



City of Santa Maria Transit Disadvantage Business Enterprise Goal Setting Program

Federal Fiscal Year: 2021 through 2024 (FFY21-24)

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Santa Maria Transit Methodology for Calculating the Proposed DBE Goal for Federal Fiscal Year 2021 through 2024 (FFY21-24)

Santa Maria Overview

Santa Maria is located on California's Central Coast, approximately four hours south of San Francisco and three hours north of Los Angeles along the California State Highway 101 corridor. The city is situated in the northwestern boundary of Santa Barbara County and borders San Luis Obispo County along the Santa Maria River. Santa Maria is the most populous city in Santa Barbara County with a US Census-estimated population of 110,000 residents. The Santa Maria Urbanized Area consists of the City of Santa Maria proper, as well as the unincorporated community of Orcutt to the south and other portions of unincorporated Santa Barbara County including Tanglewood to the west.

Fixed Route Public Transit

The City of Santa Maria currently operates a fixed-route service (SMAT), a dial-a-ride service for disabled persons, and a regional commuter service (Breeze Bus). Other transit services available in Santa Maria include the Clean Air Express, the Guadalupe Flyer (operated by SMOOTH on behalf of the City of Guadalupe), and SLORTA's Route 10 (Santa Maria – San Luis Obispo).

Operations & Maintenance of the city's transit vehicles are outsourced to a third party. Other services and goods purchases for the transit program are procured in accordance with City adopted Purchasing Policies which do not conflict with State or Federal procurement policies. The Transit program is financially supported by a combination of local, state, and federal sources.

California



DBE Goal Background

The Department of Transportation (DOT) Disadvantaged Business Enterprise (DBE) Program seeks to ensure nondiscrimination in the award and administration of federally assisted contracts in the Department's highway, transit, and airport financial assistance programs and to create a level playing field on which DBE's can compete fairly for contracts. As a recipient of DOT Federal funds under the Federal Transit Administration (FTA), the City of Santa Maria's public transit system known as SMAT must establish a DBE goal on a triennial basis.



City of Santa Maria FFY 21-24 DBE Goal

Written DBE programs are required for FTA recipients of planning, capital, and/or operating assistance that will have contracting opportunities (excluding transit vehicle purchases) exceeding \$250,000 with those funds in a Federal fiscal year. Contracting opportunities are counted in the aggregate and include FTA-funded purchase orders, capital projects, professional services, Transportation Infrastructure Finance and Innovation Act (TIFIA) loan-funded projects and contracting activities of sub-recipients. Small and micro-purchases are also counted toward this threshold.

For recipients that reasonably anticipate awarding (excluding transit vehicle purchases) more than \$250,000 in FTA funds in prime contracts in a Federal fiscal year, overall three-year goals must be submitted to FTA for review by August 1 preceding the Federal fiscal year in which the goal submission is due. The submittal must include a description of the methodology used to establish the goal and other items detailed in 49 CFR 26.45.

Santa Maria Transit Commitment to DBE Program

The City remains committed to supporting the DBE processes as a method to create an equal playing field for DBEs to participate in federally funded contracts. In conformity with the City's transit system's adopted Title VI Plan, the City shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT) assisted contract or in the administration of its DBE Program or the requirements of 49 CFR part 26. Santa Maria Transit shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts.

The City of Santa Maria Transit Services regularly reviews and establishes a DBE program in accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26. The City has received Federal financial assistance from the FTA, and as a condition of receiving this assistance, the City has signed an assurance that it will comply with 49 CFR Part 26. It is the policy of the City to ensure that DBEs that are defined in part 26, have an equal opportunity to receive and participate in federally assisted transit contracts. It is also our policy:

1. To ensure nondiscrimination in the award and administration of federally assisted transit contracts;
2. To create a level playing field on which DBEs can compete fairly for federally assisted transit contracts;
3. To ensure that the DBE Program is narrowly tailored in accordance with applicable law;
4. To ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs;
5. To help remove barriers to the participation of DBEs in federally assisted transit contracts;
6. To assist the development of firms that can compete successfully in the marketplace outside the DBE Program.



City of Santa Maria FFY 21-24 DBE Goal

The Federal Transit Administration (FTA) Office of Civil Rights is responsible for monitoring FTA recipients' DBE programs and ensuring their compliance with DOT's DBE regulations found at CFR 49 Part 26. FTA requires a calculated DBE goal on a triennial basis.

DBE Goal Setting Process

There is a predefined, and yet flexible, methodology and public input process for establishing a DBE Goal program. First, A DBE goal is required of agencies with procurements of more than \$250,000 in federal assistance. Secondly, A DBE is defined as a woman or minority-owned business with a personal net worth of less than \$1,320,000 cap. And thirdly, goals are established based on several weighted factors, herein elaborated upon.

The first step in identifying an appropriate DBE goal for the City is to understand the projects that will meet the threshold. Although the City of Santa Maria receives more than \$250,000 in federal assistance, there are no significant projects currently approved in the Transit financial plan for the potential award of the contract equal to or above \$250,000 with the assistance of federal dollars outside of Operations & Preventative Maintenance or bus procurement contracts. Therefore, in accordance with the requirements of 49 C.F.R. Part 26 no DBE goal is officially required of Santa Maria Transit as it has no projects that will meet the threshold.

Should Santa Maria Transit incur new projects with contracts equal to or above \$250,000 federally funded projects arise, the City will revise, notify, and publicize the public of a new goal using criteria described hereinbelow.

However, there are ongoing and minor administrative and maintenance purchases to which DBEs could be potentially and proportionately be awarded. Therefore, although not required in rather in demonstration of the City's commitment to the DBE program, a revised goal for overall Disadvantaged Business Enterprise (DBE) goal has been developed for FFY 2021-24 which reflects possible DBE participation in this minor administrative, maintenance support and minor good purchases.

Local Market Area

An initial step in establishing a DBE goal is identifying the "local market area." A local market area is defined as the geographic area in which the substantial majority of the potential contractors and subcontractors are located. The identified local market area varies depending on the nature of the contracting opportunities. A high dollar or highly specialized project(s) might include a broader geographic area to attract and ensure a larger pool of qualified bidders. While smaller, more general, and common project(s) with lower dollar values may likely only draw bidders within a smaller geographic area.

The adopted FY 22-24 Santa Maria Transit Operating Budget establishes approved contracting and capital purchase opportunities for the next few years. Again, regarding the FFY 2022-24 budgets, there are no "significant or specialized projects" to be awarded using the assistance of federal dollars. Contracting opportunities with DBE's and non-DBE's will be limited to those that support current administrative, maintenance support, and minor goods purchases.



Therefore, considering the limited contract and purchase award opportunities, Santa Maria Transit will use Caltrans District 5 as its established Local Market Area when calculating its FFY 2021-23 DBE Goal.

Caltrans District 5

Caltrans District 5 is made up of five counties that cover an expansive contiguous geographic area. The five counties of District 5 are (north to south) Santa Cruz, San Benito, Monterey, San Luis Obispo, and Santa Barbara County.



There is approximately a 3-hour driving time from the most northern end of the District to the City of Santa Maria and almost 2 hours driving time to the most southern end of the district. There are 33 cities and 7,788,809 acres in the five-county district, with a population of over 1.3 million people and a plethora of businesses, both DBE and non-DBE. The geographic divide of Los Padres National Forest, along District 5's eastern border, and the distances and time required to reach major populations in Fresno, King, Tulare, or Kern County (District 6) make them unlikely participants for the limited and low dollar value contract opportunities with Santa Maria Transits federally assisted projects.

However, should additional federally assisted contracts become available to support larger specialized projects materialize; the local area market and overall DBE goal will then be adjusted if necessary to reflect a greater geographic area from which qualified vendors and DBEs could be contracted.

Methodology

The Code of Federal Regulations, Title 49 Section 26 (49 CFR 26) describes several methods to calculate a DBE goal. The method staff chose to develop Santa Maria's FFY21 through FFY24 goal specifies that a simple percentage of DBE vendors in the contracted types of work be weighted by the proportion of total contract opportunities in that type of work as shown in the overall budget to determine a base goal. The base goal is to be further adjusted, as appropriate, to reflect the recipient's actual experience or other qualifying factors to narrowly tailor the goal to market conditions. The final goal is expressed as both the percentage and the monetary value of federal dollars in DBE contract opportunities.

Potential (Incidental) Projects

Step 1. Base Figure As stated previously, there are no significant projects currently approved for the potential award using the assistance of federal dollars. However, there are ongoing and minor administrative, maintenance support, and minor goods purchases which DBEs could be potentially and proportionately be awarded.

These incidental goods and services are categorized per their North American Industry Classification System (NIACS). NIACS is the standard used by Federal statistical agencies in classifying business establishments and for collecting, analyzing, and publishing statistical data related to the U.S. business economy. These potential and minor projects include, as identified by their NIACs code, are:



City of Santa Maria FFY 21-24 DBE Goal

- 541890 – Misc. Suppliers; promo items, printing, goods
- 541611 – Consultant, Business/Management
- 323110 – Commercial printing
- 561710 – Services to buildings

It should be emphasized that there is no guarantee that Santa Maria Transit will indeed need and or pursue all these goods or services, but rather that there is some potential based on historical performance and budgetary allotments in the approved budget for this cycle.

Further, Santa Maria Transit did also consider subcontracting opportunities for the Operations & Maintenance contract; however, based on past practice and experience, the prime contractor has performed primarily all functions of the operation with in-house staff and does not typically subcontract out services. The only possible services contracted out are minor administrative, maintenance support, and minor goods purchases. These contracts are very nominal and immaterial to the overall contract and therefore were not broken out to determine possible subcontractor DBE availability.

Contract Assurance

Should subcontracting opportunities arise, the City uses includes that the following clause is placed in every federal fund-assisted contract and subcontract:

The contractor, sub-recipient, or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

DBE Goal Threshold Analysis

Staff examined the Santa Maria Transit FY22-24 budget to determine ALL possible contracts – as list prior - and their monetary value amounts, per (NIAC) type, and which could be awarded from the approved operating and capital sections of the budget. From the approved operating and capital budget of 4 million dollars annually, 1.4 Million dollars in Federal assistance will be provided, and of those dollars there are potential contract opportunities that equal \$93,200 on an annual basis; outside of vehicle procurement during this triennial period.

This amount, therefore, does not meet the \$250,000 federally assisted threshold. Therefore the *de facto* DBE goal defaults to 0%. Regardless, the City is committed to the goals of the DBE program and will attempt to ensure that DBE's have access to even these limited funds on a proportionate basis, via the following methods.

The following Step 1 Table (below) demonstrates the total monetary value and weighted percentage for each of these line-item (NIAC) projects, in comparison with the total available contracting budget.



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Step 1 - Determine the weight of each type of work by NAICS Code:

	NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	541890	Misc. Suppliers, promo items, marketing goods	\$7,200.00	0.0773
2)	541611	Consultant, Business Management	\$11,000.00	0.1180
3)	323110	Commercial Printing	\$65,000.00	0.6974
4)	561710	Services to Buildings	\$10,000.00	0.1073
Total FTA-Assisted Contract Funds			\$93,200.00	1

The following step of the goal-setting process is determining what percentage DBEs (or firms that could be certified as DBEs) represent of all firms that are ready, willing, and able to compete for DOT-assisted contracting; located within the local market area. This percentage is calculated by dividing the number of DBEs ready, willing, and able to bid for the types of work possibly funded this year (e.g., consultant, print, etc.), by the number of all firms (DBEs and non-DBEs) ready, willing, and able to bid for the types of work.

Quantifying the number of DBE firms in the identified local market area (CalTrans Dist. 5) was done using the California Unified Certification Program (CUCP) Directory, based on the NAICS codes most relevant to each contract type. Non-DBE's totals were developed using 2019 Countywide Business Patterns (CBP) data from the U.S. Census Bureau, based on the same NAICS codes. The Step 2 Table (below) establishes the total percentage of DBEs in relation to the total (DBE + non-DBE) firms available per specific project category.

Step 2 - Determine the relative availability of DBE's by NAICS Code:

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability	
1)	541890	Misc. Suppliers, promo items, marketing goods	478	2128	0.2246	
2)	541611	Consultant, Business Management	11	540	0.0204	
3)	323110	Commercial Printing	19	780	0.0244	
4)	561710	Services to Buildings	47	645	0.0729	
Combined Totals			555	4093	0.1356	Overall availability of DBEs

Following, Staff calculated the three-year DBE goal based upon the adopted Santa Maria Transit FY 22-24 budget. Santa Maria Transit will have an approximate budget of 4 million dollars each year during the next triennial period, FFY21 through 2024, whereby it will receive approximately \$1.4 million of those funds from the DOT / FTA. Approximately \$93,200 of those funds are noncommitted and could be potentially awarded to a DBE. Staff will make a concerted effort to consult CalTran's DBE Search query to directly reach out to DBE and invite them to bid on potential work.

The percentage of the available DBEs in the Local Area Market was applied to the value amount of the possible projects and then weighted in order to determine a proportionate level of possible DBE participation.



Step 3 table (below) shows these calculations:

Step 3 - (Weight) x (Availability) = Weighted Base Figure

	NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
1)	541890	Misc. Suppliers, promo items, marketing goods	0.07725	x	0.22462	0.0174
2)	541611	Consultant, Business Management	0.11803	x	0.02037	0.0024
3)	323110	Commercial Printing	0.69742	x	0.02436	0.0170
4)	561710	Services to Buildings	0.10730	x	0.07287	0.0078
Total						0.0446
Expressed as a % (*100)						4.46%
Rounded, Weighted Base Figure:						4%

The combined monetary value of the proportionate DBE participation was then combined to determine that approximately \$4,770, or 4.46%, of the total \$93,200 in contract opportunities. Santa Maria Transit will adjust its DBE goal, if necessary, when future budgets are known or if contracting opportunities increase due to new capital federal funding sources.

Consideration of Past Participation

Step 2. Adjusting Base Figures

To obtain the final DBE goal is established using the chosen method prescribed by 49 CFR 26.45, whereby staff examined the actual rate of DBE participation during the last three years relative to the adopted DBE goals to determine if the FFY21through FFY24 base goal should be adjusted. In the past Santa Maria Transit historically has not met the DBE threshold for federal assistant contracts and held a 0% DBE goal.

A prior zero percent goal is not due to having not spent any monies with minority or women-owned businesses. Rather, none of the contracted firms have been undergone and been certified as a DBE nor have expressed a desire to do so, despite encouragement to do so. Further, Santa Maria Transit has no large construction, goods or service contracts available to bid on during the prior and this analysis period.

While, as established by the nominal spending thresholds of federal funds, the de facto goal is 0 percent. Santa Maria Transit remains committed to the spirit of CFR 49 Part 26 and its stated goals to provide more equal grounds for DBEs to a proportionate and equivalent share of projects paid for with federal funds and will make concerted efforts to exceed this goal for FFY 21-23.

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 DBE firms 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,



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communications programs, and other support services to facilitate consideration of DBE and SBE (Small Business Enterprises) firms.

Santa Maria Transit will continue using race-neutral means to encourage their transit service prime contractor to utilize DBE firms when possible. Semi-annual meetings with the contractor will be held to discuss potential subcontracting opportunities. Relevant disparity studies for the Santa Maria Transit area will be considered and used to adjust the goal split if necessary.

Santa Maria Transit's goal will be attempted to be reached through race-neutral means by doing the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation on prime contract exceeding a contract goal; DBE participation through a subcontract from a prime contract that did not consider a firm's DBE status in making the award and; encourage minority or women-owned business conducting business with SLO TRANSIT to become certified DBE's. At this time, it would not be appropriate for SLO TRANSIT to reach its goal through race-conscious contract goals.

Business Market Consultation Period

In establishing an overall goal, Santa Maria Transit will provide this draft goal for publication and consultation. This includes consultation with 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 your efforts to establish a level playing field for the participation of DBEs. The consultation will include a scheduled, direct, interactive exchange (e.g., a face-to-face meeting, video conference, teleconference) with as many interested stakeholders as possible focused on obtaining information relevant to the goal-setting process. The DBE Goal documentation is available for inspection during normal business hours at your principal office during a 30-day comment period.

Public Participation

A major component of the DBE Goal setting process is including public participation. Public participation helps ensure that the calculation methods consider other quantifiable and non-quantifiable factors which will help shape an appropriate DBE goal.

The City of Santa Maria has a periodically revised, longstanding Public Engagement Manual for City departments conducting public engagement. Further, Santa Maria Transit has a transit-specific Public Notification Policy. The goal of both documents is to ensure the fullest and most equitable means to ensure the broadest public participation in the development of City policy, goals (e.g., DBE), service planning, service changes, and fare changes. These documents indicate the means, mediums, methods, and duration of notification by which the public will be notified and as to give the best chance for engagement.

The establishment of the Santa Maria Transit DBE Goal will be finalized in accordance with both documents. Legal ads, print advertisements, press releases, in-vehicle notices, website updates, social media posts,



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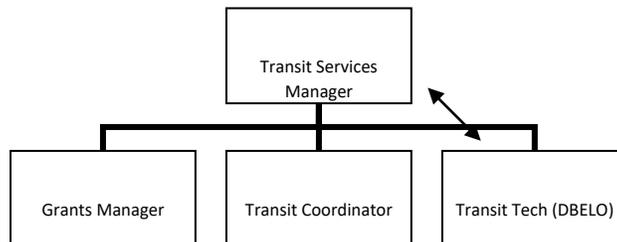
public meetings at accessible venues at varying times of day are produced as part of complying with approved public engagement techniques. Further, staff has used an extensive DBE list-serve compiled from CalTrans websites and past participants to directly invite participation in the DBE Goal development process.

If approved by the City Council, Santa Maria Transit will establish a DBE Goal of 0.01% for FFY21 through FFY24. Santa Maria Transit proposed DBE Goal and supporting documents are available for public inspection through Thursday, August 1, 2021, at Santa Maria's website at RideSMAT.com, the City of Santa Maria Public Works Department located at 110 S. Pine Street. Public comments are encouraged and will be accepted: online at www.ridesmat.com, by email at smatcomments@cityofsantamaria.org, or by mail to Santa Maria Transit at 110 S. Pine St, Suite 101, Santa Maria, CA 93458 Attention: SMAT DBELO.

All relevant public comments received during this period will be recorded and compiled, considered, and recorded for posterity. Comments from the public will be used to help shape the final recommended DBE Goal for SLO Transit.

DBE Liaison Officer (DBELO)

For recipients that meet the threshold requiring that they have a DBE program, the recipient's chief executive officer (CEO) must designate a DBE Liaison Officer (DBELO), with direct and independent access to the CEO concerning DBE matters, and adequate staff to administer the DBE program. The liaison officer shall be responsible for implementing all aspects of your DBE program.



DBE Reporting

Recipients of FTA funds are expected to keep accurate data regarding contracts awarded and paid with FTA dollars and report on such per the instructions for completing the Uniform Report of DBE Awards or Commitments and Payments per 49 CFR Part 26 Appendix B.

For projects funded by the Federal Transit Administration, the City reports DBE participation on a semi-annual basis, using TrAMS. These reports reflect payments made to DBEs on federally assisted transit contracts.

Per 49 CFR 26.11(a) Santa Maria Transit will report and transmit the Uniform Report of DBE Awards or Commitments and Payments as prescribed by June 1, data should cover October 1-March 31. If this report is due December 1, data should cover April 1-September 30."



Fostering Small Business Participation

Santa Maria Transit will actively foster small business participation. Doing so is in demonstration of good faith implementation of your DBE program. Triennially, Santa Maria Transit will reach out to current vendors, the Chamber of Commerce, and other at-large businesses with a letter highlighting Santa Maria's DBE goal, solicit DBE goods & services, and outline how qualifying businesses may be able to benefit from the program be undergoing the certification process.

As part of this City's annual outreach to DBE firms, Santa Maria Transit will also encourage the participation of small businesses to attend the triannual workshops. The purpose is to educate the small business community of the upcoming opportunities to participate in City contracts, how to find opportunities, review basic requirements, and resources to assist their participation in contract opportunities.

Additional general information about DOT DBE programs can be obtained here:

- [Disadvantaged Business Enterprise \(DBE\) Program | US Department of Transportation](#)