

City of Petaluma – Petaluma Transit

# Disadvantaged Business Enterprise (DBE) – Goal

Federal Fiscal Years 23-25

**Petaluma Transit**  
**Disadvantaged Business Enterprise (DBE) Goal**

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    Public Notice Disadvantaged Business Enterprise (DBE) Goal For Federal Fiscal Years 2023-2025

## Introduction

Under the requirements of the Code of Federal Regulations 49 C.F.R. Part 26.45 (Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation (USDOT) Programs), Petaluma Transit developed an overall Disadvantaged Business Enterprise (DBE) goal for DBE participation from Federal Fiscal Year (FFY) 2023 through FFY 2025 in contracting opportunities that may include federal funding. Petaluma Transit's proposed overall DBE goal for FFY 2023-2025 is 6.16% of the federal financial assistance for FTA-assisted contracts, exclusive of contracts related to the purchase of transit vehicles.

The regulations require federal recipients to prepare the overall goal using a two-step process. According to the USDOT Tips for Goal Setting, the recipient must first determine a base figure for the relative availability of certified DBEs and potentially certified Minority and Woman-owned Business Enterprises, hereafter collectively referred to as Disadvantaged Business Enterprises (DBEs), in the relevant market area. The base figure is intended to be a measurement of the current ready, willing, and able DBEs as a percentage of all businesses ready, willing, and able to perform the recipient's anticipated FTA-assisted contracts.

Next, the recipient must examine all relevant evidence to determine what adjustment, if any, is needed to the base figure in order to arrive at an overall goal. The final adjusted figure is the recipient's overall goal and represents the proportion of federal transportation funding that the recipient is expected to allocate to DBEs during the subsequent three federal fiscal years. Once the agency determines the adjusted overall goal, the process requires considering what portion of the goal will be met by race- and gender-neutral measures.

Petaluma Transit evaluates whether to maintain a race- and gender-neutral goal in accordance with 2005 case law affecting federal recipients in California. A review of disparity studies will inform the recommendation.

This Overall DBE Goal Setting Report is based on the DBE regulations contained in 49 CFR Part 26.45, as amended, the decisions of the United States Federal Court, and the USDOT Guidance Memorandum. The goal identifies the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses known to be available to compete in Petaluma Transit's FTA-assisted contracts.

Petaluma Transit will submit this goal methodology for FFY 2023-2025 to the Federal Transit Administration (FTA) for review. Petaluma Transit's recommended overall DBE goal for the period is 6.16%, which reflects the weighted base figure. The 6.16% goal will be achieved through race-neutral methods. The FTA reporting period for the recommended overall goal will be October 1, 2022, to September 30, 2025.

## Petaluma Transit Federally Assisted Contract Opportunities from Fiscal Years 2023 through 2025

Petaluma Transit calculated the projected number, types of work, and dollar amounts of contracting opportunities that will be funded, in whole or in part, by U.S. DOT federal financial assistance for the three-year reporting period. Exclusive of contracts for vehicle purchases, FTA-assisted contracting opportunities for Fiscal Years 2023 through 2025 are expected to primarily consist of a new fixed route and paratransit operating contract, improvements to bus stop amenities, facility rehabilitation and safety upgrades, AVL equipment for new buses, and scheduling software. Additional projects may be undertaken if additional federal revenue becomes available, and Petaluma Transit will adjust the overall DBE goal if necessary. The anticipated contracts and purchases are listed below in Table 1. Note that DBE goals for Transit Vehicle Manufacturers are established through a separate FTA process.

**Table 1**

**Actual and anticipated value of FFY 2023-25 FTA-assisted contracts and percent of total amount**

<b>Project</b>	<b>Federal Dollars</b>	<b>Percent of Total</b>
Fixed Route Operations and Maintenance	\$6,687,873	61.27%
Paratransit Operations and Maintenance	\$3,238,736	29.67%
Bus Stop Amenities and Access	\$90,000	0.27%
Facility Rehabilitation and Safety Upgrades	\$127,985	1.17%
AVL Equipment for New Buses	\$740,000	6.78%
Scheduling Software	\$90,000	0.82%
<b>Total Anticipated Federal Value of New Contracts and Purchases</b>	<b>\$10,914,594</b>	<b>100%</b>

### Overall DBE Goal Methodology

The overall goal is expressed as a percentage of the total amount of U.S. DOT funds Petaluma Transit anticipates expending in the three forthcoming fiscal years. As described below, Petaluma Transit used a two-step process to establish the overall DBE goal.

#### Step 1: Compute Base Figure

As specified in 49 CFR 26.45(c), Petaluma Transit developed a base figure to determine the relative availability of DBEs to perform work on the anticipated contracts and purchases. The formula for calculating the relative availability of DBEs for each project is:

$$\text{Base figure} = \frac{\text{Ready, willing, and able DBEs}}{\text{All firms ready, willing and able (including DBEs and non-DBEs)}}$$

Based on guidance from FTA and the U.S. DOT Office of Small and Disadvantaged Business Utilization, Petaluma Transit computed a weighted-base figure that considers the relative size of the anticipated contracts.

The weighted base figure was developed by:

- 1) Using the 2022 California Unified Certification Program Directory to identify the number of registered DBEs willing to perform work in Petaluma Transit's market area for each of the anticipated procurements, based on the NAICS (North American Industry Classification System) code(s) most relevant to each contract or purchase. Petaluma Transit's market area is determined based on where the substantial majority of bidders are located, as documented in the District's Bidders List. For the purposes of the DBE goal, the market area is defined as the San Francisco–Oakland–Hayward, CA Metropolitan Statistical Area (MSA) combined with the Santa Rosa, CA Metro Area MSA. This combined area includes six counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Sonoma Counties. The number DBEs in the market area, by NAICS code, is listed in Table 2.
- 2) Using 2020 County Business Patterns (CBP) data from the U.S. Census Bureau to identify the total number of businesses available in Petaluma Transit's market area for work on each contract, based on the same NAICS codes. This data was released on April 28, 2022. Table 2 lists the number of businesses in the market area, by NAICS code.
- 3) Dividing the number of DBEs by the number of all businesses to determine the relative availability of DBES in the market area for each contract and weighted for contracts with more than one identified work category. The proportion of DBEs available by each procurement type is listed under "% DBE" in Table 3.

**Table 2**

**Data on Availability of DBEs and Businesses for Anticipated Contracts by NAICS Code**

<b>Anticipated Contracts</b>	<b>NAICS Code</b>	<b>Available Businesses in the CBP</b>	<b># of Registered DBEs<sup>1</sup></b>
Fixed Route Operations and Maintenance	485113 – Bus & Other Motor Vehicle Transit Systems	11	0
Paratransit Operations & Maintenance	624120 – Services for the Elderly and Disabled	673	0
Bus Stop Amenities and Access	332311 – Poured Concrete Foundation & Structure	224	31
Facility Rehabilitation and Safety Upgrades	238160 – Roofing Contractors	390	10
AVL Equipment for New Buses	334220 – Radio & Television Broadcasting & Wireless	22	4

	Communications Equipment Manufacturing		
Scheduling Software	541511 – Custom Computer Programming Services	3,179	232
Notes: 1) Available Business in Six County Business Census Patterns (Two MSA's Combined) by NAICS Code 2) Based on DBEs in California Unified Certification Program			

Table 3 extracts all the NAICS codes from the anticipated projects and identifies the proportion of DBEs available to work in Sonoma County using the CUPC database of DBEs and the data from U.S. Census County Business Patterns for the two Metropolitan Statistical Areas by code.

**Table 3: Relative Availability by NAICS Code for FFY 2023-25**

NAICS	Description	Available Businesses in the CBP	Available DBEs	DBE% of Available Businesses by NAICS
485113	Bus & Other Motor Vehicle Transit Systems	11	0	0.00%
624120	Services for the Elderly and Disabled	673	0	0.00%
238110	Poured Concrete Foundation & Structure	224	31	13.84%
238160	Roofing Contractors	390	10	2.56%
334220	Radio & Television Broadcasting & Wireless Communications Equipment Manufacturing	22	4	18.18%
541511	Custom Computer Programming Services	3,179	232	7.30%
<b>Total</b>		<b>6,781</b>	<b>774</b>	<b>11.41%</b>

Table 4 aggregates anticipated contract expenditures by NAICS code identified for contracting and possible subcontracting opportunities. The table assigns both a proportionate dollar amount for each code and a percentage of the total anticipated estimate of federal dollars.

**Table 4: Summary of Anticipated Dollar Amounts by NAICS Code**

<b>NAICS</b>	<b>Description</b>	<b>Anticipated Contract Dollars</b>	<b>% of Total</b>
485113	Bus & Other Motor Vehicle Transit Systems	\$6,687,873	61.27%
624120	Services for the Elderly and Disabled	\$3,238,736	29.67%
238110	Poured Concrete Foundation & Structure	\$30,000	0.27%
238160	Roofing Contractors	\$127,985	1.17%
334220	Radio & Television Broadcasting & Wireless Communications Equipment Manufacturing	\$740,000	6.78%
541511	Custom Computer Programming Services	\$90,000	0.82%
<b>Total</b>		<b>\$10,914,594</b>	

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 4 (weighted ratio), and adding the weighted ratio figures together.

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

**Table 5: Weighted-Base Figures for FTA-Assisted Contract Expenditures FFY 23-25**

<b>NAICS</b>	<b>Industry Description</b>	<b>NAICS Base Figure</b>	<b>% Total Expenditures</b>	<b>Weighted Base Figure</b>
485113	Bus & Other Motor Vehicle Transit Systems	0%	61.27%	0.00%
624120	Services for the Elderly and Disabled	0%	29.67%	0.00%
238110	Poured Concrete Foundation & Structure	13.84%	0.27%	0.04%
238160	Roofing Contractors	2.56%	1.17%	0.03%
334220	Radio & Television Broadcasting & Wireless	18.18%	6.78%	1.23%

	Communications Equipment Manufacturing			
541511	Custom Computer Programming Services	7.30%	0.82%	0.06%
<b>Total</b>		<b>6.16%</b>	<b>100%</b>	<b>6.16%</b>

As shown in Table 5 above, the Weighted Base Figure is equal to the sum of the Weighted Ratios for all NAICS Work Categories and is calculated at 6.16%.

### **Step 2: Adjust Base Figure**

Per 49 CFR 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure to arrive at the overall DBE goal. The primary form of evidence available is the past participation of DBEs in Petaluma Transit contracting. Since Petaluma Transit is creating its first DBE goal in 2022, it has not tracked past participation of DBEs in contracting.

### **Bidders' List - Section 26.45(c.3)**

Petaluma Transit will maintain a Bidder's list as set forth in 49 CFR Part 26.11 of bidders for its federal and non-federally assisted projects. Petaluma Transit will review this list and determine that the data derived from this list substantiates the market area for contractors, including DBE contractors, as outlined above.

### **Sources from Organizations and Institutions - Section 26.45(g.1)**

Directly and through the Business Outreach Committee, Petaluma Transit communicates with various contractor associations, minority business associations, and the DBE and SBE business communities in general.

### **Applicability of Disparity Studies**

In developing the FFY 2023-25 DBE goal, Petaluma Transit staff reviewed two disparity studies. Findings from the Caltrans and SFMTA studies are described below. In both cases, the size and nature of their projects differ significantly from Petaluma Transit's projects. Petaluma Transit will consider the findings of these and future disparity studies in the conduct of its DBE participation program, including outreach and education activities with the Bay Area Business Outreach Committee, to ensure access to bid opportunities for all eligible MBE/WBE's.

Caltrans commissioned an FTA Disparity Study in July of 2020. The study was completed in August 2021. The study found that minority-and woman-owned businesses participation in transit-related contracts that Caltrans and subrecipient local agencies awarded during the study



period was substantially lower than what one might expect based on the availability of those businesses for that work. Results did vary substantially across individual groups as follows:

- Five groups exhibited disparity indices substantially below parity: Asian Pacific American-owned businesses, Black American-owned businesses, Hispanic American-owned businesses, Native American-owned businesses, and Subcontinent Asian American-owned businesses.
- Non-Hispanic white woman-owned businesses did not exhibit a disparity on all Caltrans and subrecipient local agency contracts considered together.

The Caltrans study also analyzed the results separately for transportation-related construction and professional services contracts. It found overall that minority- and woman-owned businesses participation was higher in construction work than in professional services work.

San Francisco Transportation Authority (SFMTA) completed a disparity study in early 2016. The SFMTA marketplace for construction and related goods contracts consists of four Bay Area counties (San Francisco, Alameda, San Mateo, and Santa Clara) and Los Angeles County. SFMTA's marketplace for professional services contracts are the same four Bay Area counties of San Francisco, Alameda, San Mateo, and Santa Clara. Petaluma Transit's market area includes the North Bay and does not include Santa Clara or Los Angeles Counties.

The SFMTA Disparity Study's findings include:

- SFMTA's race/gender-neutral measures appear to be effective for Minority-owned businesses (MBEs) in construction and professional services contract categories with two exceptions.
- Evidence supports a conclusion that race-neutral measures have not assisted Black American construction contractors to participate fully and equitably in SFMTA federally assisted construction contracts.
- Women-owned businesses (WBEs) are substantially underutilized on SFMTA FTA-funded contracts, whether WBEs participate as prime contractors or subcontractors in either construction or professional services contract categories, inclusive of goods.

Petaluma Transit will continue to participate in the DBE research, educational, and outreach activities with its San Francisco Bay Area peers in the Business Outreach Committee. Petaluma Transit will monitor its current and future procurements to identify possible trends in DBE participation, progress in meeting its race-neutral goal, and determine whether a race-conscious goal is needed in the future.

### **Historic DBE Participation in Petaluma Transit Contracts**

Petaluma Transit became a direct federal recipient in 2008. Petaluma Transit has had a limited number of federally assisted contracts. Due to starting our DBE program in 2022, Petaluma Transit has not previously tracked DBE participation in our contracts.

In the US DOT Tips for Goal Setting in the Disadvantaged Business Enterprise Program, page 7 suggests that an agency can make a Step 2 adjustment by averaging the base figure with the past median DBE participation.

The DBE participation rate in Petaluma Transit's federally assisted contracts is based on the proportion of new federally assisted contracts awarded to DBEs during FFY 2020-22 as follows:

- FFY 2020: N/A
- FFY 2021: N/A
- FFY 2022: N/A

Using the method in the Tips for Goal Setting, the median for historic participation rate would be used in federally supported procurements. An adjusted goal would be determined in the following formula:

1. FFY 2023-25 Base Figure = 6.16%
2. Median Past Participation = N/A
3. Adjustment Factor =  $(6.16\% + (N/A)) \text{ divided by } 2 = 6.16\%$

### **Consideration of an Adjusted Overall DBE Goal for FFY 2023-25**

Due to no past participation, Petaluma Transit has concluded that the 6.16 percent figure does not need to be adjusted. This is based on the Step 2 analysis.

#### *FFY 23-25 Procurements and DBE Opportunities*

In FFY 2023-25, anticipated federally funded contract awards are for a new fixed route and paratransit operating contract, improvements to bus stop amenities, facility rehabilitation and safety upgrades, AVL equipment for new buses, and scheduling software.

### **Use of Race-Neutral Methods and DBE Contract Goals**

The U.S. DOT regulations require that race-neutral methods be used to the maximum extent feasible to achieve the DBE overall goal. Race-neutral methods 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 they might otherwise perform themselves; and providing technical assistance, communications programs, and other support services to facilitate consideration of DBEs and other small businesses.

Because of the emphasis on race-neutral methods, Petaluma Transit does not propose to set contract-specific DBE goals on FTA-assisted contracts to be awarded in Federal Fiscal Year 2023 through Fiscal Year 2025. Instead, Petaluma Transit will focus on developing race-neutral

methods for facilitating DBE participation. Petaluma Transit will advise prospective contractors of areas for possible subcontracting, and of the availability of ready, willing, and able subcontractors, including DBE firms, to perform such work. Petaluma Transit will carefully monitor its progress during the year and may establish contract-specific goals if race-neutral methods do not appear sufficient to achieve the overall DBE participation goals for Federal Fiscal Year 2023 through Fiscal Year 2025. It is anticipated that the DBE goal for FTA-assisted contracts will be achieved through race-neutral methods.

### **Public Participation in Setting the Overall DBE Goal**

Under 26.45(g), Petaluma Transit plans to participate in various professional services and/or construction outreach and assistance events throughout the year. Petaluma Transit plans to be a member of the Business Outreach Committee (BOC), which is a group of 38 transit and transportation agencies located in the San Francisco Bay Area that includes BART, SFMTA, Caltrans, Golden Gate Bridge, Highway and Transportation District, SamTrans/JPB, AC Transit, Alameda CTC, Sonoma County, Central Contra Costa Transit Authority, the Metropolitan Transportation Commission, and other smaller agencies. The BOC issues a quarterly newsletter with upcoming contracting opportunities, helpful hints on how to respond to bids, information on no-cost educational courses, and contact information for each BOC member's DBE Liaison and/or Contract Administrators.

### **Conclusion**

Petaluma Transit has prepared this goal setting and methodology report for submission to FTA, in compliance with the procedures outlined in 49 CFR Part 26, as amended, requiring DOT grantees to establish a DBE overall goal as a percentage of all FTA funds expected to be expended in the three forthcoming federal fiscal years. A 6.16% DBE overall goal has been established for all FTA-funded contracts anticipated to be awarded for FFY 2023-2025. Petaluma Transit will monitor progress on this goal by tracking individual contracts for DBE participation and payments respective to the federal fiscal year of award.

Interested parties are encouraged to submit comments to:

Ray Atkinson, DBE Liaison Officer  
Petaluma Transit  
555 N McDowell Blvd  
Petaluma, CA 9494

Or

2/9/2023

Federal Transit Administration, Region IX  
Attention: Civil Rights Officer  
San Francisco Federal Building  
90, 7th Street, Suite 15-300  
San Francisco, CA 94103

## **Attachment 1**

### **Public Notice Disadvantaged Business Enterprise (DBE) Goal For Federal Fiscal Years 2023-2025**

In accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26, Petaluma Transit announces its proposed goal over the following Federal Fiscal Years 2023, 2024, and 2025 goal of 6.16% for DBE participation on contracts assisted by the Federal Transit Administration (FTA).

The proposed goal and its rationale are available for public review for the next 30 days during normal business hours from 8:00 a.m. to 5:00 p.m., Monday through Thursday, at Petaluma Transit, 555 N McDowell Blvd in Petaluma, CA 94954, and on our web page at <https://transit.cityofpetaluma.net/>.

Written comments will be accepted by Petaluma Transit and FTA for 30 days following publication of this notice. The District's Federal Fiscal Year 2023-2025 goal may be adjusted by any comments received.

Interested parties are encouraged to submit comments to:

Ray Atkinson, DBE Liaison Officer  
Petaluma Transit  
555 N McDowell Blvd  
Petaluma, CA 9494

Comments may also be submitted to the Federal Transit Administration, Region IX, Attention: Civil Rights Officer, San Francisco Federal Building, 90, 7th Street, Suite 15-300, San Francisco, CA 94103.

### **Empresa Comercial en Desventaja (DBE) meta de Petaluma Transit para los años fiscales 2023-2025**

De acuerdo con las regulaciones del Departamento de Transporte de los EE. UU. (DOT), 49 CFR Parte 26, Tránsito de Petaluma (Petaluma Transit) anuncia su objetivo propuesto para los siguientes Años Fiscales Federales 2023, 2024 y 2025 objetivo de 6.16% para la participación de DBE en contratos asistidos por la Administración Federal de Tránsito (FTA).

La meta propuesta y su justificación están disponibles para revisión pública durante los próximos 30 días durante el horario laboral normal de 8:00 a.m. a 5:00 p.m., de lunes a jueves, en Tránsito de Petaluma, 555 N McDowell Blvd en Petaluma, CA 94954, y en nuestra página web en <https://transit.cityofpetaluma.net/>.

Tránsito de Petaluma y la FTA aceptarán comentarios por escrito durante los 30 días posteriores a la publicación de este aviso. La meta del año fiscal federal 2023-2025 Tránsito de Petaluma puede ajustarse por cualquier comentario recibido.

Se anima a las partes interesadas a enviar comentarios a:

Ray Atkinson, DBE Liaison Officer  
Petaluma Transit  
555 N McDowell Blvd  
Petaluma, CA 9494

Los comentarios también pueden enviarse a la Administración Federal de Tránsito, Región IX, Atención: Oficial de Derechos Civiles, Edificio Federal de San Francisco, 90, 7th Street, Suite 15-300, San Francisco, CA 94103.