

**CITY OF TRACY TRANSIT SYSTEM
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM
OVERALL DBE GOAL SETTING METHODOLOGY
FOR
FEDERAL FISCAL YEARS 2022/23; 2023/24; 2024/25
(Covering the period of October 1, 2022 through September 30, 2025)**

DBE Goal Methodology

The City of Tracy Transit System is a recipient of funds from the US Department of Transportation (USDOT), in particular Federal Transit Administration (FTA) funds. As a recipient, the City must implement a Disadvantaged Business Enterprise (DBE) program that is designed to encourage minority- and women-owned businesses to participate in contracting opportunities funded by FTA. The program must comply with the regulations in 49 Code of Federal Regulations (CFR) Part 26, USDOT guidance, and court decisions relating to this matter.

In compliance with these regulations, the City of Tracy has determined a three year DBE participation goal for Federal Transit Administration (FTA)- assisted projects. This period begins on October 1, 2022 and ends on September 30, 2025. **The City of Tracy’s overall DBE goal for FFYs 2022/23, 2023/24 and 2024/25 has been set at 1.72% to be achieved race (and gender)-neutrally.**

Following is an explanation of the methodology used to determine the three year DBE goal calculation.

I. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2022/23; 2023/24; 2024/25

Table 1 serves to define City of Tracy Transit System’s DOT-assisted (FTA) contracting program for FFYs 2022/23; 23/24; & 24/25 by contract type (i.e. Construction, Professional Services and respective federal dollar amounts allocated). The contracting program for the three fiscal years includes eight (8) DOT- (FTA) assisted contracting opportunities, which were assessed in preparing the Agency’s *Overall DBE Goal-Setting Analysis* for FTA-funded transit projects.

Table 1

PROJECT	Estimated Federal Dollar
Tracer Brochure Printing	\$15,000
Bus Stop Sign Replacement	\$2,000
Tracer Contractor Uniforms	\$15,000
Graphic Design Services	\$6,000
Vehicle Detailing	\$1,500
Language Translation	\$1,500
Glass Replacement	\$4,000
Other Printing Services	\$10,000
Bus Shelter Solar Panel Installation	\$5,000
Transit Operations	\$5,458,897
TOTAL USED IN ANALYSIS	\$5,518,897

Table 2 provides a summary of work grouped by NAICS code, and serves to identify the estimated Federal Dollar Share and the relative weighted percentage per contract type, as follows:

Table 2

CUCP NAICS WORK CATEGORY	NAICS CODE	THREE YEAR ESTIMATED FEDERAL DOLLAR SHARE	WEIGHTED %
Apparel Accessories and Other Apparel Manufacturing (Uniforms)	315990	\$15,000	0.27%
Clothing and Clothing Accessories Retailers (Uniforms)	458110		
Commercial Printing (includes Brochure Printing and Other Printing services)	323111	\$25,000	0.45%
Sign Manufacturing	339950	\$2,000	0.04%
Graphic Design Services	541430	\$6,000	0.11%
Translation and Interpretation Services	541930	\$1,500	0.03%
Glass and Glazing Contractors	238150	\$4,000	0.07%
Vehicle Detailing	811121	\$1,500	0.03%
Electrical Contractors and Other Wiring Installation Contractors (Solar Panels)	238210	\$5,000	0.09%
Other Building Equipment Contractors (Solar Panels)	238290		
Bus and Other Motor Vehicle Transit Systems	485113	\$5,458,897	98.91%
Special Needs Transportation	485991		
All Other Transit and Ground Passenger Transportation	485999		
TOTAL		\$5,518,897	100 %

II. GOAL-METHODOLOGY

Step 1: Determination of a Base Figure (26.45)

To establish the City’s Base Figure representing the relative availability of DBEs to all comparable firms (DBEs and Non-DBEs) available to bid or propose on the City’s federally assisted transit facilities contracts in FFYs 2022/23; 23/24; & 24/25, the City followed a federally prescribed goal setting methodology. This was accomplished by accessing the **California Unified Certification Program (CUCP) Database of Certified Firms** and the **U.S. Census Bureau County Business Patterns (CBP) Database (NAICS) 2020 data**. Comparisons were made by corresponding zip codes within City of Tracy Transit System’s market area. The City of Tracy’s Transit System market area is defined as Alameda, Contra Costa, Sacramento, San Joaquin and Stanislaus Counties. This market area represents where the substantial majority of the contractors and subcontractors bidding on the City’s projects reside. The City of Tracy does not have any sub-recipients.

The specified industries and types of businesses are identified in Table 2.

- ⇒ **For the numerator:** **California UCP DBE Database of Certified Firms**
- ⇒ **For the denominator:** **2020 U.S. Census Bureau’s County Business Pattern Database (CBP)**

To determine the relative availability of DBEs within Tracy Transit System’s market area, the City divided the numerator representing the ratio of ready, willing and able DBE firms, by the denominator representing all firms (DBEs and Non-DBEs) available for each of the work categories. Application of this formula yielded the following baseline information:

$$\frac{\text{Number of Ready, Willing, and Able DBEs}}{\text{Number of All Available Firms (including DBEs and Non-DBEs)}} = \text{BASE FIGURE}$$

The Base Figure was further adjusted by weighting the relative availability of DBEs grouped within the major work categories, giving more weight to the work categories/industries in which the City projects to spend more DOT-(FTA) assisted dollars. The Base Figure resulting from this weighted calculation is as follows:

Step 1: Base Figure: (weighted by type of work to be performed and corresponding contracting dollars)

Table 3

	Uniforms	Commercial Printing	Sign Manufacturing	Graphic Design		
Base Figure =	$\left(\frac{0.27\% * (\text{DBEs in } 315990 / 4481)}{(\text{CBPs in NAICS } 315999 / 4481)} \right)$	$\left(\frac{0.45\% * (\text{DBEs in } 323111)}{(\text{CBPs in NAICS } 323111)} \right)$	$\left(\frac{0.05\% * (\text{DBEs in } 339950)}{(\text{CBPs in NAICS } 339950)} \right)$	$\left(\frac{0.11\% * (\text{DBEs in } 541430)}{(\text{CBPs in NAICS } 541430)} \right)$		
	Translation Services	Glass Contractors	Vehicle Detailing	Electrical Installation	Transit Systems	
	$\left(\frac{0.03\% * (\text{DBEs in } 541930)}{(\text{CBPs in NAICS } 541930)} \right)$	$\left(\frac{0.07\% * (\text{DBEs in } 238150)}{(\text{CBPs in NAICS } 238150)} \right)$	$\left(\frac{0.03\% * (\text{DBEs in } 811121)}{(\text{CBPs in NAICS } 811121)} \right)$	$\left(\frac{0.09\% * (\text{DBEs in } 238210/238290)}{(\text{CBPs in NAICS } 238210/238290)} \right)$	$\left(\frac{98.91\% * (\text{DBEs in } 485113/485991/485999)}{(\text{CBPs in NAICS } 485113/485991/485999)} \right)$	
Base Figure =	$\left(\frac{315990 / 4481}{0.27\% * (3)} \right)$	$\left(\frac{323111}{0.45\% * (17)} \right)$	$\left(\frac{339950}{0.04\% * (8)} \right)$	$\left(\frac{541430}{0.11\% * (12)} \right)$	$\left(\frac{541930}{0.03\% * (2)} \right)$	$\left(\frac{238150}{0.07\% * (3)} \right)$
	$\left(\frac{811121}{0.03\% * (0)} \right)$	$\left(\frac{238210/238290}{0.09\% * (10)} \right)$	$\left(\frac{485113/485991/485999}{98.91\% * (4)} \right)$			
Base Figure =	$\left(\frac{315990 / 4481}{0.0006\%} \right)$	$\left(\frac{323111}{0.03\%} \right)$	$\left(\frac{339950}{0.004\%} \right)$	$\left(\frac{541430}{0.01\%} \right)$	$\left(\frac{541930}{0.001\%} \right)$	$\left(\frac{238150}{0.001\%} \right)$
						$\left(\frac{811121}{0.0\%} \right)$
						$\left(\frac{238210/238290}{0.0007\%} \right)$
						$\left(\frac{485113/485991/485999}{3.325\%} \right)$
Base Figure =	3.372%					

Step 2: Adjusting the Base Figure

The City of Tracy recommends adjusting the base figure. Based on past DBE goal attainments, and increased understanding of ways to achieve DBE goals, the City feels that the current base figure is not a reasonable target.

Upon establishing the Base Figure, the City of Tracy Transit System reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the City of Tracy Transit System’s Market area, in accordance with the prescribed narrow tailoring provisions set forth under 49 CFR Part 26.

Evidence considered in making an adjustment to the Base Figure included the Tracy Transit System’s past DBE Goal Attainments on similar type projects as well as the Caltrans 2019 Disparity Study for FTA Contracts. A summary of considerations follows:

A. Past DBE Goal Attainments on Similar Type Projects

In the last three years (FFY 2019/20, 2020/21 and 2021/22), the City of Tracy Transit System had (7) operations projects funded in part by the Federal Transit Administration. The revised overall Race Neutral Goal was 4.92%. In FFY 2019/20 the DBE participation was 0.06%. In FFY 2020/21 the DBE participation was 0.07%. FFY 2021/22 has not been completed, but it is estimated that the DBE participation will be similar to the previous two years. The median past participation was 0.065%

There was one ongoing operations project which included a transit operations contract. The City has since looked for opportunities to unbundle the contract and find additional opportunities for DBE contracting as listed in Table 1 above. The current operations contract will be going out to bid during FFY19/20. The City will take this opportunity to look for opportunities include additional DBE participation as part of that effort.

The types of contracting opportunities in the past three federal fiscal years are very similar to those anticipated in the upcoming three federal fiscal years. *US DOT Tips for Goal Setting* advise that if the contracting opportunities from previous years are similar to those anticipated in the upcoming period, agencies may adjust their Step 1 base figure by averaging it with the median level of past DBE participation. This could be done by adding the Step 1 base figure with the median past DBE participation and dividing by 2. Since the median past DBE participation amount is 0.065%, this would result in a base figure of 4.918%.

Step 1 Base Figure	Median Past DBE Participation	Overall DBE Goal
3.372%	0.065%	1.72%

B. Evidence from Disparity Studies

The *USDOT Tips for Goal Setting in the Disadvantaged Business Enterprise, (DBE) Program*, a resource to transit agencies in calculating their DBE goals, states that agencies need to refer to disparity studies performed in their market area to determine if discrimination in contracting exists. The agency does not need to perform its own disparity study, but must refer to others and determine if the findings are relevant to the agency’s program. These disparity studies may provide further justification for an adjustment to the Step 1 base figure, and could potentially provide evidence for a race (and gender)- neutral and race (and gender)-conscious split in the overall three year DBE goal.

The City referred to the *Caltrans 2019 Disparity Study for FTA Contracts, Final Report July 8, 2019*, which was conducted by BBC Research & Consulting. The City finds that the data contained therein is relevant to the City and its contracting opportunities. This study demonstrated a marked improvement in overall statewide DBE participation for specific minority groups since the last Caltrans Disparity Study in 2014.

The study found that three minority groups had disparity indices substantially below parity for prime contracts: black-owned businesses (disparity index of 0), Asian Pacific American-owned businesses (disparity index of 37), and non-Hispanic white woman-owned businesses (disparity index of 11).

However, Hispanic American-owned businesses (disparity index of 200+), Native American-owned businesses (disparity index of 100), and Subcontinent Asian American-owned businesses (disparity index of 165) caused the overall minority-/women-owned business disparity index to be over 200+.

It was also noted that Caltrans and subrecipient local agencies did not use race- and gender-conscious measures to award contracts during the study period.

USDOT Tips for Goal Setting states that race (and gender)-conscious contract goals may only be implemented on contracts with subcontracting opportunities and that the maximum feasible portion of the overall goal must be attained through race (and gender)-neutral means.

Because the findings in the *2019 Caltrans Disparity Study* demonstrate that overall DBE participation in FTA funded projects exceeded parity, for the upcoming three-year period, City of Tracy will achieve its DBE participation through race neutral means. City of Tracy will reassess DBE participation throughout the three-year period to determine whether or not race conscious measures need to be applied in a future three-year DBE goal calculation.