



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

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

FFY 2019-FFY 2021

**Submitted in fulfillment of:
Title 49 Code of Federal Regulations Part 26**

DBE GOAL METHODOLOGY

I. INTRODUCTION

The San Diego Metropolitan Transit System (MTS) herein sets forth its Overall Disadvantaged Business Enterprise (DBE) Goal and corresponding federally prescribed goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2019-2021 (October 1, 2018 through September 30, 2021), pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 “Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs.” The purpose of the DBE goal-setting process is to level the playing field so that DBEs can compete fairly for Department of Transportation-assisted contracts; however, the program must be narrowly tailored in accordance with applicable law.

II. BACKGROUND

MTS is a recipient of U.S. Department of Transportation (USDOT), Federal Transit Administration (FTA), funding. As a condition of receiving this assistance, MTS signed an assurance that it will comply with FTA’s DBE requirements. In accordance with Title 49 CFR Part 26 provisions: Participation by DBEs in USDOT Programs, MTS is required to develop and submit a Triennial Overall DBE Goal for its FTA-assisted projects.

MTS herein presents its Overall DBE Goal Methodology for FFY 2019-21.

III. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2019-2021

Table 1 represents the MTS FTA-assisted contracting program, which consists of projects considered in preparing this goal methodology. The projects, which include Professional Services and Materials/Supplies contracting opportunities, are anticipated to be awarded during triennial period. Each of these projects has potential subcontracting opportunities.

Table 1

Project Name and Description	Total Estimated Project Cost	Estimated FTA Dollar Share	Estimated FTA % Share
Bus Video Surveillance System	\$6,500,000	\$5,200,000	80.0%
Interior Bus Cleaning	\$1,356,249	\$1,084,999	80.0%
Pest Control for Bus Operations	\$50,000	\$40,000	80.0%
Calibration of LRV Tools	\$10,000	\$8,000	80.0%
On Call Feral Pigeon Trapping (pest control)	\$20,000	\$16,000	80.0%
Parking Lot Sweeping IAD (power sweeping, washing)	\$20,000	\$16,000	80.0%
Gas Cylinder Refill and Rentals	\$15,000	\$12,000	80.0%

Project Name and Description	Total Estimated Project Cost	Estimated FTA Dollar Share	Estimated FTA % Share
Power Washing IAD (bus washing)	\$40,000	\$32,000	80.0%
Paint Gun Cleaning Services	\$40,000	\$32,000	80.0%
Preventative Maintenance for Generators	\$20,000	\$16,000	80.0%
Bus Seat Upholstery	\$10,000	\$8,000	80.0%
ADA Paratransit Services	\$109,520,864	\$29,165,406	26.6%
Armored Transportation Services SDTC	\$686,047	\$548,837	80.0%
Armored Transportation Services SDTI	\$30,193	\$24,154	80.0%
Trash Disposal Services	\$720,000	\$576,000	80.0%
Towing Services for Buses and Non-Revenue Vehicles	\$200,000	\$160,000	80.0%
Uniform Rental Services Bus and Trolley Maintenance/Facilities	\$1,000,000	\$800,000	80.0%
Portable Toilet Services	\$750,000	\$600,000	80.0%
Offsite Storage of Documents	\$10,000	\$8,000	80.0%
Uniform Purchase SDTI	\$70,000	\$56,000	80.0%
Ultrasonic Rail Testing Services	\$240,000	\$192,000	80.0%
Weed Abatement Services	\$375,000	\$300,000	80.0%
LRV Accident and Vandalism Body Repair	\$8,000,000	\$6,400,000	80.0%
Parking Lot Sweeping SDTI (power sweeping, washing)	\$183,052	\$146,441	80.0%
SDSU Monitoring Services for Fire and Safety	\$500,000	\$400,000	80.0%
Geometric Track Testing	\$225,000	\$180,000	80.0%
Elevator and Escalator Maintenance and Repair	\$600,000	\$480,000	80.0%
Clarifier Waste Transport and Recycling	\$300,000	\$240,000	80.0%
On Call Card Access Reader Services	\$500,000	\$400,000	80.0%
Rail Welding Services	\$250,000	\$200,000	80.0%
On Call Tree Trimming and Removal Services	\$200,000	\$160,000	80.0%
Crane Inspections	\$40,000	\$32,000	80.0%
HVAC Preventative Maintenance and Emergency Servicing	\$110,000	\$88,000	80.0%
Substation Breaker Repair Services	\$60,000	\$48,000	80.0%
	\$132,651,404	\$47,669,838	35.9%

MTS does not pass any FTA funds to any subrecipients.

Table 2 provides a summary of the categories of work with estimated cost breakdown for each. Categories of work are groups utilizing comparable North American Industry Classification System (NAICS) codes for purposes of weighting the categories of work based on the engineer's estimates.

Table 2

NAICS Code	Category of Work	Estimated FTA Dollars by NAICS	Estimated FTA % by NAICS
237130	Power and communication line and related structures construction	\$48,000	0.1%
238190	Other foundation, structure, and building exterior contractors	\$200,000	0.4%
238210	Electrical contractors and other wiring installation contractors	\$5,200,000	10.9%
238220	Plumbing, heating, and air-conditioning contractors	\$88,000	0.2%
238290	Other building equipment contractors	\$480,000	1.0%
334118	Computer terminal and other computer peripheral equipment manufacturing	\$400,000	0.8%
454310	Fuel dealers	\$12,000	0.0%
485991	Special needs transportation	\$29,165,406	61.2%
488210	Support activities for rail transportation	\$6,624,000	13.9%
488410	Motor vehicle towing	\$160,000	0.3%
493190	Other warehousing and storage	\$8,000	0.0%
541990	All other professional, scientific, and technical services	\$612,000	1.3%
561613	Armored car services	\$572,992	1.2%
561710	Exterminating and pest control services	\$56,000	0.1%
561730	Landscaping services	\$460,000	1.0%
561790	Other services to buildings and dwellings	\$162,441	0.3%
562111	Solid waste collection	\$816,000	1.7%
562991	Septic tank and related services	\$600,000	1.3%
811121	Automotive body, paint, and interior repair and maintenance	\$8,000	0.0%
811192	Car washes	\$1,116,999	2.3%
811219	Other electronic and precision equipment repair and maintenance	\$8,000	0.0%
811310	Commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance	\$16,000	0.0%
812331	Linen supply	\$856,000	1.8%
TOTAL		\$47,669,838	100.0%

IV. GOAL METHODOLOGY

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

To establish the MTS Base Figure of the relative availability of DBEs to all comparable firms (DBE and Non-DBE) available to bid or propose on MTS FTA-assisted contracting opportunities projected to be solicited during the triennial goal period, MTS followed the prescribed federal methodology to determine relative availability. This was accomplished by assessing the *California Unified Certification Program (CUCP) DBE Database of Certified Firms* and the 2016 *U.S. Census Bureau County Business Patterns Database* within the MTS market area for each of the categories of work defined in Table 2.

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

The Federal DBE program requires agencies to implement the DBE program based on information from the relevant geographic market area—the area in which the agency spends the substantial majority of its contracting dollars. The MTS local market area consists of the geographic area in which a substantial majority of MTS contracting dollars are expended and/or where the substantial majority of contractor and subcontractor bids or quotes are located. The MTS market area is defined as San Diego County. The MTS bidder’s list was reviewed, and it confirms this market area.

In accordance with the formula 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 all firms identified for each corresponding work category (relative availability), weighting the relative availability for each work category by the corresponding work category weight from Table 2 (weighted ratio), and adding the weighted ratio figures together.

$$\text{Base Figure} = \sum \frac{(\text{Number of Ready, Willing and Able DBEs})}{\text{Number of All Ready, Willing and Able Firms}} \times \text{weight} \times 100$$

- ⇒ For the numerator: CUCP DBE Database of Certified Firms
- ⇒ For the denominator: 2016 U.S. Census Bureau’s Business Patterns Database

A concerted effort was made to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator.

The result of the Base Figure calculation is shown in Table 3 as follows:

Table 3

NAICS Code	Category of Work	Estimated FTA % by NAICS	DBEs	All Firms	Weighted Ratio
237130	Power and communication line and related structures construction	0.1%	3	41	0.0%
238190	Other foundation, structure, and building exterior contractors	0.4%	12	48	0.1%
238210	Electrical contractors and other wiring installation contractors	10.9%	23	776	0.3%
238220	Plumbing, heating, and air-conditioning contractors	0.2%	13	860	0.0%
238290	Other building equipment contractors	1.0%	4	57	0.1%
334118	Computer terminal and other computer peripheral equipment manufacturing	0.8%	0	16	0.0%
454310	Fuel dealers	0.0%	0	20	0.0%
485991	Special needs transportation	61.2%	1	27	2.3%
488210	Support activities for rail transportation	13.9%	0	4	0.0%

NAICS Code	Category of Work	Estimated FTA % by NAICS	DBEs	All Firms	Weighted Ratio
488410	Motor vehicle towing	0.3%	1	88	0.0%
493190	Other warehousing and storage	0.0%	0	29	0.0%
541990	All other professional, scientific, and technical services	1.3%	16	298	0.1%
561613	Armored car services	1.2%	0	7	0.0%
561710	Exterminating and pest control services	0.1%	3	166	0.0%
561730	Landscaping services	1.0%	10	881	0.0%
561790	Other services to buildings and dwellings	0.3%	7	180	0.0%
562111	Solid waste collection	1.7%	1	51	0.0%
562991	Septic tank and related services	1.3%	0	21	0.0%
811121	Automotive body, paint, and interior repair and maintenance	0.0%	2	277	0.0%
811192	Car washes	2.3%	2	188	0.0%
811219	Other electronic and precision equipment repair and maintenance	0.0%	2	51	0.0%
811310	Commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance	0.0%	2	111	0.0%
812331	Linen supply	1.8%	0	7	0.0%
BASE FIGURE (i.e., Sum of Weighted Ratios for all Work Categories)					
2.9%					

Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, MTS reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the MTS 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 MTS Past DBE Goal Attainments, Disparity Studies, and Other Evidence, as follows:

Past DBE Goal Attainments

Historical DBE participation attainments provide demonstrable evidence of DBE availability and capacity to perform on MTS projects. The projects anticipated to be awarded during the triennial period are substantially similar to those awarded in the past, which were also Professional Services and Materials/Supplies contracting opportunities. In addition, the majority of the projects to be awarded in the upcoming triennial year are renewal contracts that were originally awarded in the past three (3) federal fiscal years. MTS calculated past

DBE participation attainments for the three (3) federal fiscal years, for which MTS has DBE attainment data. The table below reflects the demonstrated capacity of DBEs (measured by actual historical DBE participation attainments) on FTA-assisted contracts awarded by MTS within the last three (3) federal fiscal years.

Table 4

FEDERAL FISCAL YEAR (FFY)	FTA DBE GOAL ATTAINMENT %
2016/2017	16.5% ²
2015/2016	2.6%
2014/2015	0.1%
Median DBE Attainment Within the Last Three (3) Years	2.6%

The median DBE goal attainment for the past three years is lower than the Base Figure derived from Step 1; therefore, an adjustment to the Base Figure based on MTS past DBE goal attainments has been made. The adjustment is calculated in accordance with FTA guidance by averaging the Base Figure with the Median DBE Past Attainment, as shown below.

Base Figure (A)	2.9%
Median DBE Attainment (B)	2.6%
Adjusted Base Figure [(A+B)/2]	2.7%

Disparity Study

MTS has reviewed both the Caltrans and San Diego Association of Governments disparity studies. After careful evaluation, MTS has determined that neither study is sufficiently similar to MTS procurements to warrant a change to the adjusted base figure.

MTS uses a strictly race-neutral DBE program since the Westerns States decision. If MTS fails to reach its goal for two complete federal fiscal years, MTS will re-evaluate its DBE program to determine whether contract goals are necessary to achieve the overall goal. If after re-evaluation MTS believes a race-conscious program is necessary, as required by Western States, MTS will gather evidence to determine if discrimination in the transportation contracting industry is present. MTS will make a determination at that time what type of evidence gathering is appropriate, based on DOT regulations and case law.

² MTS awarded two (2) large, multi-year contracts to a DBE during FFY 2016/2017. This resulted in a large amount of DBE participation in that FFY.

Other Available Evidence

MTS is not in possession of other information, such as statistical disparities relating to financing, bonding and insurance or data on employment, self-employment educating and training, and union apprenticeship programs, that would have an impact on the DBE goal assessment.

V. PROPOSED OVERALL DBE GOAL

The Final Proposed Overall DBE Goal for FFY 2019-2021 for MTS FTA-assisted contracts is **3%**³. As a part of the prescribed goal-setting methodology, MTS must project the percentage of its Proposed Overall DBE Goal that can be met utilizing race/gender-neutral and race/gender-conscious measures. MTS must meet the maximum feasible portion of the overall goal by using race/gender-neutral means of facilitating DBE participation.

Race-Conscious & Race-Neutral Projection

MTS intends to continue to use race-neutral methods to meet the overall DBE goal of 3.0% for FFY 2019-2021 in accordance with Title 49 CFR Part 26.51.

RACE/GENDER-CONSCIOUS & RACE/GENDER-NEUTRAL PROJECTIONS	
Overall DBE Goal	3%
Race/Gender-Conscious Component	0%
Race/Gender-Neutral Component	3%

VI. RACE/GENDER-NEUTRAL IMPLEMENTATION MEASURES

MTS is currently implementing a number of race- and gender-neutral remedies to outreach and promote the participation of DBEs and small businesses in MTS's FTA-assisted contracting program. MTS plans to continue or implement the following race-neutral measures for FFY 2019-2021 and will continue to explore other options for consideration based on MTS's success in meeting its overall DBE goals based on these efforts:

- MTS will arrange solicitations in ways that facilitate DBE and other small business participation. Specifically, MTS will not require mandatory attendance at pre-bid meetings

³ Rounded to the nearest whole number based on FTA guidance.

as it may present hardships particularly on the DBE and Small Business contracting community.

- MTS will hold and/or participate in conferences, which include a networking component to promote teaming opportunities between prospective prime contractors and the DBE and Small Business contracting community.
- MTS will provide assistance in overcoming limitations such as inability to obtain bonding or financing. Specifically, MTS will, through its website, refer the DBE and Small Business contracting community to the U.S. Small Business Administration Bonding Assistance Program.
- MTS will solicit DBEs and other small businesses participation by carrying out information and communication programs on contracting procedures and specific contract opportunities. Specifically, MTS will: ensure the inclusion of DBEs and other small businesses on MTS's mailing lists of bidders; make available to prime contractors, information on how to view a listing of potential DBE and other small business subcontractors; and provide contracting information in languages other than English, where appropriate and upon request.
- As a supportive service to help develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small businesses, MTS will actively promote the Small Business conferences, programs, and support services offered by other agencies that have established DBE and Small Business Programs.
- MTS will advise its contracting community of the benefits of becoming DBE certified, the eligibility requirements to become certified as a DBE, and the online directory of certified DBEs, found at the CUCP website:
http://dot.ca.gov/hq/bep/find_certified.htm.

Fostering Small Business Participation

In addition to the race/gender-neutral measures that are aimed to increase small business participation, MTS has implemented several strategies to foster small business participation in its contracting process. These include the following:

- MTS will advise past and current MTS contractors of the benefits of becoming SB certified and the eligibility requirements to become certified as a SB.
- MTS will advise the contracting community of the online directory of certified SBs, found at the California Department of General Services (DGS) website:
<https://caleprocure.ca.gov/pages/PublicSearch/supplier-search.aspx>.

- MTS will aim to advertise more of its small purchase procurements on MTS's e-procurement site to better outreach to the small business community of potential MTS contracting opportunities, rather than just requesting three quotes.

VII. PUBLIC PARTICIPATION AND FACILITATION

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

MTS plans to issue a Public Notice on the MTS website publishing the Draft Proposed FTA Overall Goal-Setting Methodology for the FFY 2019 to FFY 2021. The notice would inform the public that the proposed goal and rationale are available for inspection and that MTS would accept comments on the goal analysis. MTS will give full consideration to all comments and input received as a part of this process and will assess its impact on the goal-setting methodology.