

PROPOSED OVERALL DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL & METHODOLOGY

FEDERAL FISCAL YEARS 2026 through 2028

In accordance with 49 Code of Federal Regulations (CFR) Part 26 and United States Department of Transportation (USDOT) guidance, the Bay Area Rapid Transit District (BART) must establish a new overall goal for the participation of Disadvantaged Business Enterprises (DBEs) in the Federal Transit Administration (FTA)-funded projects it anticipates awarding in federal fiscal years (FFYs) 2026, 2027, and 2028. This document presents BART's new proposed overall DBE goal as well as the methodology the agency used to set it.

A. Overall DBE Goal

BART has followed the required two-step methodology to develop its new goal: 1) establish a *base figure*; and 2) consider whether an *adjustment* to the base figure is warranted. The agency has based its new overall DBE goal on information from the forthcoming 2025 Bay Area Rapid Transit District Disparity Study (*Disparity Study*) and on internal data related to the FTA-funded projects the agency anticipates awarding in FFYs 2026, 2027, and 2028.

1. Base figure. To establish a base figure for its new overall DBE goal, BART has used information from the Disparity Study on the availability of *potential DBEs*—that is, person of color (POC)- and woman-owned businesses that are currently certified as DBEs or appear that they could be certified as DBEs according to size requirements specified in the Federal DBE Program—for the agency's FTA-funded projects as well as internal data on the FTA-funded projects the agency anticipates awarding in FFYs 2026, 2027, and 2028. Figure 1 presents a list of those projects, including information about each project's title, total amount, prime contract amount, and subcontract amount, the anticipated dollar amount that will be self-performed by the prime contractor, and the anticipated dollar amount that will be performed by subcontractors.

a. Methodology. The Disparity Study, which is being conducted by BBC Research & Consulting (BBC), includes a *custom census availability analysis*, which provides estimates of the *availability* of potential DBEs for the types and sizes of the transit-related projects BART awards. An availability estimate represents the percentage of its total project dollars one might expect BART to award to a particular group of businesses based on a match between the characteristics of those businesses and the characteristics of individual projects BART awards. The analysis began by identifying the *subindustries* in which BART spends the vast majority of its relevant project dollars as well as the geographic area that the businesses to which BART awards the vast majority of those dollars are located (*relevant geographic market area* or *RGMA*). Based on BART contracting data and its own primary and secondary research, BBC identified BART's RGMA as the nine-county region of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties in California.

Figure 1.
FTA-funded projects BART anticipates awarding in FFYs 2026, 2027, and 2028.

Contract title	Project amount	Prime contract amount	Subcontract amount
TCCCP East Bay Substations	\$ 116,249,999	\$ 84,150,730	\$ 32,099,269
On Call Agreement Burn	\$ 83,959,885	\$ 83,959,885	\$ -
On Call CM Agreements	\$ 52,650,000	\$ 27,301,751	\$ 64,995,511
San Francisco Elevator Renovation	\$ 24,199,000	\$ 24,199,000	\$ -
Facilities HVAC Equipment Replacement Ph.2	\$ 13,500,000	\$ 13,500,000	\$ -
DSS Modernization Project	\$ 12,500,000	\$ 12,500,000	\$ -
Accessibility Improvement Program - RR	\$ 11,600,000	\$ 4,638,257	\$ 6,961,743
Dublin/Pleasanton Station Active Access Improvements - RR	\$ 10,900,000	\$ 6,477,482	\$ 4,422,518
Embarcadero Station Platform Elevator Capacity and Redundancy Project- RR	\$ 10,138,064	\$ 10,138,064	\$ -
Elevator Renovation Program at Coliseum Station (A30)	\$ 7,500,000	\$ 7,500,000	\$ -
Elevator Renovation Program at Pittsburg-Bay Point (C80)	\$ 5,560,733	\$ 5,560,733	\$ -
TBT Cathodic Protection Upgrade/Replacement	\$ 5,135,000	\$ 5,135,000	\$ -
Wayfinding Improvements at Various Stations - RR	\$ 4,000,000	\$ 4,000,000	\$ -
Replace Equip/Cabling-Yards	\$ 3,000,000	\$ 2,360,762	\$ 639,238
Public Address System Improvement - RR	\$ 2,800,000	\$ 2,203,378	\$ 596,622
Replace AFC Back-Office System Servers	\$ 2,100,000	\$ 2,100,000	\$ -
BHT Power Distribution Design Assessment	\$ 1,500,000	\$ 1,500,000	\$ -
Small Business Support Services (Post-Award)	\$ 1,488,000	\$ 1,488,000	\$ -
Small Business Support Services (Pre-Award)	\$ 1,260,000	\$ 1,260,000	\$ -
Reroof Facilities Buildings Systemwide	\$ 1,146,000	\$ 1,146,000	\$ -
Bill Handling Unit Replacement	\$ 1,140,000	\$ 1,140,000	\$ -
Berkeley Hills Tunnel Emergency Ventilation System Overhaul	\$ 981,542	\$ 570,976	\$ 410,566
Replacement of Traction Power	\$ 600,000	\$ 600,000	\$ -
Mobile Generator for Emergency Power Enhancements	\$ 475,000	\$ 475,000	\$ -
Operations Second Core Network	\$ 320,000	\$ 251,815	\$ 68,185
	\$ 250,000	\$ 250,000	\$ -
Fall Protection Installation on Stations and Facility Buildings - RR			

Source: 2025 BART Disparity Study and BART project data.

i. Availability surveys. Once BBC identified the subindustries relevant to BART’s contracting and procurement activity and the agency’s RGMA, the firm compiled a customized *directory* of relevant businesses of all ownership types—that is, not just businesses owned by POCs or women—with locations in the RGMA that perform work in relevant subindustries. The firm developed the directory based on information from Dun & Bradstreet Marketplace listings and other data sources. BBC then contacted all the businesses in the directory up to three times to participate in *availability surveys*, which the firm used to collect information about each participating business, including:

- Status as a private sector business (as opposed to a nonprofit organization);
- Status as a subsidiary or branch of another company;
- Primary lines of work;

- Contract role (i.e., prime contractor, subcontractor, or both);
- Geographical areas of service;
- Interest in performing work for government organizations;
- Largest contracts or procurements on which the business is able to bid on or perform; and
- Race and gender of the owner(s).

A total of 647 businesses completed surveys as part of the availability analysis, but BBC only considered businesses to be potentially available for BART work if they reported possessing *all* the following characteristics:

- Being in business and operational;
- Being a private sector business;
- Being interested in performing work on government projects;
- Being able to perform work in the RGMA; and
- Working in subindustries relevant to BART work.

Based on the above criteria, BBC considered 604 businesses as potentially available to perform work on BART projects, information on which the firm compiled into an *availability database*.

iii. Estimating availability. Based on data from the availability surveys and on the FTA-funded projects BART anticipates awarding in FFYs 2026, 2027, and 2028, the agency used a business-by-business and contract-by-contract matching approach to estimate the availability of potential DBEs for each anticipated project. That process included the following steps:

1. For each anticipated contract element (i.e., prime contract or subcontract), BART identified the type of work involved, the contract or procurement role (i.e., prime contract or subcontract, and the dollar value.
2. BART then identified businesses in the availability database that reported: a) performing the type of work associated with the contract element; b) being able to work in the corresponding role; and c) being able to compete for or perform work of a size equal to or greater than the anticipated value of the contract element.
3. The agency then identified all the businesses in the availability database that met the above criteria for the contract element and then counted the number of those businesses that were potential DBEs separately for each relevant racial and gender group (i.e., *available businesses*).
4. The agency then transformed the number of potential DBEs from Step 3 into the proportion they represented of all the businesses available for the contract element.
5. BART then multiplied proportional availability in Step 4 by the dollar value of the contract element.

Once BART completed the above steps for each anticipated contract element, the agency added results across all contract elements and divided by the total dollars for all contract elements considered together to produce estimates of the availability of potential DBEs for BART's FTA-funded projects.

b. Results. Figure 2 presents estimates of the availability of potential DBEs for the FTA-funded projects BART anticipates awarding in FFYs 2026, 2027, and 2028, organized in the following manner:

- Column (a) presents the groups of potential DBEs BBC considered in the analysis;
- Column (b) presents the availability of each group for the construction work BART anticipates awarding;
- Column (c) presents the availability of each group for the professional services work BART anticipates awarding;
- Column (d) presents the availability of each group for the non-professional services, goods, and supplies work BART anticipates awarding; and
- Column (e) presents the availability of each group for all the FTA-funded projects BART anticipates awarding considered together.

As presented at the bottom of column e, the analysis indicated that, overall, potential DBEs are available for **29.9 percent** of the FTA-funded projects BART anticipates awarding in FFYs 2026, 2027, and 2028, which BART considers as the **base figure** for its new overall DBE goal. The overall availability estimate reflects an average of the availability estimates for each industry weighted by the proportion of total dollars for which work of that type will account in the FTA-funded projects BART anticipates awarding in FFYs 2026, 2027, and 2028. Those weights are presented in the bottom row of Figure 2. BART considers 29.9 percent as the **base figure** for its new overall DBE goal.

Figure 2.
Availability of potential DBEs for FTA-funded projects
BART anticipates awarding in FFYs 2026, 2027, and 2028

a) Potential DBEs	Industry			
	b) Construction	c) Professional services	d) Non-professional services and goods	e) Overall
Asian Pacific-owned	0.4 %	9.4 %	14.3 %	6.8 %
Black-owned	3.4 %	2.8 %	2.0 %	2.9 %
Hispanic-owned	19.8 %	7.8 %	12.4 %	12.8 %
Native American-owned	0.6 %	0.4 %	0.0 %	0.4 %
Subcontinent Asian-owned	0.0 %	2.7 %	2.7 %	1.7 %
White woman-owned	2.2 %	7.7 %	4.5 %	5.3 %
Total potential DBEs	26.3 %	30.8 %	36.0 %	29.9 %
<i>Industry weight</i>	<i>0.360</i>	<i>0.501</i>	<i>0.139</i>	

Notes: Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Industry weights were based on the proportion of total dollars for which each industry accounts in the FTA-funded projects BART anticipates awarding in FFYs 2026, 2027, and 2028.

Source: 2025 BART Disparity Study and BART project data.

2. Adjustment considerations. As part of establishing its new overall DBE goal, BART has also considered additional information to determine whether any adjustment to the base figure is necessary to ensure that its overall DBE goal for FFYs 2026, 2027, and 2028 is precise and accounts for factors related to that participation and availability for the FTA-funded projects the agency anticipates

awarding during that time period. In accordance with USDOT guidance, the agency has evaluated the following information related to a potential adjustment to its base figure:

- a. Current capacity of DBEs to perform agency work;
- b. Information related to employment, self-employment, education, training, and unions;
- c. Disparities in the ability of DBEs to access financing, bonding, or insurance; and
- d. Business success.

a. Current capacity of DBEs to perform agency work. USDOT's "Tips for Goal-Setting" suggests that an agency should examine data on the past participation of DBEs in its USDOT-funded work in recent years as an indication of the capacity of those businesses to perform work on its future projects and to consider adjusting its base figure accordingly. USDOT further suggests that an agency should do so by averaging the level of annual DBE participation in recent years with its base figure and potentially consider the result as its new overall DBE goal. Results from the Disparity Study indicate that, between July 1, 2019 and June 30, 2024 (*the study period*), BART awarded 18.8 percent of the dollars associated with FTA-funded projects it awarded to certified DBEs. Thus, the past participation of DBEs in BART's FTA-funded projects supports a downward adjustment to the base figure.

b. Information related to employment, self-employment, education, training, and unions. The Disparity Study includes extensive analyses of barriers POCs, women, and POC- and woman-owned businesses potentially face related to employment, self-employment, education, and other business areas in the local marketplace. For example:

- People who are Asian Pacific, Black, Hispanic, Native American, Subcontinent Asian, or other race POC are less likely than White people to work as managers in industries relevant to BART's FTA-funded work. Similarly, women are less likely than men to work as managers in those industries.
- People who are Asian Pacific, Black, or Hispanic are less likely than White people to own businesses across various industries relevant to BART's FTA-funded work, even after accounting for other personal and household characteristics. Similarly, women are less likely than men to own construction businesses in particular, even after accounting for other characteristics.

Such barriers may depress the availability of potential DBEs for the FTA-funded projects BART awards, supporting an upward adjustment to the base figure to account for those barriers.

c. Any disparities in the ability of DBEs to get financing, bonding, or insurance. The Disparity Study also includes analyses of barriers individuals and businesses face in accessing financing, bonding, and insurance in the local marketplace. Those analyses indicate that POCs, women, and POC- and woman-owned businesses in the region do not have the same access to those resources as White people, men, and businesses owned by White people and men, respectively. For example:

- People who are Asian Pacific, Black, Hispanic, Native American, or other race POC earn less in wages than White people in the industries relevant to BART's FTA-funded work. Similarly, women earn less in wages than men in relevant industries.
- People who are Asian, Black, or Hispanic from high-income households are more likely than White people from high-income households to be denied conventional home purchase loans.

- POC- and woman-owned businesses throughout the United States are denied business loans at higher rates than businesses owned by White men and are more likely to forego applying for business loans because of fears of denial.

Barriers POCs and women face in obtaining financing, bonding, or insurance may limit their ability to successfully form and operate businesses in the local marketplace and compete for larger projects over time, potentially impacting both their participation in and availability for BART's FTA-funded work. Thus, analyses of barriers in the financing, bonding, and insurance markets support an upward adjustment to the base figure.

d. Business success. USDOT suggests that agencies should also examine “other factors” when determining whether to make any adjustments to their base figures. One such factor that may impact the availability of POC- and woman-owned businesses for BART projects is business success. The Disparity Study includes analyses of the success of POC- and woman-owned businesses relative to that of businesses owned by White men. Results from those analyses indicated that POC- and woman-owned businesses are less successful than businesses owned by White people and men in the local marketplace. For example:

- Asian-, Black-, Hispanic-, and Native American-owned businesses earn less in receipts than businesses owned by White people. Similarly, woman-owned businesses earn less in receipts than businesses owned by men.
- Asian Pacific and other race POC business owners earn less than White business owners in relevant industries, even after accounting for various business characteristics. Similarly, woman business owners earn less than male business owners, even after accounting for various characteristics.

Less success for POC- and woman-owned businesses may impact their availability for BART's FTA-funded work. Thus, analyses of business success support an **upward adjustment** to the base figure.

e. Adjustment. BART has considered myriad information in determining whether an adjustment to the base figure is warranted and has decided to **adjust its base figure downward** to account for the participation of DBEs in the FTA-funded projects the agency has awarded in recent years. To do so, BART took a weighted average of the base figure (29.9%) and the past participation of DBEs in the agency's recent FTA-funded projects (18.8%). In calculating the weighted average, BART assigned a weight of 0.33 to the base figure and a weight of 0.67 to past DBE participation, resulting in an **adjusted overall DBE goal of 22.3 percent**. BART decided to weight past DBE participation more heavily than the base figure in its adjustment calculation, because the agency believes that past DBE participation is more indicative of future DBE participation in its FTA-funded projects than the current availability of potential DBEs for that work, particularly given the uncertainties surrounding the Federal DBE Program and how they might impact DBE participation in USDOT-funded projects in the future.

BART recognizes that analyses of conditions in the local marketplace from the Disparity Study indicate that POCs, women, and POC- and woman-owned businesses face various barriers related to human capital, financial capital, business ownership, and business success that potentially impact their availability for the FTA-funded projects BART awards. However, those barriers are difficult to quantify in a precise enough manner to adjust its base figure, so the agency decided against using that information to do so.

B. Race- and Gender-Neutral and Race- and Gender-Based Split

Race- and gender-neutral contracting measures are designed to encourage the participation of all businesses—or all small businesses—in an agency’s work. In contrast, *race- and gender-based* contracting measures are designed to specifically encourage the participation of POC- and woman-owned businesses in an agency’s work (e.g., using DBE contract goals in awarding individual projects). If an agency cannot meet its goal solely through using race- and gender-neutral measures, then it must also consider using race- and gender-based measures. As part of goal submissions to USDOT, agencies are required to project the portions of their overall DBE goals they anticipate meeting through the use of race- and gender-neutral measures and through the use of race- and gender-based measures.

BART currently uses the following race- and gender-neutral efforts to encourage the participation of all small businesses in its work:

- BART has established a Small Business (SB) Program to strengthen and prepare small businesses, including DBEs, to participate in agency projects.
- BART sets SB contract goals in awarding many state- and locally-funded projects. Although the use of those goals are limited to state- and locally-funded work, it allows small businesses to grow their capacities and work on BART project, and many of those businesses also compete for the FTA-funded projects that BART awards
- BART provides bid and proposal price preferences to certified SBs bidding as prime contractors on certain, relatively small projects.
- The agency identifies certain construction, professional services, and non-professional services and goods projects to set aside for exclusive competition among Micro Small Business Enterprises.
- BART sets Small Business Enterprise SBE contract goals in awarding some FTA-funded projects.
- The agency provides technical assistance to small businesses, including support related to obtaining bonding or financing.

BART intends to continue using those efforts in FFYs 2026, 2027, and 2028 and may establish additional race- and gender-neutral measures as well. Results from the disparity study indicate that, during the study period, BART awarded 4.9 percent of its contract and procurement dollars to certified DBEs on projects the agency awarded without the use of any race- or gender-based contracting measures. Based on that information, BART projects that it will meet **4.9 percent** of its overall DBE goal through using race- and gender-neutral measures and the remainder of the goal—**17.4 percent**—through using race- and gender-based DBE contract goals.

C. Public Involvement

[TO BE COMPLETED]

D. Summary

BART proposes a new overall DBE goal for FFYs 2026, 2027, 2028 of **22.3 percent**. Based on information about FTA-funded work the agency anticipates awarding during that time period and results from a custom census availability analysis, the agency established a base figure for its new overall DBE goal of 29.9 percent. The agency then adjusted the base figure downward to account for the participation of DBEs in FTA-funded projects it awarded in recent years. The agency will attempt to meet its overall DBE goal by using a combination of race- and gender-neutral and race- and gender-based program measures. BART projects that it will be able to meet 4.9 percent of its overall DBE goal using race- and gender-neutral measures alone and the remaining 17.4 percent using race- and gender-based measures.