



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** JUNE 22, 2021

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT

**FROM:** DAVID JACOBS, PW DIRECTOR

**THRU:** LETICIA ALTAMIRANO, PW COMPLIANCE OFFICER

**TITLE:** ESTABLISHING DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM AND DBE GOAL OF 13.7% FOR FEDERAL FISCAL YEARS (FFY) 2022-2024

### **RECOMMENDED MOTION:**

A motion to approve a Resolution establishing the City's three-year overall Disadvantaged Business Enterprise (DBE) participation goal of 13.7% for Federal Fiscal Years (FFY) 2022 thru 2024.

### **RECOMMENDATION:**

It is recommended that the City Council approve a resolution establishing the City's DBE Program and three-year overall DBE participation goal of 13.7% for FFY 2022-2024.

### **EXECUTIVE SUMMARY:**

As a condition of federal assistance, every three years the City of Salinas is required to develop and submit a goal for Disadvantaged Business Enterprise (DBE) firm participation. The goal must reflect a determination of the level of DBE participation to be expected, absent the effects of discrimination. Only Department of Transportation (DOT)-assisted projects with subcontracting opportunities are considered in the formulation of the goal. In the next 3 years, the City expects to award over \$2 million DOT-funded contracts. Approval and adoption of an overall DBE participation goal for FFY 2022-2024 is required to ensure compliance with the DOT's federal funding requirements, provisions, and financial responsibilities.

### **BACKGROUND:**

Every three years the City of Salinas is required to develop and submit a goal for DBE participation on US Department of Transportation (DOT)-assisted contracts. The establishment of the DBE participation goals is a condition of federal financial assistance, pursuant to regulations set forth under Title 49 CFR Part 26; *Participation by Disadvantaged Business Enterprises in US DOT Programs*. In order to ensure full compliance with these federal DBE regulations, the City of

Salinas has established an anticipated DBE participation goal of 13.7% for FFY 2022 thru 2024 (October 1, 2021 thru September 30, 2024).

The statutes authorizing this program establish a ten percent (10%) aspirational goal at the national level. In seeking to meet this goal, recipients are not permitted to use set-aside or quotas in awarding contracts. The overall DBE participation goal must be based on demonstrable evidence of the availability of ready, willing, and able DBE firms to participate in DOT-assisted contracts. The goal must reflect a determination of the level of DBE participation to be expected, absent the effects of discrimination.

Only DOT-assisted projects with subcontracting opportunities are considered in the formulation of the goal. First, the number of ready, willing, and able DBE firms is expressed, as a percentage of the number of all firms (DBEs and Non-DBEs) available for each identical industry (i.e. construction, engineering, consulting). This percentage figure is adjusted and assigned a weight, based on the ratio of federal funds expected to be spent per industry. The figure is further narrowly tailored factoring in the actual DBE use on City projects during the last five (5) years. The combination of these weighted percentages, median with the City's actual use of DBEs, results in the established recommended overall participation goal of 13.7%. This analysis is detailed further in Attachment 1.

Over the past five (5) years, the City of Salinas has attained a median of 7.85% DBE participation\* on DOT-assisted contracts. The breakdown is as follows:

<b>Bid Date</b>	<b>CIP No.</b>	<b>Project Description</b>	<b>Contract DBE Goal</b>	<b>Actual DBE Attainment</b>
April 2016	9225	Electrical Upgrades Salinas Municipal Airport Improvements	3.03%	3.43%
June 2018	9275	Runway 13-31 and Runway 8-26 Rehabilitation Improvements	11.30%	0.0%
January 2019	9089	North Sanborn Road Safety Improvements	9.59%	12.2%
April 2019	9157	Runway 8-26 and Heliport Rehabilitation	9.16%	26.00%

\*7.85% = Average of two middle figures =  $[(3.43 + 12.2)/2]$

In order to satisfy the requirement Title 49 CFR, to allow for public participation and input in the establishment of an annual goal, City staff mailed letters to the Central Coast Builders Association, Hispanic Chamber of Commerce Central Coast, Monterey Peninsula Chamber, Salinas United Business Association, Salinas Valley Chamber of Commerce, Santa Cruz Builders Exchange and Seaside - San City Chamber of Commerce informing them of the City's proposed DBE participation goal of 13.7% for FFY 2022-2024.

The City's DBE participation goal for FFY 2022-2024 will be updated every three (3) years, or as new federal funding becomes available, to maintain relevancy to local market conditions and factors impacting DBE availability.

If the DBE goal is not attained, Title 49 CFR Part 26 requires the use of contract-specific goals. Contract goals are established so that throughout the year, they will cumulatively result in meeting any portion of the overall goal that is not projected to be met through the use of race neutral means.

To be eligible for award of the contract, bidders must either have met the contract specific DBE goal or have provided documentation to establish that prior to bid or cost proposal submittal, the bidder has made adequate good faith efforts to do so.

#### 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).

#### STRATEGIC PLAN INITIATIVE:

This item specifically relates to the Council's 2020-2023 Strategic Goals to increase the City's ability to invest in existing facilities and infrastructure (Investment Strategies).

#### DEPARTMENTAL COORDINATION:

Formulation of the three-year DBE participation goal was a joint effort between the Engineering, Admin and Airport Divisions within the Public Works Department.

#### FISCAL AND SUSTAINABILITY IMPACT:

City Council approval and adoption of an overall DBE participation goal for FFY 2022-2024 is required to ensure compliance with the Department of Transportation's federal funding requirements, provisions, and financial responsibilities. Failure to do so will directly jeopardize the City of Salinas' federal financial assistance. In the next three years, the City expects to award over \$2 million DOT-funded contracts.

#### ATTACHMENTS:

Resolution  
City of Salinas DBE Program (FFY 2022-2024)