

***City of Lodi***  
***Disadvantaged Business Enterprise (DBE)***  
***Three-Year Goal for***  
***Federal Transit Administration (FTA)-Funded Projects***  
**FFY 2020/21; 2021/22; 2022/23**



*Submitted in fulfillment of:*  
**49 Code of Federal Regulations Part 26**

**City of Lodi**

**Disadvantaged Business Enterprise (DBE) Three-Year Goal for  
Federal Transit Administration (FTA)-Funded Projects  
FFY 2020/21; 2021/22; 2022/23**

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Overall Annual DBE Goal & Goal Setting Methodology for  
FFYs 2020/21; 21/22; 22/23

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**Attachments**

- A. City of Lodi DBE Consultation Outreach Efforts
- B. City of Lodi Notice of Three-Year DBE Goal

**Technical Attachments (On file at City of Lodi Transit Division):**

- T1. Project Determination
- T2. DBE Query Data - CUCP DBE Directory Results
- T3. 2017 County Business Patterns - NAICS Codes by County
- T4. City of Lodi DBE Goal Calculation for FTA Funded Projects

**CITY OF LODI TRANSIT SYSTEM  
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM  
OVERALL DBE GOAL SETTING METHODOLOGY  
FOR  
FEDERAL FISCAL YEARS 2020/21; 2021/22; 2022/23  
(Covering the period of October 1, 2020 through September 30, 2023)**

### DBE Goal Methodology

The City of Lodi Transit System is a recipient of funds from the US Department of Transportation (USDOT), in particular Federal Transit Administration (FTA) funds. As a recipient, the City must implement a Disadvantaged Business Enterprise (DBE) program that is designed to encourage minority- and women-owned businesses to participate in contracting opportunities funded by FTA. The program must comply with the regulations in 49 Code of Federal Regulations (CFR) Part 26, USDOT guidance, and court decisions relating to this matter.

In compliance with these regulations, the City of Lodi has determined a three-year DBE participation goal for Federal Transit Administration (FTA) - assisted projects. This period begins on October 1, 2020 and ends on September 30, 2023. **The City of Lodi's overall DBE goal for FFYs 2020/21, 2021/22 and 2022/23 has been set at 3.36%, to be achieved race neutrally.**

Following is an explanation of the methodology used to determine the three-year DBE goal calculation, as well as evidence to support using race (and gender) - conscious measures in the City's DBE program.

#### I. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2020/21, 2021/22 and 2022/23

**Table 1** serves to define City of Lodi Transit System's DOT-assisted (FTA) contracting program for FFYs 2020/21, 2021/22 & 2022/23 by contract type (i.e. Construction, Professional Services), and the federal dollar amounts allocated to that type. The contracting program for the three fiscal years includes eight (8) DOT- (FTA) assisted contracting opportunities, which were assessed in preparing the Agency's **Overall DBE Goal-Setting Analysis** for FTA-funded transit projects.

**Table 1**

PROJECT	ESTIMATED FEDERAL DOLLAR AMOUNT
GrapeLine Bus Stop Improvements - Shelter Installation	\$309,120
GrapeLine Bus Stop Improvements – Water & Sewer	\$100,800
GrapeLine Bus Stop Improvements - Concrete Work	\$262,080
Transit Operations Contract	\$2,796,299
Office Supplies	\$376
Janitorial	\$2,843
Fountain Cleaning	\$6,322
Uniforms	\$6,335
<b>TOTAL USED IN ANALYSIS</b>	<b>\$3,484,175</b>

**Table 2** provides a summary of work grouped by NAICS code, and serves to identify the estimated Federal Dollar Share and the relative weighted percentage per contract type, as follows:

**Table 2**

CUCP NAICS WORK CATEGORY	NAICS CODE	THREE YEAR ESTIMATED FEDERAL DOLLAR SHARE	WEIGHTED %
GrapeLine Bus Stop Improvements - Shelter Installation	236220	\$309,120	8.87%
GrapeLine Bus Stop Improvements – Water & Sewer	237110	\$100,800	2.89%
GrapeLine Bus Stop Improvements - Concrete Work	238110	\$262,080	7.52%
Transit Operations Contract	485113	\$2,796,299	80.26%
Office Supplies	453210	\$376	0.01%
Janitorial	561720	\$2,843	0.08%
Fountain Cleaning	561790	\$6,322	0.18%
Uniforms	812331	\$6,335	0.18%
<b>TOTAL</b>		<b>\$3,484,175</b>	<b>100 %</b>

**II. GOAL METHODOLOGY**

***Step 1: Determination of a Base Figure (26.45)***

The City followed a federally prescribed goal setting methodology to establish the City’s Base Figure representing the relative availability of DBEs compared to all comparable firms (DBEs and Non-DBEs) available to bid or propose on the City’s federally assisted transit facilities contracts in FFYs 2020/21, 2021/22, & 2022/23. This was accomplished by accessing the *California Unified Certification Program (CUCP) Database of Certified Firms* and the *U.S. Census Bureau County Business Patterns (CBP) Database (NAICS) 2017 data*. Comparisons were made by corresponding zip codes within City of Lodi Transit System’s market area. This market area is defined as Alameda, El Dorado, Placer, Sacramento, San Joaquin and Stanislaus Counties, and it represents where the substantial majority of the contractors and subcontractors bidding on the City’s projects reside.

The specified industries and types of businesses are identified in *Table 2*.

⇒ ***For the numerator:*** *California UCP DBE Database of Certified Firms*

⇒ ***For the denominator:*** *2017 U.S. Census Bureau’s County Business Pattern Database (CBP)*

To determine the relative availability of DBEs within the market area, the City divided the numerator, representing the ratio of ready, willing and able DBE firms, by the denominator, representing all firms (DBEs and Non-DBEs) available for each of the work categories. Applying 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 amount of federal dollars anticipated to be spent on each work type, giving more weight to the work categories/industries in which the City projects to spend more DOT-(FTA) assisted dollars. 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 federal dollars)***

**Table 3**

	Comm & Inst Building Const	Water & Sewer	Poured Concrete	Transit Operations
<b>Base Figure</b>	$= \left( \frac{8.87\% * (\text{DBEs in } 236220)}{(\text{CBPs in NAICS } 236220)} \right) +$	$\left( \frac{2.89\% * (\text{DBEs in } 237110)}{(\text{CBPs in NAICS } 237110)} \right) +$	$\left( \frac{7.52\% * (\text{DBEs in } 238110)}{(\text{CBPs in NAICS } 238110)} \right) +$	$\left( \frac{80.26\% * (\text{DBEs in } 485113)}{(\text{CBPs in NAICS } 485113)} \right)$
	$\left( \frac{0.01\% * (\text{DBEs in } 453210)}{(\text{CBPs in NAICS } 453210)} \right) +$	$\left( \frac{0.08\% * (\text{DBEs in } 561720)}{(\text{CBPs in NAICS } 561720)} \right) +$	$\left( \frac{0.18\% * (\text{DBEs in } 561790)}{(\text{CBPs in NAICS } 561790)} \right) +$	$\left( \frac{0.18\% * (\text{DBEs in } 812331)}{(\text{CBPs in NAICS } 812331)} \right)$
	Office Supplies	Janitorial	Fountain Cleaning	Uniform Supply
<b>Base Figure</b>	$= \left( \frac{236220}{8.87\% * (17)} \right) + \left( \frac{237110}{2.89\% * (12)} \right) + \left( \frac{238110}{7.52\% * (23)} \right) + \left( \frac{485113}{80.26\% * (1)} \right) + \left( \frac{453210}{0.01\% * (0)} \right) + \left( \frac{561720}{0.08\% * (8)} \right) + \left( \frac{561790}{0.18\% * (4)} \right) + \left( \frac{812331}{0.18\% * (0)} \right)$			
	$\left( \frac{577}{(11)} \right)$			
<b>Base Figure</b>	$= \left( \frac{236220}{0.26\%} \right) + \left( \frac{237110}{0.34\%} \right) + \left( \frac{238110}{0.69\%} \right) + \left( \frac{485113}{5.02\%} \right) + \left( \frac{453210}{0.00\%} \right) + \left( \frac{561720}{0.00\%} \right) + \left( \frac{561790}{0.00\%} \right) + \left( \frac{812331}{0.00\%} \right)$			
<b>Base Figure</b>	$= 6.31\%$			

**Step 2: Adjusting the Base Figure**

Upon establishing the Base Figure, the City of Lodi Transit System reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the City of Lodi Transit System’s Market area, in accordance with the prescribed narrow tailoring provisions set forth under 49 CFR Part 26.

Evidence considered in making an adjustment to the Base Figure included the Lodi Transit System’s past DBE Goal Attainments on similar type projects and disparity studies performed by transit agencies in proximity to Lodi. A summary of considerations follows:

**A. Past DBE Goal Attainments on Similar Type Projects**

In the last three years (FFY 2017/18, 2018/19 and 2019/20), the City of Lodi had one (1) capital project and eight (8) operations projects funded in part by the Federal Transit Administration. The overall Race Neutral Goal was 1.73%, to be achieved 1.56% race (and gender)-neutrally and 0.17% race (and gender)-consciously.

In FFY 2018/19, there were one capital project, the 2018 GrapeLine Bus Stop Improvement project.

In addition to the capital project, there were eight ongoing operations projects, including a transit operations contract, uniforms, security services, radio communications, pressure washing, janitorial services, landscaping services, and fountain cleaning.

The City of Lodi used a contract goal on the 2018 Bus Stop Improvements project as part of its race conscious measures because the project had subcontracting opportunities. Because of this, the City obtained DBE participation on its one (1) capital project.

In addition, the City obtained DBE participation in operations contracts, specifically for uniforms. When examining DBE participation out of the total federal share paid on capital and operations contracts as

reported in the City's semi-annual DBE reports, the median percent of DBE participation was 0.41%. The median is used to eliminate extremes, whether high or low. Please refer to *Table 4* and *Table 5* below for background information.

**Table 4**

Semi-Annual Report	Federal Share - Capital Projects	Federal Share - Operations	Total	DBE Participation out of Total	% DBE Participation out of Total Federal Share
Apr 1, 2017 – Sept 30, 2017 (Dec 1, 2017)	\$0.00	\$486,025.60	\$486,025.60	\$1,794.18	<b>0.37%</b>
Oct 1, 2017 – Mar 31, 2018 (June 1, 2018 Report)	\$315,568.92	\$459,784.36	\$775,353.28	\$2,173.49	<b>0.28%</b>
Apr 1, 2018 - Sept 30, 2018 (Dec 1, 2018 Report)	\$0.00	\$454,484.69	\$454,484.69	\$1,983.84	<b>0.44%</b>
Oct 1, 2018 - Mar 31, 2019 (June 1, 2019 Report)	\$0.00	\$502,402.78	\$502,402.78	\$1,904.05	<b>0.38%</b>
Apr 1, 2019 - Sept 30, 2019 (Dec 1, 2019 Report)	\$321,761.56	\$524,231.83	\$845,993.39	\$26,740.79	<b>3.16%</b>
Oct 1, 2019 - Mar 31, 2020 (June 1, 2020 Report)	\$0.00	\$507,385.43	\$507,385.43	\$2,739.28	<b>0.54%</b>
		<b>Total</b>	\$3,571,645.17	\$37,335.63	

**Table 5**

<b>Determining Median DBE Participation</b>	0.28%	0.37%	<b>0.38%</b>	<b>0.44%</b>	0.54%	3.16%
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$$\text{Median} = (0.38\% + 0.44\%) / 2 = \mathbf{0.41\%}$$

The types of contracting opportunities in the past three federal fiscal years are very similar to those anticipated in the upcoming three federal fiscal years. *US DOT Tips for Goal Setting* advise that if the contracting opportunities from previous years are similar to those anticipated in the upcoming period, agencies may adjust their Step 1 base figure by averaging it with the median level of past DBE participation. *Table 6* below shows a revised overall DBE goal after taking this average. This was done by adding the Step 1 base figure with the median past DBE participation and dividing by 2.

**Table 6**

Step 1 Base Figure	Median Past DBE Participation	Overall DBE Goal
6.31%	0.41%	<b>3.36%</b>

The Step 1 base figure adjusted for past participation is 3.36%.

### ***B. Evidence from Disparity Studies***

The *USDOT Tips for Goal Setting in the Disadvantaged Business Enterprise, (DBE) Program*, a resource to transit agencies in calculating their DBE goals, states that agencies need to refer to disparity studies performed in their market area to determine if discrimination in contracting exists. The agency does not need

to perform its own disparity study, but must refer to others and determine if the findings are relevant to the agency's program. These disparity studies may provide further justification for an adjustment to the Step 1 base figure, and could potentially provide evidence for a race (and gender)- neutral and race (and gender)-conscious split in the overall three year DBE goal.

The City referred to the *Caltrans 2019 Disparity Study for FTA Contracts, Final Report July 8, 2019*, which was conducted by BBC Research & Consulting. The City finds that the data contained therein is relevant to the City and its contracting opportunities. This study demonstrated a marked improvement in overall statewide DBE participation for specific minority groups since the last Caltrans Disparity Study in 2014.

The study found that three minority groups had disparity indices substantially below parity for prime contracts: black-owned businesses (disparity index of 0), Asian Pacific American-owned businesses (disparity index of 37), and non-Hispanic white woman-owned businesses (disparity index of 11).

However, Hispanic American-owned businesses (disparity index of 200+), Native American-owned businesses (disparity index of 100), and Subcontinent Asian American-owned businesses (disparity index of 165) caused the overall minority-/women-owned business disparity index to be over 200+.

It was also noted that Caltrans and subrecipient local agencies did not use race- and gender-conscious measures to award contracts during the study period.

In the last three-year DBE goal calculation, the City referred to Caltrans' *2014 Disparity Study*. At that time, there was approximately 10% of a disparity between available DBEs and participation of those DBEs on FTA-funded projects. To be consistent with this finding, City of Lodi determined it would meet 90% of its overall DBE goal through race (and gender)-neutral measures, and 10% through race conscious measures. Race conscious measures included calculating contract-specific goals for projects with subcontracting opportunities, specifically the 2018 Bus Stop Improvements Project. The City attained 7.4% DBE participation on that project.

*USDOT Tips for Goal Setting* states that race (and gender)-conscious contract goals may only be implemented on contracts with subcontracting opportunities and that the maximum feasible portion of the overall goal must be attained through race (and gender)-neutral means.

Because the findings in the *2019 Caltrans Disparity Study* demonstrate that overall DBE participation in FTA funded projects exceeded parity, the City finds that there is not the same disparity in contracting as was demonstrated in the previous study and the City is unable to follow the same methodology as the previous three-year calculation. Therefore, for the upcoming three-year period, City of Lodi will achieve its DBE participation through race neutral means. City of Lodi will reassess DBE participation throughout the three-year period to determine whether or not race conscious measures need to be applied in a future three-year DBE goal calculation.

The City also implemented a Small Business Enterprise (SBE) program in 2012 as part of its Disadvantaged Business Enterprise Program for FTA-funded projects. The City did not find that significant participation by minority-owned businesses resulted from this race (and gender)- neutral practice, but the City will continue to implement this program to encourage participation by minority-owned businesses in a race (and gender)-neutral way.

### **III. PUBLIC PARTICIPATION AND FACILITATION**

In accordance with Public Participation Regulatory Requirements of 49 CFR Part 26, minority, women, local business chambers, and community organizations within Lodi Transit System's market area must be provided an opportunity to review the DBE goal analysis. This is done in two ways: (1) consultation directly with these groups to obtain information regarding the availability of disadvantaged and non-

disadvantaged businesses, and the effects of discrimination on opportunities for DBEs; and (2) a published notice announcing City of Lodi's proposed overall goal before submission to FTA. The notice must be posted on City of Lodi's official web site. If the proposed goal changes following review by the FTA, the revised goal must be posted on City of Lodi's official web site.

### ***Consultation***

In compliance with these requirements, the City of Lodi held a meeting on July 29, 2020 at 2:00pm. Members of local chambers of commerce and community groups representing minority communities in the region were invited to attend the consultation meeting. The City advertised for the meeting in the Small Business Exchange (SBE) print and electronic publications (printed July 16, 2020), Lodi News Sentinel newspaper (July 14 & 21, 2020), and on the City of Lodi Transit website and Facebook page (July 15, 2020).

The City also sent emails directly to members of local minority business organizations including: African American Chamber of Commerce of San Joaquin County; Asian Pacific Self-Development Residential Association; California Human Development Lodi CA; California Tribal Partnership; California Valley Miwok Tribe; Central Valley Asian Chamber; El Concilio; Lao Family Community of Stockton, Inc.; Lao Khmu Association, Inc; Lodi Chamber of Commerce; San Joaquin County Hispanic Chamber; and Vietnamese Voluntary Foundation.

Items discussed at the meeting included the City of Lodi Transit division's contracts to be awarded in the upcoming three fiscal years, the three-year DBE goal calculation and methodology, and how to become a certified DBE.

Although the City reached out to each of these community groups, none were able to participate in the meeting. The DBELO sent a follow-up email to the invited organizations via email after the meeting and provided all materials that had been distributed. The DBELO also requested comments and feedback regarding the DBE goal calculation and methodology.

Despite these efforts, the City did not receive any comments about the DBE goal or methodology.

Evidence of the City's consultation efforts are outlined in *Attachment A*.

### ***Publication***

After the consultation meeting and outreach, the City published a notice of the three-year DBE goal directly on the City of Lodi Transit website and Facebook page (posted August 3, 2020), as well as in the Lodi News Sentinel newspaper (August 18 & 19, 2020) and in the Small Business Exchange (SBE) print and electronic publications (August 20 & 21, 2020 and September 3, 2020). The Notice informed the public that the proposed goal and its rationale were available for inspection and that Lodi Transit System would accept comments on the goal analysis for 30 days from the date of the Public Notice. Due to the COVID-19 pandemic, Lodi Transit's offices were closed to the public and therefore the physical documents were not available for inspection in person. However, the documents were available on the City website at [www/lodi.gov/transit](http://www/lodi.gov/transit) and via email request.

Evidence of the City's publications of the Notice are outlined in *Attachment B*. All notices were posted 30 days before the due date of October 1, 2020. Normally 3-year goals are due August 1, however due to the COVID-19 pandemic, FTA granted recipients an extension of the due date to October 1, 2020.

Despite extensive efforts to obtain comments and feedback from stakeholders, the City did not receive any. Because of this, no changes were made to the City's DBE race neutral goal of **3.36%**.