DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM
PROPOSED THREE-YEAR OVERALL GOAL & GOAL METHODOLOGY
FOR FEDERAL FISCAL YEARS 2013 – 2015

GOAL SETTING METHODOLOGY SECTION 26.45

The Los Angeles County Metropolitan Transportation Authority (Metro) has completed its initial review process for its three-year overall Disadvantaged Business Enterprise (DBE) goal applicable to Federal Fiscal Years (FFY) 2013 – 2015 contracting opportunities funded in whole or in part by the Federal Transit Administration (FTA). Metro followed the two-step goal setting methodology prescribed in the Department of Transportation regulation 49 Code of Federal Regulations (CFR) 26.45.

A. **Step One- Determination of Base Figure-Section 26.45(c)**

The first step in the goal setting process is to determine the base figure for the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses which are known to be available to compete for FTA-assisted contracts Metro anticipates awarding during the goal period. Availability was derived from the Metro 2010 Availability and Disparity Study (2010 Study), conducted by BBC Research & Consulting Inc. The 2010 Study is a recognized goal setting methodology in 26.45 (c) to provide statistical analysis of baseline DBE availability.

For FFY2013 – FFY2015, Metro anticipates awarding $5.3 billion in contracting assisted in whole or in part with FTA funds. A 9.8% base figure was calculated based on the analysis of relative DBE availability as applied to anticipated FTA contract expenditure dollar weights, as shown in Table 1.

**TABLE 1 – Calculation of Base Figure for Overall DBE Goal**

<table>
<thead>
<tr>
<th>Contracts Considered in Overall Goal</th>
<th>(a) Projected FTA-Funded Contract Dollars FFY2013-FF20Y15</th>
<th>(b) Percent of Dollars</th>
<th>(c) Availability from 2010 Disparity Study (Potential DBEs)</th>
<th>(d) Components of Goal (b) *(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$4,625.9</td>
<td>87.5%</td>
<td>7.9%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Engineering/Professional Services</td>
<td>$638.2</td>
<td>12.0%</td>
<td>24.3%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>$1.1</td>
<td>&lt; 0.1%</td>
<td>15.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Similar To Above Contracts</td>
<td>$2.1</td>
<td>&lt; 0.1%</td>
<td>9.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Not Similar To Above Contracts</td>
<td>$23.1</td>
<td>0.4%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,289.4</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>9.8%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: Columns may not sum to totals due to rounding.
Source: BBC Research & Consulting based on LACMTA disparity study and information provided by LACMTA.
**Table 1** shows the components of the goal calculation for the base figure. Table columns represent the following:

(a) Anticipated FTA Contracting – FFY2013 – FFY2015 anticipated contract dollars to be funded in whole or in part with Federal Transit Administration (FTA) assistance.

(b) Dollars in column (a) as a percentage of total FFY2013 – FFY2015 FTA-funded expenditures

(c) Relative DBE Availability – 2010 Study availability of minority and women-owned firms (includes certified DBEs and minority and women-owned firms that could possibly be certified) that are ready, willing, and able to perform in the work categories within Metro’s market area.

(d) Component of the Goal calculated by multiplying the value in column (c) by column (b). The resulting values in column (d) are summed to calculate the base figure for the overall goal.

**ADJUSTMENT TO THE BASE FIGURE**

**B. Step Two Adjustments- Section 26.45(d)**

Step 2 requires Metro to examine additional factors available in its jurisdiction to determine what adjustment, if any, is needed to the base figure to establish the overall goal. Metro made a Step 2 adjustment based on DBE availability after accounting for disparities in business ownership rates for women and certain minority groups in the Southern California construction and engineering industries. The adjustment is also based on evidence of disparities in access to capital and other factors that support an overall goal higher than 9.8%. Based on information taken from Section VI of the 2010 Study, Metro made an upward Step 2 adjustment, resulting in an overall goal of 14.2% shown in Table 2.

**TABLE 2 – Adjustment to Base Figure Calculation for Overall DBE Goal**

<table>
<thead>
<tr>
<th>Components of goal**</th>
<th>Current availability</th>
<th>Disparity index for business ownership</th>
<th>Availability After initial adjustment*</th>
<th>Availability after scaling to 100%</th>
<th>Total minority and female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>African Americans</td>
<td>0.9 %</td>
<td>71</td>
<td>1.3 %</td>
<td>1.2 %</td>
<td></td>
</tr>
<tr>
<td>Subcontinent Asian Americans</td>
<td>0.4</td>
<td>50</td>
<td>0.8</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Hispanic Americans</td>
<td>3.1</td>
<td>64</td>
<td>4.9</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>White women</td>
<td>2.8</td>
<td>57</td>
<td>4.9</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>Asian-Pacific Americans and Native Americans</td>
<td>0.7</td>
<td>no adjustment</td>
<td>0.7</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Total minority and female</td>
<td>7.9</td>
<td>12.6 %</td>
<td>12.0 %</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>Majority</td>
<td>92.1</td>
<td>92.1</td>
<td>88.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total firms</td>
<td>100.0 %</td>
<td>104.6 %</td>
<td>100.0 %</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### TABLE 2 – Adjustment to Base Figure Calculation for Overall DBE Goal (Cont’d)

<table>
<thead>
<tr>
<th>Components of goal**</th>
<th>Current availability</th>
<th>Disparity index for business ownership</th>
<th>Availability after initial adjustment*</th>
<th>Availability after scaling to 100%</th>
<th>Major firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asian-Pacific Americans</td>
<td>4.9 % 66</td>
<td>7.4 % 14.8</td>
<td>6.8 % 13.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White women</td>
<td>8.6 % 58</td>
<td>10.8 % 10.8</td>
<td>9.9 % 9.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other minority groups</td>
<td>10.8 % no adjustment</td>
<td>10.8 % 10.8</td>
<td>9.9 % 9.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total minority and female</td>
<td>24.3 % 33.1 % 30.4 %</td>
<td>100.0 % 108.8 % 100.0 %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Majority</td>
<td>75.7 % 69.6</td>
<td>75.7 % 69.6</td>
<td>75.7 % 69.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total firms</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods and services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total minority and female</td>
<td>15.4 % no adjustment</td>
<td>15.4 % 15.4 %</td>
<td>0.0 % 0.0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Majority</td>
<td>84.6 % 84.6</td>
<td>84.6 % 84.6</td>
<td>84.6 % 84.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total firms</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other similar to above contracts</td>
<td>9.9 % proportional adjustment</td>
<td>14.2 % 13.6 %</td>
<td>0.0 % 0.0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Majority</td>
<td>90.1 % 86.4</td>
<td>90.1 % 86.4</td>
<td>86.4 % 86.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total firms</td>
<td>100.0 % 100.0 %</td>
<td>104.3 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other not similar to above contracts</td>
<td>0.0 % no adjustment</td>
<td>0.0 % 0.0 %</td>
<td>0.0 % 0.0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Majority</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total firms</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td>100.0 % 100.0 %</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total minority and female after adjustments and weighting **14.2%

* Initial adjustment is calculated as current availability divided by the disparity index.
** Components of goal calculated as value after adjustment and scaling to 100% multiplied by percentage of total FTA-funded contract dollars in that category (construction is 87.5%, engineering is 12%, goods and services is less than 0.1%, other similar to above contracts is less than 0.1% and other not similar to above contracts is 0.4%).

BBC Research & Consulting

The columns in Table 2 above represent the following:


b. Disparity indices for business ownership. Appendix G of the Metro Disparity Study Final Report explains the regression models BBC used to examine potential disparities in business ownership rates based on race, ethnicity or gender. This column presents disparity indices for race/ethnic/gender groups showing statistically significant disparities.

Proposed Overall DBE Goal 3
c. Availability after initial adjustment. Dividing current availability by the disparity index from the business ownership regression models and then multiplying by 100 produces initial availability estimates after adjusting for the disparities in business ownership.

d. Availability after scaling to 100%. The results in the “Availability after initial adjustment” column were rescaled to equal 100 percent.

e. Components of goal. The final column of values is equal to the adjusted availability for minorities and women weighted by the share of FTA-funded contract dollars each procurement area represented. For example, 87.5 percent of Metro’s FTA-funded contract dollars were construction contracts. The 10.5 percent components of goal amount for construction is equal to 12.0 percent adjusted DBE availability for construction multiplied by 87.5 percent. These values in the components of goal column are summed to equal total adjusted DBE availability.

RACE AND GENDER - NEUTRAL AND CONSCIOUS MEASURES (49 CFR 26.51)

In accordance with 49 CFR 26.35(f) (3), LACMETRO is required to breakout the portion of its overall goal projected to be met through race-neutral and race-conscious measures. Metro will achieve its recommended overall goal of 14.2% for FFY2013 – FFY2015 by using race-neutral measures.

A. Race-Neutral Measures

Metro must first meet the maximum feasible portion of the proposed 14.2% overall DBE goal by using race-neutral methods. Race-neutral measures are a means to obtain DBE participation when (1) a DBE wins a prime contract through customary competitive procurement procedures; DBE participation is awarded through a subcontract on a prime contract that does not carry a DBE goal; (2) DBE participation on a prime contract that exceeds a contract goal; and (3) DBE participation through a subcontract from a prime contractor that did not consider a firm’s DBE status in making the award.

Metro implements race-neutral measures consisting of, but is not limited to, the following:

1. Shared Responsibility Program
   In 2011, Metro launched a new CEO initiative agency-wide to engage departments at the highest level in increasing DBE participation. Metro has established an internal 25% small and disadvantaged business target for each Metro Department. This shared responsibility requires department executives to identify contracting opportunities within their respective departments for small business participation. Department year-end performance is tracked and reported to the CEO and is included in executive performance reviews.

2. Transportation Business Advisory Council (TBAC)
   Metro provides support to TBAC a voluntary advisory committee representing small, minority and women associations, coalitions, councils and chambers of commerce. TBAC plays a significant role in advising and assisting Metro in reaching its small business participation by making recommendation to on how to improve its procurement process, certification, outreach and program tracking. TBAC also informs Metro of small business concerns and comments that are addressed at TBAC meetings. TBAC was established by California Assembly Bill 152 in 1992. TBAC meetings are held monthly at Metro Headquarters. Metro’s CEO and DCEO frequent the TBAC meetings to provide updates on Metro projects and to engage with the small business community.
3. **Unbundling Prime Contracts:** Metro currently unbundles large contracts to facilitate the participation of DBE firms. In addition to ongoing efforts, Metro will take affirmative steps to break up large contracts, when feasible, to increase small business contracting opportunities and participation.

4. **Insurance Broker Panel:** Metro has established a panel of commercial insurance brokers to assist firms that lack required insurance coverage. The panel provides proposals and insurance placement for contractors to assist them in Meeting Metro’s contractual requirements. The Broker Panel information is disseminated to small business through the Transportation Business Advisory Council (TBAC), small business outreach events, Metro’s small business orientation classes and on Metro’s website.

5. **Meet the Primes Network/Relationship Building Event:** This event provides an opportunity for small businesses to build relationships with large contractors that do business with Metro and in the Southern California region. Small businesses can share their products, services and professional expertise with approximately 20 large firms and Metro personnel.

6. **Meet the Buyers Network/Relationship Building Event:** This event, conducted at least twice per year, provides an opportunity to meet in person with Metro’s Contract Administrators and Buyers. DBEs and other small businesses can share their products and services with pertinent Metro staff, and receive information and assistance on registering as a vendor; certification as a DBE; completing prequalification requirements; enrolling in the Small Business Orientation sessions; and meeting key Metro personnel.

7. **Monthly “How to Do Business with Metro” workshops:** The Small Business Orientation helps small and disadvantaged firms understand how to do business with Metro. The orientation covers the requirements a business must meet in order to do business with Metro; the certifications that are required for certain programs or types of projects; the types of contracts Metro typically performs; where to find project solicitations; and how to obtain other information about Metro. Small business owners also meet procurement staff in their area of expertise to ask questions, as staff is available.

8. **Attendance at vendor fairs/business networking events:** Metro representatives attend vendor fairs of other agencies to provide information on how to do business with Metro and information on upcoming contracting opportunities.

9. **Memberships in contracting organizations:** Metro is a member of various contracting organizations and attends membership meetings and membership events to provide information on how to register as a Metro vendor and become SBE or DBE certified.

10. **Contract LookAheads:** Metro distributes and posts bidding opportunities and “Contract Lookaheads” to small and disadvantaged firms and the contracting community at large to inform of Metro contracting opportunities to encourage business networking and teaming.

**B. Race-Conscious Measures**

The use of race-conscious measures will be reviewed upon completion of Metro’s 2012 Disparity Study Update. Based from the Study Update analysis, Metro will consider appropriate adjustments to its FFY2013 – FFY2015 overall DBE goal race-conscious measures. Metro’s review will be conducted in accordance with guidance issued by the FTA as a result of the decision of the Ninth U.S. Circuit Court in the *Western States Paving Co., Inc. v. Washington State Department of Transportation* mandates that race-conscious measures used to remedy effects of discrimination must be “narrowly tailored” to those groups where there is sufficient demonstrable evidence of discrimination. Additional information on the 2012 Study Update is available at: [www.metro.net/about/metro-disparity-study/](http://www.metro.net/about/metro-disparity-study/).