



Orange County Transportation Authority

Federal Transit Administration (FTA)
Overall Disadvantaged Business Enterprise (DBE)
Triennial Goal Methodology

for

**Federal Fiscal Years (FFY) 2025/2027
Goal Period**

Submitted in fulfillment of:

*Section 1101 of the Transportation Equity Act for the 21st Century
49 Code of Federal Regulations Part 26*

and

Federal Register / Vol. 75, No. 22 [Docket No. OST-2010-0021]

Goal Setting Analysis is prepared exclusively for OCTA; it is non-transferable and is not to be duplicated.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
DISADVANTAGED BUSINESS ENTERPRISE
PROPOSED OVERALL GOAL AND METHODOLOGY
FOR
Federal Fiscal Year Periods 2025 Through 2027
(Triennial Goal Period: October 1, 2024 to September 30, 2027)**

I. INTRODUCTION

The Orange County Transportation Authority (OCTA) is required to develop and submit a Disadvantaged Business Enterprise (DBE) Overall Triennial Goal for DBE participation for its Federal Transit Administration (FTA) financially assisted contracts as a condition of receiving federal assistance under FTA Master Funding Agreement. OCTA is required to comply and follow the prescribed federal goal-setting methodology in establishing its Overall DBE Goal in accordance with Title 49 CFR Part 26 “Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs” and corresponding published guidance.

II. BACKGROUND

The United States Department of Transportation (“DOT”) issued a Final Rule affecting the implementation and management of the DOT’s DBE program effective March 3, 2010. The Final Rule requires the submission of the prescribed goal-setting methodology on a three-year cycle from direct recipient agencies, such as OCTA. Pursuant to this Final Rule, OCTA is required to conduct an annual review to account for changes that may impact and possibly warrant an adjustment to the overall goal submission.

Changes that may warrant an adjustment to the triennial goal submission include but are not limited to a delay in the solicitation and/or award of a singular or multiple FTA-assisted contracts projected in a given annual federal fiscal year period, changes to funding allocations, modified DOT legal standards, directives impacting application of the governing DBE program, and/or the inclusion of additional non-projected FTA-assisted contracting opportunities, to ensure the goal and program as a whole are narrowly tailored throughout the triennial DBE goal period. OCTA’s Overall Triennial DBE Goal and corresponding methodology submission is due to FTA on August 1, 2024 covering the federal-fiscal year (FFY) periods 2025/27 (October 1, 2024 to September 30, 2027).

In accordance with the federal prescribed goal-setting methodology, OCTA herein presents its Proposed 11% Overall DBE Goal Methodology for FFY 2025/27.

III. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2025/27

Table 1 represents OCTA's U.S. DOT-assisted (FTA) defined contracting program, which includes FTA-assisted contract/project projections considered in preparing its **Proposed Overall DBE Goal and applying the prescribed goal-setting methodology**. The contracts/projects included in the analysis have been determined to have viable subcontracting possibilities and corresponding availability of certified DBEs within the identified subcontracting work categories, a required criterion for consideration. The contracts/projects included in Table 1 are projected to be solicited and awarded within the respective triennial goal periods.

Table 1

| Project | Estimated Cost |
|---|---------------------|
| Concrete and Asphalt Sealant/Restriping (Transit Facilities) | \$200,000 |
| Hard Surface Repairs (Transit Facilities) | \$600,000 |
| Plumbing Repairs (Transit Facilities) | \$200,000 |
| Hoist Equipment Services - Anaheim Bus Base; Steam Clean Extreme Environment | \$400,000 |
| Roof Replacement (Bus Bases) | \$1,000,000 |
| Mechanical Equipment Replacement (SA Bus Base including HVAC, Heating and Ventilating Units in Maintenance Building, Exhaust Fan Units Replacement, Vacuum Units) | \$4,660,000 |
| O&M Services for CNG Fueling Facilities at Anaheim, Garden Grove, and Santa Ana Bases | \$1,900,000 |
| Slope Stabilization Phase 2 | \$4,000,000 |
| Total: | \$12,960,000 |

IV. GOAL METHODOLOGY

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

To establish OCTA's Base Figure of the relative availability of DBEs to all comparable firms (DBE and Non-DBEs) available to propose on OCTA's FFY 2025/27 FTA-assisted contracting opportunities projected to be solicited during the respective goal period, OCTA 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 **2021 U.S. Census Bureau County Business Patterns (CBP) Database**. Comparisons were made within OCTA's market area (defined as Orange, Los Angeles, Riverside, San Bernardino, and San Diego counties) and by specified industries and types of businesses corresponding to the identified subcontracting possibilities associated with FTA-assisted contracts intended or projected to be solicited and awarded during the given triennial federal fiscal year periods. OCTA's market area was determined by identifying where the substantial majority of OCTA's contracting dollars are expended

¹ 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

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and/or where the substantial majority of contractors' and subcontractors' bids or quotes are received.

OCTA 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 Table 2 below.

- **For the Numerator: California UCP DBE Database of Certified Firms**
- **For the Denominator: 2021 U.S. Census Bureau's Business Pattern Database (CBP)**

To determine the relative availability of DBEs, OCTA divided the Numerator² representing the ratio of ready, willing, and able DBE firms, by the Denominator³ representing all firms (DBE and Non-DBEs) available in each work category, as follows:

$$\frac{\text{Number of Ready, Willing and Able DBEs}}{\text{Number of All Available Firms}} = \text{DBE Availability \%}$$

(Including DBEs and Non-DBEs)

To determine the appropriate weighting percent by North American Industry Classification System (NAICS), the estimated dollar value by NAICS was divided by the total estimated federal dollars for FFYs 2025/27. The weighting percent by NAICS was then multiplied by the DBE Availability % to determine the Base Figure % by NAICS, as follows:

$$\text{Weighting} \times \text{DBE Availability \%} = \text{Base Figure \% by NAICS}$$

Table 2 reflects the calculated weighted Step 1 Base Figure by industry classification (NAICS) further defined under the Description and associated value in contrast to each of the corresponding availability pools. The weighted analysis collectively resulted in 11.40% Step 1 Base Figure as illustrative as follows:

Table 2

| NAICS | Description | (B) Value | (C) Weight = (B/A) | (D) # of DBE's (UCUP) | (E) # of All Firms (Census) | (F) DBE Availability = (D/E) | (G) Base Figure = (FxC) |
|--------|--|----------------|--------------------|-----------------------|-----------------------------|------------------------------|-------------------------|
| 236220 | Commercial and Institutional Building Construction | \$11,440.00 | 0.09% | 217 | 2310 | 9.39% | 0.008% |
| 237110 | Water and Sewer Line and Related Structures Construction | \$326,600.00 | 2.52% | 137 | 332 | 41.27% | 1.040% |
| 237310 | Highway, Street, and Bridge Construction | \$113,560.00 | 0.88% | 291 | 323 | 90.09% | 0.789% |
| 237990 | Other Heavy and Civil Engineering Construction | \$440,000.00 | 3.40% | 86 | 159 | 54.09% | 1.836% |
| 238110 | Poured Concrete Foundation and Structure Contractors | \$1,099,600.00 | 8.48% | 136 | 888 | 15.32% | 1.299% |
| 238120 | Structural Steel and Precast Concrete Contractors | \$340,520.00 | 2.63% | 84 | 294 | 28.57% | 0.751% |

² Numerator represents all DBE firms within OCTA's market area.

³ Denominator represents all comparable available firms within OCTA's market area.

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| | | | | | | | |
|--------|--|----------------|--------|-----|------|--------|--------|
| 238160 | Roofing Contractors | \$603,186.00 | 4.65% | 13 | 1099 | 1.18% | 0.055% |
| 238170 | Siding Contractors | \$37,900.00 | 0.29% | 5 | 118 | 4.24% | 0.012% |
| 238210 | Electrical Contractors and Other Wiring Installation Contractors | \$672,840.00 | 5.19% | 178 | 4907 | 3.63% | 0.188% |
| 238220 | Plumbing, Heating, and Air-Conditioning Contractors | \$2,042,740.00 | 15.76% | 56 | 5771 | 0.97% | 0.153% |
| 238290 | Other Building Equipment Contractors | \$262,000.00 | 2.02% | 23 | 435 | 5.29% | 0.107% |
| 238320 | Painting and Wall Covering Contractors | \$19,000.00 | 0.15% | 57 | 2057 | 2.77% | 0.004% |
| 238390 | Other Building Finishing Contractors | \$23,100.00 | 0.18% | 28 | 537 | 5.21% | 0.009% |
| 238910 | Site Preparation Contractors | \$1,190,140.00 | 9.18% | 173 | 1168 | 14.81% | 1.360% |
| 238990 | All Other Specialty Trade Contractors | \$659,368.00 | 5.09% | 204 | 1728 | 11.81% | 0.601% |
| 325510 | Paint and Coating Manufacturing | \$5,237.80 | 0.04% | 1 | 91 | 1.10% | 0.000% |
| 325520 | Adhesive Manufacturing | \$1,584.00 | 0.01% | 0 | 38 | 0.00% | 0.000% |
| 423320 | Brick, Stone, and Related Construction Material Merchant Wholesalers | \$567,580.00 | 4.38% | 51 | 197 | 25.89% | 1.134% |
| 423330 | Roofing, Siding, and Insulation Material Merchant Wholesalers | \$231,500.00 | 1.79% | 9 | 130 | 6.92% | 0.124% |
| 423390 | Other Construction Material Merchant Wholesalers | \$5,360.00 | 0.04% | 39 | 239 | 16.32% | 0.007% |
| 423720 | Plumbing and Heating Equipment and Supplies (Hydronics) Merchant Wholesalers | \$18,640.00 | 0.14% | 10 | 407 | 2.46% | 0.004% |
| 423730 | Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers | \$1,259,132.00 | 9.72% | 6 | 257 | 2.33% | 0.227% |
| 423990 | Other Miscellaneous Durable Goods Merchant Wholesalers | \$200,000.00 | 1.54% | 58 | 1240 | 4.68% | 0.072% |
| 424720 | Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals) | \$76,500.00 | 0.59% | 24 | 105 | 22.86% | 0.135% |
| 484110 | General Freight Trucking, Local | \$114,920.00 | 0.89% | 163 | 3595 | 4.53% | 0.040% |
| 484220 | Specialized Freight (except Used Goods) Trucking, Local | \$25,260.00 | 0.19% | 369 | 956 | 38.60% | 0.075% |
| 488210 | Support Activities for Rail Transportation | \$48,400.00 | 0.37% | 20 | 44 | 45.45% | 0.170% |
| 524126 | Direct Property and Casualty Insurance Carriers | \$46,270.00 | 0.36% | 3 | 410 | 0.73% | 0.003% |
| 524210 | Insurance Agencies and Brokerages | \$46,270.00 | 0.36% | 18 | 8423 | 0.21% | 0.001% |
| 532412 | Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing | \$100,000.00 | 0.77% | 44 | 248 | 17.74% | 0.137% |
| 541330 | Engineering Services | \$124,128.00 | 0.96% | 486 | 4613 | 10.54% | 0.101% |
| 541380 | Testing Laboratories | \$9,500.00 | 0.07% | 78 | 509 | 15.32% | 0.011% |
| 541620 | Environmental Consulting Services | \$90,988.20 | 0.70% | 380 | 730 | 52.05% | 0.365% |
| 541690 | Other Scientific and Technical Consulting Services | \$169,374.00 | 1.31% | 347 | 2724 | 12.74% | 0.166% |
| 541990 | All Other Professional, Scientific, and Technical Services | \$12,000.00 | 0.09% | 176 | 1684 | 10.45% | 0.010% |

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| | | | | | | | |
|--------|---|----------------|--------|----|-----|--------|--------|
| 561790 | Other Services to Buildings and Dwellings | \$105,000.00 | 0.81% | 44 | 969 | 4.54% | 0.037% |
| 561990 | All Other Support Services | \$135,862.00 | 1.05% | 79 | 811 | 9.74% | 0.102% |
| 562910 | Remediation Services | \$35,000.00 | 0.27% | 57 | 226 | 25.22% | 0.068% |
| 811310 | Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance | \$1,689,500.00 | 13.04% | 14 | 925 | 1.51% | 0.197% |

(A) Work Item Total: \$12,960,000.00

| | |
|---|--------|
| Total DBE Work Amount | 11.40% |
| DBE Goal (Rounded to Nearest Whole Number) | 11% |

Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, OCTA reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within OCTA’s market area, in accordance with prescribed narrow tailoring provisions set forth under Title 49 CFR Part 26.45 Step 2; DBE Goal Adjustment guidelines.

Evidence considered in making an adjustment to the Base Figure included OCTA’s Past DBE Goal Attainments in similar work classifications to those projected to be solicited and awarded in the given federal fiscal year periods, evidence from Disparity Studies conducted in OCTA’s market area, and other evidence, as follows:

A. Past DBE Goal Attainments

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

Table 3

| Overall DBE Goal by Period | Federal Fiscal Year | DBE Attainment |
|---|---------------------|----------------|
| 11% | FFY 2021* | 23.45% |
| 11% | FFY 2022 | 5.21% |
| 11% | FFY 2023 | 5.24% |
| Past Attainments = 23.45%, 5.21%, 5.24% = 5.24% Median Participation | | |

*FFY 2024 is in progress as of the date of methodology preparation. FFY 2021 was used in lieu of FFY 2024

OCTA considered an adjustment to the Base Figure based on the median DBE participation on FTA-assisted contracts completed within the past three FFYs (2021/23). The median for the past three years resulted in 5.24% and is lower than the Base Figure derived from Step 1. However, it is important to note, while the 2021/23 years included contracts with a similar variety in scope to the scopes projected for the 2025/27 fiscal year periods, it also included additional contracts, specifically a fixed-route transit contract and a paratransit contract that that made up the majority of the federal dollars awarded that

will not be reproced in the given triennial periods. Therefore, in consideration of these facts the historical DBE attainments from the previous triennial period (2021/23) were not determined to merit a downward adjustment to the Step 1 Base Figure as the majority of the industry classifications codes utilized in Step 1 for the 2025/27 fiscal year periods were not in alignment with industries classification codes related to the two transit projects most impactful to the DBE participation attainments during the previous triennial goal periods.

B. Evidence from Disparity Studies

Barriers to Entry: Employment, Self Employment, Education and Training, Business Ownership Rates and Access to Capital

OCTA reinstated race-conscious measures, along with race-neutral measures in April 2014 based on results of the Southern California Regional Disparity Study that included OCTA's market area and viable utilization data that merited inclusion of the reinstatement of race conscious measures corresponding to a likely increase in DBE availability not captured strictly by the CUCP and U.S. Census Bureau's Business Pattern Database (CBP) and an examination of similar market area Disparity Studies.

In alignment with this course, OCTA identified two disparity studies that were inclusive of OCTA's market areas, to consider whether a Race-Conscious DBE Program should continue to be implemented beyond what was determined in the Base Figure considerations. The two identified Disparity Studies included the State Department of Transportation (Caltrans) Disparity Study and the Los Angeles County Metropolitan Transportation Authority (Metro) Disparity Study. The first Disparity Study considered was that of Caltrans, completed in 2016 and supplemented in 2017 and 2022. The Caltrans Disparity Study reviewed and examined prime and subcontracts awarded by the Department and its sub-recipient local transit agencies from October 1, 2017 to September 30, 2020. The study examined Construction and Professional Services, including Engineering contracts and procurements state-wide. While insights into the respective market areas were plentiful in encouraging participation of minority and women-owned businesses to participate in the Department's federal assisted contracting program, it did not merit an upward adjustment to the Base Figure, or to OCTA's current race-neutral/race-conscious DBE application measures. OCTA has increased access to procurement portals and conducted numerous race neutral small business engagement workshops and facilitated one-on-one meetings with its procurement teams and primes doing business with OCTA and the small and disadvantaged diverse business communities to increase access and promote partnering. OCTA additionally provides numerous user-friendly tools and resources designed to acclimate and promote participation of small and disadvantaged businesses in its federal contracting and non-federal contracting programs.

The second Disparity Study taken into consideration was Metro's Draft Disparity Study recently published in 2023. The Study examined Metro's contracting practices and DBE utilization in the areas of construction, architecture and engineering and other professional services, goods, and other services as it relates to DBEs. The Metro Study focused on Los Angeles County and other neighboring counties that aligned with OCTA's

market area. The Metro Disparity Study was initiated in January 2016 and covered the period through December 31, 2021 to determine any differences between the participation of minority- and woman-owned businesses in relevant contracts and the availability of those businesses to perform that work (referred to as *disparities*). Disparity analysis results indicated that most racial/ethnic and gender groups showed disparities on contracts where race- and gender-conscious measures were not in place during the study period. As a result, the Disparity Study recommended the use of contract DBE goals. Additionally, the study focused on contracting policies and business practices and assistance programs currently in place to encourage and engage DBEs participation in its business and contracting programs.

As both of these Disparity Studies satisfies the legal standards established by the Ninth Circuit Court of Appeals in *Western States Paving Co., Inc. v. Washington State Department of Transportation*, and guidance from the U.S. DOT/FTA concerning the implementation of race-conscious application, OCTA has elected to utilize these study findings and results as a basis for continuing to implement the race-conscious component of their Overall DBE goal. OCTA will ensure that the use of race-conscious goals is narrowly tailored and consistent with other relevant legal standards.

OCTA will continue to review applicable Disparity Studies as they become available and apply the appropriate adjustments to their Race-Neutral/Race-Conscious DBE goal application as determined to be warranted.

A. Other Evidence

The current proposed Overall DBE goal is in alignment with former goals established on its federal-assisted contracts. Results of public opinion garnered from primes and the small and disadvantaged business community surveyed wherein OCTA's overall 11% DBE goal was perceived by 68% of respondents that the Goal was "On Target for the Industries and Market Areas Impacted," with 27% of respondents who felt it was "Too Low" and 5% of respondents who felt it was "Too High."

OCTA has not received any additional anecdotal evidence nor is it aware of any other factors or adverse considerations that would have had a material effect on DBEs availability within OCTA's marketplace, or on DBEs' ability to participate (meeting bonding, insurance, and financial requirements) in OCTA's FTA-assisted contracting programs at this time. As part of OCTA's 30-day period public facilitation process, it will continue to solicit and request comments/input from industry groups both representing DBEs and non-DBEs to determine whether further consideration in making an adjustment is warranted.

The Overall DBE Goal for FFY 2025/27 goal period for OCTA's FTA-assisted contracts is 11 percent.

The proposed goal further serves to identify the relative availability of DBEs based on evidence of ready, willing, and able DBEs to all comparable firms, which are known to be available to compete for and perform on OCTA's FTA-assisted contracts. The proposed

goal reflects a determination of the level of DBE participation, which would be expected absent the effects of discrimination.

V. RACE-NEUTRAL/RACE-CONSCIOUS APPLICATION

OCTA will continue to utilize race-conscious measures, coupled with race-neutral measures to achieve its proposed Overall DBE goal for FFY 2025/2027 as supported by internal historical utilization data analysis and external based disparity study findings and results to engage in effective and responsive race-neutral/race-conscious application practices.

A. Consideration of the Amount by which OCTA has Exceeded Goals in the Past

The DOT has identified the amount a recipient has exceeded their overall goals in the past years as a useful tool in projecting the race/gender-neutral participation one can expect in future Federal Fiscal Years.

The following table reflects the demonstrated capacity of DBEs on FTA-assisted contracts completed by OCTA within the last three Federal Fiscal Years:

Table 4

| Overall DBE Goal by Period | Federal Fiscal Year | DBE Attainment | Goal % Shortfall/Exceeded |
|--|---------------------|----------------|---------------------------|
| 11% | FFY 2021* | 23.45% | Exceeded by 12.45% |
| 11% | FFY 2022 | 5.21% | Shortfall of 5.79% |
| 11% | FFY 2023 | 5.24% | Shortfall of 5.76% |
| Median % Goals: Exceeded by 12.45%, 5.79% Shortfall, 5.76% Shortfall = 5.76%* Median Participation below the Goal | | | |

**FFY 2024 is in progress as of the date of methodology preparation. FFY 2021 was used in lieu of FFY 2024*

OCTA’s Historical Past DBE Participation produced a median shortfall of 5.76% below the DBE goal (as illustrated in Table 4 above). The primary reason for the shortfall was attributed to two contracts awarded during FFY 2022 and FFY 2023 triennial periods that made up the majority of federal dollars allocated, a paratransit contract and a fixed-route transit contract. Both contracts contained limited subcontracting opportunities in scopes with limited DBE availability and yielded 5% and 5.24% DBE participation respectively, well below the 11% Overall DBE goal. These two contracts or like contracts are not anticipated to be reprocured or awarded within FFY 2025/27. Therefore, OCTA’s median historical participation collectively does not provide an accurate depiction to make a proper assessment of OCTA’s ability to achieve DBE participation race-neutrally as it is not in alignment with the projected federally-assisted procurements in FFY 2025/27.

While in most cases utilizing the median past participation that a recipient has exceeded their overall goal over the past three years provides a more precise outcome of the race/gender-neutral participation one can expect in future Federal Fiscal Years, the previous FFY 2022 and FFY 2023 both contained outlier transit contracts that impacted the median past participation. In this instance, FFY 2021 included projects with a similar variety in scope and industry classification codes to the projects projected for the 2025/27

period, thereby providing a more precise projection of the of the race/gender-neutral participation OCTA can expect to achieve. Over a triennial period, this would result in a three-year weighted average of 4.15% (FFY 2021 12.45% participation above the goal divided by 3-year fiscal period). It is reasonable to conclude that 4% (4.15% rounded to nearest whole number) of the FFY 2025/27 goal can be met race-neutrally.

OCTA intends to meet those goals to the maximum extent feasible through the race-neutral measures as described herein. Where race-neutral measures are inadequate to meet the overall goal, OCTA will establish contract-specific DBE goals on its FTA--assisted contracts with supported subcontracting possibilities and relative corresponding DBE availability.

OCTA may establish a DBE contract goal that is higher or lower than its overall goal, depending on such factors as the type of work involved, the location of the work, and the availability of DBEs for the work of the particular contract.

OCTA contract goals will provide for participation by all certified DBEs and will not be subdivided into group-specific goals.

B. Past Participation by DBE Prime Contractors

The U.S.DOT has identified that the amount of past participation obtained through the use of DBE primes should be considered to determining what can be achieved race/gender-neutrally based on those attainments as a basis for estimating a similar level of race/gender-neutral participation in the next overall goal period.

Accordingly, OCTA considered the amount of past DBE utilization (based on awards) obtained through the use of DBE primes in FFYs 2021, 2022 and 2023, as follows:

Table 5

| FFY | Total Dollar Value Awarded to DBE Prime | Reporting Period | Total Dollar Value of Awarded Contracts |
|----------------------------------|---|--------------------|---|
| 2021 | \$1,254,141.00 | 10/1/20 - 03/31/21 | \$13,578,227.60 |
| | \$177,735.20 | 04/1/21 - 09/30/21 | \$661,735.20 |
| 2022 | \$0.00 | 10/1/21 - 03/31/22 | \$86,539,159.35 |
| | \$0.00 | 04/1/22 - 09/30/22 | \$2,442,382.50 |
| 2023 | \$0.00 | 10/1/22 - 03/31/23 | \$3,565,478.40 |
| | \$0.00 | 04/1/23 - 09/30/23 | \$142,929,643.30 |
| Total: | \$1,431,876.20 | | \$249,716,626.35 |
| % DBE Prime Participation | Total Dollar Value Completed by DBE Prime (\$1,431,876.20) / Total Dollar Value of Completed Contracts (\$249,716,626.35) = 0.57% DBE Prime Participation | | *1% |

**Rounded to nearest whole number*

OCTA found that 1% (rounded) of the DBE participation during FFYs 2021 through 2023 was produced by the utilization of DBE primes. This value was developed by dividing the total dollars awarded to DBE Primes (\$1,431,876.20) by the total dollars awarded on all Primes contracts (\$249,716,626.35) within FFYs 2021 through 2023, as displayed in the table above. Further examination of the projects awarded within FFYs 2021 through 2023 revealed that the majority of the projects were not similar in scope and value of projects anticipated to be procured within the upcoming 2025/27 goal period, a required criterion for consideration in utilizing DBE prime participation to validate race-neutral application. Therefore, OCTA does not have reasonable justification to assume that the amount of past participation obtained through the use of DBE primes is an accurate factor in estimating the level of race/gender-neutral participation in the 2025/27 overall goal period.

C. Consider Past Participation by DBE Subcontractors on Contracts without Goals

The U.S. DOT has identified that the amount of past participation obtained through the use of DBE subcontractors on contracts without DBE goals should be considered achieved race/gender-neutrally and that those attainments can be used as a basis for estimating a similar level of race/gender-neutral participation in the next overall goal period. Accordingly, OCTA considered the amount of past DBE subcontractor participation on contracts without DBE goals in FFYs 2021, 2022 and 2023 below:

Table 6

| FFY | Total Dollar Value Awarded to DBE Subcontractors on RN Contracts | Reporting Period | Total Dollar Value of Awarded RN Prime Contracts |
|--|--|--------------------|--|
| 2021 | \$37,830 | 10/1/20 - 03/31/21 | \$1,254,141.00 |
| | \$22,122 | 04/1/21 - 09/30/21 | \$241,735.20 |
| 2022 | \$0.00 | 10/1/21 - 03/31/22 | \$160,000.00 |
| | \$0.00 | 04/1/22 - 09/30/22 | \$315,000.00 |
| 2023 | \$0.00 | 10/1/22 - 03/31/23 | \$2,823,878.40 |
| | \$0.00 | 04/1/23 - 09/30/23 | \$137,400.21 |
| Total: | \$59,942.00 | | \$4,932,154.81 |
| Total Dollar Value Awarded to DBE Subs (\$59,942.00) / Total Dollar Value Awarded on RN Prime Contracts (\$4,932,154.81) = 1.22% | | | *1% RN DBE Subcontract Participation |

**Rounded to nearest whole number*

A DBE participation value of 1% (rounded) was derived by the utilization of DBE firms in the Race-Neutral (RN) periods above. Although OCTA reviewed a three-year period to provide a sufficient sampling of performance on past projects, closer examination revealed that the RN projects awarded were Rideshare and Vanpool Marketing, Rideshare Outreach Services, Emergency Track Stabilization, Video Service, Website Development Service projects, or product purchase projects. As these types of projects

are not anticipated for award in FFYs 2025/27, OCTA does not have reasonable justification to assume that the percent of DBE participation reflected above is an accurate reflection of DBE subcontractor’s capacity to perform race-neutrally in the 2025/27 overall goal period.

D. Consider MBE/WBE/DBE Participation Pursuant to Race/Gender-Neutral State or Local Programs.

While OCTA monitors Small Business participation, OCTA does not currently track MBE/WBE/DBE participation on Race/Gender-Neutral or Local Programs. OCTA will consider methods of tracking this information in the future for use in considering the proper race/gender-neutral application.

E. Past History of Inability to Achieve Goals

The U.S. DOT has identified that a recipient’s past inability to meet their goals in the past years as a significant indicator that the recipient may be justified in applying race-/gender-conscious measures to achieve their goals in future FFY. The following table below reflects the demonstrated capacity of DBEs (measured by historical DBE participation) on FTA-assisted contracts awarded by OCTA within the last three FFY:

Table 7

| Overall DBE Goal by Period | FFY | DBE Attainment | % Below DBE Goal |
|----------------------------|-----------|----------------|------------------|
| 11% | FFY 2021* | 23.45% | 0% |
| 11% | FFY 2022 | 5.21% | 5.79% |
| 11% | FFY 2023 | 5.24% | 5.76% |

**FFY 2024 is in progress as of the date of methodology preparation. FFY 2021 was used in lieu of FFY 2024*

OCTA’s historical DBE participation produced a shortfall in OCTA’s ability to meet its goal in Federal Fiscal Years 2022 and 2023, an indicator that OCTA would be justified in relying exclusively on race/gender-conscious to meet its Overall Triennial DBE Goal. However, OCTA’s ability to meet its overall DBE goal during the affected periods was significantly impacted by the two aforementioned Fixed-Route and Paratransit contracts, contracts that contained limited DBE subcontracting opportunities and for which similar contracts are not anticipated for award within the 2025/27 overall goal period.

Further, OCTA projects a DBE achievement of 22.20% in FFY 2024, 11.20% above the overall 11% goal. The projected DBE participation for FFY 2024 was derived based on actual values of contracts/subcontracts awarded through March 31, 2024 of the triennial reporting period and by utilizing the established contract-specific DBE goals and estimated contract values for contracts in different stages of the procurement process anticipated to be awarded prior to October 1, 2024. Moreover, projects anticipated to be awarded in FFY 2024 consist of similar projects projected to be awarded in the upcoming FFY 2025/27 triennial goal period.

Considering OCTA projects, the likelihood of exceeding its DBE goal in FFY 2024, and the historical rate for exceeding the DBE goal (based on FFY 2021, refer to Part A of this Section) is 4.15%, OCTA determined it was well supported to rely on race/gender-neutral measures to meet a portion of its overall goal.

As the DBE participation data was reviewed for projects with similar scopes and values to the upcoming goal period, OCTA can reasonably assume that the historical rate of DBE participation reflected is an accurate reflection of DBE capacity to perform race-neutrally in the 2025/27 goal period. OCTA has applied this to the proposed DBE Goal to project the necessary race-conscious/race-neutral breakout, as illustrated below:

| |
|---|
| <p style="text-align: center;">% Goal Exceeded in Past = 4.15%</p> <p style="text-align: center;">4% RN Projection (Rounded to the nearest whole number)</p> <p style="text-align: center;">DBE Goal: 11%</p> <p style="text-align: center;">RN Application 4% / RC Application 7%</p> |
|---|

Consistent with the FTA guidance provided and the reasons delineated above, OCTA has found it advisable to implement the race-neutral/race-conscious breakout illustrated above to meet the proposed Overall DBE Goal of 11% in accordance with Title 49 CFR Part 26.51.

F. Monitor DBE Participation to Determine Whether an Adjustment to the Use of Race/Gender-Conscious Measures is Necessary

OCTA will continue to monitor its DBE participation during the overall goal period to determine whether the application of OCTA’s race-neutral/race-conscious measures to meet the proposed Overall DBE Goal of 11% remains on target. OCTA will adjust the application of race/gender-neutral and race/gender-conscious measures, as necessary to ensure OCTA meets the maximum feasible portion of the overall goal by using race/gender-neutral means of facilitating DBE participation.

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 OCTA’s market area will be consulted and provided an opportunity to review OCTA’s goal analysis and provide input.

OCTA will issue a Public Notice, publishing OCTA’s Proposed Overall Goal for the FFYs 2025/27. The Notice will inform the public that the proposed goal and rationale are available for inspection at OCTA’s CAMM NET website for 30 days following the date of the

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Public Notice and that OCTA will accept comments on the goal analysis for 30 days from the date of the Public Notice.

Moreover, OCTA will continue to consult with minority groups and organizations year-round via event attendance and facilitation to directly solicit the public in-person regarding input they have on DBE opportunities and any real and/or perceived barriers to DBE participation.

OCTA has initiated the public participation process. This includes the following: 1) sending the proposed goal and methodology to local/ethnic chambers of commerce and other business/community organizations in OCTA's market area; 2) participating in targeted outreach events to provide these organizations, their members/constituents, and OCTA bidders/vendors/contractors with the opportunity to comment and/or offer feedback on the proposed goal or input regarding barriers to DBE participation; 3) advertising the goal (via a Public Notice) on OCTA's website and 4) including, in the Public Notice, instructions for viewing and/or providing feedback on the proposed goal and methodology.

To further support the public participation process, OCTA will also be hosting a virtual Public Consultation Meeting. This meeting is designed to facilitate receiving input from OCTA's contracting community, community organizations, trade associations other officials or organizations, and stakeholders, which include minority and women business groups, which may have information concerning the availability of disadvantaged businesses and comments on OCTA's proposed DBE overall goal and corresponding methodology.

After completion of the public participation process, OCTA will consider any feedback as a factor in making a further adjustment to the goal. If the goal percentage changes from the proposed 11%, OCTA will return to the Board of Directors for approval of the adjusted goal and will then submit the goal and methodology to the FTA.