

# The City of Oakland's DBE - Disadvantaged Business Enterprise Program

## FREQUENTLY ASKED QUESTIONS

### 1. What is a DBE ?

DBE, an acronym for Disadvantaged Business Enterprise (DBE) is a for-profit small business concern where socially and *economically disadvantaged* individual owns at least a 51% interest and also control management and daily business operations.

### 2. What is the definition of “economically disadvantaged individual”?

African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women are presumed to be socially and *economically disadvantaged*. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis. To be regarded as economically disadvantaged, an individual must have a personal net worth that does not exceed \$1.32 million.

### 3. What is a DBE Program?

The U.S. Department of Transportation's (DOT) DBE (disadvantaged business enterprise) program provides a vehicle for increasing the participation by Minority-owned Business Enterprises in state and local procurement. DOT DBE regulations require state and local transportation agencies that receive DOT financial assistance, to establish goals for the participation of DBEs. Each DOT-assisted State and local transportation agency is required to establish annual DBE goals, and review the scopes of anticipated large prime contracts throughout the year and establish contract-specific DBE subcontracting goals. In addition to establishing goals, state and local recipients also certify the eligibility of DBE firms to participate in DOT-assisted projects. Some groups are presumed to be socially and economically disadvantaged for the purposes of participation in this program. The main objectives of the DBE Program are:

- To ensure that small disadvantaged business enterprises ( DBE) can compete fairly for federally funded transportation-related projects.
- To ensure that only eligible firms participate as DBEs.
- To assist DBE firms in competing outside the DBE Program.

### 4. Does the City of Oakland have a DBE Program and why ?

Yes. All recipients of such funds must allocate a percentage of the dollars used to purchase public works services to certified Disadvantaged Business Enterprises (DBEs). The percentage allocated is established by way of an availability analysis which determines the most realistic level of participation on each project. The City of Oakland has a state approved DBE Program because it is not only socially responsible but satisfies one of several mandates attached to the grant awards.

## **5. What are the City of Oakland's DBE goals ?**

The City of Oakland has calculated an Annual Anticipated DBE Participation Level (AADPL) of 11.17%, where 3.95% is Race Neutral and 7.22% is Race Conscious.

## **6. What is the meaning of the term Race-Neutral in the DBE Program ?**

Race-Neutral measures are activities or programs that benefit and assist all small business equally, including DBEs. Such activities include bonding, insurance and technical assistance. Race-Neutral DBE Program: The two racial and ethnic groups which make up the Race Neutral DBE category are:

1. Hispanic Americans include persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race.
2. Subcontinent Asian Americans include persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal or Sri Lanka.

Until July 1, 2012 , Hispanic American and Subcontinent Asian American businesses are not included in the race-conscious portion of our program since the Caltrans' Availability and Disparity Study indicated that there is not significant disparity between the percent of available contractors and subcontractors from these groups and the percent of contract dollars awarded to these groups. However, utilization of these businesses does count toward meeting the race-neutral portion of our goal and our overall goal.

Caltrans' total overall DBE Program goal is 13.5 percent. Individual Race Conscious projects have a wide range of Underutilized Disadvantaged Business Enterprise (UDBE) goals. These individual project goals are established by determining the number of bid items able to be sub-contracted as well as the number of available UDBEs

## **7. What is the meaning of the term Race-Conscious in a DBE Program ?**

Race-conscious measures, such as the use of individual contract goals, are those measures and programs that focus on specifically assisting **DBEs only**. These four groups will be referred to as Underutilized Disadvantaged Business Enterprise or UDBEs. Race-Conscious UDBE Program: The four racial, ethnic and gender groups which make up the Race-Conscious UDBE category are:

1. **Black Americans** (or "African Americans") include persons having origins in any of the black racial groups of Africa.
2. **Native Americans** include persons who are American Indians, Eskimos, Aleuts or Native Hawaiians.
3. **Asian-Pacific Americans** include persons whose origins are from Japan, China, Taiwan, Korea, Burma, Vietnam, Laos, Cambodia, Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, Hong Kong, and other countries and territories in the Pacific.
4. **Women** include women with at least 51 percent business ownership and control of a firm. For the disparity study, firms owned and controlled by minority women were counted as minority-owned firms.

## **8. What are the roles and responsibilities of the City ?**

As recipients of DOT financial assistance, the City of Oakland is responsible to:

- Certify the eligibility of DBE firms to participate in their DOT-assisted contracts;
- Establish narrowly-tailored goals for DBE participation ; and
- Evaluate their DOT-assisted contracts throughout the year and establish contract-specific DBE subcontracting goals as necessary to achieve the overall goal of the agency.

## **9. How long has the DBE Program been around ?**

In 1983, Congress enacted the first Disadvantaged Business Enterprise (DBE) statutory provision. This provision required the Department of Transportation (DOT) to ensure that at least 10% of the funds authorized for the highway and transit Federal financial assistance programs be expended with DBEs.

In 1987, Congress re-authorized and amended the statutory DBE program. In the transportation legislation of that year, Congress, among other changes, added women to the groups presumed to be disadvantaged. Since 1987 DOT has established a single DBE goal, encompassing both firms owned by women and minority group members.

DOT has had in effect, for more than 20 years, a policy of helping small businesses owned and controlled by socially and economically disadvantaged individuals, including minorities and women, in participating in contracting opportunities created by DOT financial assistance programs.

## **10. What is the connection between the City of Oakland and DOT?**

DOT , through its Operating Administrations, distributes billions annually to help finance thousands of projects across the country. Approximately 85% of the assistance dollars is for construction. The major portion of the construction funds is allocated to State highway and transportation agencies for highway construction. In the case of Oakland for example, the State Highways and Transportation agency through which assistance dollars flow is Caltrans (California Transportation Authority).

## **11. What is the role of the City ?**

Each DOT-assisted State and local transportation agency is required to establish narrowly-tailored DBE goals. Then these DOT-assisted agencies evaluate their DOT-assisted contracts throughout the year and establish contract specific DBE subcontracting goals where these goals are needed to ensure nondiscrimination in federally-assisted procurements. The level of DBE subcontracting goals may vary from their approved DBE goal however, at the end of the year the amount of contract/subcontract awards to DBEs should be consistent with the overall goal.

## **12. What is a DBE Certified Firm ?**

In order for small disadvantaged firms, including those owned by minorities and women, to participate in the DOT-assisted contracts of State and local transportation agencies they must apply for and receive certification as a DBE. To be certified as a DBE, a firm must be a small business owned and controlled by

socially and economically disadvantaged individuals. Recipients get information about firms through on-site visits, personal interviews, reviews of licenses, stock ownership, equipment, bonding capacity, work completed, resume of principal owners, financial capacity, and type of work preferred. More information on certification can be obtained from the recipients' DBE Certification Officers. The Office of Civil Rights receives and processes DBE appeals regarding certification decisions made by US DOT Grant Recipients. Prior to major downsizing, the City of Oakland use to certify DBEs. Now local firms are referred to other certifying entities.

These Race Conscious measures apply only to the four Underutilized DBE groups (UDBEs) African Americans, Native Americans, Asian Pacific, and Women.

On June 22, 2012, Caltrans directed recipients to include ALL DBE groups (African American, Asian Pacific American, Native American, Women, Hispanic American and Subcontinent Asian American).

*For more information, please contact the City of Oakland, Office of the City Administrator, Contracts and Compliance Division. (510) 238-3970*