

# CHAPTER 6.

## Utilization Analysis

Chapter 6 presents information about the participation of minority- and woman-owned businesses in construction, professional services, and goods and other services contracts that the Los Angeles County Metropolitan Transportation Authority (Metro) awarded between January 1, 2011 and December 31, 2015. Chapter 6 is organized in two parts:

- A. Overview of utilization analysis; and
- B. Utilization analysis results.

### A. Overview of Utilization Analysis

BBC Research & Consulting (BBC) measured the participation of minority- and woman-owned businesses in Metro contracting in terms of *utilization*—the percentage of prime contract and subcontract dollars that Metro awarded to minority- and woman-owned businesses during the study period. For example, if 5 percent of Metro prime contract and subcontract dollars went to non-Hispanic white woman-owned businesses on a particular set of contracts, utilization of non-Hispanic white woman-owned businesses for that set of contracts would be 5 percent.<sup>1</sup> The study team measured the participation of all minority- and woman-owned businesses regardless of certification and separately of minority- and woman-owned businesses that were certified as Disadvantaged Business Enterprises (DBEs).

The Federal Transit Administration (FTA) requires Metro to submit reports about the participation of DBEs in its federally-funded transportation contracts twice each year (typically in June and December). BBC's analysis of the participation of minority- and woman-owned businesses in Metro contracting goes beyond what the agency currently reports to FTA. Two key differences are that:

- BBC counts all minority- and woman-owned businesses in its analysis, not only certified DBEs; and
- BBC examines federally- and non-federally-funded contracts, not only federally-funded contracts.

**All minority- and woman-owned business, not only certified DBEs.** Per USDOT regulations, Metro prepares DBE utilization reports for USDOT based on information only about certified DBEs. Metro does not track the participation of minority- and woman-owned businesses that are not DBE-certified for those reports. In contrast, BBC's utilization analysis includes the participation of *all* minority- and woman-owned businesses, regardless of whether they are certified as DBEs. The study team included minority- and woman-owned businesses that:

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<sup>1</sup> BBC uses the terms "white woman-owned businesses" and "non-Hispanic white woman-owned businesses" interchangeably.

- Are currently DBE-certified;
- May have once been DBE-certified and graduated (or let their certifications lapse); and
- Are not eligible for certification or have never been certified.

BBC provides utilization results for all minority- and woman-owned businesses and separately for minority- and woman-owned businesses that were DBE-certified during the study period.<sup>2</sup>

**FTA- and locally-funded contracts.** USDOT requires Metro to prepare DBE participation reports only for its FTA-funded contracts. Thus, Metro reports the participation of certified DBEs only for those contracts. BBC analyzed the participation of minority- and woman-owned businesses in both FTA- and locally-funded Metro contracts.

## B. Utilization Analysis Results

Figure 6-1 presents the overall percentage of contracting dollars that minority- and woman-owned businesses received on construction, professional services, and goods and other services contracts that Metro awarded during the study period (including both prime contracts and subcontracts). The darker portion of the bar represents the percentage of contracting dollars that certified DBEs received during the study period. As shown in Figure 6-1, overall, minority- and woman-owned businesses received 23 percent of the relevant contracting dollars that Metro awarded during the study period. The darker portion of the bar shows that 15 percent of relevant contracting dollars went to certified DBEs.

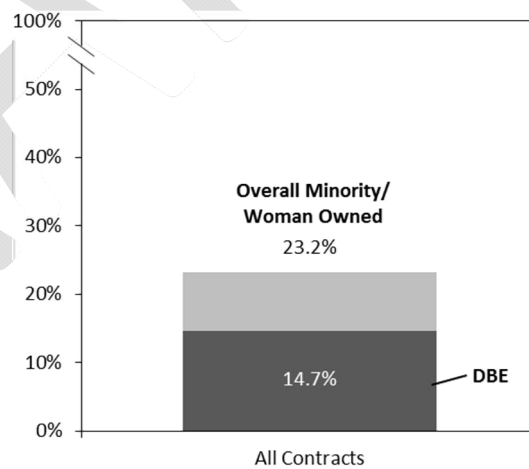
**Figure 6-1.**  
**Participation of minority- and woman-owned businesses**

**Notes:**

The study team analyzed 12,149 prime contracts and subcontracts.  
The darker portion of the bar represents participation of certified DBEs.  
For more detail, see Figure F-2 in Appendix F.

**Source:**

BBC Research & Consulting utilization analysis.



In addition, BBC examined participation in Metro contracting separately for each relevant racial/ethnic and gender group. Those results are presented in Figure 6-2. Overall, Hispanic American-owned businesses and Black American -owned businesses exhibited higher levels of participation on Metro contracts than all other groups (12.9% for Hispanic American-owned businesses and 3.4% for Black American-owned businesses).

<sup>2</sup> Although businesses that are owned and operated by socially- and economically-disadvantaged non-Hispanic white men can become certified as DBEs, BBC did not identify any DBE-certified businesses that were owned by non-Hispanic white men that participated in Metro contracts during the study period.

**Figure 6-2.**  
**Participation of minority- and woman-owned businesses by group**

Note:

The study team analyzed 12,149 prime contracts and subcontracts.

Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals.

For more detail, see Figure F-2 in Appendix F.

Source:

BBC Research & Consulting utilization analysis.

	Total	
	\$ in Thousand	Percent
<b>Minority-/Woman-owned</b>		
Black American-owned	\$104,362	3.4 %
Asian Pacific American-owned	76,961	2.5
Subcontinent Asian American-owned	29,148	1.0
Hispanic American-owned	391,976	12.9
Native American-owned	21,768	0.7
White woman-owned	79,021	2.6
<b>Total minority-/woman-owned</b>	<b>703,237</b>	<b>23.2 %</b>
Majority-owned	2,325,388	76.8
<b>Total</b>	<b>\$3,028,625</b>	<b>100.0 %</b>
<b>DBEs</b>		
Black American-owned	\$96,283	3.2 %
Asian Pacific American-owned	54,277	1.8
Subcontinent Asian American-owned	22,248	0.7
Hispanic American-owned	223,764	7.4
Native American-owned	21,274	0.7
White male-owned	0	0.0
White woman-owned	27,825	0.9
<b>Total DBE</b>	<b>\$445,671</b>	<b>14.7 %</b>
Non-DBE	2,582,954	85.3
<b>Total</b>	<b>\$3,028,625</b>	<b>100.0 %</b>

Further analysis revealed that, in many cases, a relatively small number of businesses accounted for relatively large percentages of minority- and woman-owned business participation in Metro contracting during the study period:

- A Black American-owned heavy construction equipment business received 36 percent of the total dollars that went to Black American-owned businesses (approximately \$38 million of \$105 million);
- A Hispanic American-owned rebar contractor received 16 percent of the total dollars that went to Hispanic American-owned businesses (approximately \$64 million of \$392 million);
- A Native American-owned trucking business received 27 percent of the total dollars that went to Native American-owned businesses (approximately \$5.8 million of \$22 million);
- An Asian Pacific American-owned transportation consulting business received 18 percent of the total dollars that went to Asian Pacific American-owned businesses (approximately \$13.8 million of \$77 million);
- A Subcontinent Asian American-owned environmental research and consulting business received 25 percent of the total dollars that went to Subcontinent Asian American-owned businesses (approximately \$7.2 million of \$29 million); and
- A white woman-owned construction business received 21 percent of the total dollars that went to white woman-owned businesses (approximately \$5.6 million of \$79 million).

Information about the participation of minority- and woman-owned businesses is instructive on its own, but it is even more instructive when it is compared with the participation that one might expect based on the availability of minority- and woman-owned businesses for Metro work. BBC presents such comparisons as part of the disparity analysis in Chapter 7 and further exploration of disparities in Chapter 8.

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