

**TORRANCE TRANSIT SYSTEM  
OVERALL DISADVANTAGED BUSINESS ENTERPRISE (DBE)  
GOAL AND METHODOLOGY  
FOR  
FEDERAL FISCAL YEARS (FFY) 2016/18  
(Covering the period of October 1, 2015 to September 30, 2018)**

**I. INTRODUCTION**

Torrance Transit System (Torrance Transit) is required to develop and submit a Disadvantaged Business Enterprise (DBE) Overall Goal for DBE participation as a condition of receiving federal assistance, pursuant to Section 1101 of the Transportation Equity Act for the 21<sup>st</sup> Century; 49 CFR Part 26 “Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs”; and the Federal Transportation Administration (FTA) Master Agreement.

**II. BACKGROUND**

Effective April 24, 2006, Torrance Transit implemented a wholly race-neutral Disadvantaged Business Enterprise (DBE) program in accordance with directives issued by the Department of Transportation. As a result of the Ninth Circuit U.S. Court of Appeals decision in the Western States Paving Co. v. United States & Washington State Department of Transportation, the Federal Transit Administration (FTA) issued a NOTICE (guidance) (Docket No. FTA-2006-24063) on March 23, 2006 stipulating a Notice of New Policy implementation and requests for comments to Public Transportation Providers regarding DOT’s DBE Program.

**PERTINENT ASPECTS OF THE GUIDANCE (NOTICE):**

- If a recipient does not currently have sufficient evidence of discrimination or its effects, then the recipient would submit an all race-neutral overall DBE goal for FFY 2007 and forward.
- The recipient submission shall include a statement concerning the absence of adequate evidence of discrimination and its effects and a description of plans to either conduct a disparity/availability study or other appropriate evidence gathering process to determine the existence of discrimination or its effects on the recipient’s marketplace.
- An action plan describing the study and timeline for its completion should also be included.
- Effective April 24, 2006, FTA recipients, are required to implement a race-neutral DBE Program to ensure compliance with the Ninth Circuit Court’s decision in the Western States v. United States & Washington State DOT ruling.
- Recipients will be required to continue to monitor, collect and report participation and utilization of DBEs on Federal-aid contracts.
- All DOT Federal-Aid procurements shall contain Race-Neutral DBE solicitation and contract language.

The Torrance Transit System will take into consideration the results of the Caltrans and Metro Disparity Studies, which are currently still in progress, to determine if disparity exists for any of the protected classes under 49 CFR part 26 and whether or not a transition to a Race-Conscious DBE Program is warranted.

Accordingly, Torrance Transit hereby presents its Overall DBE Goal Methodology for FFY 2016/18.

### III. DOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2016/18

*Table 1* represents Torrance Transit’s DOT-assisted contracting program that was considered in preparing its *Overall DBE Goal-Setting Methodology*. The fiscal years’ contracting program includes four (4) DOT-(FTA) assisted projects, which include shop equipment procurements, shop retrofitting, and facility operations and maintenance, which were assessed in preparing the Torrance Transit’s *Overall DBE Goal-Setting Analysis*. All projects listed have viable contracting and subcontracting possibilities and are anticipated to be awarded with the given federal fiscal years 2016/18, a required criterion for Overall DBE goal preparation.

*Table 1*

PROJECT	Total Estimated Project Cost	Estimated Federal Dollar Share of Construction	Estimated Federal Dollar Share of Professional Services	Estimated Federal Dollar Share of Materials & Supplies
Garage Hoist	\$150,000	\$30,000	\$0.00	\$120,000
Preventative Maintenance	\$2,250,000	\$0.00	\$0.00	\$0.00
CNG Shop Retrofit	\$937,000	\$655,900	\$0.00	\$281,100
Fall Restraint System	\$75,000	\$0.00	\$0.00	\$75,000
Replacement Vehicles	\$270,000	\$0.00	\$0.00	\$0.00
Regional Transit Center Operations	\$1,000,000	\$100,000	\$0.00	\$0.00
<b>TOTAL</b>	<b>\$4,682,000</b>	<b>\$785,900</b>	<b>\$0.00</b>	<b>\$476,100</b>
<b>TOTAL (Without Exempted)</b>	<b>\$2,162,000</b>	<b>\$785,900</b>	<b>\$0.00</b>	<b>\$476,100</b>

\*The projects (shaded in gray), were exempted from this FFY 2016/18 analysis as the Preventative Maintenance project will be utilizing funds strictly for operating costs and the Replacement Vehicles project will be electing to procure this under the TVM process to fulfill this requirement.

*Table 2* provides a summary of work grouped into three (3) primary categories: Construction, Professional Services and Materials and Supplies, utilizing the North American Industry Classification System (NAICS) work categories and comparable 2013 Census Business Patterns

NAICS Work Codes. **Table 2** also serves to identify the estimated Federal Dollar Share and Percent of Federal Funding, as follows:

**Table 2**

<b>CONTRACT CATEGORY</b>	<b>NAICS CUCP DATABASE<sup>1</sup></b>	<b>ESTIMATED FEDERAL DOLLAR SHARE</b>	<b>% OF FEDERAL FUNDING</b>
<b>Construction</b>	238290	\$785,900.00	62%*
<b>Professional Services</b>	-	\$0.00	0%*
<b>Materials &amp; Supplies</b>	423120	\$476,100.00	38%*
<b>TOTAL</b>		<b>\$1,262,000.00</b>	<b>100%</b>

*\*Rounded to the nearest whole number*

#### **IV. GOAL METHODOLOGY**

##### ***Step 1: Determination of a Base Figure (26.45)<sup>2</sup>***

To establish Torrance Transit’s Base Figure of the relative availability of DBEs to all comparable firms (DBE and Non-DBEs) available to propose on Torrance Transit’s FFY 2016/18 DOT-assisted contracting opportunities projected to be solicited; Torrance Transit followed one of the five prescribed federal goal-setting methodologies in accordance with Title 49 CFR Part 26 regulations. This was accomplished by accessing the *California Unified Certification Program (CUCP) Directory of Certified DBE Firms* and the *2013 U.S. Census Bureau County Business Patterns (CPB) Database*. Comparisons were made within Torrance Transit’s market area (defined as Los Angeles County) and by specified industries and types of businesses identified in Table 2. Torrance Transit’s local market area represents where the substantial majority of Torrance Transit’s contracting dollars are expended and/or where the substantial majority of contractors and subcontractor’s bids or quotes are received.

Torrance Transit made a concerted effort to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator. For corresponding detail of all work category classifications grouped, refer to *Attachments I and II*.

- For the numerator: CUCP Directory of Certified DBE Firms
- For the denominator: Census Bureau’s Business Pattern Database

To determine the relative availability of DBEs, Torrance Transit divided the numerator<sup>3</sup> representing the ratio of ready, willing and able DBE firms, by the denominator<sup>4</sup> representing all

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<sup>1</sup> Refer to Attachments I and II for corresponding detail of all work trades grouped under the primary NAICS Codes.

<sup>2</sup> §26.45 represents Title 49 CFR Part 26 regulatory referenced section.

<sup>3</sup> Numerator represents all applicable available DBE firms established within Torrance Transit’s market area.

<sup>4</sup> Denominator represents all comparable available established firms.

firms (DBE and Non-DBEs) available in each work category. Application of this formula yielded the following baseline information:

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

The Base Figure was further adjusted by weighting the relative availability of DBEs grouped within the primary work category. The Base Figure resulting from this weighted calculation is as follows:

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

<b>238210</b> <b>Electrical Contractors and Other Wiring Installation Contractors</b>	<b>238220</b> <b>Plumbing, Heating, and Air-Conditioning Contractors</b>
Base Figure = $\left( \frac{7.4\% \text{ (DBEs in NAICS 238210)}}{\text{(CBPs in NAICS 238210)}} \right)$	Base Figure = $\left( \frac{7.4\% \text{ (DBEs in NAICS 238220)}}{\text{(CBPs in NAICS 238220)}} \right)$
Base Figure = $\left( \frac{.074 \cdot 124}{1679} \right)$	Base Figure = $\left( \frac{.074 \cdot 53}{1999} \right)$
Base Figure = .074 (.07)	Base Figure = .074 (.03)
Base Figure= <b>.005</b>	Base Figure = <b>.002</b>
<b>238290</b> <b>Other Building Equipment Contractors</b>	<b>561720</b> <b>Janitorial Services</b>
Base Figure = $\left( \frac{17.2\% \text{ (DBEs in NAICS 238290)}}{\text{(CBPs in NAICS 238290)}} \right)$	Base Figure = $\left( \frac{4.0\% \text{ (DBEs in NAICS 561720)}}{\text{(CBPs in NAICS 561720)}} \right)$
Base Figure = $\left( \frac{.172 \cdot 14}{149} \right)$	Base Figure = $\left( \frac{.040 \cdot 64}{1036} \right)$
Base Figure = .172 (.09)	Base Figure = .040 (.06)
Base Figure= <b>.016</b>	Base Figure = <b>.002</b>
<b>561730</b> <b>Landscaping Services</b>	<b>561790</b> <b>Other Services to Buildings and Dwellings</b>

<p>Base Figure = <math>\left( \frac{2.4\% \text{ (DBEs in NAICS 561730)}}{\text{(CBPs in NAICS 561730)}} \right)</math></p> <p>Base Figure = <math>\left( .024 \frac{35}{1082} \right)</math></p> <p>Base Figure = .024 (.03)</p> <p>Base Figure= <b>.001</b></p>	<p>Base Figure = <math>\left( \frac{9.0\% \text{ (DBEs in NAICS 561790)}}{\text{(CBPs in NAICS 561790)}} \right)</math></p> <p>Base Figure = <math>\left( .090 \frac{24}{272} \right)</math></p> <p>Base Figure = .09 (.09)</p> <p>Base Figure= <b>.008</b></p>
<p><b>811310</b>  <b>Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance</b></p>	<p><b>333923</b>  <b>Overhead Traveling Crane, Hoist, and Monorail System Manufacturing</b></p>
<p>Base Figure = <math>\left( \frac{14.9\% \text{ (DBEs in NAICS 811310)}}{\text{(CBPs in NAICS 811310)}} \right)</math></p> <p>Base Figure = <math>\left( .149 \frac{12}{400} \right)</math></p> <p>Base Figure = .149 (.03)</p> <p>Base Figure= <b>.004</b></p>	<p>Base Figure = <math>\left( \frac{5.90\% \text{ (DBEs in NAICS 333923)}}{\text{(CBPs in NAICS 333923)}} \right)</math></p> <p>Base Figure = <math>\left( .059 \frac{2}{3} \right)</math></p> <p>Base Figure = .059 (.67)</p> <p>Base Figure= <b>.040</b></p>
<p><b>423120</b>  <b>Motor Vehicle Supplies and New Parts Merchant Wholesalers</b></p>	<p><b>423610</b>  <b>Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers</b></p>
<p>Base Figure = <math>\left( \frac{16.9\% \text{ (DBEs in NAICS 423120)}}{\text{(CBPs in NAICS 423120)}} \right)</math></p> <p>Base Figure = <math>\left( .169 \frac{12}{862} \right)</math></p> <p>Base Figure = .169 (.01)</p> <p>Base Figure= <b>.002</b></p>	<p>Base Figure = <math>\left( \frac{7.4\% \text{ (DBEs in NAICS 423610)}}{\text{(CBPs in NAICS 423610)}} \right)</math></p> <p>Base Figure = <math>\left( .074 \frac{64}{633} \right)</math></p> <p>Base Figure = .074 (.10)</p> <p>Base Figure= <b>.008</b></p>
<p><b>423720</b>  <b>Plumbing and Heating Equipment and Supplies (Hydronics) Merchant Wholesalers</b></p>	

$\text{Base Figure} = \left( \frac{7.4\% (\text{DBEs in NAICS 423720})}{(\text{CBPs in NAICS 423720})} \right)$ $\text{Base Figure} = \left( .074 \frac{14}{181} \right)$ $\text{Base Figure} = .074 (.08)$ $\text{Base Figure} = \mathbf{.006}$	
<b>BASE FIGURE</b>	
$\text{Base Figure} = 0.05 + 0.002 + 0.016 + 0.002 + 0.001 + 0.008 + 0.004 + 0.040 + 0.002 + 0.008 + 0.006 = 0.094$ $\text{Base Figure} = (.094) 100 = 9 = \mathbf{9\%}$	

***Step 2: Adjusting the Base Figure***

Upon establishing the Base Figure, Torrance Transit reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within Torrance Transit’s market area, in accordance with prescribed narrow tailoring provisions set forth under 49 CFR Part 26.45 Step II; DBE Goal Adjustment guidelines.

Evidence considered in making an adjustment to the Base Figure included Torrance Transit’s *Past DBE Goal Attainments, Bidders List, Disparity Studies, and other Agencies’ DBE Goals and Attainments within Torrance Transit’s jurisdiction and Other Evidence*. A summary of these considered follows:

**A. *Past DBE Goal Attainments***

The following table below reflects the demonstrated capacity of DBEs (measured by actual historical DBE participation attainments) on FTA-assisted contracts awarded by Torrance Transit within the last three (3) Federal Fiscal Years:

***Table 4***

Project	Attainment
Automatic Vehicle Locator System (AVL)	2%
Median of Past Attainments = <b><u>2%</u></b> (no number sequence available apart from this singular value)	

Torrance Transit considered an adjustment to the Base Figure based on historical DBE goal attainments on DOT-assisted contracts completed within the past three FFYs (2013/15). However, based on Torrance Transit's review of the completed DOT-assisted contract(s) in the attainment period, it was found that there was only one project completed within the past three FFYs (2013/15) which does not provide continuous data to pull a median from and that the project captured in the attainment period did not contain attainment data with enough similarities to the scopes of work projected to be contained in the four projects to be let in this triennial period. For these reasons, Torrance Transit cannot assume that the attainment data for the Automatic Vehicle Locator System is an accurate reflection of DBE capacity in the primary types of work projected to be performed in the coming overall goal period. Torrance Transit has therefore elected not to make any adjustment to Base Figure based on Torrance Transit's Historical Median of Past Participation.

### ***B. TORRANCE TRANSIT 's Bidders List***

Torrance Transit considered an adjustment to the Base Figure based on its review of the Bidder's List compiled from contracts that contained similar contracting opportunities to those identified and considered in this triennial DBE Goal Analysis for federal fiscal years 2016/18. The Bidder's List provided was assessed for DBE participation in comparison to the total pool of bidders (DBE and non-DBE). Torrance Transit's Bidder's List included four (4) projects with a total of 17 firms. Of the 17 firms, 0 were found to be DBEs which resulted in a DBE participation value of 0%. The Step 1 Base Figure (9%) was added to the DBE Bidder's List participation percentage (0%) and divided by two (2), the Adjusted Base Figure resulting from the application of this formula follows:

$$\frac{\text{Base Figure (9\%)} + \text{Bidder's List of DBE Participation (0\%)}}{2} = \text{Adjusted Base Figure}$$

DBE Bidder's List Participation = 0%

Step 1 Base Figure + DBE Bidder's List Participation 9% + 0% = 9%

Base Figure Adjusted =  $\frac{9\%}{2} = 4.5\%$

Adjusted Base Figure = 5% (Rounded to nearest whole number)

The formula resulted in a downward adjustment to the base figure from 9% to 5%.

### ***C. Evidence from Disparity Studies***

Torrance Transit did not find it feasible to conduct its own independent availability/disparity study; however, Torrance Transit considered the State of California Department of

Transportation's (Caltrans) Disparity Study (Study). The Study was initiated to determine the existence of discrimination or its effects within the state of California. The Caltrans Study has since been completed. Torrance Transit reviewed the results and determined that the Caltrans Study is not applicable due to the difference in location, specifically Caltrans' study examined opportunities in the entire state of California rather than focusing on a market area similar to the City's. Additionally, there was a difference in the types of contracting opportunities, specifically contract type. Upon review of the Study, it only took into consideration prime and subcontractor construction and engineering contracts which do not coincide with the types of projects to be let by Torrance Transit in the upcoming triennial period.

Absent the availability of the Disparity and Availability Study conducted in conformance with the Ninth Circuit Court decision relative to its FTA-assisted projects, Torrance Transit did not make an adjustment under this factor at this time. Torrance Transit will continue to review applicable Disparity Studies as they become available and apply the appropriate adjustments to their DBE Program.

***D. Other Agencies DBE Goals***

Torrance Transit surveyed other FTA-recipients (local agencies) within its jurisdiction, with similar contracting programs to assess their DBE goals and attainments toward making an adjustment. However, no other Agencies DBE Goals (with similar contracting programs) have been posted within Torrance Transit's jurisdiction at this time. As there are no other comparable DBE Goals available, the Torrance Transit will not make an adjustment based on this factor.

***E. Other Evidence***

Torrance Transit did not receive any anecdotal evidence nor is aware of any other factors or adverse considerations that would have had a material affect on DBEs availability within Torrance Transit's market place, or on DBEs ability to participate (meeting bonding, insurance and financial requirements) in Torrance Transit's FTA-assisted contracting programs. Therefore, no goal adjustment was made in consideration of this factor. However, Torrance Transit will continue to explore and consider all available evidence that would materially affect the opportunities for DBEs to form, grow, and compete in Torrance Transit's FTA-assisted contracting programs.

**OVERALL RESULTANT GOAL ADJUSTMENTS:**

After careful consideration of the above and other relevant factors, particularly, Torrance Transit's historical DBE attainments and its unique contracting program, the Base Figure of 4% was not adjusted, resulting to Torrance Transit's Overall DBE Goal of 5%.

## **V. RACE-NEUTRAL MEASURES**

**The Overall DBE Goal for FFY 2016/18 for the Torrance Transit's DOT-assisted contracts is 5%.** The Torrance Transit will strictly implement race-neutral measures to meet its Overall DBE Goal objectives, including but not limited to:

- Arranging timely solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBEs and other small business firms' participation.
- Unbundling large contracts to make them more accessible to small businesses, requiring or encouraging Service Providers to subcontract portions of work that they might otherwise perform with their own work forces.
- Providing information and communications programs on contracting procedures and specific contract opportunities.
- Providing assistance to interested DBEs in obtaining bonding, lines of credit, and/or insurance requirements.

## **VI. PUBLIC PARTICIPATION AND FACILITATION**

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business chambers, and community organizations within Torrance Transit's market area will be provided an opportunity to review the goal analysis. Torrance Transit will prepare Outreach Consultation Letters advising the aforementioned business community of the proposed DBE goals analysis and its availability for review.

Torrance Transit will also issue a Public Notice in a general circulation media and in at least one other minority/trade focused media publishing Torrance Transit's proposed Race-Neutral Overall DBE Goal for the FFY 2016/18 DOT-assisted contracts. Such Notice will inform the public that the proposed goal and its rationale are available for inspection at Torrance Transit's principal office during normal business hours for 30 days following the date of the Public Notice and that Torrance Transit will accept comments on the goal analysis for 45 days from the date of the Public Notice. Additionally, Torrance Transit has published the Public Notice of the proposed Overall DBE goal in local area publications (i.e. – the Daily Breeze and La Opinion newspapers) on June 10, 2015. Upon completion of the required Public Facilitation Process, any revisions to our proposed goal resulting from this process will be forwarded to your attention.