

**Overall  
Disadvantaged  
Business  
Enterprise  
Goal and  
Methodology for  
FFY 2021-2023**

**October 1, 2020 to  
September 30, 2023**



**Regional  
Transit**



**SACRAMENTO  
REGIONAL TRANSIT DISTRICT**

## I. EXECUTIVE SUMMARY

Pursuant to 49 CFR Part 26, the Sacramento Regional Transit District (SacRT) is required to establish an overall triennial Disadvantaged Business Enterprise Goal (Triennial Goal) for its federally-assisted contracting activity and submit the applicable methodology to the Federal Transit Administration (FTA) for approval. Disadvantaged Business Enterprise (DBE) goals are set and managed on a Federal Fiscal Year (FFY) basis and this document reflects activity planned for FFY 2021 – 2023 (October 1, 2020 through September 30, 2023).

This document presents SacRT’s Triennial Goal for FFY 2021 – 2023 as well as the methodology used to establish the goal. SacRT’s methodology follows a two-step process, consistent with the requirements contained in the regulations (49 CFR § 26.45(c)):

1. Step One – Determine the Base Figure.
2. Step Two – Determine whether an adjustment of the Base Figure is needed.

SacRT staff reviewed its contracting activities and DBE utilization for the period FFYs 2018- 2020. SacRT proposes a Triennial DBE Goal for FFY 2021 – 2023 of **4.57%** for its federally-assisted transit contracts (exclusive of any FTA funds to be used for the purchase of transit vehicles), which is planned to be attained using race- and gender-neutral (RN) means. The methodology used conforms to the goal-setting requirements specified in 49 C.F.R. Section 26.45.

SacRT’s FTA-approved FFY 2018 – 2020 DBE three-year annual goal was 8.38%. SacRT anticipated meeting 6.97% of the overall three-year 8.38% goal for DBE participation using race and gender conscious (RC) methods and meeting 1.41% of the overall three-year 8.38% goal for DBE participation using RN methods. SacRT achieved only 0.47% overall DBE Awards/Commitments in FFYs 2018 – 2020. All of the 0.47% overall DBE Awards/Commitments in that period were achieved using RN methods.

| FFY 2018 - 2020<br>UNIFORM REPORT<br>SUMMARY | A. Total Dollars<br>(\$) | B. Total<br>Number (#)          | C. Total to<br>DBEs (\$) | D. Total to<br>DBEs (#) | E. Total to<br>DBEs/Race<br>Conscious<br>(\$) | F. Total to<br>DBEs/Race<br>Conscious<br>(#) | G. Total to<br>DBEs/Race<br>Neutral (\$) | H. Total to<br>DBEs/Race<br>Neutral (#) | I. % of Total<br>Dollars to<br>DBE's |
|--|--------------------------|---------------------------------|--------------------------|-------------------------|---|--|--|---|--------------------------------------|
| FFY 18-20 Totals:                            | \$12,499,378.00          | 2849                            | \$58,490.00              | 3                       | \$0.00  | 0  | \$58,490.00                              | 3                                       | 0.47%                                |
| FFY 18-20 DBE Goal: 8.38%                    |                          | FFY 18-20 DBE Attainment: 0.47% |                          |                         | FFY 18-20 DBE Shortfall %: 7.91%              |  |  |   |                                      |

The following summarizes the findings and goal recommendations.

## II. STEP 1: DETERMINATION OF BASE FIGURE FOR THE RELATIVE AVAILABILITY OF DBE FIRMS

### STEP 1, Part A: Determination of SacRT’s Relevant Geographical Market Area

49 C.F.R. Part 26 requires that SacRT set goals consistent with its own contracting circumstances. To calculate availability, the relevant geographical market area for SacRT must first be determined to set overall goals based on demonstrable evidence of the relative availability of ready, willing, and able DBEs in the area in which the substantial majority of the contractors and subcontractors with which SacRT does business are located and the area in which SacRT spends the majority of contracting dollars.

Contracts awarded during the time period between October 1, 2017 and September 30, 2020 were analyzed to determine SacRT’s relevant geographical market area. The contracts were identified by dollar amount, prime contractor, and prime contractor location (grouped by county). Analysis showed that 66.78% of SacRT commitments were to firms located in California. Of the California commitments, 82.11% were to firms located in the **Counties of Sacramento, Yolo, Alameda, and Nevada**, constituting or 54.83% of total commitments; these four counties have been determined to be SacRT’s relevant market area.

**STEP 1, Part B: Projected FTA-Funded Contracting Activity for FFY 2021-2023**

To calculate the “Step 1 Base Figure” (Base Figure), SacRT staff compiled a list of projected, FTA-assisted contracts expected to be awarded in the period covering FFY21-23. Table 1 provides the most up-to-date snapshot of projected contracting opportunities and was created using data from SacRT’s Grants, Procurement, and Engineering departments.

**Table 1**

| <b>Project Description</b>                                    | <b>NAICS Category</b>  | <b>Estimated FTA Funds FFY21-23</b> |
|---|------------------------|-------------------------------------|
| Watt/I-80 Transit Center Improvements                         | Construction           | \$ 2,000,000                        |
| Downtown/Riverfront Streetcar (Small Start)                   | Construction           | \$ 50,000,000                       |
| Light Rail Low Floor Station Conversions                      | Construction           | \$ 2,600,000                        |
| Preventive Maintenance Service and Material/Supply            | Preventive Maintenance | \$ 26,230,007                       |
| Other #1: Gold Line Side Track                                | Construction           | \$ 4,796,953                        |
| Other #2: Morrison Creek Station                              | Construction           | \$ 744,000                          |
| Other #3: Bus Maint. Facility 1 - CNG Equip. Upgrade/Replace. | Construction           | \$ 2,700,000                        |
| Other #4: Work Order Design Projects (3)                      | A&E                    | \$ 1,190,893                        |
|   | <b>TOTAL</b>           | <b>\$ 90,261,853</b>                |

**Summary of Upcoming FTA-Assisted Projects**

Watt/I-80 Transit Center Improvements: Enhance the Watt/I-80 Transit Center, including strategies to improve visibility, natural surveillance, and regular positive activity, such as redesigning stairwell and elevator structures to be more open and accessible; add lighting, construct a well-defined plaza area, remove and restrict access to hiding spaces; and invest in further site maintenance. Additional infrastructure improvements to Watt Avenue and bus stop amenities will enhance pedestrian, bicycle, and drop-off vehicle access to the Transit Center, as well as user-friendliness and comfort, which were identified as major priorities by current riders and desirable for potential future riders. The Watt/I-80 Transit Center Master Plan Study developed and presented three design concepts to the SacRT Board April 9, 2018. SacRT decided to pursue the design option "Watt/I-80 Improvements that Close East Side," which would provide cost savings by closing the eastern half of the Transit Center and directing passengers to the west side of Watt Avenue to access the station with just one set of stairs and elevator. This will allow SacRT to block off public access to the underpass, reducing safety and maintenance issues. To be successful, this concept relies on major pedestrian improvements along Watt Avenue to improve access.

- Estimated timeline:
- Expected Completion of Design Phase 1 in Summer 2021
- Construction Improvements Phase 2 to start in Spring 2022 and end in Spring 2023

Downtown Riverfront Streetcar Project: The revised Downtown/Riverfront Streetcar Project proposes to add a 1.51-mile streetcar system from Sacramento Valley (SVS) Station (Sacramento’s intermodal transportation facility) to Sutter Health Park in West Sacramento. Service will be provided by a one-car train that travels from Sacramento Valley Station at 3rd Street, turns West on Capitol Mall, crosses the Sacramento River on the Tower Bridge, and continues on Tower Bridge Gateway to Sutter Health Park and back. The scope includes a new light rail station at Sutter Health Park and a second boarding platform at the Sacramento Valley Station. On December 14, 2020, the SacRT Board approved a Memorandum of Understanding between SacRT and West Sacramento for funding support for further project work.

Estimated timeline:

Complete Final Design - Spring 2021

Obtain Environmental Clearance - Spring 2021

Execute Small Starts Grant - Fall 2021

Construct Streetcar System - Start Spring 2022, End Summer 2024

Light Rail Low-Floor Station Conversions: Modify 48 light rail station platforms to accommodate new low-floor light rail vehicles. Scope includes design and construction to create a differential between the top platform elevation and the top of rail to allow level boarding. Each station will require design for raising the top of platform elevation. Design/construction plans are being developed by SacRT internal staff for an interim Gold Line low-floor conversion, which is being pursued due to limited funds. The conversion will provide a 165’ x 8’ raised modular platform and back railing and ramps. The first low-floor vehicles are expected to arrive 11/2022. After burn-in testing, the first vehicles will be usable for revenue service 02/2023 to 03/2023. The interim solution needs to be complete for the low-floor vehicles to operate. Staff is preparing to go out to bid for interim construction. Full Gold Line Conversion design is also in process.

Estimated Timeline:

Phase 1: Interim Gold Line Conversion: Estimate \$10.9M, Spring - Summer 2021

Phase 2: Gold Line Complete Conversion: Estimate \$39.2M

Phase 3: Blue Line Conversion: Estimate \$36.15M

“Other” Carry Forward Contracts: Upon review of SacRT’s projected FTA-assisted contracts that will be active during FFY21-23, Staff identified: two contracts with subcontracting opportunities that have already been advertised and awarded with an established RC contract goal; one that was released and awarded without a goal (no subcontracting opportunities), and design work for three projects that is being completed under existing on-call work order contracts with no DBE goal. Since these contracts have already been through the goal-setting process, SacRT determined to account for them on an individual contract basis when calculating the Base Figure. As a result, the contracts have been included and analyzed separately from the Base Figure Expense Type categories discussed in Step 1 and are identified as “Other” in Table 1 and Table 4.

## **STEP 1, Part C: Calculating the Base Figure**

To determine the Base Figure for the relative availability of ready, willing, and able DBEs in relation to all comparable firms available for SacRT's FFYs 2021 – 2023 FTA-assisted contracting program, SacRT used both the Census Bureau’s County Business Pattern Database (CBP) and the California Department of Transportations (Caltrans) DBE Directory, filtered to represent only DBE, and non-DBE firms within SacRT's relevant geographical market area: the Counties of Sacramento, Yolo, Alameda, and Nevada.

To establish the Base Figure, SacRT consolidated the projected FTA-funded contracts by Expense Type to identify the total estimated FTA expenditure amount by Expense Type. By doing this, SacRT can apply DBE availability for each Expense Type during the Base Figure weighing process, creating a more accurate projection of DBE attainment. SacRT consolidated these contracts into two Procurement Categories: Construction and Preventive Maintenance.

To derive the Base Figure, the number of DBEs available in the Caltrans DBE Directory is divided by the number of all CBP firms, categorized by six-digit North American Industry Classification System (NAICS) Code. SacRT has made preliminary assumptions regarding which NAICS codes will have relevance to the upcoming projects receiving FTA funding in the next three federal fiscal years. Table 2 and 3 provide a list of the relevant NAICS codes and DBE availability ratios for the Construction and Preventive Maintenance Expense Type categories.

**Table 2**

| NAICS CODE  | CATEGORY     | CENSUS SacRT Market Area | CALTRANS DBE SacRT Market Area | DBE Availability % |
|---|--------------|--------------------------|--------------------------------|--------------------|
| 237310 Highway, Street, and Bridge Construction           | Construction | 148                      | 103                            | 69.59%             |
| 238120 Structural Steel and Precast Concrete Contractors  | Construction | 40                       | 56                             | 140.00%            |
| 238130 Framing Contractors                                | Construction | 122                      | 12                             | 9.84%              |
| 238140 Masonry Contractors                                | Construction | 182                      | 20                             | 10.99%             |
| 238210 Electrical & Other Wiring Installation Contractors | Construction | 1,427                    | 92                             | 6.45%              |
| 238320 Painting and Wall Covering Contractors             | Construction | 901                      | 30                             | 3.33%              |
| 238910 Site Preparation Contractors                       | Construction | 424                      | 104                            | 24.53%             |
| 484121 General Freight Trucking, Long Distance            | Construction | 663                      | 28                             | 4.22%              |
| 561990 All Other Support Services (Traffic Control)       | Construction | 218                      | 49                             | 22.48%             |
|   |              | <b>4,125</b>             | <b>494</b>                     | <b>11.98%</b>      |

**Table 3**

| NAICS CODE  | CATEGORY     | CENSUS SacRT Market Area | CALTRANS DBE SacRT Market Area | DBE Availability % |
|---|--------------|--------------------------|--------------------------------|--------------------|
| 561720 Janitorial Services  | Prev. Maint. | 1,044                    | 54                             | 5.17%              |
| 561730 Landscaping Services   | Prev. Maint. | 1,513                    | 32                             | 2.12%              |
| 811111 General Automotive Repair                                      | Prev. Maint. | 1,798                    | 6                              | 0.33%              |
| 811213 Communication Equipment Repair and Maintenance                 | Prev. Maint. | 37                       | 7                              | 18.92%             |
| 811310 Commercial/Industrial Machinery/Equipment Repair & Maintenance | Prev. Maint. | 277                      | 12                             | 4.33%              |
| 336310 Motor Vehicle Gasoline Engine and Engine Parts Manufacturing   | Prev. Maint. | 0                        | 0                              | 0.00%              |
| 336350 Motor Vehicle Transmission and Power Train Parts Manufacturing | Prev. Maint. | 3                        | 0                              | 0.00%              |
| 336390 Other Motor Vehicle Parts Manufacturing                        | Prev. Maint. | 7                        | 0                              | 0.00%              |
| 336510 Railroad Rolling Stock Manufacturing (Parts)                   | Prev. Maint. | 0                        | 2                              | 100.00%            |
| 441310 Automotive Parts and Accessories Stores                        | Prev. Maint. | 599                      | 0                              | 0.00%              |
| 441320 Tire Dealers   | Prev. Maint. | 446                      | 0                              | 0.00%              |
|   |              | <b>5,724</b>             | <b>113</b>                     | <b>1.97%</b>       |

The ratios are multiplied by the projected FFY 2021 – 2023 expenditures by category, weighted by NAICS Code proportions. The resulting ratios are then summed. Application of this formula yields the following baseline information, as shown in Table 4:

$$\text{Base Figure} = \sum \left[ \left( \% \text{Projected Expenditures by NAICS Code Expense Category} \right) \left( \frac{\text{Number of Ready, Willing, and Able DBEs by NAICS Code}}{\text{Number of All Ready, Willing, and Able Firms by NAICS Code}} \right) \right]$$

**Table 4**

| NAICS Expense Category   | Est. FTA Funds<br>FFY21-23 | % of total FTA<br>Funds<br>(Weight) | Availability<br>Ratio/Expected<br>DBE<br>Attainment | Relative<br>Availability |
|--|----------------------------|-------------------------------------|---|--------------------------|
| Construction   | \$ 54,600,000              | 60.49%                              | 11.98%  | 7.25%                    |
| Preventive Maintenance   | \$ 26,230,007              | 29.06%                              | 1.97%   | 0.57%                    |
| Other #1: Gold Line Side Track                                   | \$ 4,796,953               | 5.31%                               | 6.00%   | 0.32%                    |
| Other #2: Morrison Creek Station                                 | \$ 744,000                 | 0.82%                               | 13.00%  | 0.11%                    |
| Other #3: Bus Maint. Facility 1 - CNG Equip. Upgrade/Replacement | \$ 2,700,000               | 2.99%                               | 0.00%   | 0.00%                    |
| Other #4: Work Order Design Projects (3)                         | \$ 1,190,893               | 1.32%                               | 0.00%   | 0.00%                    |
| <b>TOTALS</b>  | <b>\$ 90,261,853</b>       | <b>100.00%</b>                      | <b>0.1395</b>                                       | <b>8.25%</b>             |

To more accurately calculate the Step 1 Base Figure in Table 4, SacRT replaced the “Availability Ratio” percentage for the “Other” contracts with the expected DBE attainment for these contracts based on the established contract goal. The Base Figure resulting from the relevant market area DBE availability data is 8.25%.

### **III. STEP 2: BASE FIGURE ADJUSTMENT DETERMINATION**

49 C.F.R. Section 26.45 Part 26 requires an examination of available relevant evidence to determine what additional adjustment to the Base Figure is needed, if any, to narrowly tailor the Base Figure to SacRT’s marketplace and establish the overall goal.

#### **STEP 2, Part A: Current Capacity of DBEs Measured by Actual Attainments**

SacRT considered the capacity of DBEs to perform work as measured by the median past participation of DBEs on SacRT’s DOT-assisted contracts for FFYs 2015 through 2020. Typically, the median would be established using only the previous triennial period; however, because of the anomalous zero attainment in two of the last three years, SacRT determined that examination of a longer period would yield a more median value for this particular analysis.

Data was taken from FTA approved Semi-Annual Uniform Reports of DBE Awards/Commitments. Table 5 summarizes the findings.

**Table 5**

| Federal Fiscal Year | FTA \$          | DBE \$      | DBE Achieved |
|---------------------|-----------------|-------------|--------------|
| FFY 2015            | \$969,657.00    | \$31,420.00 | 3.24%        |
| FFY 2016            | \$5,345,154.00  | \$30,008.00 | 0.56%        |
| FFY 2017            | \$951,868.00    | \$11,609.00 | 1.22%        |
| FFY 2018            | \$1,415,905.00  | \$58,490.00 | 4.13%        |
| FFY 2019            | \$533,747.00    | \$0.00      | 0.00%        |
| FFY 2020            | \$10,549,726.00 | \$0.00      | 0.00%        |
| <b>Median</b>       |                 |             | <b>0.89%</b> |

Because the FTA-assisted contracts that SacRT anticipates awarding for the upcoming period are substantially similar to those awarded during the prior goal-setting periods, it is appropriate to assume that the past actual attainments of DBEs as compared to DBE availability in the market area can be attributed to a potential lack of capacity to perform that merits a downward adjustment in the base figure.

To arrive at an overall goal, SacRT averaged the Step 1 weighted base figure 8.25% with the Step 2 past participation median accomplishment of 0.89% to further refine SacRT’s goal to arrive at an **Overall DBE Goal of 4.57%**. SacRT feels that this adjusted goal will accurately reflect DBE participation that can be achieved for the type of project work that will be awarded during FFY 2021 - 2023.

|                             |              |
|-----------------------------|--------------|
| Base Figure                 | 8.25%        |
| Median Past Participation   | 0.89%        |
| <b>Adjusted Base Figure</b> | <b>4.57%</b> |

*(Base Figure + Median Past Participation) / 2 = Adjusted Base Figure*

## **STEP 2, Part B: Other Agency Disparity Studies**

Information from several California disparity studies was reviewed and analyzed to determine the existence of statistical disparities in the ability of DBEs to obtain financing, bonding and insurance and to better understand potential barriers between availability and utilization. While there is no disparity study that is specific to SacRT’s market area, the 2019 Caltrans FTA Disparity Study included SacRT’s market area. In addition, the 2017 San Francisco Bay Area Rapid Transit District Disparity Study and LA Metro 2017 Disparity Study detail many barriers faced by DBEs in obtaining financing, bonding and insurance and analyze contracts of the same types awarded by SacRT. These three disparity studies all found a statistically significant disparity with respect to at least one DBE sub-group that could be used to justify RC goals as to specific sub-groups as to that portion of the DBE goal that cannot be satisfied with RN means. As further detailed below, SacRT has determined that this data is not sufficiently specific to SacRT’s market area to justify the use of RC goals. However, this wealth of data does indicate that DBE availability and capacity would be greater in the absence of structural barriers to entry and participation.

Specifically, the Caltrans Disparity found that “The study team’s analyses of marketplace conditions indicate that minorities; women; and minority- and woman-owned businesses face substantial barriers nationwide and in California. Existing research, as well as analyses that the study team conducted, indicate that race- and gender-based disparities exist in terms of acquiring human capital, accruing financial capital, owning businesses, and operating successful businesses. In many cases, there is evidence that those disparities exist even after accounting for various race- and gender-neutral factors such as age, income, education, and familial status. There is also evidence that many disparities are due, at least in part, to race- and gender-based discrimination. Barriers in the marketplace likely have important effects on the ability of minorities and women to start and successfully operate businesses in the California industries relevant to the disparity.”

The 2019 Caltrans Study also determined that the statistically significant underutilization was unlikely to be the result of chance.

SacRT acknowledges that the base figure determined in Step 1 reflects the amount of participation that DBEs would be expected to achieve in the absence of present and past effects of discrimination. Minority- and women-owned businesses experience barriers that place these businesses at a disadvantage for competing for federal contracting. However, the 2019 Caltrans Study acknowledges that much of the information examined in considering a Step 2 adjustment was not easily quantifiable.

Because SacRT does not have a sufficient statistical foundation on which to determine an appropriate adjustment for these factors, SacRT will not make any adjustment to the base figure to account for the continuing effects of past discrimination at this time. 49 CFR Part 26 states that there must be a rational relationship between the data used to make the adjustment and the actual numerical adjustment made. Thus, SacRT has not used this data to further adjust its FFY 2021-2023 base figure for its overall DBE goal.

#### **IV. UTILIZATION OF RACE AND GENDER NEUTRAL VS. RACE AND GENDER CONSCIOUS METHODS**

In *Western States Paving Co. v. United States & Washington State Department of Transportation*, 407 F.3d 983 (9<sup>th</sup> Cir. 2005), the Ninth Circuit Court of Appeal held that the Department of Transportation's DBE Program (49 C.F.R. Part 26) and the authorizing statute in TEA 21 were constitutional and that the national DBE program was narrowly tailored with respect to the RC elements of the program. However, the court further held that, in order for a DBE program to be narrowly tailored, as applied at the state or local level, RC elements of the program must be limited to those parts of the country in which race-based measures are demonstrably needed, based upon adequate evidence of discrimination or its effects in the relevant contracting industry and with respect to the specific groups to which such RC elements are to be applied. Even when sufficient evidence of discrimination exists as to particular minority groups, a RC DBE program is only narrowly tailored, consistent with *Western States Paving Co.*, if its application is limited to those minority groups that have actually suffered discrimination. In response to the ruling, the FTA issued guidance for DBE goal setting that requires recipients to examine any evidence meeting the Ninth Circuit criteria of discrimination and its effects. If the recipient does not have sufficient evidence of discrimination or its effects meeting the Ninth Circuit standard, then the recipient must submit a RN overall DBE goal.

In its last goal setting, SacRT relied upon the 2014 Disparity Study conducted by Caltrans to provide both statistical and anecdotal information to determine that discrimination exists in SacRT's market area and support the use RC measures in SacRT procurements. Based on the 2014 disparity study, SacRT determined that it was appropriate to set a race-and-gender conscious goal of 6.97%.

In 2019, Caltrans updated its FTA Disparity Study. SacRT has reviewed the updated study and determined that it does not provide a basis for establishing a RC goal for the following reasons:

- (1) The 2019 Caltrans Study is based on the statewide marketplace. As noted above, SacRT's relevant market area consists of only Sacramento, Yolo, Alameda, and Nevada counties. SacRT does not believe that the general statewide statistical findings of the disparity study can be interpolated to SacRT's limited market area, given the demographic differences between the various regions in California.
- (2) The types of contracts awarded by Caltrans are not substantially similar to the contracts awarded by SacRT as set out in Step 1. The disparity study specified that, in the study period, 98% of the FTA contract dollars awarded by Caltrans and its subrecipients were for goods and services and 2% were for professional services. As noted above, the bulk of SacRT's FTA contract dollars are expended in the construction and preventive maintenance categories, which were not specifically considered in the Caltrans statistical disparity analysis.

- (3) After aggregating both prime and subcontracting participation, the 2019 Caltrans Study found a statistically significant underutilization only as to three subgroups: non-Hispanic white woman-owned businesses (disparity index of 14), Asian Pacific American-owned businesses (disparity index of 42), and Black American-owned businesses (disparity index of 0) (the 2019 Caltrans Study evaluated businesses owned by minority women as part of their minority subgroup rather than separately as woman-owned businesses). 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+. As noted above, the *Western States Paving Co.* decision requires that both the evidence of discrimination and the remedial measures be focused on individual sub-groups that have suffered discrimination. Unlike Caltrans, SacRT does not have adequate availability and utilization data for specific subgroups to establish the presence or absence of a statistically significant disparity.

SacRT also reviewed the disparity studies of two other California transit agencies (LA Metro and BART). However, due to the significantly different relevant market area (neither study included Sacramento in its relevant market area), SacRT has determined it is not appropriate to rely on either study as a basis for establishing a RC goal.

Because SacRT does not have sufficient evidence of discrimination or its effects that would support adoption or implementation of a race or gender conscious DBE goal, SacRT is adopting a wholly RN DBE goal for the three FFYs 2021-2023.

SacRT will take affirmative steps to achieve its DBE goal using RN measures, which will include:

- Making efforts to assure that bidding and contract requirements facilitate participation by DBEs and other small businesses;
- Unbundling large contracts to make them more accessible to small businesses;
- Encouraging prime contractors to subcontract portions of the work that might otherwise be performed by the prime contractor;
- Hosting SacRT project-specific and industry-specific outreach events for small businesses; and
- Providing technical assistance and other support services to facilitate consideration of DBEs and other small businesses.

Exhibit 1 lists the small business outreach events and activities SacRT hosted and/or participated in during FFYs 2018-2020 and is representative of the small business outreach SacRT will conduct in FFYs 2021-2023, dependent on COVID-19 guidelines and restrictions.

## **V. PUBLIC PARTICIPATION IN SETTING OVERALL DBE GOALS**

### **SacRT Outreach Efforts**

SacRT has conducted meetings, DBE and small business development technical support training workshops, and other consultation with DBEs over the time period FFYs 2018 – 2020, as shown in Exhibit 1 of this report.

One very common barrier that has historically been communicated is the lack of contract-specific RC DBE goals on SacRT DOT/FTA funded contracts. DBEs stated that without contract-specific RC DBE goals, Prime contractors and major subcontractors do not reach out to DBEs to request sub-bids; as a result DBEs may not be aware of the contract and the subcontracting opportunities associated with the contract, or they do not hear about the solicitation in time to prepare competitive sub-quotes. While SacRT is proposing to return to a fully RN program at this time, SacRT will follow its RN methodology in an effort to increase DBE participation in DOT/FTA contracts.

Lack of advance notice of upcoming procurements was identified by the attendees as a barrier to successfully competing for SacRT and other public agencies' contracting opportunities. With the implementation of SacRT's eProcurement software, PlanetBids, DBEs that are registered in the vendor database will be notified when contracting opportunities are posted for solicitation. In addition, SacRT will research additional DBEs using the Caltrans DBE database and will notify these DBEs of posted solicitations.

Lack of bonding capacity was also identified by attendees at these meetings as a major barrier. Attendees also stated that even when they have bonding capacity, they cannot always recover the cost of bonds on indefinite delivery contracts that do not guarantee any minimum amount of work under the contract. This creates the potential that the firm might lose money related to the cost of the bond. When bonds are required on these types of indefinite delivery contracts, the firms will sometimes make no-bid decisions because of the risk of losing money on the contract. SacRT has set procurement policies to reduce such barriers, to the extent that the changes are consistent with public contracting laws and regulations. SacRT has already altered policy to only require bonding when specifically required by law (as an example, payment and performance bonds are required for California public works contracts and for FTA-funded construction contracts over the simplified acquisition threshold) or if there is a high risk associated with non-performance of the contract. For instance, payment and performance bonds are not required by law for indefinite-delivery preventive maintenance work service contracts below the simplified acquisition threshold, and SacRT does not require them for these types of contracts. This policy allows for DBEs and small businesses with little or no bonding capacity to competitively bid on SacRT preventive maintenance work contracts.

DBEs and small businesses also face barriers in competing for solicitations that require bid security. Bid security can tie up capital for the DBE/small business until the bid security is released back to bidders, which can take 60 days or longer. Bid security requirements can also be a restriction on competition for a DBE or small business that does not have bonding capacity, and therefore must commit capital to obtain a cashier's check or submit cash as bid security with their bid. Because of these risks, DBEs and small businesses might make no-bid decisions. SacRT has been responsive to this type of feedback received in recent years by establishing a policy that bid security is only required on SacRT procurements when required by law (for example, bid security is required on California public works contracts) or when an analysis identifies a high risk associated with not requiring bid security (for example, the risk associated with receiving frivolous bids on a large dollar value procurement).

Feedback on the barriers to obtaining financing and insurance was also provided to SacRT by the DBEs and small businesses that attended these meetings. Outreach meetings have included participation by representatives of surety, financing, and insurance companies, and the Small Business Administration (SBA). In previous years, DBEs and small businesses that attended such outreach events were able to successfully obtain information and guidance regarding bonding and

small business loans from the surety and bank company representatives that participated at the meetings.

In addition, outreach events also included workshops on bid estimating, legal contract clauses, marketing and project management. Public agency and private company contracting officers and representatives, and representatives of the Sacramento Asian-Pacific Chamber of Commerce, have provided technical training and information regarding resources available to DBEs and small businesses.

### **Goal Setting Process: Direct Consultation Efforts**

Pursuant to the requirements in 49 CFR § 26.45(g)(1)(i), SacRT requested consultation meetings during the goal-setting process with: DBE firms; minority, women's and general contractor groups; community organizations; and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and SacRT's efforts to establish a level playing field for the participation of DBEs. Seven DBE and SBE firms responded to the request, and consultation meetings were held via teleconference.

The following questions were provided in advance of the meetings:

1. Are you aware of or have you experienced any specific barriers to DBEs in competing for federally-funded contracts?
2. Has your firm experienced discrimination in the process of competing for government contracts? If yes, please explain.
3. Do you have any recommendations for methods of outreach to increase small and disadvantaged business participation?
4. Have you participated in any DBE or SBE specific training, workshops, or outreach events locally? If so, please list the event and hosting organization, and provide feedback on the value of the event.
5. Do you use PlanetBids to compete for contracts with any other agencies?
6. Do you use any other eProcurement systems to compete for contracts with any other agencies?
7. What is your overall opinion of eProcurement systems?

A DBE engineering and construction firm reported that being a non-union business competing for subcontracts for unionized construction projects is a barrier, as non-union shops are required to enter into temporary signatory agreements with the participating union and pay union dues during the project, which can drive up the DBE's bid and put them out of the competitive range financially. He stated that after participating in 3 signatory agreements, the unions began to push his firm to join the union permanently. He also stated that he would like to see more business education programs for newly-formed DBE and SBE firms that don't know the government contracting process and may have a hard time finding resources.

A DBE civil engineering and surveying firm reported that a common barrier is that there are no set-aside contracts for small businesses, and therefore most DBE firms have to be a subcontractor since the contract size is too large to serve in the prime contractor role. They reported that they have had mixed results at outreach events in general but spoke very highly of the Caltrans

Calmentor program. The firm stated that they would like to have more opportunities to network with prime contractors to increase their subcontracting opportunities; however, they also reported that such networking events are typically not fruitful, as they feel that the participating primes are only there for their own visibility and not really interested in building relationships with new DBE and SBE firms based on the fact that they have had little luck in getting follow up meetings with primes. The firm stated that having contact with small business advocates, such as SacRT's DBELO, is very helpful for small businesses that do not know how to navigate government contracting.

A DBE graphic design and fabrication firm suggested the use of online seminars and social media, such as Facebook and Instagram, to perform education and outreach to small and disadvantaged businesses. The firm also stated that eProcurement systems are effective, as they allow firms to get all bidding and contract information in one place, which makes it easy to who they are bidding against, what has been awarded or cancelled, and what bidding opportunities are available.

A DBE and SBE public outreach firm reiterated the known barrier that many DBE firms are not qualified for large scale contracts and are therefore frequently subcontractors for specialized work on larger contracts; the firm suggested that they would like to see the unbundling of contracts for this specialized work, when possible. This firm also stated that many existing outreach events in the region are not productive and not worth attending; they can't afford to send a staff member to an event for half a day when there is no benefit received.

#### Consultation Meetings with the Sacramento Chambers of Commerce

SacRT met with 4 of the Sacramento Chambers of Commerce – Black, Hispanic, Asian-Pacific, and Rainbow. Partnership opportunities for calendar year 2021 are in development, and many events and workshops have moved to a virtual format due to COVID-19 public health guidelines. The 2021 partnerships will continue to evolve and change as ideas are confirmed through continued discussions. None of the Chambers expressed issues with this overall goal methodology, but they all provided valuable feedback regarding DBE barriers and suggestions for outreach.

**Black Chamber of Commerce:** The Chamber has already begun producing and publishing monthly 1-hour business education webinars and workshops for their membership; discussions will continue surrounding future virtual offerings in partnership with SacRT. The Chamber placed a strong emphasis on unbundling contracts to provide more opportunities for DBEs and SBEs because many prime contractors already have DBE and SBE firms that they use and rarely bring in new, untested subcontractors. At the request of SacRT, the Chamber will compile a list of their members by DBE and SBE designation for submission to SacRT for outreach purposes.

**Hispanic Chamber of Commerce:** The Hispanic Chamber reported that one barrier that some of their members face is lack of access to internet, which restricts their access to eProcurement systems and notifications. The Chamber provides technical support and assistance to these members, which will help them to access SacRT's PlanetBids eProcurement system. The Chamber also mentioned that they would like to see SacRT provide a program similar to the Sacramento Municipal Utility District (SMUD) Supplier Education and Economic Development (SEED) Program.

**Asian-Pacific Chamber of Commerce:** The Asian Pacific Chamber reported that there is an increasingly competitive environment for DBEs, with more DBEs bidding on fewer available

contracts. They also report that DBEs have trouble establishing new relationships with prime contractors and that DBEs believe existing relationships and work history is agency specific, therefore they are hesitant to spend time bidding for work where no work history is present. The Chamber recommends targeted outreach for specific contracting opportunities and provided a list of DBE and SBE directories for SacRT to review; the qualifying criteria for these directories will need to be reviewed before they can be included in SacRT's DBE and SBE programs. The Chamber also suggested that SacRT join DBE and SBE online communities, such as the one the Chamber itself offers, as well as BlackFocusX, because it's generally easier to invite SBEs and DBEs to an existing thriving community where they're able to access information relevant to them according to their own schedule. The Chamber also provided a list of their members who match the NAICS codes included in this overall goal analysis.

Rainbow Chamber of Commerce: The Rainbow Chamber suggested that SacRT consider a "Meet the Buyers" event so that small local businesses can have the opportunity to have face to face discussions with SacRT procurement professionals. The Chamber will continue to assist their members in pursuing DBE and SBE certification and will encourage their DBE and SBE members to register in SacRT's PlanetBids vendor database so that they can be notified of solicitations that match their field of work.

### **SacRT Response to Feedback**

In response to the recent feedback and historical feedback received during the previous triennial period, and in an effort to better manage the DBE Program, SacRT is currently redeveloping its approach to outreach events to include better educational opportunities and more effective networking opportunities, including the possibility of online offerings. SacRT will also consider adding social media outreach as a tool to advertise such opportunities. SacRT will work with the local Chambers of Commerce and other business development partners to improve regional outreach events to better serve the community, which will include both virtual and in-person offerings (post-COVID-19). SacRT will explore the possibility and feasibility of participating in existing online communities such as that offered by the Asian Pacific Chamber and BlackFocusX.

The SacRT website has been updated to include resources for DBE and SBE firms, and SacRT is currently redeveloping its approach to outreach events to include better educational opportunities. The Caltrans Calmentor program mentioned by one DBE vendor has been added to the DBE and SBE resource listing on the SacRT website. The resource list can be found at <http://www.sacrt.com/procurement/dbe.aspx>.

As SacRT reviews both its DBE Program and SBE Program for improvements going forward, SacRT will review qualifying criteria for the suggested DBE and SBE directories to determine whether they can be included in SacRT's DBE and SBE programs.

SMUD's SEED Program is similar to SacRT's Small and Local Business Program, both of which require that vendors be certified as a Small or Micro Business by DGS. SMUD's program also requires that the business be a SMUD ratepayer, something that SacRT cannot mirror.

SacRT will continue to make every effort to unbundle solicitations for FTA-assisted projects for more accessibility to such projects for DBEs. SacRT will also examine ways to encourage prime contractors to outreach and request quotes from new DBE and SBE subcontractors, potentially as a requirement for the prime's good faith effort if SacRT returns to a race-conscious methodology and there is a contract-specific goal.

## **VI. PUBLIC NOTICE**

Pursuant to the requirements in 49 CFR §26.45(g)(1)(ii), SacRT's proposed Triennial Overall DBE Goal Setting and Methodology report and notice of the proposed goal is published on SacRT's website:

<http://www.sacrt.com/procurement/default.aspx>

## EXHIBIT 1

### SacRT Outreach Efforts, FFY 2020: October 1, 2019 – September 30, 2020

| Event   | Date                                  | Location   |
|---|---------------------------------------|--|
| Sacramento Alliance Small Business Mixer (Sacramento Asian-Pacific, Black, and Hispanic Chambers)             | November 14, 2019<br>3:00pm – 7:00pm  | Sacramento, CA   |
| Sacramento Hispanic Chamber 2019 Latina Estrella Awards   | December 10, 2019<br>11:00am - 1:30pm | DoubleTree Hotel, 2001 Point West Way, Sacramento, CA            |
| Sacramento Black Chamber 34th Annual Installation & Business Awards Luncheon                                  | December 12, 2019<br>11:15am - 2:15pm | Hilton Sacramento Arden West, 2200 Harvard Street, Sacramento CA |
| Sacramento Alliance Small Business Mixer (Sacramento Asian-Pacific, Black, and Hispanic Chambers of Commerce) | December 17, 2019<br>5:00pm – 7:00pm  | Sacramento, CA   |
| Relationship Marketing Business Mixer   | February 11, 2020<br>7:00am - 10:00am | 4366 Auburn Boulevard, Sacramento, CA                            |
| Sacramento Asian Pacific Chamber 27th Annual Installation & Awards Dinner                                     | February 18, 2020<br>5:00pm - 9:00pm  | Hyatt Regency, 1209 L Street, Sacramento CA                      |
| No Events due to COVID-19   | March 2020 – September 2020           |  |
| SACC/SacRT Supplier Diversity Team Meeting (Teleconference)   | August 6, 2020<br>1:00pm – 2:00pm     | Sacramento, CA   |

### SacRT Outreach Efforts, FFY 2019: October 1, 2018 – September 30, 2019

| Event  | Date                                   | Location   |
|--|--|--|
| Sacramento Black Chamber Mixer Event   | November 7, 2018<br>3:30pm – 7:30pm    | Sierra 2 Center for the Arts and Community, 2791 24th St, Sacramento, CA     |
| Sacramento Black Chamber Mixer Event   | November 13, 2018<br>5:00pm – 7:30pm   | Sacramento, CA   |
| Sacramento Hispanic Chamber 2018 Latina Estrella Awards  | December 11, 2018<br>11:30am - 1:30pm  | Dante Club 2330 Fair Oaks Blvd, Sacramento, CA                               |
| Sacramento Black Chamber 33rd Annual Installation & Business Awards Luncheon                         | January 23, 2019<br>11:00am - 2:00pm   | Sacramento Hilton Arden-West, 2200 Harvard Street, Sacramento, CA            |
| SacRT/ Black Chamber 2019 Partnership Meeting  | February 12, 2019<br>1:00pm – 2:00pm   | Sacramento, CA   |
| SacRT/Asian Pacific Chamber 2019 Partnership Meeting   | February 15, 2019<br>11:00am – 12:00pm | Sacramento, CA   |
| Sacramento Black Chamber Mixer Event   | February 19, 2019<br>5:00pm – 6:30pm   | Sacramento, CA   |
| Asian Pacific Chamber 26th Annual Installation Awards Dinner   | February 28, 2019<br>5:30pm - 9:00pm   | Hyatt Regency, 1209 L St Sacramento CA                                       |
| 2019 Sacramento Business Development Program   | March 5, 2019<br>8:00am – 12:30pm      | 2860 Gateway Oaks Drive, Sacramento, CA                                      |
| Sacramento Hispanic Chamber 2019 Salud! Business Awards  | March 8, 2019<br>11:00am - 1:30pm      | The Center at Twenty-Three Hundred, 2300 Sierra Blvd, Sacramento, California |
| 2019 Sacramento Business Development Program   | March 19, 2019<br>8:00am – 12:30pm     | 2860 Gateway Oaks Drive, Sacramento, CA                                      |
| 2019 Sacramento Business Development Program   | March 26, 2019<br>8:00am – 12:30pm     | 2860 Gateway Oaks Drive, Sacramento, CA                                      |
| 2019 Sacramento Business Development Program   | April 16, 2019<br>8:00am – 12:30pm     | 2860 Gateway Oaks Drive, Sacramento, CA                                      |
| 2019 Sacramento Business Development Program   | April 23, 2019<br>8:00am – 12:30pm     | 2860 Gateway Oaks Drive, Sacramento, CA                                      |
| Sacramento Black Chamber Foundation Young Leadership Collaborative Class of 2019 Graduation Ceremony | April 29, 2019<br>5:30pm - 7:00pm      | CSUS Harper Alumni Center<br>6000 J Street, Sacramento, CA                   |
| Small Business Marketing Meeting: Aeolus Consultants   | May 3, 2019<br>1:00pm – 2:00pm         | Sacramento, CA   |
| Diversity Business Summit – Sacramento Alliance  | June 13, 2019<br>3:00pm - 7:00pm       | Elks Lodge 6446 Riverside Blvd, Sacramento, CA                               |
| Sacramento Black Chamber Juneteenth  | June 19, 2016<br>5:00pm – 7:30pm       | Crocker Art Museum, 216 O St, Sacramento, CA                                 |
| Siemens Mobility, Inc. FY20 DBE Consultation   | July 15, 2019<br>10:00am – 10:30am     | Sacramento, CA   |
| SacRT Checklist Coordination + Workforce Development   | July 15, 2019<br>2:00pm - 3:00pm       | Sacramento Housing and Redevelopment Agency, 801 12th St. Sacramento, CA     |
| DBE Community Workshop   | August 29, 2019<br>9:30am – 11:00am    | Elk Grove City Hall, 8400 Laguna Palms Way, Elk Grove, CA                    |
| Russian American Media Business Expo   | September 20, 2019<br>10:00am – 4:00pm | Citrus Heights Community Center, 6300 Fountain Sq. Dr, Citrus Heights, CA    |
| Sacramento Hispanic Chamber 2019 State of Hispanics  | September 27, 2019<br>9:00am - 11:00am | Sac State Alumni Center<br>6000 J St, Sacramento, CA                         |

**EXHIBIT 1  
(continued)**

**SacRT Outreach Efforts, FFY 2018: October 1, 2017 – September 30, 2018**

| <b>Event</b>  | <b>Date</b>                          | <b>Location</b>  |
|---|--------------------------------------|--|
| Department of General Services Sacramento Public Agency Consortium (SacPAC) Meeting. The SacPAC is a collaborative effort of public agencies and small business assistance organizations located in the Sacramento region.  | October 12, 2017<br>8:00am – 1:30pm  | Sacramento, CA   |
| Sacramento Black Chamber 2017 Women's Forum   | October 16, 2017<br>8:30am – 1:00pm  | Hilton Arden West, 2200 Harvard St, Sacramento, CA                       |
| Small Business Association (SBA) Resource Partner Meeting   | October 25, 2017<br>1:30pm – 4:00pm  | SBA Office 6501 Sylvan Rd. Citrus Heights, CA                            |
| Sacramento Black Chamber 32nd Annual Installation & Business Awards Luncheon  | December 1, 2017<br>11:30am - 1:30pm | Hilton Arden West, 2200 Harvard St, Sacramento, CA                       |
| SacRT Supplier Diversity Contract meeting with Asian Chamber  | December 12, 2017<br>3:00pm – 4:00pm | Sacramento, CA   |
| Annual Alliance Business and Holiday Mixer (Sacramento Asian-Pacific, Black, and Hispanic Chambers of Commerce) Join the Sacramento Municipal Utility District (SMUD) and Sacramento Regional Transit District (SacRT) as well as members from the Sacramento Asian-Pacific, Black, and Hispanic Chambers of Commerce for another exciting Business Networking Reception! A great way to communicate with chamber members about contracting opportunities and to network with local businesses. | December 14, 2017<br>5:30pm - 7:00pm | Wells Fargo Bank, 400 Capitol Mall, Sacramento, CA                       |
| Sacramento Asian-Pacific Chamber Annual Sponsorship Meeting (Teleconference)  | January 5, 2018<br>10:30am – 11:00am | Sacramento, CA   |
| Sacramento Alliance Small Business Mixer (Sacramento Asian-Pacific, Black, and Hispanic Chambers of Commerce)   | March 22, 2018<br>5:30pm - 7:00pm    | Sierra 2 Center for the Arts and Community, 2791 24th St, Sacramento, CA |
| Sacramento Municipal Utility District (SMUD) Small Business Mixer   | March 22, 2018<br>12:00pm – 5:30pm   | Sacramento, CA   |
| Sacramento Black Chamber Small Business Mixer   | April 25, 2018<br>3:30pm – 7:00pm    | Sacramento, CA   |
| Sacramento Black Chamber Workshop   | May 31, 2018<br>8:00am – 2:30pm      | Sacramento, CA   |
| Sacramento Black Chamber Foundation Young Entrepreneurs Academy 10 Year Anniversary   | June 12, 2018<br>11:45am - 2:00pm    | CSUS Harper Alumni Center, 6000 J Street Sacramento, CA                  |
| Summer at City Hall - Intern Meet & Greet   | June 21, 2018<br>11:00am – 12:00pm   | City Hall, 915 I Street, Sacramento, CA                                  |
| Sacramento Black Chamber Small Business Procurement Panel & Workshop: How to do Business With SMUD/SacRT/Siemens/State/County   | August 24, 2018<br>9:00am – 12:00pm  | Sacramento, CA   |