Disadvantaged Business Enterprise Availability, Utilization & Disparity Study
Study Results, Findings and Recommendations
SFMTA Board of Directors
April 19, 2016
Purpose of the Disparity Study

- Determine if substantial disparities exist in SFMTA’s utilization of Disadvantaged Business Enterprises (DBEs) in federally assisted contracts funded by the Federal Transit Administration (FTA)
- Identify appropriate race-neutral and/or race-conscious measures for the SFMTA’s DBE program
- Make recommendations to SFMTA for administering its DBE program
Scope of the Disparity Study

- Federal Fiscal Years 2009 through the third quarter of Federal Fiscal Year 2015
- Covered 656 FTA-funded transportation-related construction, professional services, and other goods/services prime contracts and subcontracts
Study Approach

• Market Area Analysis
• Availability Analysis
• Utilization Analysis
• Disparity Analysis

• Economic Analysis
• Anecdotal Analysis
• Policy Analysis
Key Findings

• Discrimination in the marketplace

• SFMTA has made good faith race/gender neutral efforts to remedy the effects of discrimination, with varying degrees of success

• Woman-Owned Business Enterprises (WBES) are substantially underutilized on SFMTA FTA-funded contracts

• Race-neutral measures have not assisted Black American construction contractors to participate fully and equitably in SFMTA federally assisted construction contracts

• Race-neutral methods employed by SFMTA are effective in assisting some groups (e.g., Asian Pacific Americans and Hispanic Americans)
Recommendations

• Implement a Woman-Owned Business Enterprise element (to include businesses owned by women of all races and ethnicities) to SFMTA’s DBE program for construction, professional services and goods and other services contracts

• Implement the DBE program with an element designed to mitigate the discriminatory practices and their effects on Black American construction contractors

• Implement a small contract element within SFMTA’s Small Business Enterprise Program that is focused on small construction contracts under $5 million, and on small professional services prime contracts under $1 million
Recommendations

• Continue implementing SFMTA’s race- and gender-neutral Small Business Enterprise Program (SBE) for all federally funded contracts, including SBE set-asides

• Seek a DBE program waiver from the FTA pursuant to federal regulations for implementing the programmatic recommendations.
Stakeholder Concerns

- Identification of market area
- Number of minority owned businesses in marketplace
- Disparity results, particularly for Black American-owned construction and professional services firms
- Effects of excluding certain groups from the Study recommendations
- Timeline for implementation of recommendations
Next Steps

• SFMTA Board Adoption of Disparity Study
• Approval of FTA Waiver Application (49 CFR Part 26, Section 26.15)
  o U.S. Department of Transportation allows SFMTA to apply for a program waiver of certain requirements of the DBE program
  o Public hearing required and comments gathered
• Submission of waiver application to FTA for approval
• Revision of SFMTA DBE Program if approved