



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: JUNE 3, 2025

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: DAVID JACOBS, PW DIRECTOR

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TITLE: ESTABLISH DISADVANTAGE BUSINESS ENTERPRISE (DBE) PROGRAM AND DBE GOAL OF 6.7% FOR FEDERAL FISCAL YEARS 2025-2027

RECOMMENDED MOTION:

A motion to approve a Resolution establishing the Disadvantaged Business Enterprise (DBE) program and three-year DBE participation goal of 6.7% for Federal Fiscal Years 2025-2027.

EXECUTIVE SUMMARY:

As a condition of receiving Federal Aviation Administration (FAA) funding, the City of Salinas is required by the U.S. Department of Transportation (DOT) to implement a Disadvantaged Business Enterprise (DBE) Program in accordance with Title 49, Code of Federal Regulations, Part 26. This includes establishing a triennial DBE participation goal for FAA-assisted contracts. The goal must represent the level of DBE participation expected in the absence of discrimination. Only FAA-assisted contracts with subcontracting potential are considered in the goal-setting process. Over the next three years, the City anticipates awarding over \$3 million in FAA-funded contracts. Based on federal guidance and a local market analysis, the City proposes a DBE participation goal of 6.7% for Federal Fiscal Years 2025–2027. Approval and adoption of a DBE participation goal for FFY 2025-2027 is required to ensure compliance with the DOT’s funding requirements, provisions, and financial responsibilities.

BACKGROUND:

Every three years, the City of Salinas is required to develop and submit a Disadvantaged Business Enterprise participation goal for U.S. Department of Transportation-assisted contracts, in accordance with Title 49 of the Code of Federal Regulations (CFR), Part 26 – *Participation by Disadvantaged Business Enterprises in DOT Programs*. This requirement ensures continued eligibility for federal financial assistance and promotes the participation of DBEs in federally funded transportation-related projects.

For Federal Fiscal Years (FFY) 2025–2027, the City has proposed a DBE participation goal of 6.7%, based on an anticipated total DOT-assisted contract amount of \$3,499,000. The goal-setting

process is grounded in demonstrable evidence of the availability of ready, willing, and able DBE firms in the relevant market area, and is designed to reflect the level of DBE participation expected in the absence of discrimination.

Goal Development Methodology

To formulate its DBE goal, the City identified the trades and services required for upcoming DOT-assisted projects. The City then analyzed DBE availability using the California Unified Certification Program (CUCP) directory and compared the number of DBE firms to the total number of firms in the same North American Industry Classification System (NAICS) codes within the local market area, which includes Monterey, San Benito, San Luis Obispo, and Santa Cruz Counties. This resulted in a base availability percentage for each trade.

Next, the City applied a weighting factor to each trade based on the proportion of federal funds expected to be spent in that trade. For example, trades receiving a larger share of the total contract amount and with high DBE availability contributed more to the overall DBE goal. The weighted figures were then combined to produce a base figure of 6.7%, as referenced in Table 1.

In accordance with federal guidance, the City also considered past DBE participation on similar contracts. However, after reviewing historical data, no adjustment to the base figure was deemed necessary, and the recommended DBE participation goal remained at 6.7%¹.

Table 1. Contract Amounts and Goal by Fiscal Year

Fiscal Year	DOT-Assisted Contract Amount	Percentage of Goal
FY-2025	\$530,000	3.8%
FY-2026	\$2,400,000	3.4%
FY-2027	\$569,000	12.8%
Total	\$3,499,000	6.7%

Federal Context

The federal DBE program includes a national aspirational goal of 10% participation, but local goals must be tailored to reflect actual market conditions. Title 49 CFR prohibits the use of quotas or set-asides to meet DBE goals. Instead, recipients must base goals on the availability of DBE firms and pursue race-neutral means to the maximum extent feasible. Only DOT-assisted projects with subcontracting opportunities are considered when calculating the DBE goal. If the overall goal is not met through race-neutral measures, contract-specific DBE goals may be established to help ensure compliance.

Implementation and Public Participation

The City intends to achieve its 6.7% DBE participation goal entirely through race-neutral measures, including inclusive outreach, equal opportunity practices, and competitive bidding processes.

In order to satisfy public participation requirements under 49 CFR Part 26, the City published a public notice in the *Monterey Herald* on April 11, 2025, announcing the proposed DBE goal and

¹ Methodology and analysis are detailed further in City of Salinas DBE Program (FFY 2025-2027)

inviting public comment. A virtual public hearing was held on May 14, 2025, via Zoom. A video recording of the meeting is available on the City’s website for public viewing.

Future Updates and Compliance

The City’s DBE participation goal will be updated every three years or as new federal funding becomes available to reflect current market conditions and DBE availability.

If the goal is not met through race-neutral measures, contract-specific DBE goals may be established as permitted under 49 CFR Part 26. To be eligible for award, bidders must either meet the contract-specific DBE goal or demonstrate that they made adequate good faith efforts to do so prior to submitting their bid or cost proposal.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

This item directly supports the City Council’s 2022–2025 Strategic Plan goals related to Infrastructure and Environmental Sustainability by ensuring continued access to federal funding for transportation and airport improvement projects.

DEPARTMENTAL COORDINATION:

The three-year DBE participation goal and the development of the DBE Program were formulated through coordination among divisions within the Public Works Department, including Engineering, Administration, and the Airport Division.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct impact to the General Fund. Adoption of the DBE Program and goal ensures continued eligibility for FAA funds, which support CIP projects. No additional appropriations are required at this time.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 25-26 Operating Budget Page	Last Budget Action (Date, Resolution)
n/a	n/a	n/a	n/a	n/a	n/a	n/a

ATTACHMENTS:

Resolution

City of Salinas DBE Program (FFY 2025-2027)