b>	Petro and petro products	\$391,466	\$61,852
<b><i>EG/SACRT CONTRACT SUPPORT SERVICES</i></b>			
<b>488410</b>	Towing	\$150,000	\$23,700
<b>811310</b>	Equipment Maintenance	\$391,466	\$61,852
<b>812331</b>	Linen Supply: Uniforms	\$75,770	\$11,972
<b>621999</b>	Employee Drug Testing Services	\$75,770	\$11,972
<b>621511</b>	Medical Labs	\$75,770	\$11,972
<b><i>CALTRANS FTA PLANNING GRANT FOR BUS FLEET TRANSITION TO ZERO EMISSIONS</i></b>			
<b>551329</b>	Engineering Services	\$150,000	\$132,750
<b><i>WEIGHTED DBE GOAL</i></b>			<b><i>2.78%</i></b>

**III. GEOGRAPHIC MARKET AREA**

The City has received assistance from SacRT in developing a DBE goal for the subcontracting operations and preventative maintenance contract work, starting a bidders list, and defining the geographic market area and distribution of contractors and subcontractors available to assist the City with the anticipated FTA-assisted work for the next three years. The City does not have full control over SacRT’s procurement process for the subcontracting operations and preventive maintenance work, and therefore relies heavily on SacRT to ensure compliance with their own FTA approved DBE plan. For this three-year DBE goal calculation, the City and SacRT reviewed each of the contracting and subcontracting opportunities available in the operations and preventative maintenance contract. Table 2, below, shows the DBE contracting opportunities and the respective geographic market area for ready, willing and available DBE contractors used in the City’s DBE goal calculation methodology.

Due to the unique nature of operations and preventative maintenance, most items and products need to be located within a relative proximity to the City’s Corporation Yard where the daily operations and maintenance work takes place. The City determined the geographic market area as the counties within closest proximity to where the operations/maintenance work is conducted. It is anticipated that products/services can be obtained within this geographic market area in an expeditious manner relevant to the nature of operations and preventive maintenance work.

For the engineering services work anticipated with the ZEB planning project, the City further identified the geographic market area as needing to be within a relative proximity to the City’s administrative offices. This was determined based on the level of local planning support and on-site staff resources needed to conduct the ZEB fleet conversion planning efforts.

**Table 2: DBE Base Goal Calculation**

<b>Opportunity</b>	<b>Geographic Market Area</b>
Materials and Supplies/Contract Support Services Subcontracting Opportunities	Sacramento, San Joaquin, El Dorado, Yolo, and Placer Counties
Engineering Services	Sacramento, San Joaquin, El Dorado, Yolo, and Placer Counties

**IV. GOAL CALCULATION**

*Step 1: Determination of a Weighted Base Figure*

As shown by the formula below, and calculated in Table 3, below, the Base Figure is derived by dividing the number of ready, willing and able DBE firms identified for each work category by the number of firms identified for each corresponding work category (Shown in Column C, in Table 3). This value is then weighted by multiplying by the percent weight of each work category relative to the total contract value (shown in Column E, Table 3). The value is then converted to a percentage (Column F, Table 3). Each of these work category goal calculations is then added together to create the total Weighted DBE Goal (Summed at the base of Table 3).

$$Base\ Figure = \sum \frac{Nuber\ of\ Ready,\ Willing,\ and\ Able\ DBEs}{Number\ of\ All\ Ready,\ Willing\ and\ Able\ Firms} \times weight$$

The City utilized the California Unified Certification Program (CUCP) database to determine the number of ready, willing and able DBE’s within its identified geographic market area for each identified NAICS code (Column A). Using the U.S. Census Bureau’s 2016 County Business Patterns data, the City determined the number of all firms, including DBEs, within the determined geographic market area that were ready and able to perform the identified NAICS codes (Column B). The results from Column A were divided by Column B to provide the percentage of DBE firms available compared to all firms available to calculate Column C. Currently, the City does not have any established bidders list or other vendor databases to consult for establishing the data in Columns A and B. However, as indicated in the City’s approved DBE Program, this list and vendor database will be established, and subsequently utilized during the next 3-year goal setting process. Prior to weighting the DBE goal was

calculated to be 0.85%. Any FTA assisted procurements, conducted by SacRT under the operations and maintenance contract, will be conducted under SacRT's FTA approved DBE Program.

For Column D, the City examined present and anticipated future subcontracting opportunities within the SacRT Contract. This data was based on budgeted estimates included in the City's contract with SacRT, which further considered that Federal funds only account for 15.8% of these total contract estimates. Column E identifies the weighted percentage of contracting opportunities. This weighted calculation from Column E is applied to the Column C calculations, to establish the City's weighted Step 1 base DBE goal: 2.78%

**Table 3: DBE Base Goal Calculation**

NAICS CODE	WORK CATEGORY	A	B	C	D	E	F
		# OF DBE FIRMS	# OF OVERALL FIRMS	# DBE FIRM / # ALL FIRM (A/B)	BUDGET AMOUNT (\$) (Adjusted to Reflect FTA-Funded Portion Only)	WEIGHTED % CONTRACT (D / Total Contract Value)	WEIGHTED % DBE GOAL (C x E)
<b><i>MATERIALS AND SUPPLIES</i></b>							
453210	Office supplies	1	44	0.02	\$5,030	0.01%	0.01%
423420	Office equipment	1	59	0.02	\$5,030	0.01%	0.01%
441310	Automotive Parts	1	313	0.00	\$61,852	0.13%	0.15%
423130	Tire and tube	0	20	0.00	\$61,852	0.13%	0.15%
424720	Petro and petro products	2	13	0.15	\$61,852	0.13%	0.15%
<b><i>CONTRACT SUPPORT SERVICES</i></b>							
488410	Towing Services	1	96	0.01	\$23,700	0.05	0.09%
811310	Equip Mtc	3	142	0.02	\$61,852	0.13	0.23%
812331	Linen Supply: Uniforms	2	22	0.09	\$11,972	0.03	0.04%
621999	Emp Drug Tests	1	28	0.04	\$11,972	0.03	0.04%
621511	Medical Labs	0	118	0.00	\$11,972	0.03	0.04%

<b>ZERO EMISSION BUS PLANNING/ENGINEERING SUPPORT SERVICES</b>							
551329	Engineering Services	32	551	0.06	\$150,000	0.32	1.87%
<b>WEIGHTED DBE GOAL</b>						<b>2.78%</b>	

**Step 2: Goal Adjustment**

Pursuant to the DBE goal-setting regulations, the City is required to consider all evidence available to determine whether an adjustment is necessary to the DBE base goal determined in Step 1 of the goal-setting process. The following identifies why the City did not conduct a Step 2 goal adjustment for this 3-year goal calculation.

**Past Participation**

The City is unable to consider adjusting the FFY 2020-22 DBE Goal based on past participation because the City’s previous operations and maintenance contractor, MV, implemented the contract as a private corporation, with their own established national vendors and set subcontracting opportunities. The City’s new contracted operator, SacRT, is a public agency with their own established DBE program, as well as different subcontracting opportunities that would allow for DBE participation within the City’s contract with SacRT.

The City implemented the previous DBE goal in compliance with the DBE Program that was established in 2016, with the assumptions being generated by DBE opportunities within the City’s contract with MV. However, new goals are necessary in order to be relevant to the DBE subcontracting opportunities within the City’s new contract with SacRT. In addition, the City has no available local bidder’s list or other vendor database established with SacRT to utilize for weighting past participation of potential SacRT subcontractors and DBEs in the calculation of the FFY 2020-22 DBE goal.

**Disparity Studies**

The City reviewed two disparity studies, one published by the California Department of Transportation (Caltrans) and the other published by San Francisco Municipal Transportation Agency (SFMTA), when considering whether a Step 2 adjustment was required. The Caltrans disparity study focused on state-wide disparities in capital construction opportunities for DBE participation, while the SFMTA focused on Bay Area disparities in capital construction and professional service opportunities for DBE and small business participation. Since the City’s DBE goal is primarily established based on subcontracting opportunities within the SacRT operations and preventive maintenance contract, neither of these disparity studies were determined to be relevant to impacting the City’s DBE goal.

## **V. RACE NEUTRAL / RACE CONCIOUS DETERMINATION**

The City will meet the maximum feasible portion of the overall DBE goal through race-neutral means for any FTA-assisted procurements conducted by the City of Elk Grove outside of the maintenance and operations contract with SacRT. Any FTA-assisted procurements conducted by SacRT under the maintenance and operations contract, will be conducted under SacRT's' FTA approved DBE Program that includes FTA's authorization to use DBE race conscious contract goal, if the procurement has subcontracting opportunities and there are ready and willing available DBEs to participate in the procurement.

In the past, the City reviewed two disparity studies, one published by the California Department of Transportation (Caltrans) and the other published by San Francisco Municipal Transportation Agency (SFMTA), when considering whether a race-conscious goal component was appropriate for the City's DBE goal. However, as previously mentioned these disparity studies were focused on construction or professional service opportunities which are not relevant for the City's FFY 2020-22 contracting opportunities. Neither of these disparity studies were determined to be relevant to impacting the City's DBE goal.

The City's DBE Program identifies the race neutral and small business activities the City will undertake in order to meet a race neutral goal going forward. These activities include the following:

- Work with the City's transit operations and maintenance contractor, SacRT, to identify possible subcontracting opportunities for DBE participation. On a quarterly basis review and discuss strategies with the transit operations and maintenance contractor that would help create subcontracting opportunities within the current operations and maintenance contract with SacRT.
- The City will continue to conduct an annual workshop that includes outreach to small business organizations, chambers of commerce and other regional agencies in order to solicit input on measures the City can take to assist with fostering DBE participation.
- Develop materials, in conjunction with SacRT, the City's operations and maintenance operator, designed to inform DBEs and small businesses of potential subcontracting opportunities and provide education and technical assistance for companies wishing to certify as a DBE.
- Take reasonable steps to structure contracting requirements to facilitate competition by DBEs and small businesses and eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements.
- Participate with SacRT in any DBE outreach activities that SacRT undertakes to make race and gender-neutral efforts aimed at enhancing the growth, development and self

sufficiency of all DBEs and small business firms competing for DOT assisted contracts and subcontracts.

These DBE Program activities will provide continued opportunities to meet the goal through race neutral mechanisms. Therefore, the City's goal has been established as race-neutral for the FFY 2020-22 period.

The City will continually monitor its goal achievement and the impact of its race neutral activities and will take steps to amend its DBE goal or the proportion of race neutral/race conscious activity if required.

## **VI. SOURCES OF DATA**

The City has used a range of data sources in this FFY 2020-22 goal calculation

- California UCP <https://cucp.dot.ca.gov/ccup/>
- Census Bureau's 2016 County Business Patterns data <https://www.census.gov/data/datasets/2016/econ/cbp/2016-cbp.html>
- California Department of Transportation (Caltrans) Disparity Study 2012 [http://www.dot.ca.gov/hq/bep/disparity\\_study.htm](http://www.dot.ca.gov/hq/bep/disparity_study.htm)
- San Francisco Municipal Transportation Agency (SFMTA) Disparity Study 2015 <https://www.sfmta.com/sites/default/files/agendaitems/2016/4-19-16%20Item%2014%20Disparity%20Study%20-%20report.pdf>
- SACRT Transportation Contract with City of Elk Grove (C-14-233), Page 92, Fixed Route (Local and Commuter and Maintenance Pricing Schedule, Option Year 1 data (contract executed on 7-1-2019)

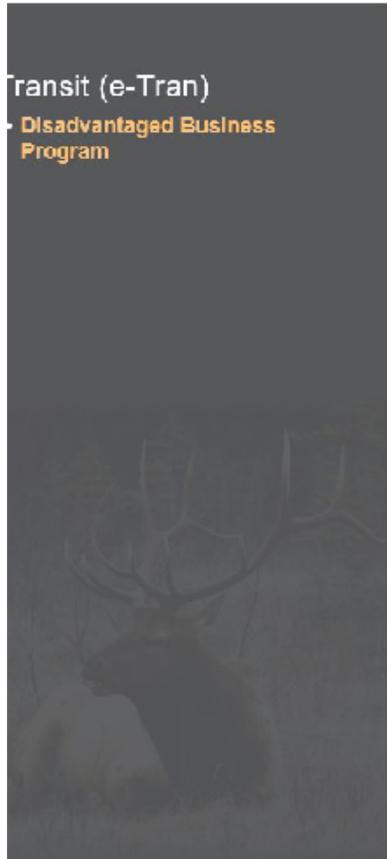
## **VII. CONSULTATION**

The City released its draft 3-year DBE Goal (for FFYs 2020-22) on its website on August 22, 2019, with a notice to provide public comments regarding the draft goal to staff by September 5, 2019. In addition to making this goal available for public review, the following actions were taken as part of the City's consultative process:

- Staff solicited feedback from the City's transit operations and maintenance contractor, SacRT, regarding the City's DBE Program and 3-year Goal.
- An e-mail notice to provide comments on the DRAFT 3-year Goal (FFY 2020-22) was sent on August 23, and August 28, 2019, to the following community outreach resources. A link was provided in the e-mail to the City's website containing the DBE Program and draft 3-year Goal.
  - Sacramento Black Chamber of Commerce,
  - Sacramento Asian Pacific Chamber of Commerce,

- Sacramento Hispanic Chamber of Commerce,
- Lodi Chamber of Commerce,
- Slavic American Chambers of Commerce,
- Sacramento Rainbow Chamber of Commerce,
- Elk Grove Chamber of Commerce,
- National Association of Women Business Owners – Sacramento,
- Sacramento Metro Chamber of Commerce,
- Greater Sacramento Urban League, and
- Sacramento Business Services Center
- NorCal PTAC

A DBE workshop was held by the City on August 29, 2019, and facilitated by the City's Transit System Manager, Michael Costa, and Sacramento Regional Transit District's DBE Liaison Officer, Fernando Barcena. Notice of this workshop was identified on the City's DBE website, as well as identified in e-mail notices sent to the agencies, listed above, on August 23<sup>rd</sup> and August 28<sup>th</sup>. Also, in attendance was Dianna Hillyer, the City of Elk Grove Transit Services Sr. Project Manager. Two members of the public attended the meeting as well. No comments were received regarding the City's 2020-2022 Goal or the City's DBE Program. However, staff was able to assist the two public meeting attendees with understanding both the City's and SacRT's available small business resources, and potential subcontracting opportunities within each organization.



City of Elk Grove » Residents » Transportation » Transit (e-Tran) » Disadvantaged Business Program

A- A+

## Disadvantaged Business Program

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### DRAFT (DBE) Goal Setting Calculations and Methodology and 3-Year DBE Goal

(The US Department of Transportation (DOT) provides a definition for what constitutes a Disadvantaged Business Enterprise (DBE) on their [website](#). Per the USDOT,

"DBEs are for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. African American, Hispanics, Native Americans, Asian Pacific and Subcontinent Asian Americans and women are presumed to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged on a case by case basis."

To participate in the DBE program, a small business owned and controlled by socially and economically disadvantaged individuals must receive DBE certification from the relevant state generally through the state Uniform Certification Program (UCP).

#### Public Review and Comment Period

The City of Elk Grove prepared a DRAFT, 3-Year DBE Goal (FFY20-22) pertaining to the City's receipt and utilization of Federal funding. This DRAFT 3-Year DBE Goal (FFY20-22) is available for review and public comment via the link below until Thursday, September 5, 2019 at 5:00 pm in compliance with Federal Regulation 49 CFR Part 26 §26.45(g)(1)(ii).

DISADVANTAGED BUSINESS ENTERPRISE (DBE)  
Goal Setting Calculations and Methodology

[CLICK HERE TO VIEW](#)

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<sup>1</sup> Posted City of Elk Grove website, Transit Services, Disadvantaged Business Program August 23, 2019

## The Disadvantaged Business Enterprise (DBE) Program

The Disadvantaged Business Enterprise (DBE) Program is a series of requirements of 49 CFR Part 26 "Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation (DOT) Financial Assistance Programs."

The DBE Program creates a level playing field on which disadvantaged businesses can compete fairly. The Program ensures that qualified businesses have an equal opportunity to compete for, and participate in, the performance of all DOT-funded contracts and subcontracts. It also assures that all contracts and procurements will be administered without discrimination on the basis of race, color, sex or national origin.

[View the DBE Program Plan](#)

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<sup>2</sup> Posted City of Elk Grove website, Transit Services, Disadvantaged Business Program August 23, 2019

## PROOF OF PUBLICATION 2019 Notice of DBE Workshop<sup>3</sup>

If you have any questions regarding this proposed 3 Year DBE Goal (FY20-22), please contact Dianna Hillyer, Senior Project Manager at 916-478-2264, or via email at [dhillyer@elkgrovecity.org](mailto:dhillyer@elkgrovecity.org)

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### DBE Workshop

The City of Elk Grove will hold a Public Workshop, in compliance with Federal Regulation 49 CFR Part 26 §26.45(g)(1)(i), to discuss the DRAFT 3-Year Goal (FY20-22) and Goal Setting Calculations and Methodology for potential opportunities for DBE contractor or subcontractor participation in the City's transit operations and preventive maintenance contract, as well as upcoming planning/engineering opportunities.

10:00 AM Thursday, August 29, 2019

Elk Grove City Council Chambers

8400 Laguna Palms Way, Elk Grove, CA 95758

All members of the public and any subcontractors that work in the field of transit operations and maintenance are encouraged to attend. Comments regarding the proposed 3 Year Goal (FY20-22) and Goal Setting Calculations and Methodology will be accepted at the workshop and throughout the duration of the public review and comment period (08/22/2019 through 09/05/2019). If you have any questions regarding this proposed 3-Year DBE Goal (FY20-22), please contact Dianna Hillyer, Senior Project Manager at 916-478-2264, or via email at [dhillyer@elkgrovecity.org](mailto:dhillyer@elkgrovecity.org)

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<sup>3</sup> Posted City of Elk Grove website, Transit Services, Disadvantaged Business Program August 23, 2019

**Dianna Hillyer**

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**From:** Dianna Hillyer  
**Sent:** Friday, August 23, 2019 12:57 PM  
**To:** 'aalesna@sacasiancc.org'  
**Cc:** Dianna Hillyer  
**Subject:** Elk Grove Request for Public Comment and DBE Workshop Notice  
**Attachments:** FINAL DRAFT 2019 email attachment.pdf

Hi Ana,

Attached is a flyer inviting public comment on the City's updated Disadvantaged Business Enterprises Program and 3-year goal as well as a notice of Public Workshop. The City's DBE program expands and supports opportunities for DBE companies to access public contract/sub contract opportunities.

If possible, could you please post on your website and share this exciting opportunity with your membership? Feel free to call me to discuss or if you have any questions I can help with.



**Dianna Hillyer | Senior Project Manager**  
*Contracted with Willdan*

City of Elk Grove  
8401 Laguna Palms Way, Elk Grove, CA 95758  
t 916.627.3427 | TTY/TDD 888.435.6092  
[dhillyer@elkgrovecity.org](mailto:dhillyer@elkgrovecity.org)



**Dianna Hillyer**

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**From:** Dianna Hillyer  
**Sent:** Wednesday, August 28, 2019 2:04 PM  
**To:** 'agoines@sacblackchamber.org'  
**Subject:** DBE Workshop tomorrow  
**Attachments:** FINAL Email attachment.pdf

Hello

A reminder that the City of Elk Grove is hosting a workshop for Disadvantaged Business Enterprises (DBE) tomorrow

10:00 AM  
Thursday, August 29, 2019

Elk Grove City Hall  
8400 Laguna Palms Way, Elk Grove, CA 95758  
City Council Chambers

Hope to see you there!

Thank You!



**Dianna Hillyer** | Senior Project Manager  
*Contracted with Willdan*

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