

Council/Agency Meeting Held: _____	_____ City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: 2/7/2005	Department ID Number: PW 05 006

**CITY OF HUNTINGTON BEACH
REQUEST FOR CITY COUNCIL ACTION**

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: *Penelope Culbreth* PENELOPE CULBRETH-GRAFT, CITY ADMINISTRATOR

PREPARED BY: *Paul Emery* PAUL EMERY, ACTING DIRECTOR OF PUBLIC WORKS

SUBJECT: **ADOPT ANNUAL DISADVANTAGED BUSINESS ENTERPRISES
(DBE) GOAL FOR FISCAL YEAR 2004/2005**

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 CITY OF
 HUNTINGTON BEACH
 2005 JAN 26 A 11:33

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: To be eligible for financial assistance from the Federal Highway Administration (FHWA), the City must adopt an annual Disadvantaged Business Enterprises (DBE) goal, which sets target levels for female-owned and ethnic, minority-owned businesses in its contracts on Federal aid projects.

Funding Source: Not applicable to this action.

Recommended Action: Motion to:

Adopt the Annual Disadvantaged Business Enterprises (DBE) goal of seven percent (7%).

Alternative Action(s): Do not adopt the Disadvantaged Business Enterprise (DBE) goal and forego Federal financial assistance from the FHWA.

(Continued on next page)

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REQUEST FOR ACTION

MEETING DATE: 2/7/2005

DEPARTMENT ID NUMBER: PW 05 006

Analysis: The City of Huntington Beach Public Works Department has completed its Disadvantaged Business Enterprise (DBE) Program for Local Agencies for Fiscal Year 2004/2005. This year's program goal has been established at seven percent (7%) for all projects that receive Federal funds through the California Department of Transportation (Caltrans). The DBE Goal Methodology for Fiscal Year 2004/2005 describes the process by which the annual goal is calculated. (Attachment 1)

On November 9, 2004, the City submitted its program to be reviewed and approved by Caltrans, the local agency responsible for the distribution of Federal highway grant funding. Caltrans accepted the City's program and requested that it be approved by the City Council. (Attachment 2) Pursuant to the U.S. Department of Transportation (DOT), 49 CFR Part 26, the Council is requested to adopt a DBE goal of seven percent (7%) for the City of Huntington Beach for Fiscal Year 2004/2005.

Public Works Commission Action: Not required.

Environmental Status: Not applicable.

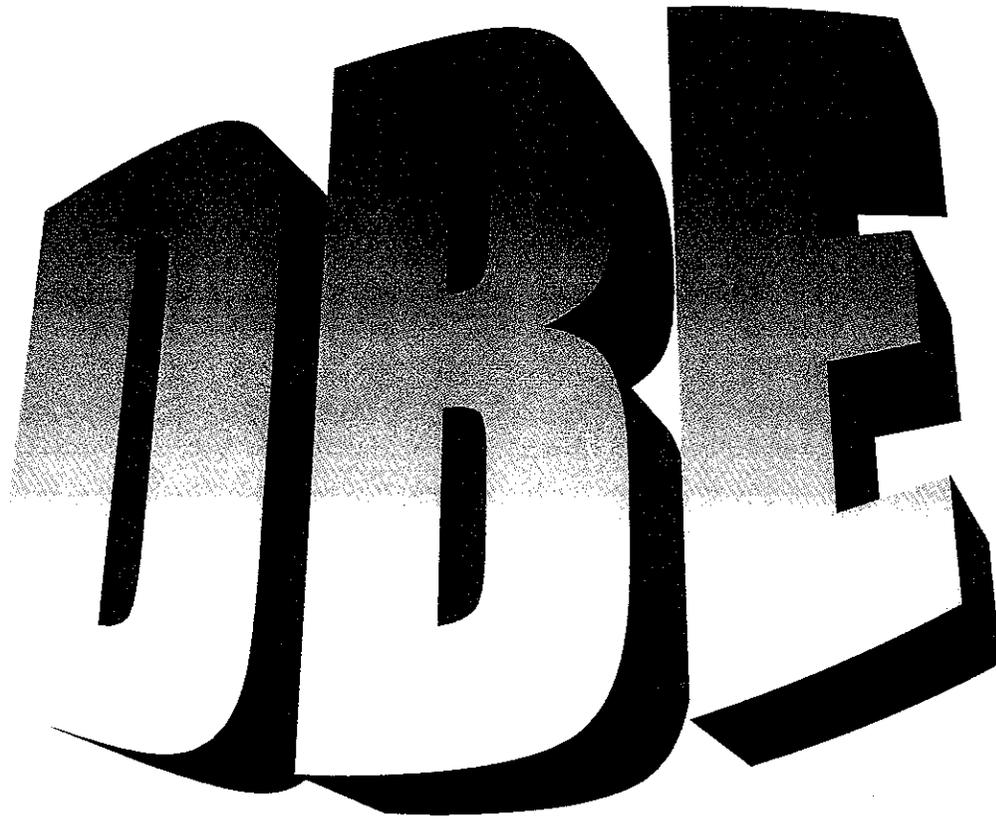
Attachment(s):

City Clerk's Page Number	No.	Description
3	1.	DBE Goal Methodology for Fiscal Year 2004/2005
13	2.	Caltrans letter of review & approval, dated November 24, 2004

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ATTACHMENT #1



DISADVANTAGE BUSINESS ENTERPRISES

**CITY OF HUNTINGTON BEACH
FISCAL YEAR 2004-2005**



October 2004

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**CITY OF HUNTINGTON BEACH
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM
OVERALL ANNUAL DBE GOAL SETTING METHODOLOGY
FOR
FEDERAL FISCAL YEAR (FFY) 2004/05**

I. DOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2004/05

Table 1 represents three DOT assisted projects the City of Huntington Beach considered in preparing its **Overall Annual DBE Goal-Setting Analysis** for FFY 2004/05. All projects have subcontracting opportunities and are anticipated to be awarded and/or expended within the fiscal year.

Table 1

PROJECT	TOTAL COST OF PROJECT	ESTIMATED FEDERAL DOLLAR SHARE
TEA TSCOUP III, CC-1198 (various locations)	\$250,000	\$200,000
TEA TSCOUP IV, CC-1199 (various locations)	\$250,000	\$200,000
TEA TSCOUP V, CC-1200 (various locations)	\$250,000	\$200,000
Beach Boulevard Parkway Landscape Median Improvements, CC-1229 (eastside between: Taylor Drive and Sterling Avenue, STPLER 5181 (150))	\$380,000	\$285,000
Warner/Gothard Signal Modification Improvements, CC-1232 (HES)	\$60,000	\$54,000
Edinger/Gothard Signal Modification Improvements, CC-1233 (HES)	\$85,000	\$76,500
Warner/Edwards Signal Modification Improvements, CC-1234 (HES)	\$60,000	\$54,000
TOTAL:	\$1,335,000	\$1,069,500

Table 2 provides a summary of the corresponding subspecialty work grouped into one primary category: *Highway and Street Construction* utilizing Caltrans Work Category Codes (WCC) and comparable 2001 Census Business Patterns North American Industry Classification System (NAICS) Work Codes. The table also serves to identify the estimated Federal Dollar Share and the Percent of Federal Funding for each primary work category, as follows:

Table 2

PRIMARY WORK CATEGORY DESCRIPTION	NAICS CATEGORY	ESTIMATED FEDERAL DOLLAR SHARE	% OF FEDERAL FUNDING BY WORK CATEGORY
Highway, Street and Bridge Construction	237310	\$1,069,500	100%
TOTAL:		\$1,069,500	100%

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II. GOAL-METHODOLOGY

Step I: Determination of a Base Figure (26.45)

To establish the City of Huntington Beach's Base Figure of the relative availability of DBEs to all comparable firms (DBEs and Non-DBEs) available to bid or propose on the City of Huntington Beach's FFY 2004/05 DOT-assisted contracting opportunities projected to be let, the City of Huntington Beach followed one of the five prescribed federal goal-setting methodologies in Caltrans Local Assistance Procedures Manual. This was accomplished by accessing the Caltrans' on-line Bulletin Board System (BBS) **DBE Directory of Certified Firms** and the 2001 U.S. **Census Bureau County Business Patterns (CBP) Database**. Comparisons were made by corresponding zip codes within the City of Huntington Beach's market area (defined as Orange County) and by the specified industries and types of businesses identified in Table 2.

⇒ **For the numerator: Caltrans' DBE Directory of Certified Firms**

⇒ **For the denominator: Census Bureau's Business Pattern Database (CBP)**

The City of Huntington Beach 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 Attachments I and II. The identified market area represents where the majority of contractors and subcontractors the City does business with are established, and where the substantial majority of the City's contracting dollars will be spent.

To determine the relative availability of DBEs for each work category, the City of Huntington Beach divided the numerator representing the ratio of ready, willing and able Dbe firms to bid, by the denominator representing all firms (DBEs and Non-DBEs) available to bid for each of the work categories. Application of this formula yielded the following baseline information:

Number of Ready, Willing, and Able DBEs

Number of All Available Firms = BASE FIGURE

(including DBEs and Non-DBEs)

The base figure was further adjusted by weighting the relative availability of DBEs grouped within the major work categories, giving more weight to the work categories/industries, in which the City projects to spend more DOT-assisted dollars. The Base Figure resulting from this weighted calculation is as follows:

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Step 1: Base Figure Ratio (weighted by type of work to be performed and corresponding contracting dollars)

$$\text{Base Figure} = 100\% \frac{\text{DBEs in NAICS 237310*}}{\text{CBPs in NAICS 237310**}}$$

$$\text{Base Figure} = 1 \frac{(207)}{3,238}$$

$$\text{Base Figure} = \frac{207}{3,238}$$

$$\text{Base Figure} = .0639$$

$$\text{Base Figure} = (.0639) 100 = 6.39\%$$

* For Additional NAICS Work Codes, refer to Attachment I.

** For additional NAICS Work Codes, refer to Attachment II.

Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, the City of Huntington Beach reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the City of Huntington Beach's market area, in accordance with prescribed narrow tailoring provisions set forth under 49 CFR Part 26 DBE Goal Adjustment provisions. Evidence considered in marking and adjustment to the Base Figure included the *City of Huntington Beach's Past DBE Goal Attainment/Commitment on Similar Type Projects, Bidder's List and Disparity Studies*. A summary of these considerations follows:

A. Demonstrated Capacity of DBEs Measured by Actual Attainment

The following table reflects the City of Huntington Beach's DBE goal attainments on similar projects awarded within the last two years utilizing DBE numeric goals from 7% to 8.4%:

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PROJECT	DBE GOAL ATTAINMENT	DBE GOAL COMMITMENT
ARTERIAL HIGHWAY REHABILITATION PROGRAM, (Warner Avenue [Bolsa Chica to Sims, CC-1150], Springdale Street [McFadden to Edinger, CC-1151], McFadden Avenue [Goldenwest to I-405/City Limits, CC-1152], FFY 2003/2004	7%	7%
ARTERIAL HIGHWAY REHABILITATION PROGRAM, (Magnolia Street [Atlanta to Indianapolis, CC-1153], Hamilton Avenue [Bushard to S.A. River, CC-1155], Yorktown Avenue [Bushard to Brookhurst, CC-1156]), FFY 2003/2004	7.5%	7%
ARTERIAL HIGHWAY REHABILITATION PROGRAM, (Graham Street [Warner to Heil, CC-1158] and Warner Avenue [Graham to Springdale, CC-1159]), FFY 2003/2004	8.4%	7%

The City of Huntington Beach considered an adjustment to the Base Figure based on past DBE goal attainments on 3 similar contracts to those contracting opportunities considered in the Overall Annual DBE Goal Setting process for this Fiscal Year. The City of Huntington Beach adjusted the Base Figure by deriving the City's average past participation percentage numbers for the last two years to obtain the Median Past Participation percentages (middle value of two). The Base Figure was adjusted by adding the Median Past Participation Percentage and the Step I Base Figure, than dividing the total number by two (2). The Adjusted Base Figure resulting from the application of this formula is as follows:

$$\frac{\text{Step I Base Figure} + \text{Median Past Participation}}{2} = \text{ADJUSTED BASE FIGURE}$$

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Past Participation = 7% + 7.5% + 8.4%

Past Participation = 7% + 7.5% = 8.4% = 22.9%

Median Past Participation % = $\frac{22.9}{3} = 7.63\%$

Step One Base Figure Adjustment = 6.39% + 7.63% = 14.02%

Base Figure Adjusted = $\frac{14.02}{2} = 7.01\%$

Adjusted Base Figure = 7%*

* Rounded to the nearest whole number.

B. City of Huntington Beach's Bidders List

While a Bidders List would serve as quantifiable evidence of DBEs demonstrated interest and capacity; the City of Huntington Beach has not collected sufficient data to date to merit consideration for an adjustment. However, the City of Huntington Beach will continue to capture such information from all bidders at the time of bid/proposal submission and will utilize such information in future goal-setting analysis.

C. Evidence from Disparity Studies

The City of Huntington Beach is not aware of any current disparity studies within the City of Huntington Beach's jurisdiction for consideration in the goal setting analysis and/or adjustment.

II. OVERALL ANNUAL GOAL AND PROJECTION OF RACE-NEUTRAL AND RACE-CONCIOUS PARTICIPATION:

The Overall Annual (FFY 2004/2005) DBE Goal for the City of Huntington Beach's DOT-assisted contracts is 7%. The Overall Goal is expressed as a percentage of all DOT-assisted funds that the City will expend in FHWA-assisted contracts in the forthcoming fiscal year.

This goal further serves to identify the relative availability of DBE's based on evidence of ready, willing, and able DBE's to all comparable firms, which are known to be available to compete for and perform on the City's DOT-assisted contracts. The Overall Annual Goal reflects a determination of the level of DBE

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participation, which would be expected absent the effects of discrimination. The City of Huntington Beach intends to meet the Overall Annual DBE Participation Goal of 7%, by utilization of Race-Conscious method. The 7% Goal is anticipated to be accomplished through Race-Conscious measures, which includes establishing contract specific goals on contracts with contracting possibilities, to meet the City of Huntington Beach's overall annual DBE goal.

III. PUBLIC PARTICIPATION AND FACILITATION:

In accordance with Public Participation Regulatory Requirements of 49 CFR Part 26 and Caltrans Local Assistance Procedures Manual (LAPM), this goal analysis will be reviewed by minority, women, local business chambers, and community organizations within the City of Huntington Beach's market area.

The City of Huntington Beach will also publish a Public Notice in general circulation media announcing the City of Huntington Beach's proposed Overall Annual Goal for the FFY 2004/05 DOT-assisted contracts. Such Notice will inform the public that the proposed goal and its rationale is available for inspection at the City of Huntington Beach's Public Works Department during normal business hours for 30 days following the date of the Public Notice and that the City of Huntington Beach will accept comments on the goal analysis for 45 days from the date of the Public Notice. The required public participation provisions will be fully satisfied prior to submitting the City of Huntington Beach's Overall Annual DBE Goal to Caltrans for final review and approval.

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**CITY OF HUNTINGTON BEACH
DBE OVERALL ANNUAL GOAL ANALYSIS FOR FFY 2004/05**

ESTABLISHMENT OF THE NUMERATOR:

**# OF ESTABLISHED DBE FIRMS BY WORK CATEGORY WITHIN THE CITY OF HUNTINGTON BEACH'S MARKET AREA
(DEFINED AS THE COUNTY OF ORANGE) 1**

Date: 10/29/04

NAICS	WCC Definition (Work Category Code Definition)	900	902	906	907	908	910	917	920	925	926	927	928	Total
237310	Highway, Street and Bridge Construction			3	2			9	1	6	11	4	13	49
238210	Electrical Contractors			1				1		4	2	1	3	12
238990	All Other Specialty Trade Contractors		1	8	6	2	2	12	1	7	24	9	26	98
324121	Asphalt Paving Mixture and Block Manufacturing					1							2	3
324199	All Other Petroleum and Coal Products Manufacturing											1	1	2
334290	Other Communications Equipment Manufacturing			1										1
423610	Electrical Apparatus and Equipment, Wiring Supplies and Related Equipment Merchant Wholesalers			2				1		1			4	8
484110	General Freight Trucking, Local		1	2	5	1		1		1			4	15
484220	Specialized Freight (except Used Goods) Trucking, Local												1	1
541370	Surveying and Mapping (except Geophysical) Services			2						1	6	2	3	14
561730	Landscaping Services				1						2		1	4
Total:		1	1	19	14	4	2	24	2	20	45	17	58	207

NAICS: North American Industry Classification System

1: DATA SOURCE: Caltrans Bulletin Board System Directory of Certified DBE firms.

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**CITY OF HUNTINGTON BEACH
DBE OVERALL ANNUAL GOAL ANALYSIS FOR FFY 2004/05**

ESTABLISHMENT OF THE DENOMINATOR:

OF ALL ESTABLISHED FIRMS (DBEs and Non-DBEs) BY WORK CATEGORY WITHIN THE CITY OF HUNTINGTON BEACH'S MARKET AREA (DEFINED AS THE COUNTY OF ORANGE) 1
CONSTRUCTION

Date: 10/29/04

NAICS (North American Industry Classification System)	NAICS DESCRIPTION (North American Industry Classification System)	Orange County	Total
23521	Paint and Wall Covering Contractors	477	477
23571	Concrete Contractors	261	261
23593	Excavation Contractors	139	139
32731	Cement Mfg.	1	1
237310	Highway, Street and Bridge Construction	67	67
238210	Electrical Contractors	662	662
238990	All Other Specialty Trade Contractors	348	348
324121	Asphalt Paving Mixture and Block Manufacturing	7	7
324199	All Other Petroleum and Coal Products Manufacturing	2	2
334290	Other Communications Equipment Manufacturing	16	16
423610	Electrical Apparatus and Equipment, Wiring Supplies and Related Equipment	286	286
484110	Merchant Wholesalers	117	117
484220	General Freight Trucking, Local	111	111
541370	Specialized Freight (except Used Goods) Trucking, Local	52	52
561730	Surveying and Mapping (except Geophysical) Services	692	692
	Landscaping Services		
	Total:	3,238	3,238

1: DATA SOURCE: Caltrans Bulletin Board System Directory of Certified DBE firms.

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ATTACHMENT #2

DEPARTMENT OF TRANSPORTATION

DISTRICT 12

3337 MICHELSON DRIVE SUITE 380

IRVINE, CA 92612-8894

PHONE (949) 756-7805

FAX (949) 724-2592

*Flex your power!
Be energy efficient!*

Mr. Eric Charlonne
DBE Liaison Officer
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92866

November 24, 2004

**Subject: Disadvantaged Business Enterprise (DBE) Program Submittal
Fiscal Year 2004/05**

Dear Mr. Charlonne:

In accordance with the 49 Code of Federal Regulations part 26, this letter serves as confirmation that CALTRANS Local Assistance received and reviewed your **proposed** overall annual DBE goal. The City's overall annual DBE goal and goal setting meets the DBE requirements.

The next step towards approval is to begin the Public Participation process. As a reminder, you are required to advertise your overall annual DBE goal for a minimum of one day in a general-media circulation paper and one day in a minority or focused media circulation paper. Your program must be available for review for 30 days and an additional 15 days is required for public comments. *Any public comments received in our office will be forwarded to the DBE Liaison Officer.*

The final DBE program must be adopted by City Council prior to Caltrans approval.

If you require any further assistance, please contact Homa Nouri at:

Phone: 949-724-2410

Fax: 949-724-2592

Email: homa_nouri@dot.ca.gov

Sincerely

Alan William, Chief
Local Assistance Branch
District 12

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