APPENDIX B.
Summary of Anecdotal Interviews

Appendix B provides a summary of anecdotal interviews for the Consortium agency disparity studies. A separate table of contents for Appendix B is provided on the following pages.
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APPENDIX B.
Summary of Anecdotal Interviews

Introduction and Background

Appendix B summarizes perceptions and anecdotes from personal interviews that the study team conducted regarding the contracting and procurement procedures and the Disadvantaged Business Enterprise (DBE) Program that the Los Angeles County Metropolitan Transportation Authority, the Southern California Regional Rail Authority (Metrolink), the Orange County Transportation Authority (OCTA), the San Diego Association of Governments (SANDAG), and the San Diego Metropolitan Transit System (MTS) administer. The agencies are referred to collectively as “the Consortium” in the present report.

Attorneys with Holland & Knight LLP and individuals at John Harris & Associates conducted sixty interviews for the present report. Interviewees included prime contractors, subcontractors, professional service providers, and trade and professional organizations that have a membership base of numerous minority-, white woman-, and majority-owned firms (i.e., white male-owned firms).

To generate a list of potential interviewees, BBC randomly sampled the population of firms and organizations that work in Southern California. The study team stratified the sample based on firm type, location, and race/ethnicity/gender of ownership. The study team contacted each firm or organization in the resulting sample and subsequently interviewed all of the firms that agreed to participate. Most of the interviews were conducted with an officer from each firm or organization. The study team assigned each interviewee with an identification number. The interviewees are subsequently referenced and identified by that number.

The study team interviewed the following trade and professional organizations and included their anecdotes in the present report:

- Latino Business Owners of America (San Diego, CA).¹
- Black Contractors Association (San Diego, CA).²

In addition, the present report also includes anecdotes from interviews conducted in connection with BBC Research & Consulting’s 2007 California Department of Transportation (Caltrans) and 2009 San Diego Regional County Airport Authority (SDRCAA) studies. Those interviews will be

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¹ The Latino Business Owners of America (TA #1) is a trade association comprised of Hispanic men and women. Members specialize in construction, consulting, technical, retail and international commerce and trade. Most members have been in business for 20 to 30 years and, on average, employ less than three full time employees.
² The Black Contractors Association (TA #2) is a trade association comprised of African American members in various specialty areas including architecture, engineering, horizontal and vertical construction and trucking. Generally, members have been in business for approximately 5 to 10 years and employ an average of 5 to 12 full time employees.
The total number of interviews that the study team included from the various sources described above are as follows:

- 60 Consortium interviews;
- 53 SDRCAA interviews; and
- 48 Caltrans interviews.

Of the firms that the study team interviewed, some are exclusively or primarily a prime contractor, some are exclusively or primarily a subcontractor, and some are both a prime contractor and a subcontractor. Some of those firms are minority-owned, some are white woman-owned, and some are majority-owned. All of the firms were located in Southern California.

In addition to information from interviews and public hearing testimony, Appendix B also includes responses from telephone interviews that the study team conducted with Southern California firms. Those surveys were conducted as part of the availability analysis, and included an open-ended question that allowed respondents to offer general insights about working in their industries or working with public agencies. More than 40,000 firms were given the opportunity to complete the telephone survey for the study. Of those firms, 11,510 actually completed the survey and 404 provided a response to the open ended question.

**Summary of Anecdotes**

I. Certification

A. Consortium anecdotes regarding certification

The certification process

Some interviewees reported a positive experience with the Consortium’s certification process (Interviewees #: 9, 10, 11, 13, 14, 15, 19, 20, 21, 22, 23, 24, 28, 30, 35, 36, 38, 39, 43, 44, 46, 48, 52). Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that although he has not had experience with the certification process since 1987, he believes that the process is getting “smoother and smoother.”

Interviewee #10, a DBE-certified African American female-owned accounting firm, reported that the certification process involved a lot of paperwork and it was a long process; overall it was a positive experience. Interviewee #10 stated that it took them approximately eight hours to complete the paperwork.

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3 Trade association interviews included from the Caltrans study are referenced using the prefix CATA and trade association interviews included from the SDRCAA study are referenced using the prefix SDTA.
Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that the certification process was fairly easy and took her about 15 minutes to fill out the forms online. She stated the L.A. County MTA process was more involved including an interview; she stated that paperwork took “a couple of hours” to complete.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that the Consortium certification process is “fine.” He stated the Consortium does a pretty good job of site visits, surveys, and audits. He stated that there are forms to fill out and the certification process is in line with the certification process of other states.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that with respect to the Metrolink certification process, the forms are challenging but Metrolink has done a better job of streamlining the process.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, stated the certification process is not too cumbersome. The company is currently involved in the certification process with L.A. County MTA.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, felt her experience with the Consortium certification process was excellent.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that her experience with L.A. County Metro’s certification process was easy.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she had no problem with the Consortium’s certification process.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that his experience with certification occurred a long time ago. He recalled that it required a lot of paperwork but overall there was no problem.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that her experience with certification was good in that it proceeded smoothly.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that he has had a good experience with the Consortium’s certification process. His administrative assistant stated that their contact at L.A. County MTA was very helpful and supportive.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he had a fairly good experience with the Consortium certification process.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that a large prime contractor assisted him with obtaining his certifications; they walked him through the process which made it easier for him to become certified.
Interviewee #35, an African American female-owned WBE/MBE-certified management consulting firm, stated that the Consortium’s certification process was simple and easy.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that the certification process was smooth but involved a lot of paperwork.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he had a relatively good experience going through the certification process. He stated they performed a very diligent and thorough investigation. In his opinion it was a “meaningful operation” and he was very happy that they took the time to make sure that you qualify as a DBE when you apply for certification.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that the process was adequate and did not notice anything out of the ordinary.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that the Consortium certification process was smooth with no problems.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, described the certification process as fine and smooth.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that L.A. County MTA made the certification process easy.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that the certification process was quick and painless.

Some interviewees reported challenges in connection with the Consortium’s certification process (Interviewees #12, 16, 17, 18, 25, 26, 29, 32, 33, 34, 37, 40, 41, 42, 45, 47, 49, 50, 51, TA #2). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that his business was certified through the Consortium through OCTA. They had originally tried to get certified with the City of Los Angeles but they take “forever” and you can wait years before receiving your certification. He stated that the process with OCTA was “excellent” and they received their certification within three months, in part, because the effort was driven by a proposal.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, indicated that the certification process was somewhat cumbersome because of the amount of paperwork, specifically the volume of financial data required to be produced; as a smaller company, Interviewee #16 stated that it did not have ready access to all of the financial information requested during the certification process. According to Interviewee #16, there is always more paperwork, and it is very repetitive.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that the certification process is cumbersome. Interviewee #17 stated that very early in the certification process, many, many years ago, the certifying agencies were suspicious about where certain monies came from during start up. The agencies were suspicious that Interviewee #17 was not actually running the business herself, but that it was a front.
Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, indicated that most recently, the certification process was easy, but that a couple years ago it was extremely arduous and it took her more than a year to get certified. She was surprised during the last renewal process when it only took about two weeks to receive the certification paperwork back after submission. Interviewee #18 noted that the certification process has greatly improved over a very long time frame. In the past, Interviewee #18 stated that she was often faced with many repetitive requests for information, and the time associated with certification was “unsettling.”

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that the Consortium’s certification process was tedious.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, found the Consortium certification process to be complicated and incredibly time-consuming. She also thought that it was invasive in terms of the financial information requested.

Interviewee #29, an African American male-owned electrical contractor, stated that he has attempted to get certified but he feels frustrated that after 21 years he has not been able to get certified. He stated that the certification process is difficult, tedious, and hard to understand.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that the certification process was not easy; they had to submit a lot of documents. He understood that was the process so he followed the rules with the hope that it would provide avenues to do business with the L.A. County MTA.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, felt that there was a value to certification. She did, however, state that Caltrans was two years behind on approving applications for certifications; the L.A. County MTA was very slow, and the state process is confusing. She also stated that some other agencies’ certification process was not very good. In her experience, BART (Bay Area Rapid Transit) was the best. Her recommendation would be to have a “Unified Qualification Process,” where one clearinghouse can review applications and issue certifications that will be accepted by all the agencies.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that the certification process was tedious. She stated that BART’s (Bay Area Rapid Transit) system is better by comparison.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that the certification process involved a lot of unnecessary and intrusive paperwork.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that the certification process was not completed in a timely manner.

Interviewee #41, an Asian-American male owner of a DBE/MBE-certified general contracting firm, stated that the certification process was tedious and filled with a lot of paperwork.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, felt that there was a lot of paperwork involved in the certification process. She
stated that there was so much paperwork that she considered not renewing her certification. After some serious reconsideration, however, she decided to renew it.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated she feels that the process to renew certification is too extensive and extremely invasive. She stated that it was too time-consuming and all around “too much.”

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that the certification process was lengthy. He stated also that the L.A. County MTA lost his application and he had to complete the process all over again.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that the certification process and the information requested is not relevant to the actual job that they do.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that there was a lot of paperwork although he was used to that given the nature of his business. However, he stated that there were too many reasons to potentially exclude an applicant.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, felt as though the certification process was very cumbersome. He stated that it took too long to complete, there was too much paperwork, and “even the renewals take a lot of time.”

TA #2, the President of the Black Contractor’s Association, stated that his association’s members find the certification process intrusive. Many members do not want to provide their tax information and are concerned about who will see the information.

Some interviewees reported having either limited or no experience with the Consortium’s certification process (Interviewees #1, 2, 3, 6, 7, 8, 27). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, does not have any experience with the Consortium certification process. He has applied for certification with other agencies but he does not believe that there has been any value to the certification; the amount of paperwork is “kind of ridiculous.”

Interviewee #2, a DBE-certified African American male owner of a structural engineering firm in the San Diego area, had no experience regarding the Certification process. He stated that he has considered working with the Consortium but he is too busy to have time for the cumbersome certification process.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he has only remote knowledge about the Consortium’s certification process. Between 1990-1995 one of the firms that he worked at (prior to starting his current business) mentored small firms so he was a little more involved as to the requirements of those businesses but does not currently have much knowledge about the process.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that their certification is through Caltrans so they had no experience with the Consortium’s certification process.
Perceived value of certification

Most interviewees perceived a value to certification (Interviewees #2, 3, 4, 5, 9, 10, 12, 13, 14, 15, 17, 19, 20, 22, 23, 24, 25, 26, 29, 30, 32, 33, 36, 39, 40, 41, 42, 43, 44, 45, 46, 48, 51, 52, 55). Interviewee #2, an African American male structural engineer in the San Diego area, is not certified but stated he thinks that there could be some value to the certification process because the Consortium agencies encourage minority hiring. It could open a door if the prime consultants are willing to work with DBEs.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he does think there is value to the certification process. However, there are problems with certain firms obtaining DBE certification inappropriately (i.e. DBE fronts). Interviewee #3 stated that the certification procedure used by the Consortium sometimes allows participation of firms that do not really qualify. He stated that these DBE fronts still exist today but could not identify any specific projects they worked on. However, he does not believe that the business owner’s status as a minority or woman matters in the end. He stated, “If you do a good job you get work, if you do not you won’t.” Firms that continue to grow do so because they do the work properly.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that there is value to certification because once he made the decision to concentrate on public works projects, the certification helped. Without the certification, he believes that none of the prime contractors would have come to his company to request proposals. He stated the fact that his company is certified as a DBE definitely helps in terms of getting solicitations from the prime contractors. When the DBE Program was dropped by Caltrans he saw a decrease in requests for proposals. By that time, however, he had already established the company and had working relationships with the prime contractors so the prime contractors kept coming back.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, thinks that certification is valuable because many of the governmental entities have to have a certain amount of DBE contractors on their teams. The prime contractor has to look at what percentage of the RFP or proposal request is requesting DBEs and they have a list of certified entities that they pull from. Also, Interviewee #5 stated that electrical engineering is one of the areas in which the agencies want DBEs.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that there is a value to certification and that is “what started the company and what grew the company” (his company graduated from the DBE Program in 2004).

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that there is a value to certification and they would not be in business without it.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that “unfortunately” there is a value to certification. He stated that in many cases when they team up as a prime contractor they solicit or team up with larger firms because they are a DBE; this selection is based on qualifications. In contrast, however, when their firm is selected, he said it is based on their DBE status instead of on their qualifications.
Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that certification is valuable to a company that is just starting out and it has helped him sustain his business. He also said that the contracts received due to his certification have been helpful.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that there is a value to certification.

Interviewee #15, a Hispanic American male owner of an MBE-certified engineering and construction company, feels that there is value to certification, but that it is more “obvious” with Caltrans than with the Consortium entities.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that certification is a priority and that it is very important to her company. To Interviewee #17, having her certification is like doing her homework and being ready for opportunity to come.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that certification could be valuable if he could get more work.

Interviewee #29, an African American male-owned electrical contractor, stated that even though he is not certified he feels that there is a value to certification. He stated that he believes with certification his business would flourish and he would not be in the situation he is in now where he has to travel down to the valley and to San Diego to wherever the work is.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that there is a value to becoming certified. He stated that it helps small firms open relations with large firms and builds relationships that can be longstanding and profitable for both parties involved.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, perceived a value to certification — that is why they went through the process.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that there is a value to certification but she did not know to what extent. She is not able to determine the effect of certification on her business’ ability to obtain work.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated there was “absolutely” a value to certification; he stated that getting certified sends the message that small businesses are really in business to do business and are serious about being competitive.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that there is definitely a value to certification; this is the only thing that makes going through the certification process worthwhile.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, attributed 30 percent of his business to his DBE certification, but did not know whether there was a value to certification.
Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that there is definitely a value to certification when bidding because it provides necessary government documentation.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that there is a value to certification on federal projects, but not at the local level. He stated that ever since Proposition 209 passed, there are no more goals on projects. He stated that the City of Los Angeles has a policy known as “best efforts” which he does not believe is effective. He stated that the City of Los Angeles should have goals so that the DBEs can get work.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that there is absolutely a value to certification.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that there is a value to certification although sometimes it is a double-edged sword and does not do a whole lot. Nonetheless, he felt as though certification is good to have and the good outweighs the bad.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, reported that there is a value to certification because now government jobs would be awarded to his firm.

Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, stated that there is a value to certification depending on state law.

Other interviewees perceived limited or no value to certification (Interviewees #6, 11, 18, 21, 27, 28, 31, 34, 35, 37, 49, 50, TA #1, 2). Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she has not seen any monetary benefit to having certification. Interviewee #11 did not have any recommendations for improving certification; she stated that certification is not the issue that impedes her ability to do work with the Consortium.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, does not believe that there is a value to certification, but she does not think that it hurts to be certified. Interviewee #18 is not sure whether or not she has won or lost a job as a result of having any certification. She is not sure how it hurts, but how much it helps is difficult to quantify. Interviewee #18 stated that in the past, the certification process used to have more value because it got you onto bid lists. Now she is not sure how that happens.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, felt there was absolutely no value to certification. She believes that the City of L.A., in general, is unfriendly to small businesses. She feels that it should follow the federal small business guidelines like the U.S. Department of Housing.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that there used to be a value to certification, but now, he stated, it is kind of useless; he stated that his company receives very little business as a result of certification.
Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that he did not see any value to the certification process.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, feels that he has received almost no business due to his multiple certifications. In the years he has been in the business, he feels that the work he has received has been because of his proven record as opposed to any of the certifications; he is starting to question the value of certification. He has done one job for a contractor in Long Beach and they did ask about his SBE HUD Section 3 certification. He stated that maybe there is some value to being certified because of the advertisement in the Blue Book, and it does result in inquiries in to his business and their services and can lead to work.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, does not feel that there is a value to certification. She believes that there is a negative connotation associated with being a certified DBE/MBE/WBE when seeking potential work.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that certification helps with relationship building, but it does not give you an edge or help economically.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, did not feel as though there was a value to certification and stated that he has not received a single contract as a result of his certification.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that the certification does not carry the same weight or value as it did in years past.

TA #1, the President of the Latino Business Owners of America, stated that most of his members feel that the certification programs are “a joke.” He stated that many of his members do not renew their certifications because unless they are versed with the process, certification does not accomplish much for his members. His members become discouraged when they do not receive contracts and then often do not renew their certification. His members cannot afford to divert their attention for a couple of weeks to a RFP when they are not sure that their efforts will be fruitful; they need to keep cash flowing. When a small business ties up its assets on a public project, they cannot operate effectively in other areas and many of his members are not willing to do it. He provided one example of a trucker, for instance, who lost everything because he was unable to grow his business.

TA #2, the President of the Black Contractor’s Association, stated that members sometimes feel there is value to the certification and other times not any value to the certification. He stated that certification encourages prime contractors to use DBEs, however, the prime contractors only use those DBEs when they are required to do so and do not use them when not required to do so. He also stated that the value of certification diminished after Proposition 209 was passed. He stated that Proposition 209 did away with race-conscious programs, and this has had an impact in terms of the availability of public work. He stated that some contractors do not call DBE subcontractors at all anymore.
Recommendations related to the certification process

Several interviewees recommended streamlining the certification process such that certification applies from agency to agency (Interviewees #1, 13, 16, 30, 33, 34, TA #1). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, recommended making the certification process easier and involving less paperwork. He stated that it would be helpful to have a single entity responsible for maintaining certification and then allow other agencies to cross-reference the information. He stated that the certification process has deterred him from bidding on a number of projects because of the time and resources involved.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, recommended more reciprocity between agencies and from state to state with respect to certification. He stated that the certification process requires a lot of paperwork and red tape, but he understands the need for it and thinks that the process is reasonable.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that one problem with the certification process is that the various certifying entities do not recognize each other’s certifications – each year there is a requirement that “change affidavits” be submitted, in addition to more documents and financial paperwork. But Interviewee #16 noted that he understands the reasoning for the extensive paperwork, acknowledging that one of the goals is likely to eliminate non-DBE/minority “figureheads” who are not actually running businesses. Interviewee #16 suggested that the certification process be simplified such that each of the certifying entities recognizes other certifications for the full length of the certification period.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, recommended that the certification process be nationalized so that there will be a national database that can be accessed by agencies and other entities seeking such information. This would eliminate the need to be certified with multiple agencies that have diverse and tedious processes in place.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, recommended implementing a “Unified Qualification Process,” where one clearinghouse can review applications and issue certifications that will be accepted by all the agencies.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, recommended a nationalized certification program whereby certification would be accepted in all jurisdictions.

TA #1, the President of the Latino Business Owners of America, stated that one way of improving the certification process is to streamline the process. He suggested eliminating the need to certify for each agency and have one certification apply for each agency. He also stated that the program needs to encourage businesses to participate. He stated that although the agencies or prime contractors say there is no availability of DBEs for particular projects, if the Consortium created more opportunities, the these businesses would develop. He also suggested better outreach efforts. He stated that the Consortium should try to better dispense revenues evenly among larger and smaller businesses. He also suggests that the Consortium stop requiring certain specializations for projects if the contractor has some general area of knowledge that could apply to projects. He also suggests that the Consortium stop requiring particular products that prime contractors have an exclusive on and state in the specifications that a comparable or equal product may be used.
Other interviewees recommended simplifying the application process (Interviewees #4, 14, 20, 25, 26, 27, 29, 30, 39, 41, 42, 50, 51). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, recommended making a change to shorten the time it takes for certification and making the process easier. He noted that the time investment is difficult for a small business.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that it is hard enough for a small business to get started without the added attention required to complete the certification process. He stated that the certification process requires the attention of the president of the company, an additional person, and a lot of resources.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that the “system” can be confusing and the Consortium could do a better job of explaining how to get through the evaluations. She stated that site visits are an imposition for small businesses. She stated a classic example was that her business lost its certification in San Francisco because of three random site visits while her staff was out in the field; she was very frustrated and there was nothing that she could do about it.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that it took six months for his certification to be approved after he submitted his application. He was told the delay was due to a backlog of applications. He recommended streamlining the application process so that it does not take so long.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, recommended that the Consortium adjust the amount of required paperwork according to the size of the firm; she stated that many of the questions did not apply.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that since most businesses applying for certification are small, it would be preferable to reduce the amount of paperwork involved.

Interviewee #29, an African American male-owned electrical contractor, stated that the application process should be easier to understand and accessible to everyone interested in the certification process. He stated “make the knowledge available.”

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that there should be a shorter turnover period for processing and review of applications. He stated that the timing is inconvenient and it takes too long to receive certification. He does not understand why it would take over 30 days.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, recommended that paperwork be streamlined. He stated that the certification application requires a tremendous amount of hours to complete.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, recommended making the required application forms available online.
Interviewee #41, an Asian-American male owner of a DBE/MBE-certified general contracting firm, recommended streamlining the application process; they stated that it took a long time to prepare which took away from their other business.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that the paperwork should be streamlined and less intrusive.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, reported that the certification process was “intrusive” and had a number of requirements that were “invasive;” he did not understand the need for some of the requirements.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, recommended streamlining the certification process and noted that it would speed up if the agencies were not short-staffed. He stated that the L.A. County MTA needs more staff in order to handle the certification applications.

A few interviewees recommended changes to the certification process or to the qualifications (Interviewee #6, 26, TA #2). Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, could not make many recommendations for changes or improvements to the certification process because he was not that familiar with the process, but did suggest that the threshold amount be raised to include companies with volume under $2 million so that more businesses can qualify for the program. Interviewee #6 also stated that government should support small businesses by not placing so many financial restraints on the business (such as permitting restraints).

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that the Consortium should modify the qualifications to accommodate small businesses and make the request for financial information less intrusive.

TA #2, the President of the Black Contractor’s Association, recommended the following changes or improvements for the certification process: the process should be streamlined; applicants should not be required to provide tax records, and a sworn affidavit regarding the applicant’s financial status should be sufficient. In general he suggested less bureaucracy.

Two interviewees noted that the process has changed and the Consortium should reevaluate the certification process. (Interviewee #24, 39). Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that L.A. County MTA has “changed the ball game” and the process should be evaluated.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, suggested that the Consortium revisit the application process. She feels that some of the questions are ridiculous such as the size of her firm as it relates to her ability to perform on large projects. She does feel, however, that as far as some of the DBEs are concerned, if they cannot complete the forms then they do not need to be certified. She stated that in her opinion some of the questions help with the vetting process assisting in sorting out companies that cannot handle the work. This saves her firm and many other firms from wasting a lot of time using companies just because they are DBEs and not based off of their qualifications.
Some interviewees wanted to see a more immediate benefit to certification. (Interviewees #5, 28, 32, 36, 37, 47). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, recommended that the Consortium allow companies like his that are minority run to qualify as a DBE even if the owner is a non-minority.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, recommended that the Consortium increase vendor participation.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, wanted to see a more immediate benefit to certification.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she became certified to obtain new business, but she has not in fact obtained any new business. She stated that there needs to be a system whereby DBEs are monitored, and thus leveling the playing field and making it fair for all contractors, large and small. She stated there has to be some way to make sure that everyone gets a piece of the pie.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that the Consortium needs to provide a significant amount of contracts on a rotating basis to allow businesses who have not yet developed beneficial connections to be involved in projects.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that it seems as though all of the large firms receive the contracts over and over again. He stated that he wants a contract with the Consortium and is frustrated that he has not received one.

B. SDCRAA anecdotes regarding certification

The following anecdotes regarding certification were obtained from interviews that the study team conducted in connection with BBC’s 2009 SDRCAA study.

The certification process

Some interviewees described the certification process as being long and time consuming or as otherwise cumbersome. Interviewee #SD4, representing a Caucasian male-owned firm, stated that the certification process is “slow.” He described an African American male-owned firm with whom he has worked in the past that has never been formally certified because of how much time the process takes.

SDTA #6, representing an Asian American trade organization, said that the certification process can be “extremely onerous” and that many of the organization’s members do not have the expertise to fill out all of the forms.

Interviewee #SD19, representing a Caucasian male-owned firm, indicated that it is difficult for firms to get certified, particularly those with multiple owners: “At one point our company was owned by one woman partner —51 percent — but because of our structure we couldn’t certify. It is tough to get that certification. Certification is more for those companies that are sole proprietors.” She went on to note that “the perception of being MBE or WBE doesn’t benefit anyone. You need the certification.”
Interviewee #SD17, representing a Caucasian female-owned firm that is in the process of becoming certified, indicated that the certification process is difficult and requires a great deal of work: “I’m doing the paperwork to become a certified WBE with Caltrans; it is a lot of work.”

Interviewee #SD18, representing a Caucasian female-owned firm that is not certified, said that the firm’s reasons for not becoming certified primarily have to do with their reluctance to publicize personal assets and finances: “If we publicized our personal assets and financials, the unions would have a field day.” Interviewee #SD18 went on to say that if the firm did not have to report their assets in a line item fashion, then they would be “more than willing” to go through with the certification process.

Interviewee #SD43, representing a Hispanic male-owned firm, reported that her firm is not yet MBE certified, because the process is so cumbersome and time-consuming: “It’s a difficult process … It’s just very time consuming.”

**Some interviewees described the certification process as simple and straightforward.**

Interviewee #SD14, representing a Hispanic American male-owned firm, remarked that the certification process is relatively easy and “didn’t cost anything but time.” Interviewee #SD20, representing an Asian American male-owned firm, characterized the process as “easy.”

**Perceived value to certification**

**Many DBE certified firms recognized the benefits of certification.** Interviewee #SD20, representing an Asian American male-owned firm, attributed the growth of his business in part to his firm’s DBE certification: “[DBE certification] really helped to grow the company and open doors. However, he pointed out that his firm’s DBE certification only plays a role on federally funded projects.

Interviewee #SD10, representing an African American male-owned firm, reported that his firm’s DBE certification has certainly been beneficial: “I am a certified firm — that is a benefit to me and to the prime contractor using my services … I would say that 99 percent of the agencies or private companies using us are using us to meet their [DBE] goal.” However, he cautioned that being DBE certified does not solely determine success: “If you go into a business thinking that MBE, WBE certification [alone] is going to make you successful, it’s not the case.”

Interviewee #SD2, representing a Caucasian female-owned firm, reported that her firm’s WBE certification has led to more relationships with prime contractors as well as to more work. However, she also noted that she has “won over” other local firms and agencies because of the quality of her work.

Interviewee #SD28, representing a Caucasian female-owned firm, indicated that the primary advantage of being DBE certified and of good faith efforts is that it forces prime contractors to at least consider her firm for subcontracting opportunities: “The contractors have to look at us a little closer … before [good faith efforts] they might not have even looked at us or even given us a shot.” She continued, “In our business, if we can get our foot in the door, usually we can get the door open and get in. [The certification] helps quite a bit.” Interviewee #SD28 made clear her belief that firms should not be given contracts just because they are DBE firms, but that they should be given the opportunity to demonstrate that they can do the work: “I’m not saying you should be given the job
just because you’re a DBE … give the company a chance to do that work and prove that they are equal [to majority-owned firms]."

Similarly, Interviewee #SD30, representing an African American male-owned firm, indicated that DBE certification gives small firms a chance to break into the industry: “Being certified … gives the small [firms] a foot in the door to play with the big boys a little bit.”

Interviewee #SD36, representing an African American male-owned firm that is in the process of becoming certified indicated that the certification will help his firm get business: “Certification could help us get more business. [Certified firms] get the first choice to get the contract. Typically, the minority contractor does not get the big contract … The DBE certification system makes [public agencies] do what they don’t typically want to do [and award contracts to minority-owned firms] … With certification, they put companies like me at the front. That is how I see it benefiting me.”

Interviewee #SD47, representing an African American female-owned firm, reported that nearly all of her business comes as a result of her DBE certification. She said that she spent several years building a reputation for her firm before becoming DBE certified and marketing her firm as such.

**Some firms that are not DBE certified recognized the benefits of certification.** Interviewee #SD18, representing a Caucasian female-owned firm that is not certified, said that her firm misses out on certain contracts because they are unable to “mark the WBE box.”

Similarly, Interviewee #SD19, representing a Caucasian male-owned firm, said, “We probably miss out on a lot of jobs because we aren’t certified.” She went on to report that her firm has been denied subcontractor opportunities, because they are not DBE certified: “We have been passed over at least three or four times before, because we don’t [help the prime contractor] meet the DBE or WBE certification goals….”

Interviewee #SD31, representing a Caucasian male-owned firm that is DVBE certified, indicated that he definitely sees advantages to DVBE and MBE/WBE certification: “[The certification] gets people’s attention. It says, ‘We should at least look at this company,’ where as before … we would just be part of the herd.” However, Interviewee #SD31 also pointed out that a potential disadvantage of certification is the stigma with which it might come: “Most people assume that … certification does not equal competency…. So the question is, are you really a competent firm, or are you just trying to ride your certification?”

**Several firms argued that there is no advantage associated with certification.** Interviewee #SD14, representing a Hispanic American male-owned firm, stated that there are no benefits associated with being certified: “There is no advantage anymore of being a DBE … I don’t get any of my work from DBE [goals].” He went on to say, “DBE goals are out…. There are no benefits at all [to being DBE-certified].”

Interviewee #SD5, representing an African American male-owned firm, said: “There are some serious low baller bids that knock other bids out. The low bid gets the contract.” Similarly, Interviewee #SD14, representing a Hispanic American male-owned firm, indicated that, like other contractors, he does not consider minority or gender status when selecting subcontractors — he simply selects the subcontractor that submitted the lowest bid.
SDTA #7, representing a construction trade organization, said that the primary consideration that prime contractors make in selecting subcontractors is low bid status (i.e., prime contractors select the lowest bidder). Regarding that selection process, SDRTA #7 said, “The minority community doesn’t quite understand [the selection process]. There isn’t any special stuff going on.” SDRTA #7 went on to say that his organization’s Hispanic members tend not to get certified, because they do not see any advantages associated with certification: “… [Hispanic contractors] don’t tend to get into the programs and stuff as much. They don’t even try to get certified…. They’re all sorts of them out there that just don’t pay any attention to the DBE programs, because it’s a lot of crap.”

Interviewee #SD6, representing a Caucasian male-owned firm, said, “the DBE program doesn’t help anyone.”

Interviewee #SD31, representing a Caucasian male-owned firm that is DVBE certified, said that he questions the legitimacy of MBE/WBE certification: “DVBEs are different than everybody else. The state monitors our certification yearly. We don’t go to some funky non-profit organization and say, ‘Hey, guess what — I’m a minority!’” I really question … some of those [MBE/WBE] certifications and how valid they are.”

Interviewee #SD33, representing a Hispanic American male-owned firm, reported that less than 10 percent of his firm’s sales can be attributed to DBE goals. He said that the firm does not market itself as a DBE — to get work, it relies heavily on the reputation it has established over the past 35 years.

Interviewee #SD44, representing a Hispanic male-owned firm, stated that his firm was previously MBE certified as a Hispanic American-owned firm, but it did not renew its certification because “it wasn’t worth it.” He indicated that his firm had no trouble getting certified, but working with public agencies as a DBE — particularly Caltrans — was difficult: “It was a pain … all the hoops they want you to jump through to try and sell them a product … was too much of a hassle.”

Interviewee #SD46, representing an African American male-owned firm, indicated that his firms DBE certification only accounts for approximately 5 percent of his firm’s work. He noted that his firm does not “market” its certification status when responding to bid solicitations from prime contractors. When asked if there are any advantages to being DBE certified, Interviewee #SD46 said, “I don’t see any benefits.”

C. Caltrans anecdotes regarding certification

The following anecdotes regarding certification were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

The certification process

Most certified interviewees described the certification process as long and difficult. Interviewee #CT1, a Native American male-owned firm, said it was “difficult” to get certified. He said it took about six months “and that was after I submitted extensive really thick applications.” He said it would be nice if the process was shorter, and noted that the people at Caltrans told him that they were understaffed. He said the application was straightforward although they required a lot of information.
Interviewee #CT33, a Hispanic female-owned firm, said that the Caltrans certification process “is okay” but felt Caltrans staff was “non-responsive.” She often had to remind Caltrans of certain paperwork and that she was waiting for a response on something she had given to Caltrans three months before the interview. She said delays by Caltrans in processing the company’s certification and the company’s name change caused problems, since it had to explain to other contractors that the company is certified as both an MBE and a WBE, but that Caltrans was behind on the paperwork.

CATA #2, an African American trade association, stated that the DBE certification process had been “fairly easy” for his personal business, but that he had to struggle with Caltrans to get the agency to recognize a category of petroleum supplier. He also said that the process is perhaps too intrusive, as Caltrans asks for things like the businesses’ bank signature cards.

Several interviewees offered experiences with recertification. Interviewee #CT31, an African American female-owned firm, stated that the recertification was “burdensome,” “cumbersome,” and “slow.” She stated that the company has been certified for a long time and that “being recertified should not be the issue that it is.”

Interviewee #CT46, an Asian American male-owned firm, expressed frustration with the recertification process, saying that this process involves “a lot of work,” and indicated that it is rather difficult to find someone with whom he can speak in person and find out the status of his recertification application. According to Interviewee #CT46, “you don’t even really know what phone number to call anymore. You’re always on hold. You don’t really know where to begin. You just send your package in. You don’t know if they’ve received your package or not.” Interviewee #CT39, a Hispanic male-owned firm, stated that the recertification process was not “too bad” and said that the documentation and paperwork required “was not a huge problem.” He recommended that Caltrans check-up and make sure that the people who are claiming DBE status “actually deserve the classification.”

Interviewee #CT8, a Hispanic male-owned firm, stated that “CUCP is a problem” and that “[i]t was pretty hard to do.” According to Interviewee #CT8, he received recertification paperwork telling him he had to reapply within 10 days of the letter’s date even though he did not receive the letter until 3 or 4 days after it was dated. He said that he has called the person with whom he had originally spoke at the CUCP, but that he “cannot get a hold of her to save [his] life,” and that “she doesn’t return phone calls.” Interviewee #CT8 suggested that the DBE certification process could be improved by CUCP’s establishing more branch offices so that businesses could visit them in person.

Most interviewees felt the certification process was ultimately fair. Interviewee #CT46, an Asian American male-owned firm, stated that there was an “insurmountable” amount of paperwork required in order to become certified, but in the end he felt that this was “a good deal” because “it keeps . . . people that probably aren’t deserving or just everybody from getting it.” CATA #1, an Asian American trade association, thought that Caltrans’ certification process was fair and that there is “no handicap in that process.” He said that Caltrans had “substantially” improved upon the time it takes for businesses to get certified, shortening the time period from six months to a month or a month and a half. In his opinion, if Caltrans could further shorten the process, that would be even better.
Interviewee #CT81, a Hispanic male-owned firm, found the Metropolitan Transportation Authority (MTA) certification process to be fair. It was a tough process, but he expected it to be. He was lucky in that he had a very competent person from MTA guiding him through the process.

Some interviewees described the Caltrans certification process as simple and straightforward (Interviewees #CT10, #CT29, #CT48, #CT51). Interviewee #CT29, a Hispanic male-owned firm, described the experience as “actually very good.” He had the Los Angeles City certification, and under the reciprocity process, he was certified within a day or two.

Interviewee #CT51, a Hispanic male-owned firm, stated that he had had no problems with the Caltrans (or now the CUCP) certification process and that the paperwork “is simple enough if you sit down and do it.” He thought that perhaps some people had problems because they do not understand what they are reading or do not take the process seriously. He said that recertification had not been a problem either, since the company had been in the ownership of his family for its entire thirty-five year history. He stated that though the Caltrans investigating process needs to be strong in order to discourage people from abusing or taking advantage of an idea that is “to help those people less fortunate that have the desire to work and want to improve their lives, . . . to do it on paper and complicate life by creating bureaucracy is certainly not the answer to anything.”

Some interviewees expressed confusion over the interplay between Caltrans and other agency certification processes. Interviewee #CT67, a white female-owned firm, indicated that her experience with the DBE certification process was confusing and frustrating. According to Interviewee #CT67, she was first contacted by Caltrans and the Department of General Services regarding their DBE and WBE programs ten years ago. Five years later, she said, her file was sent down to Los Angeles from Sacramento. Next thing she knew, she was talking to people from the CUCP, who tried to explain the new “umbrella system.” She is confused as to why she still received notices from Caltrans. Also, someone at Metropolitan Water District (MWD) said it had their own certification system, which Interviewee #CT67 believes is part of a network that includes the Port of Long Beach and the San Diego School System. Interviewee #CT67 stated that she sent written questions to a representative at Caltrans regarding CUCP. Someone from Caltrans called her and explained that Caltrans certification process was now folded into CUCP, but she is still confused.

She attended a Caltrans workshop in Oakland in the fall 2001 where only three people stood up to say that they were DBE certified. At the workshop, Caltrans had tables set up so that firms could register on-site for DBE certification. Interviewee #CT67 was angered that she had put in so much time to get certified while other firms were allowed to register through what she perceived as an “instant DBE session.” Interviewee #CT67 suggested that Caltrans could improve its certification program through better communication.

Some interviewees expressed frustration related to denial of certification. Interviewee #CT6, a white female-owned business, stated that the company applied for DBE certification in the early 1990s. The company was originally owned by Interviewee #CT6’s father, but after his father passed away, ownership was transferred to his mother. The company submitted an application consisting of a 3-ring binder to Caltrans, but, according to Interviewee #CT6, a Caltrans employee simply disregarded it and “threw it away.” The company wrote a letter to Senators Diane Fienstein and Barbara Boxer complaining about the situation. Interviewee #CT6 felt that Caltrans “made a mockery” of his mother and him, since they spent months putting the application together and
received back only an empty binder. The company has not sought DBE (or similar) certification with any other agencies. Interviewee #CT50, a white male-owned firm, tried to certify his business as a WBE. At the time, there was a requirement that if his wife owned less than 51 percent of the business, one had to show exactly what tasks she performed. So, Interviewee #CT50 changed the ownership of the business to be 100 percent in his wife’s name, but the process was simply too complicated and he ultimately said, “forget it.” He had a lot of business at the time, so he decided there was no need to get certified.

Interviewee #CT68, a self described “mixed-race” male-owned business, was refused certification by Caltrans even though his mother’s birth certificate identifies her as “colored.” A person at Caltrans told him that he did not qualify for DBE certification because he did not “live [his] life as a Black man.” According to Interviewee #CT68, this person could not define for him what this phrase meant, and was “very racist.” Interviewee #CT68 said that he argued with this person and eventually got his local Congressional representative involved, but that he later let it go because he understood that having DBE certification would not help his company get work.

Interviewee #CT63, a white male and female co-owned business, was denied certification because the name of the business suggested it was owned by the husband. The denial took 1.5 years to be decided. They were told they could appeal but they let it go.

**Perceived value of certification**

**Some DBEs recognized a value to certification.** A WBE submitting written testimony stated: “I put a lot of my success on having the WBE status and being involved in the various associations [NAWIC and AGC of San Diego].” (Written testimony submitted 1/26/06).

A certified DBE submitting written testimony stated it did not start receiving inquiries and unsolicited requests for proposals until after it received its Caltrans certification, and, only then, on DBE participation goal contracts. He stated: “The program certainly has enhanced our firm’s ability to enter and achieve some degree of success in the public sector contracting market.” (Written testimony submitted 4/12/07).

**Some DBE firms questioned the value of certification based on the fact they had not received any more work after becoming certified.** Interviewee #CT13, a Pakistani male-owned firm, has been “pretty successful” in the public sector, but not with Caltrans. Interviewee #CT13 stated, “Despite all the effort and money spent getting DBE certification [from Caltrans], I have not received to the best of my memory any direct contract from Caltrans. I have responded to their RFPs. I’m a very qualified person, and my company [is] very qualified, but I don’t know why we don’t get work from Caltrans.”

Interviewee #CT31, an African American female-owned firm, questioned whether the DBE certification process was worthwhile, considering the amount of work that his firm and others receive as a result of being certified – “What is the benefit of being certified by Caltrans or by any other agency when they are not promoting utilization anyway?”
CATA #3, a Hispanic trade association, stated that the DBE certification process consumes a lot of a businesses’ time and resources because of the paperwork and documentation required. “Not too many people want to be DBEs anymore . . .” said CATA #3, because of the process and/or because they are not aware of any need to. He said that more of the association’s members would get certified if being certified and participating in the program were more rewarding.

CATA #7, a Filpinio trade association, reported that only about ten of their 200 members are certified as DBEs with Caltrans. Historically, the program does not work, “it’s a lip service.” Major primes team up with the same firms over and over and they do not reach out. Nonetheless, he feels there is value in certification. It opens some doors. CATA #7 is glad to see more unification with the certification process. Small businesses do not have the resources to get certified with multiple agencies.

A small DBE information technology consulting firm who testified at a public hearing in Los Angeles stated: “If this program was a requirement, we would see return on the hundreds of hours that we’ve spend being awarded the DBE. It would be easier to market our DBE. We wouldn’t be used to win work” and “cut” later by the prime contractor. “Again, we strongly believe that if DBE is a requirement and not just a goal, the purpose for which it was designed, for highly qualified firms like ours to get our foot in the door – would be worthwhile.” (P.H. Los Angeles, 3/29/07).

An African American consulting firm, testifying at a public hearing in San Diego, did not see the value in certification, “the idea of having to fill out more paperwork or more documentation, it just wasn’t worth it … if you go through the hoops to get certified … they just weren’t paying any attention to you.” (P.H. San Diego, 3/22/07).

A Hispanic female-owned consulting firm stated, at a public hearing in Los Angeles, “most DBEs said they don’t have interest in maintaining [certification] … because they were inundated with faxes and calls that did not materialize into any real opportunity.” (P.H. Los Angeles, 4/4/07).

A minority female-owned business testified at a public hearing in San Bernardino that the company has not received work in the public sector since certifying six months ago. “We check the various agencies’ web sites regularly, we read the newspapers, and any time we hear a proposal that fits what we do then we submit our bids for those, and we’ve gotten none out of four or five.” (P. H. San Bernardino, 3/20/07).

Some DBE firms explained that having certification can act as a barrier as opposed to a benefit due to assumptions that DBE firms who seek certification are less qualified. CATA #1, an Asian American trade association, stated that he had no personal experience with stereotyping but heard comments by a federal agency employee (from the Small Business Administration) seven or eight years ago that “DBE” was synonymous with “not qualified.”

Interviewee #CT7, a white female-owned surveying firm, said that “there’s definitely a stigmatism with being a DBE because it automatically gives the impression that you’re new, [that] you don’t have any experience, and that there’s a risk in hiring you…” She stated also that this stigmatism is “really hard” for them to offset, and that “[u]nless there is a [DBE] goal on a project, we do not tell anybody that we’re DBE or minority-owned because of the stigmatism associated with it.”

Note most of the 200 members are not owners of their companies but rather employees at other firms.
Recommendations related to the certification process

Some interviewees would like to see unification of certification among different entities.
Interviewee #CT32, an Asian American female-owned firm certified through the CUCP, recommended standardizing the certification process. She described “[a]ll of those certification processes” as being “so long” and said that “[i]t would be great if it was standardized.” She said that a lot of paper was wasted and that she did not see a need to be certified, as she put it, “by the feds and by the state and by this agency and that agency. It’s ridiculous.” She also noted that it was expensive for small businesses to get certified, saying that it costs on average $500 each time.

A small DBE information technology consulting firm who testified at a public hearing in Los Angeles stated: “The largest challenge I had with [certification] was when the transition happened. I have three certifications. When the central unified came in, it wasn’t clear if it covered WBE, SBE, and DBE. Those certifications expired at different times as well. So I was very nervous and very concerned at that time that I was covered.” (P.H. Los Angeles, 3/29/07).

At a public hearing in San Diego, an African American DBE consulting firm expressed frustration that “there is so many different agencies you have to potentially get certified with – and then too, you have to maintain them.” (P.H. San Diego, 3/22/07).

Some interviewees suggested fewer requirements upon recertification. While waiting for recertification, Interviewee #CT31, an African American female-owned firm, was being considered as a potential member of Caltrans project design teams. Interviewee #CT31 suggested that Caltrans could improve its recertification process by requiring only that businesses submit a certified affidavit saying that nothing had changed regarding a company’s ownership. Interviewee #CT49, an African American male-owned firm, said that the Caltrans certification process was “a little difficult” and that “some of the things that they . . . ask for . . . went a bit farther that was needed . . . .” He also said that firms had to “turn around and do the same all over again, which, if there had been no change, should be unnecessary.” His only recommendation for improving the process was to allow businesses to certify that their business ownership and the like has not changed in the past year (or whatever the renewal period may be).

CATA #3, a Hispanic trade association, suggests Caltrans implement self-certification for DBEs. Several firms suggested Caltrans relax the recertification requirements.

Interviewee #CT31, an African American female-owned firm, suggested that Caltrans could improve its recertification process by requiring only that businesses submit a certified affidavit saying that nothing had changed regarding a company’s ownership. Interviewee #CT49, an African American male-owned firm, also recommended improving the recertification process by allowing businesses to certify that their business ownership and the like has not changed in the past year, rather than going through the whole process again.

Some interviewees would like help becoming certified (Interviewees #CT8, #CT46, and #CT81). Interviewee #CT46, an Asian American male-owned firm, who expressed considerable confusion over the certification process, suggested that Caltrans have outreach personnel that contact companies by their type of work (e.g., electrical engineering companies) or by name (e.g., company names that begin with certain letters of the alphabet). A small DBE information technology consulting firm who testified at a public hearing in Los Angeles stated: “I think many, many people are still very confused
about the certification process … I usually wind up having to explain it to the primes. They don’t know the difference between an SBE, a DBE.” (P.H. Los Angeles, 3/29/07).

Interviewee #CT11, a Native American male-owned firm, would like greater communication during the certification process. He would like a company to be able to track the status of their application to alleviate concerns regarding its progress.

One trade association suggested that Caltrans require all businesses to obtain certification before working with Caltrans. CATA #2, an African American trade association, believes the DBE certification process is unfair because only DBE firms are required to be certified. DBE firms have to spend precious time and resources dealing with paperwork and a process that non-DBE firms do not have to deal with. CATA #2 suggested that in order for the program to be administered more fairly, all businesses should be required to be certified — whether as a DBE or a non-DBE firm — before they can do business with Caltrans. That way, said CATA #2, the certification program has integrity.

One trade association suggested streamlining the certification process. CATA #3, a Hispanic trade association, suggests Caltrans allow businesses to self-certify with a one page form and impose fines and/or imprisonment as punishment for false reporting. He said that though someone would have to enforce this regime, he thought that it might be more cost-effective for both the agency and applicants than the current, paper and time intensive system.

One witness testified that it would like to see more aggressive percentage requirements for major consulting firms who contract with DBEs and WBES. A certified WBE / DBE stated: “It would be very helpful if the certification program here in California was more aggressive in the DBE/WBE percentage requirements when contracting out design work and in linking up major consulting firms with the smaller minority and women owned businesses.” (Written testimony submitted 3/14/07)

II. Public and Private Sector Work

A. Consortium anecdotes regarding public and private sector work

Private sector work experience

Some of the minority- and female-owned businesses interviewed reported at least some success in the private sector. (Interviewees #1, 2, 9, 11, 13, 17 18, 19, 20, 21, 22, 23, 27, 28, 29, 30, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 49, 50, 51, TA #1, 2 ). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that they do very little advertising in the private sector because their product is based on their reputation; they pride themselves on doing a quality job, paying their employees a fair wage, and always getting the referral and call-back. He stated that 95 percent of their business is repeat customers or referrals.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that people are more open minded and willing to give minority consultants a shot in the private sector. However, Interviewee #2 stated that the market is going through a tough economic cycle and the industry is reflective of that. Interviewee #2 stated that his status as a minority business owner does not affect his business in the private sector. He said that the market has been the biggest factor. He said that his business began to feel the market slowdown in 2007. He does not believe that the impact of the current economy is any different for minority or non-minority business owners.
Interviewee #2 stated his experience in the private sector has been mixed. He has been able to obtain a few of the kinds of projects that he would like work on. He stated that it is 50-50; he reported that this primarily has to do with him operating a new, small firm. He said that it is hard to break into the market and compete. Interviewee #2 stated that the most challenging issue is the marketing and networking. He stated that the best thing to do would be to hire a marketing firm, but that would come at a huge cost. He stated that it is hard to do the work and marketing at the same time.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that they like to work in the private sector, because, in general, the work is more profitable. However, the profitability in the private sector fluctuates with the economy.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that work in both the private sector and the public sector is “great.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that the actual work in the private sector and the public sector does not feel different. He stated that in the private sector, there is not as much scrutiny on his rates.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that her experience in the private sector has been positive.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, indicated that working in the private sector, her work has been largely with non-profits and 501(c)(3) organizations with transportation project components. Those experiences have been very positive because by the time those companies find Interviewee #18, they are in desperate need of assistance. Her work in the private sector is not much money, but the work has been steady over the years.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, reported that her business has been very successful in the private and public sectors.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, has worked in the private sector and she has been successful.

Interviewee #29, an African American male-owned electrical contractor, stated that all of his business comes from the private sector; he works primarily on residential and commercial buildings. He stated that he has been successful in business for the past 21 years and has a steady flow of work. He stated that his business comes from referrals from contractors.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he has been successful in the private sector.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that she has been somewhat successful in the private sector. She characterized her experience as “okay.” She stated that the private sector does not utilize her company’s services. She stated that there are big barriers to working in the private sector and the payment policies are horrible.
Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that she has been successful in the private sector; she stated that after years of working with a Southern California utility company, the relationships that she has developed are strong and lead to more work.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she has been successful in the private sector, but noted that she “might not get paid.”

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that his first 10 years working in the private sector were very good. He stated, however, that recently project opportunities have been slow.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, reported that he has definitely been successful in the private sector. He stated that he is even happier about the recent changes including that young people are getting into positions of power and looking at things differently. He stated that he is tired of the “good ol’” boy network. He recalled getting a contract and walking into a room at a treatment plant. He stated that the whole room became very quiet and that made him nervous; one of the men shouted: “We do not need any more minorities!” He informed the men that he was on the project and that was not going to change. He stated that this has been a way of life for him but he is tired of it.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, reported that she has been successful in the private sector, but noted that her success is dependent upon the economy; when the economy is good she is successful.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he has had a positive experience working in the private sector. He reported that he is always looking toward the future and at new contract possibilities.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he has had a decent experience working in the private sector but noted that there is always a battle to receive payment in the private sector; he stated that they want the work done but they do not want to pay for it.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that he has had some success working in the private sector but stated that prime contractors in the private sector want to make their own rules.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, reported that most of his work comes from the private sector. He stated that he has to work harder in the public sector than in the private sector and the rates are “not too good” but he does feel as though he has been successful.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that he has been successful working in the private sector. He indicated that he has seen more success in the private sector over the past two years than he has in the public sector.
TA #1, the President of the Latino Business Owners of America, stated that most of his members work in the private sector. A few of his members will mix their private sector work with 10 percent public work. Generally members have experienced more success in the private sector. Members often have a better understanding of the private sector, how they can get paid and work on more than any one large project. TA #1 identified several differences between public and private sector work. He stated that projects in the private sector can be large and that private sector contractors or owners have no problem working with DBEs. There are a multitude of different projects that his members can do in the private sector. Also, members can get involved in private sector projects more quickly. Interviewee TA #1 stated that the private sector is more open because the people making decisions are not as restricted as government staff.

TA #2, the President of the Black Contractor’s Association, stated that members enjoy the private sector because they are timely paid in the private sector. He stated that subcontractors are paid according to the contract schedule instead of 30-60 days after schedule and after having financed the job. He stated that members are placed in a bad situation if they are required to finance a job before receiving payment.

Some minority- and female-owned businesses reported negative experiences in the private sector. (Interviewees #14, 25). Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that the private sector is disadvantaged by budgeting and micromanaging and by the “stakeholders” in the community. Interviewee #14 also stated that there is more volatility in the private sector. He stated that the “politics” in the private sector consist of people from the same background. He stated that there is more “backstabbing” in the private sector. Interviewee #14 described the difference between the public and the private sectors by stating that in the public sector people “cover their butt” whereas in the private sector people “cover their back.”

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that he did some work for a private firm but it came with a lot of difficulties.

Some DBE interviewees felt they were unsuccessful in the private sector or otherwise had limited experience working in the private sector (Interviewees #4, 10, 15, 16, 24, 26, 31, 32, 41). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, explained that he does not typically receive private work from a prime contractor reaching out to him, without some contacts. For instance, the private developer that he is working with now came to him because the developer was referred to Interviewee #4 by someone from the San Diego Port District who also knew Interviewee #4 well. Interviewee #4 stated that in 1979 he did work in the private sector. He initially began with clients that he had worked with previously in other jobs. In the beginning it was not that difficult to obtain work in the private sector, but in the mid 1980s a lot of the large firms that traditionally used to be located in Los Angeles started opening branch offices so there was a lot more competition and it became more difficult to obtain private sector jobs. In the beginning it was not that difficult to obtain work in the private sector, but in the mid 1980s a lot of the large firms that traditionally used to be located in Los Angeles started opening branch offices so there was a lot more competition and it became more difficult to obtain private sector jobs. Interviewee #4 also stated that marketing for the small company was not on the top of his priority list, so he would try to do business development only when he had time. He found it more difficult to obtain business and decided to switch and concentrate more on the public sector. Interviewee #4 stated that his company still does about 1 percent in the private sector. Interviewee #4 stated that he cannot really say whether there are any differences between public sector and private sector work because he does so little private sector work. Interviewee #4
stated that he does not really pursue private sector work so he has little experience being used on private sector projects.

Interviewee #10, a DBE-certified African American female-owned accounting firm, did not have any experience working in the private sector.

Interviewee #15, a Hispanic American male owner of an MBE-certified engineering and construction company, stated that in the private sector, a lot of his work depends on the contacts of his company and who he knows.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, noted that working in the private sector is not profitable for his business. He also stated that because the business serves in a niche capacity, companies in the private sector do not care whether you are a DBE or a minority. According to Interviewee #16, working in the private sector is basically a price game.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that she has had very little success in the private sector.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, reported that she does not do any work in the private sector.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that right now business is slow. He stated that commercial liability insurance is extremely high and [it is difficult] to be able to pay that with things being as unstable as they are with the current economic situation. He said it is been like this almost as long as he has been in business after the economic decline following the September 11, 2001 tragedy. He feels he is capable of doing the work, but he just is not getting a fair chance at showing that he can do the work.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that he does not have any experience working in the private sector.

Most Caucasian male-owned businesses reported success in the private sector. (Interviewees #7, 8, 52, 53, 54, 55, 56, 57, 58). Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that in the private sector a business’ ability to obtain work is all about competence. Interviewee #7 thought that general contractors or owners do not care that a business is minority-owned if the job is performed right. In the public sector, however, Interviewee #7 stated that there are goals and contracts that hinge upon whether you are a minority.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that working in the private sector is “excellent” because goals and objectives are clearly defined; deliverables are clearly defined and direction is clear and succinct.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, reported that they have had good experiences working in the private sector. He stated that they are continuing to improve and there is tremendous room for growth.
Interviewee #58, a Caucasian male owner of an engineering consulting firm, reported success working in the private sector. He reported that they have offices and consultants in multiple locations and felt as though they have been very successful.

Public sector non-Consortium work experience

Most of the minority- and female-owned businesses interviewed reported some success obtaining public sector, non-Consortium jobs. (Interviewees #1, 3, 4, 9, 12, 13, 17, 18, 19, 20, 22, 24, 25, 26, 27, 28, 30, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 49, 50).

Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that they do work for some governmental agencies and these agencies repeatedly call them because they do quality work and they do not overcharge. Interviewee #1 stated that every time he has tried to bid a municipal job, he has run into numerous obstacles. He provided an example when a non-Consortium agency was bidding out too large a scope of work for the problem presented. In another instance, Interviewee #1 discussed a situation where the non-Consortium agency was requiring certain license requirements that were not appropriate for the work required. Interviewee #1 characterized this as a lack of knowledge and has prevented him from trying to bid on public sector projects.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that most of his public sector work is for local agencies, including the city and county of San Diego. He stated that his company does a fair amount of work for the San Diego County Water Authority and a little work for the Port District and some public school projects. Interviewee #4 stated that his company has been successful in public sector (non-Consortium jobs) because over the years he has been able to establish working relationships with a lot of the prime firms. The prime contractors already know his company and what he can do and they feel comfortable with Interviewee #4. Interviewee #4 stated that after his business was certified by Caltrans in the 1990s he tried to shift his focus to public sector work. When he first started in 1979, his company did more residential work. Today, however, his company does 99 percent public work. Interviewee #4 stated that it is a lot easier to deal with the owner agencies rather than private developers because with private developers you never get a good feeling about what their expectations are whereas with the owner agencies the scope of work is well defined and they tell you exactly what they want so you prepare your proposal based on what they want.

Interviewee #4 stated public sector work is a lot easier and he enjoys the work better than private sector work. Interviewee #4 stated that his current private sector work involves improvements in two existing marinas to include putting in land site improvements, buildings, parking lots etc. On the public sector side, Interviewee #4 stated that his company has developed a reputation in the arena of underground utilities, and does a lot of work related to water, waste water, recycled water, pipelines, pumping stations, and all sorts of work related to storage and transportation of water. Interviewee #4 stated that there is no difference in the private or public sector jobs in terms of whether he is a sub or prime, in either sector, he is generally a subcontractor. Interviewee #4 stated that the scope of the work is generally the same whether it is the public sector or private sector. He said that he still has to go through the same steps in terms of collecting data to examine and make samples of the soil, and then test them in the laboratory and do engineering analysis. He explained, the steps are the same but what you may be looking for is different. In terms of the amount of the contracts, he stated the
private sector projects were generally small residential projects (like a single family residence or subdivision) and the public sector projects can be a higher dollar value and last longer.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that most of their work comes from the non-Consortium public sector. He stated that in the public sector, the work is also good although the work is generally not as profitable and payment can be slow. Interviewee #9 stated that, in general, his experience on Consortium projects is the same as his experience on other public sector projects.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that in the public sector, their general work experience has been very good because most of their business is generated based on their qualifications and their past project delivery.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that work for other public agencies is similar to the work that he does for the Consortium. He stated that he is currently working on a project for the City of San Francisco that has “a lot of new age type requirements.” Interviewee #13 stated that he does a lot of work for smaller agencies and they do not have as many lengthy requirements as do the larger agencies. He stated that the lengthy requirements are “not a DBE thing.” However, he does not have the same legal resources as do the larger companies working for larger agencies. He suggested implementing a legal help desk to be made available to companies.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that her experience in the public sector on non-Consortium jobs has been excellent — her company is respected and she does good work. Interviewee #17 stated that the company’s MBE/DBE/WBE status truly acts as a door opener, and it gives you a “toe in.”

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, stated that non-Consortium public sector jobs make up the most of her work. Interviewee #18 indicated that the notification and qualification process for non-Consortium public sector jobs has been much better and easier than working with the Consortium. These agencies and entities are much more accessible.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, reported having been very successful in the public and private sectors.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that she has had a good experience working on non-Consortium public sector projects. She said that they have certification monies set aside.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that he had been somewhat successful obtaining non-Consortium public sector jobs. He stated that for the first four years of his business, all of their work was as subcontractors and without certification, it would not have been possible.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that 100 percent of her work experience is in the public sector and she has been very successful.
Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that success in the public sector varies from agency to agency. He stated that there is less risk in not getting paid on public sector work, but it takes longer to get paid, particularly with the City and County of L.A. He stated that you must develop a level of trust with the agencies to become successful and that establishing relationships is key.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that his company has been very successful in the non-Consortium public sector. He attributed this success to perseverance.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, felt that she was successful obtaining work in the non-Consortium public sector.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that her work in the non-Consortium public sector has involved school districts and water districts projects. She stated that Proposition 209 has supposedly precluded large firms from using DBEs. She has had no difficulty in obtaining work and feels as though she has been successful in the public sector.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, felt that she has been successful in the non-Consortium public sector.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she has been successful in the non-Consortium public sector, but noted that she “might not get paid.”

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that overall he has had a very good experience working in the non-Consortium public sector. He stated that he had five very profitable years while working on a public project for the Los Angeles World Airport. He stated, however, that he felt he had to make compromises on the public sector non-Consortium jobs and ethics was sometimes an issue.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he has done a lot of work in the public sector. He has done public sector work for the City of Palm Springs and the San Fernando Valley and all have turned out well.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that her experience in the non-Consortium public sector is about the same as in the private sector; it is about a 50-50 split between public sector and private sector work. She stated that she has been successful in the non-Consortium public sector, but it could be better. She said that sometimes when you have a small company, the Consortium and big companies think that you are inept. Interviewee #39 stated that she was hired by the Department of Homeland Security to do a large project and she was able to take the lead. She stated that she had to hire a large firm to be a subcontractor and that turned out to be very successful.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that he has been successful in the non-Consortium public sector, but feels that the
relationship between the prime contractor and the subcontractor should be monitored. He stated that often the prime contractor abuses the subcontractor and requires the subcontractor to perform additional work beyond the scope of the project without additional compensation.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that she was successful in the non-Consortium public sector and referred to a lucrative account with a city government public library.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he has been extremely successful working in the non-Consortium public sector work; he cited a contract with a community college that was very lucrative.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, reported that she has had the most success working for state agencies and the federal government.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he has been very successful in non-Consortium public sector; he stated that these were competitive bids and 8(a) contracts which are set-aside contracts and non-compete.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, indicated that he has had a positive experience working for schools but stated that there is not enough steady work.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that he has had an okay experience working on public sector non-Consortium projects. He reported that he has run into issues with pricing and stated that all public sector contracts involved bidding wars.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that he is doing okay working in the non-Consortium public sector and he is trying to become more successful. He stated that there is a much higher “doorstep” in the public sector and he has to try even harder to get into the private networking in the public sector.

Some minority and female-owned businesses reported difficulties in pursuing work on public sector, non-Consortium jobs (Interviewees #2, 10, 14, 16, 23, 29, 31, 32, 41, 51, TA #1). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has no experience working in the public sector. He is not certified with any of the Consortium agencies. Though Interviewee #2 has been certified with Caltrans for approximately one year, he stated that the certification has not provided any public work, though he used to be employed by Caltrans. Interviewee #2 stated that he has tried to obtain work through Caltrans but has had no success. He stated that the agencies only encourage companies to work with minorities but they do not require it. Interviewee #2 stated that he has sent letters to prime consultants expressing his interest in projects but has received no response. Interviewee #2 stated that all of his work has been from the private sector because it is much easier to obtain work in the private sector. He stated, if the economy is doing well, he can obtain work in the private sector with a simple phone call and interview. In the public sector, however, he stated that there are various other requirements
to fulfill. To start, you have to have public sector experience to apply for public sector work and this has been a problem for those with no public sector experience.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that on non-transportation public sector projects, the negotiation process as between them, the prime contractor, and the government has been slow and has held up the process.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that the public sector has a lot of challenges overall. Interviewee #14 stated that the political structure in the public sector is “pretty heavy” and is not necessarily conducive to efficiency.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that his experience on non-Consortium jobs has been terrible. Interviewee #16 noted that these agencies only use their local favorites and there is no reference checking about various companies’ abilities. Interviewee #16 indicated that for the most part, the schedules set for non-Consortium jobs are generally “ridiculous.”

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported mixed success obtaining non-Consortium public sector work. He stated that the City of Los Angeles, in particular, has cut back on rates and business opportunities with them.

Interviewee #29, an African American male-owned electrical contractor, stated that he has had only one project in the public sector at UCLA 15 years ago.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that with respect to doing business with non-Consortium public sector agencies, he feels there needs to be some sort of way of negotiating with the government entities as opposed to negotiating and putting bids in with the prime contract holders. There is no way to judge who or how the subcontractors are chosen and picked. Are they picked by lowest bidder, off of gut instinct and/or feelings, are the relationships established beforehand as the project goes up for bid and the prime contractors apply with that as a part of their package? Interviewee #31 reported that it is hard to figure out how to get in on the work that is out there.

Interviewee #31 stated that he was capable of doing the work and that he has been involved in one way or another his whole life since the age of about 15½ years old. He knows the business of block/brick-laying and building walls inside and out. He stated that if the dealings with prime contractors were cut out, and he could deal directly with the government agencies, he feels the games and questioning would be out of the door and that he could get more work and business would be much better. There is no chance for subcontractors to compete when big businesses can do the entire project and charge less in some areas and more in others especially when they own the equipment and rental fees are eliminated. He stated that he feels he could be doing so much better in terms of work in the non-Consortium public sector. It has been a couple of months since his last job of note and he is feeling the pressure to get the next one, not only for himself, but for his family and the men and their families who depend on his projects.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated he had no experience working in the public sector; “it hasn’t happened yet.”
Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, has experience working in the public sector and noted the process of obtaining work takes a while. He believes that most prime contractors do not reach out to DBEs.

TA #1, the President of the Latino Business Owners of America, stated that his members have experienced challenges working in the public sector. In the public sector members must divert attention away from revenue and spend approximately two weeks working on a bid that they do not know they will win. Therefore, right away members tie up part of the bond. By nature this process is discouraging. Interviewee TA #1 stated that most of the companies who bid on projects are structured so that they have someone in place whose responsibility is to bid on such projects. Also, most members find that they need to have a relationship with the contractor before the bidding. If they wait until they receive outreach, the odds of participating are not good.

**Most Caucasian male-owned businesses reported success in the non-Consortium public sector.** (Interviewees #5, 8, 52, 53, 54, 55, 57, 58). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated public sector work pays much better and more quickly than in the private sector. The amounts of the contract are greater in the public sector.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that work in the public sector is very good but contracts are “fuzzy;” he does make money, however, because of the change order process. He stated that the bidding process, the directions, and the goals and objectives are cumbersome.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, reported having worked on a Caltrans project. He stated that he has been successful due to his firm’s reputation and also because they have a relationship with their manufacturer who is a source of positive referrals for them.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, reported success working in the non-Consortium public sector; he cited work for multiple public agencies on different projects.

**Work experience with the Consortium**

Some minority- and female-owned businesses interviewed reported success in obtaining work with the Consortium (Interviewees #10, 11, 12, 14, 16, 17, 19, 20, 22, 23, 24, 25, 27, 28, 29, 33, 35, 37, 42, 43, 45, 48, 49, 50). Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that they work on a task order basis. Interviewee #10 stated they have had a good experience working on Consortium projects in the past; this was a positive experience and payments were timely. Interviewee #10 stated that in terms of working in the public sector, Orange County has the best method of allocating work; they “rotate work” around among companies. Interviewee #10 stated that they also do public sector work for other government entities.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that work in the public sector is “great.”
Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that in the public sector, has had a good experience working on Consortium contracts. He stated that “they are the smoothest of all. They pay on time. . . They treat DBEs very well.” Interviewee #12 stated that they are paid within 30 to 45 days on Consortium contracts which is very good for the public sector.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated he has had a good experience working with the Consortium. He said that the Consortium is good at paying on time and he has developed good relationships with Consortium staff. Interviewee #14, stated, however, that Metrolink and SCRA are formed of a consortium of political entities consisting of politicians from different counties. He stated that the political structure is not always conducive for the best work to be completed.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, recalled that for the most part, his work on Consortium jobs has been positive (L.A. County MTA and Metrolink). Interviewee #16 stated that the Consortium entities may not engage in as much project publicity or outreach as they should, but they are not “discriminatory” like non-Consortium agencies.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has also had very positive experiences in working with the Consortium. Interviewee #17 functioned as a prime consultant on an OCTA project, and it was successful; she has enjoyed working with the agency.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, reported that she has had a few projects with Metro, Westside Extension. She stated that their method of payment by direct deposit was wonderful.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that he has only worked on one job with the L.A. County MTA, but it was very good.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that she has been successful working with the Consortium. She said that the Consortium can suggest to prime contractors that they hire her business, but the Consortium cannot enforce that.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that he has done work with MTA, Orange Line, Mid-City Eastside expansion and the Canoga Park expansion. He has also subcontracted with a contractor on a joint venture.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, reported having worked with the Consortium. He noted that receiving payment from prime contractors is an issue on Consortium projects.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she has been successful obtaining work with the Consortium including jobs with Metro, Metrolink, and Orange County Transit. She said that she liked the way they compiled overhead rates.
Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she was successful on projects that she performed for Metrolink and Metro. However, she has not been successful in obtaining additional contracts.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that overall, he has had a positive experience working on Consortium jobs. He said that he has been very successful. He stated that he would like to be a prime contractor, but feels that he cannot compete with larger firms.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, reported that she has had a contract with L.A. County MTA for the past 15 years that has been successful and lucrative.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she has been successful working for the Consortium, but there is a limit to that level of success.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, reported that he has worked with the L.A. County MTA and felt as though he was successful in obtaining work for which he was qualified; he was successful in his ability to perform the work required.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported success in obtaining work with the Consortium.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that he is currently working on a project for the MTA and he had to lower his rate in order to build his reputation. He stated that he is trying to build his firm and his contract with the L.A. County MTA is helping him to do that.

Some minority- and female-owned businesses interviewed reported difficulties in connection with obtaining work with the Consortium (Interviewees #13, 15, 18, 21, 26, 29, 31, 32, 34, 38, 40, 41, 46, 51, TA #1). Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that the Consortium will not accept an overhead rate over 150 percent but his actual overhead rate is much higher. As a result, he stated that a lot of his colleagues have encouraged him to pursue work in the private sector.

Interviewee #15, Hispanic American male owner of an MBE-certified engineering and construction company, reported that the agencies tend to be “lazy” in his experience on Consortium jobs.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, noted that many of her efforts related to Consortium jobs have been unsuccessful, and she “can not crack” the agencies. OCTA is different, and she puts them in a separate category than the other members of the Consortium.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that she has no experience being utilized on Consortium projects. She stated that she has been in business for 25 years and it is very difficult to break into the
transportation industry. She stated that the RFPs do not often make sense for small companies. She provided an example wherein the RFP required advertisement placement in 22 markets and work with a budget of $5.0 million, when, in fact, the actual contract was for a local market and a budget of $500,000. She contended that the contract price was so small that a small business was doomed to fail if it won the award.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has been successful obtaining Consortium projects, but she has not been successful in keeping them. For example, she was a subcontractor on an L.A. County MTA project to do an art project. However, the art department slowly relieved her of her duties. She observed that LA County MTA wanted to complete the project themselves.

Interviewee #29, an African American male-owned electrical contractor, stated that he has never been contacted to work on a Consortium project.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he does not have a negative experience to speak of as far as it relates to his experiences working on Consortium jobs. He stated that small businesses need to have the opportunities to compete in order for them to be successful and he feels like he has not been in a position where his business has been able to compete.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he is still working on contacts and networking so that he can obtain a Consortium contract.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, does not feel as though she has been successful obtaining work with the Consortium.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, reported that there are some drawbacks to doing work with the Consortium. He stated that there is a great amount of structured paperwork noting that about “80 percent of the job is paperwork.” He stated that the Consortium should put people to work whose sole purpose is to make sure that subcontractors receive contracts, and the versatile larger firms are not hoarding all of the work for themselves that is supposed to be subcontracted out.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that he has not really been successful on Consortium projects. He stated that working on a project and then having to wait on payment almost put him out of business.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he has not seen Consortium bids issued for his company’s services; he has not seen any in a while.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported that while he does have experience working with the Consortium, he has not received as much work as he would like to have; he noted that there are “millions of dollars of work that we do not get.”
TA #1, the President of the Latino Business Owners of America, stated that his association’s members’ experience working on Consortium jobs is the same as the general experience in the public sector (they have experienced challenges more fully described above). Interviewee TA #1 could not provide any specific examples of the experience of his members on Consortium projects but stated that generally there are no real success stories.

Some interviewees reported issues with the Consortium agencies’ practice of utilizing the “work bench” or “on call” to allocate work. (Interviewees #10, 12). Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that they work on a task order basis. She recommended that other Consortium agencies mirror the Orange County processes and procedures. Interviewee #10 stated that with respect to the other Consortium agencies, even though their firm is “on the bench” they are not guaranteed work; she does not necessarily see the purpose of “the bench.” She stated that they already went through the qualification process so it does not make sense for them to be placed on the bench but not receive any work from it. Interviewee #10 stated that she is not even enthusiastic about getting a contract while on the bench because you have to re-bid the work all over again. Interviewee #10 recommended doing a study of the audit benches of the Consortium agencies to examine the task orders, who is awarding them, and to whom they are being awarded to determine whether there is any bias.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that his work as a subcontractor on Consortium projects has been good on projects that are well-defined; he has not had a good experience with “on-call” projects. For example, he said that they have an upcoming on-call engineering services contract (the “engineering bench”) with Metrolink for which they are a subcontractor and they have not seen any work yet. He stated that you are at the mercy of both the client and the prime contractor, and sometimes you will never receive any work.

Some minority- and female-owned businesses interviewed reported having limited or no experience working with the Consortium (Interviewees #1, 2, 4, 35, 39, 44, 47, TA #2). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that they have not done any work for any of the Consortium agencies. He said they would be interested in doing work for the Consortium agencies but not if it meant dealing with the type of hurdles they had encountered with other public sector agencies.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has no experience working on Consortium jobs. He stated that he is not certified by the Consortium. He stated that he is not aware of any other consultants’ experiences with the Consortium. Interviewee #2 stated that he knows other MBEs who are certified with Caltrans and those MBEs have not been successful in getting work with Caltrans.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that his company has not done any work as of yet for any of the Consortium member agencies because the opportunity never came up. Interviewee #4 does not have any experience being used on Consortium projects. His company has pursued projects with the Consortium (L.A. County Metro) but not actively because most of the projects are in the Los Angeles basin area and he cannot compete with the other geotechnical firms who are local. Interviewee #4 explained that his prices would be higher and a prime contractor would likely pick a local with a lower price.
Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that she has no experience working on Consortium projects, but she is interested in pursuing work with the Consortium.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he has no experience working on Consortium projects, but he would like the opportunity to work on a project.

TA #2, the President of the Black Contractor’s Association, explained that many of his members stay away from public sector jobs because they have not seen any real benefit to competing for these jobs. TA #2 stated that members are not getting pulled into the loop and they are only called on jobs for which minority participation is mandated.

A couple of Caucasian male-owned businesses reported having had a positive experience working with the Consortium. (Interviewees #55, 58). Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that he has worked with multiple Consortium member agencies and has been very successful on these projects.

Other Caucasian male-owned businesses reported limited or no experience working with the Consortium. (Interviewees #3, 5, 8, 56). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated the last time he worked on a Consortium job was in early 2000. The projects he did at that time did not end up requiring any subcontractors – it was all within his area of expertise or others in his firm.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that his company has not worked on any Consortium jobs to his knowledge, however, they have worked on projects for the North County Transit. He said this may be because the teams that they align with sometimes are required to utilize a DBE but, because his firm is not a DBE, the prime contractors may not use them. Most of the prime contractors that they work with are civil engineering firms. Interviewee #5 stated that the company has lost some jobs recently with government agencies because it is not a DBE.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that he has never done any work for the Consortium although he has tried to obtain work with the Consortium in the past.

Differences between private sector and public sector work experience

Interviewees reported some differences between public sector and private sector work. (Interviewees #1, 8, 11, 12, 13, 14, 16, 18, 29, 30, 31, 33, 37, 39, 40, 45, 47, 55). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that his company is not the lowest price in the county or the state but his clients know that he does quality work and is dependable. He stated that the lowest bid is not always the best value, but unfortunately the state and the municipalities always go for the lowest bid.

Interviewee #8 stated that there is no difference in the type of work or price of the contract between the public sector and the private sector. He stated, however, that the private sector is “meaner.” He
stated the prime contractors in the private sector look to find a glitch in the contract or the work completed.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that both the public and private sectors present different work environments for her business. Interviewee #11 said that her work for the Consortium is very narrow in scope and she has no flexibility to go outside the scope of work. In contrast, Interviewee #11 stated that in the private sector, she has more leeway to make recommendations and go outside the scope of work. Interviewee #11 also identified the scope of work and training requirements as differences between working in the private sector and the public sector.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that in the public sector there is a greater consideration to the size of the firm and reasonable project schedules. In contrast, in the private sector, there is sometimes a complete disregard for who is doing the work and payment can be held up. Interviewee #12 stated that his work as a subcontractor in the private sector is characterized by a faster pace, demanding schedules, and poor payment.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that there is not as much red tape in the private sector and it is easier to get a project started.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that the resources are better in the private sector. He said that there is better qualified talent in the private sector marketing departments and noted that the private sector has a better understanding of the marketing investment. In contrast, Interviewee #14 stated he feels that people in the public sector generally are not as qualified. He said that there is less accountability in the public sector and it is more difficult to fire someone. Interviewee #14 stated that the public sector agencies do not have the same understanding of the marketing process as do the private sector agencies.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that his work in the public and private sector is different. In the public sector, Interviewee #16 functions as more of a systems integrator and manufacturer. In the private sector, Interviewee #16 functions mostly as a supplier of product and sometimes a contractor if a company has a small project, but not on big scale projects.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, indicated that the work she does in the public and private sectors is largely the same, but noted that the difference depends on the scale of the project.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that private sector work is much more flexible and not as rigid as public sector work in terms of regulations.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that the bidding process is different as between the public and private sectors.

Interviewee #29, an African American male-owned electrical contractor, stated that there is a significant difference between work in the public sector and the private sector. He stated that there is
more responsibility working in the public sector; you have to maintain all of your insurance paperwork and “workers’ compensation is another big one.” He said that it is hard for small businesses to meet the requirements of public sector work because of the rigorous qualifications to be able to obtain such work.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that there is stringent competition within the public sector as it relates to the award of contracts and working in the public sector. He said that there is more paperwork and strenuous regulations in the public sector that have nothing to do with increasing his performance or output or outcome of the project.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that some of the major difference between private sector and public sector work are the scale of the projects and the politics that go on behind the scenes to get the projects. He said that the price does go down significantly when considering the differences between public and private sector work.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that there are more opportunities in the public sector for her type of business.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that private sector and public sector projects are completely different. He stated that in the private sector contractors can speak directly to the decision maker and have the ability to negotiate. He also stated that the private sector is more flexible, and larger firms can go after small projects. In the public sector, however, the work directive, requirements, and pay schedules are fixed and slow.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that the quality of work is the same although the discipline is different.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that the public sector has different reporting and other requirements than the private sector.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that there is a monetary difference and a difference in the contract compliance aspects of her work as between the private and public sectors.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that receiving payment in the private sector is always difficult. In contrast, he noted that payment by the federal government is different and more prompt.

Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, stated that although the scope of work is the same, the profit margin in the public sector is much higher than it is in the private sector (15-40 percent in the public sector as compared to 5-8 percent in the private sector). He stated that his firm prefers work in the public sector.

TA #2, the President of the Black Contractor’s Association, stated that members are not timely paid in the public sector. He said that public sector jobs pay well and are plentiful, but the jobs are also
much harder to obtain. He also stated that members find more discrimination in the public sector.

TA #2 stated that there are several differences between public and private sector work. He said that most private sector work involves homebuilding while public work involves commercial construction. Generally, the contract amounts are larger in the public sector. He also said that there are fewer DBE prime contractors in the public sector.

Other interviewees reported no differences as between private sector and public sector work. (Interviewees #15, 17, 24, 30, 32, 34, 35, 36, 38, 42, 44, 46, 49, 52, 54, 57, 58).

Anecdotes regarding businesses acting as prime contractors and subcontractors

Interviewees reported various reasons behind their decision to act as prime or subcontractor. Some interviewees reported their decision to act as a prime contractor or a subcontractor is dependent on the project; some interviewees reported a preference to act as a prime contractor. Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that his business acts as a prime contractor or a subcontractor “because that is where the work is.”

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he would rather be a prime contractor than a subcontractor. He said that market conditions dictate which role he plays. He stated that when you are a subcontractor you are at the mercy of the prime contractor because of the payment arrangement. Interviewee #2 stated that he prefers to have a direct relationship with clients because they honor payments. Interviewee #2 said that he has had prime consultants default on payments on three separate occasions; the prime contractors were architects.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that most of his work is as a prime contractor because he has a particular approach to environmental projects – he buys contaminated property and cleans it up and resells it. He stated that you have to have money to do it, and banks do not loan money to buy contaminated property.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that their decision to act as a prime or a subcontractor is dependent on the work that is available.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she acts as a prime contractor because that is how she chooses to bid. She does act as a subcontractor on occasion in the private sector, but she would rather be a prime contractor. She stated that a lot of prime contractors call her to participate on public sector bids because she is on a list of small businesses, however, because her work is so specialized, they often contact her to do work that she is not qualified to do. Interviewee #11 stated that she does act as a subcontractor in the private sector, however, she would prefer to act as a prime contractor.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that they base their decision whether to act as a prime contractor or a subcontractor on the expertise involved and their knowledge of the client. If both components are strong, then they will act as a prime contractor.
Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he prefers to act as a prime contractor on a project because that gives him more control. He stated, however, that a large number of contracts are too large to act as a prime contractor, and acting as a subcontractor gives him the opportunity to work on a lot of different projects. Interviewee #13 stated that “teaming is the name of the game.”

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that their decision to act as a prime or a subcontractor on a contract is dependent on the type of contract. He indicated that their company will act as a prime contractor when their specialty is the primary focus of the contract. Interviewee #14 stated that their company will act as the subcontractor when other services are more important on the contract than theirs.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, also noted that his company generally works as a prime contractor because they cost their jobs as project managers – they’re involved some way in every single project.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that his business predominantly functions as a prime contractor because of its line of products that it develops; it does not usually buy and resell products.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that the business functions more as a prime consultant because the business is small. Interviewee #17’s goal has been to build a reputable consulting practice, to grow, and to be competitive.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, typically functions as a prime contractor because her work is very specialized. Much of her work as a prime contractor she undertakes by choice rather than in a subcontractor arrangement. Interviewee #18 builds the partnership that is going to run a project or functions as a part of a team.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, indicated that his business acts mostly as a subcontractor, but it is dependent on the project.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she typically acts as a prime contractor and if the client asks her to take the lead she will bid accordingly. Interviewee #26 acts as a subcontractor when the work is a small component of a larger project.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, reported that his business works mostly as a prime contractor because of the type of work that they do.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, reported that her business chooses to act as a prime contractor or a subcontractor depending on the opportunities available and what is more advantageous; it is dependent upon the size of the project and the scope of work.
Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that her business principally acts as a prime contractor because she wants to be in control of her business and to be paid on time.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that her business acts as a prime contractor because she has the capacity to provide the services requested.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that his decision to work as a prime contractor or subcontractor is based on the size of the project and the types of design disciplines required for the project.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that when he acts as a subcontractor for the L.A. County MTA it is because of the skill sets that are needed. When he is the prime contractor, he will utilize subcontractors to complete other necessary work on the project.

Interviewee #41, an Asian-American male owner of a DBE/MBE-certified general contracting firm, stated that they typically go after the project itself as a prime contractor rather than signing on later.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that they typically act as the prime contractor.

Interviewee #43, a DBE/SBE-certified African American male owner of a security firm, stated that his decision to act as a prime contractor or a subcontractor is dependent upon the type of contract they have applied for and the scope of work.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that he will bid as a prime contractor if the requirement is purely electrical; if the work requires other services then he will not bid on it because it is beyond his capabilities.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported primary work as a prime contractor due to the nature of his business.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported that he sometimes is hired as a prime contractor on smaller projects, but their business is not set up to act as a prime contractor on larger projects.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that they act as a prime contractor on mid-size projects but as a subcontractor on larger projects. He stated that if the project requires a bond of $1,000,000.00 or more they will get a larger firm to act as the prime contractor.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, reported that his decision to act as a prime or a subcontractor is dependent on the size of the project.
Interviewee #54, a Caucasian male owner of a general contracting firm, reported that they act as a prime contractor due to their size and capabilities; they favor being a prime contractor because it is all-inclusive.

Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, stated that they act as a prime contractor due to their size and a preference to be in control of the project.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, stated that their decision to act as a prime or subcontractor is dependent on the scope of work encompassed in the project.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, reported his firm’s decision to act as a prime or a subcontractor depends on the size of the project and the disciplines required within the scope of work.

Other interviewees reported primary work as a subcontractor due to market conditions and other factors. (Interviewees #4, 8, 21, 22, 25, 40, 50, 56, TA #1, 2). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that his business acts as a subcontractor because there are very limited opportunities for geotechnical consultants to be a prime. In most projects the owner hires either a civil engineer or architect to be the prime and then his business would serve as a subcontractor. Interviewee #4 stated that his company is a subcontractor most of the time and always has to market themselves to the prime because there are never any RFPs or RFQs for geotechnical workers.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that the reason that his business acts as a prime or a subcontractor is based on the “ability capacity” — he made the analogy to bonding capacity in the construction industry. He stated that public contracts often require extensive and specific experience.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that when her business acts as a prime contractor, it has been as a federal contractor, which system is set up for small businesses. When she worked as a subcontractor, she felt it was because it was advantageous for the large firm to work with a small firm. She also felt the RFPs are designed for small businesses not to get business.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported that bonding is the principal reason that his firm does not bid as a prime contractor.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that given the nature of his business, bidding as a subcontractor is more feasible in terms of obtaining work, particularly on large public sector projects.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that his company typically is used to fulfill the DBE requirements placed on larger majority owned firms; they typically cannot compete for the larger contracts.
Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that his company is not big enough to act as a prime contractor.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that his firm acts as a subcontractor because he would have a difficult time regulating so many employees; otherwise he would like to bid as a prime contractor.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, stated that his firm is very specialized and are not able to oversee work outside of their area.

TA #1, the President of the Latino Business Owners of America, stated that members act as a prime or subcontractor depending on the size of the business and the financial status. Many clients will not contract with a company that has no financial wherewithal to handle a project.

TA #2, the President of the Black Contractor’s Association, stated that most members are subcontractors because most members specialize in one trade or another, often in residential or trucking industry. He explained that it is a lot easier to manage a business in a smaller specialized area.

Several interviewees reported that there are DBE prime contractors working in the Consortium transportation industry. (Interviewees #3, 4, 7, 10, 12, 13, 15, 17, 18, 20, 22, 24, 26, 30, 31, 32, 34, 39, 41, 42, 46, 51, 52, 54, 55, 56, 58, TA #1, 2). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that there are DBE prime contractors. He stated he is aware of two Indian partners who became prime contractors, and he recalled one other DBE prime contractor whose name he could not remember.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, was aware of two minority-owned prime contractors in San Diego although he did not believe they were DBE certified; one is a structural engineering firm and the other is a large geotechnical firm. Interviewee #4 indicated that he believed that there are no DBE prime contractors because to qualify as a DBE, there is a threshold amount that the firm can earn, and once the firm is successful they automatically exceed that threshold and can no longer qualify as a DBE. Interviewee #4 stated that he believed the structural engineering firm likely started out as a DBE.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he is aware of a female prime contractor who bonds construction. Interviewee #7 is also aware of two or three minority prime contractors who work in securities and construction; however, Interviewee #7 did not know if any of these businesses were certified as DBE. Interviewee #7 thought that if any of these businesses were certified as DBE the owners would not necessarily tell subcontractors.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that there are “quite a few” DBE prime contractors.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that there are DBE prime contractors and they know who their competition is. He stated that the number of DBE firms has changed over the past five or ten years, in part, because they either graduate from
the DBE Program or are purchased. He stated that his company is part of the “new wave” of DBEs. Interviewee #12 stated that they had probably worked under a DBE prime contractor but not often.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that there are DBE prime contractors but there are not too many in his field.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that her firm has worked with two DBE prime contractors and both times it was a good experience.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that there are DBE prime contractors but not many. He has worked under a DBE prime contractor.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that there are DBE prime contractors working in the industry but there are not too many of them.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that she is a DBE prime contractor although she was not aware of any others.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported having observed one or two DBE prime contractors over the past ten years.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that he has never paid attention but that he was sure that there were DBE prime contractors working in the industry.

Interviewee #54, a Caucasian male owner of a general contracting firm, reported that they are aware of DBE prime contractors working in the industry and utilize them when it makes sense.

TA #1, the President of the Latino Business Owners of America, stated that he is aware of approximately five DBE prime contractors who are working on a regular basis. He stated that his members have worked with or under a DBE prime contractor.

TA #2, the President of the Black Contractor’s Association, stated that he is aware of one prime contractor that operates as a general contractor and is 8A certified by the SBA. He also stated that he is aware of two prime contractors that are certified with Caltrans, one is a woman-owned firm specializing in military projects and the other is a WBE engineering firm. He also stated that he is aware of a former prime contractor who returned to subcontracting because he could not handle the headaches of being a prime contractor and sending other subcontractors work. TA #2 was not sure whether any of his members had ever worked with or under a DBE prime contractor.

Some interviewees however reported limited knowledge, if any, of DBE prime contractors working in the Consortium transportation industry (Interviewees #1, 2, 5, 6, 8, 11, 14, 16, 35, 36, 37, 38, 40, 43, 45, 47, 48, 49, 50, 53, 57). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he does not know any MBE or DBE prime contractors. He believes it is because there are not a lot of minorities in the engineering field and he stated, typically people go out on their own and pursue employment. He stated that it is a challenge
to minorities to venture out and sometimes people venture out for a couple of years and find they that cannot get work. Interviewee #2 stated that he has never worked under a DBE prime contractor.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated he does not know how many electrical engineering DBEs there are but believes there are not many in San Diego. Interviewee #5 stated that his company specializes in lighting consulting and as he understands there are no DBEs in lighting consulting.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, did not know of any DBE prime contractors. He stated that they are not advertised as much. Interviewee #6 was aware of two other DBE subcontractors: a trucking company and another company involved in materials recycling.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, was not aware of DBE prime contractors working in their line of business.

Interviewee # 37, an African American male owner of a SBA certified architecture firm, was aware of one prime contractor who might have been a DBE but he was unsure whether the contractor was DBE-certified.

Several interviewees had worked with, or under, a DBE prime contractor. (Interviewees #9, 10, 13, 15, 17, 18, 20, 22, 23, 24, 27, 29, 30, 31, 33, 46, 53, 54, 55, 56, 58). Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated he was not aware of other DBE prime contractors in the engineering and architecture fields. He stated that most of the companies get too big to meet the Federal size standards for the Federal DBE Program. If a firm were to act as a "prime contractor a lot and won a lot of contracts, they would graduate out of the DBE Program; “that is what happened to us.” Interviewee #9 did indicate, however, that he has worked with DBE prime contractors within the past four years, approximately four or five times; all of these were in the public sector. He stated that that has been a positive experience and noted that DBE prime contractors understand the “situation” of other DBEs.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he had worked for a DBE prime contractor a few years ago in Oakland, California.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that she has proposed together and even worked as a subcontractor with other DBE prime contractors. Some DBE prime contractors have performed a subcontractor role with Interviewee #17’s company.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, has worked with other DBE and WBE prime contractors. Interviewee #18 is more inclined to work with sole proprietors.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, believed that he may have worked as a second-tier subcontractor under a DBE prime contractor.
Interviewee #29, an African American male-owned electrical contractor, worked with a DBE prime contractor about 15 years ago.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that technically he had worked with a DBE prime contractor in that the company was legally owned by a woman and was classified as a WBE; that is a large part of how and why they got the majority of their contracts. However, the company was only owned by the female in the sense that her name was the one used as the legal owner. Interviewee #31 stated that he had never seen her on a project in the time that he had dealings with that company; the husband was the one running the business and had worked in the industry his entire life. The husband should have been the one classified as the owner.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, has worked once or twice with or under a DBE prime contractor.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, believed that he may have once worked with or under a DBE prime contractor.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, stated that they are currently working on a project with a DBE prime contractor; the project is almost 80 percent complete and it has been an overall pleasant experience.

Most interviewees had never worked with, or under, a DBE prime contractor. (Interviewees #1, 4, 5, 6, 7, 8, 11, 12, 14, 16, 19, 21, 25, 26, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 57). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, was not of having worked with or under a DBE prime contractor.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, was not sure whether he had ever worked with or under a DBE prime contractor, but did work once on a project for a minority-owned firm. At that time, however, he believes that the minority-owned firm had graduated from the DBE Program. The prime contractor in that instance was the designer on a project for the City of San Diego and Interviewee #4 acted as its subcontractor.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he does not think that his company has ever worked with or under a DBE prime contractor but he was unsure. Typically, he stated, prime contractors are large corporations and not required to be DBEs.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, has worked with a DBE prime contractor only once about 20 years ago. The DBE was a construction company. He stated that he could not recall the name of the project, but recalled that it was a redevelopment project someplace.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she had not worked with too many DBEs but she is always willing to work on a good project and it does not matter whether they are a DBE.
Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that he has never worked with or under a DBE prime contractor. He stated that he once had a deal in the works to work with or under a DBE prime contractor, but the negotiations did not work out after a Hispanic firm was proposed for the work instead. He stated that the outcome was frustrating, but he did not complain because he did not want to hurt his future business opportunities.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, did not believe that he had ever worked with or under a DBE prime contractor, but noted that he may have worked with such a firm and not know their certification status.

B. SDCRAA anecdotes regarding public and private sector work

The following anecdotes regarding work in the public and private sectors were obtained from interviews that the study team conducted in connection with BBC’s 2009 SDRCAA study.

Private sector work experience

Some interviewees reported success for minority- and female-owned firms in the private sector. Interviewee #SD16, representing an African American male-owned firm, indicated that most of his firm’s work comes from the private sector. Interviewee #SD20, representing an Asian American male-owned firm, and Interviewee #SD5, representing an African American male-owned firm, both also indicated that their firms are successful in the private sector.

Interviewee #SD20, representing an Asian American male-owned firm, said that bidding on public work requires a well developed system and a well established support staff to find projects and put together proposals. As a result, he said that private work might be is easier for MBE and WBE firms (that tend to be small) than public work.

Some interviewees indicated that there is more flexibility and greater profit potential in the private sector. Interviewee #SD24, representing a Caucasian male-owned firm, stated that the profit potential is much higher in the private sector than in the public sector: “Private work is more profitable because the rates are better. Public work requires more effort to win the work and the rates are not as good.” He went on to say that bids are so low in the public sector in the current market that being profitable is even more difficult.

Interviewee #SD20, representing an Asian American male-owned firm, also said that profit potential is higher in the private sector but said that payment problems are also much more common compared to the public sector.

Interviewee #SD21, representing a Caucasian male-owned firm, indicated that profitability used to be better in the private sector, but that today the profitability of the private and public sectors is comparable. However, he pointed out that doing work in the private sector is riskier than doing work in the public sector, primarily because of non-payment issues.

Interviewee #SD17, representing a Caucasian female-owned firm, said that over 60 percent of her firm’s business comes from the private sector. She said that although “public work is more consistent,” private work tends to be more profitable.
Interviewee #SD42, representing a Caucasian male-owned firm, suggested that work in the private sector is more profitable than in the public sector, but he noted, “Profitability depends on the contract.”

Interviewee #SD45, representing a Caucasian male-owned firm, indicated that profitability is higher in the private sector than in the public sector due to there being far fewer contract requirements in the private sector.

SDTA #7, representing a construction trade organization, reported that private sector work is easier than public sector work, because it tends to be less structured: “In general, there is more flexibility for contractors working in the private sector.” He went on to say that the bureaucracy in the public sector makes it more difficult for firms to maneuver.

Some interviewees said that MBE and WBE firms participate less in private sector work.

Interviewee #SD2, representing a Caucasian female-owned firm, reported that only 10 percent of her work comes from the private sector. Similarly, Interviewee #SD14, representing a Hispanic American male-owned firm, explained that only 20 percent of his business comes from the private sector. He went on to say that his firm prefers not to work in the private sector because of a number of barriers that MBE and WBE firms face, including: exclusion from the good ol’ boy network, rampant bid shopping, and the private sector’s disregard for MBE/WBE status.

Interviewee #SD47, representing an African American female-owned firm, said that MBE/WBE firms have a more difficult time succeeding in the private sector due to racism and stereotypical attitudes: “… the private arena is culturally based. We thought we didn’t fit in from a race and gender perspective — we definitely don’t fit in the private sector. You look at these large corporations, the big hotels that you see — they’re not trying to see [MBE/WBE firms succeed]. If we don’t have a tray in our hand, if we’re not in a serving capacity, then we’re invisible.”

Some interviewees reported that it is more difficult for minority- and female-owned firms to be successful in the private sector due to the non-existence of DBE goals. Interviewee #SD21, representing a Caucasian male-owned firm, remarked that DBE status does not play a role in the private sector, making it more difficult for minority- and female-owned firms. When asked why that is the case, Interviewee #SD21 replied, “On the private side, it’s all strictly low bid type stuff. It’s dollar driven.”

Interviewee #SD20, representing an Asian American male-owned firm, said that in the private sector low bids and personal connections play a much larger role in winning contracts than MBE/WBE status.

Interviewee #SD30, representing an African American male-owned firm, explained that his minority status does not help his firm get work in the private sector: “Private work really [comes down to] who [the prime contractors] know, and who has the best price.” He went on to say, “My experience in the private sector is that they really just want the best bang for their buck. They just want a good product in the end.”

Interviewee #SD32, representing an African American male-owned firm, indicated that DBE status does not play a role in contract awards in the private sector: “I’ve never seen a contract just because they were minority-owned or a DBE in the private sector.”
Public sector work experience

Several minority- and female-owned interviewees reported success in the public sector.

Interviewee #SD20, representing an Asian American male-owned firm, said that, compared to the private sector, finding out about projects is easier in the public sector and contract awards are fairer: “[The public sector process] is more open, more transparent. [Agencies] understand that because it’s public money, they have to select a group of consultants or contractors that’s qualified, based not solely on price. They put more emphasis on the qualifications of the team that does the work.” Interviewee #SD20 went on to say that as a result of the current recession, most of his firm’s work comes from the public sector.

Interviewee #SD28, representing a Caucasian female-owned firm, indicated that establishing relationships with prime contractors in the public sector is crucial to getting work in the future and allows small firms to be successful in the public sector: “Once you get that bond with [certain prime contractors] a lot of them don’t even call around for [other bids].”

A few interviewees reported that projects in the public sector tend to be more profitable than projects in the private sector. Interviewee #SD19, representing a Caucasian male-owned firm, said that “public jobs are more profitable [than private sector jobs].” She went on to say that the one exception to that claim is if the private sector client is a large company.

Interviewee #SD31, representing a Caucasian male-owned firm, said that public sector projects with prevailing wages are more profitable than both other public sector projects and private sector projects (which are comparable in profitability). However, Interviewee #SD31 estimated that prevailing wages apply to only half of the public sector projects on which his firm works.

A few interviewees reported that minority- and female-owned firms are not successful in the public sector. Interviewee #SD21, representing a Caucasian male-owned firm, said that it is “very, very difficult” for MBE and WBE firms to remain competitive in the public sector because they tend to be smaller and less established than majority-owned firms. He went on to say that DBE certification does not help either, because DBE goals are no longer mandatory: “I don’t think [DBE status] comes into play.”

Interviewee #SD5, representing an African American male-owned firm, reported that although he used to have success in the public sector, he is yet to win a public sector contract since reopening his business in 2006.

Interviewee #SD33, representing a Hispanic American male-owned firm, reported that his firm’s public sector work is decreasing. A number of agencies have reduced the frequency with which they use his firm’s services (e.g., the Port Authority and the City of San Diego).

Some interviewees indicated that public sector work is very competitive as a result of the current recession. SDTA #7, representing a construction trade organization, indicated that there is increased competition in the public sector: “There was one bidders list the other day that had 43 bidders on it!” SDTA #7 went on to say that increased competition would affect small firms more than the larger firms, because they are “the weakest financially.”
Consistent with those comments, Interviewee #SD11, representing a Caucasian male-owned firm, also indicated that public sector work has become quite competitive recently: “We are having 20 to 25 bidders on our work where we used to have seven. Work has slowed down as a result of the economic downturn.”

Interviewee #SD28, representing a Caucasian female-owned firm, explained that the current recession has resulted in increased competition in his firm’s sector: “Where it used to be [that] there were three main players [in the firm’s industry], now there are five or six.”

Interviewee #SD6, representing a Caucasian male-owned firm, indicated that the public sector is “extremely competitive.” He explained that his firm was the second-lowest bidder on 13 projects in the past year, and in all cases their bids were less than one percent higher than that of the lowest bidder and they did not win any of those projects.

Interviewee #SD18, representing a Caucasian female-owned firm, said that the market is very competitive and that price is very important, particularly in the public sector: “Service does not tend to be a value added for this industry.”

Interviewee #SD37, representing a Caucasian male-owned firm, reported that the current market has resulted in increased competition in his firm’s industry. He noted that the residential market has slowed down and that the contractors who previously worked in the residential sector are now entering the commercial, industrial and government markets.

Interviewee #SD41, representing a Caucasian male-owned firm, explained that private sector opportunities have dried up dramatically and that firms that used to bid on private sector work are now bidding on public sector work, increasing the amount of competition in the public sector. He went on to say that many of those firms do not have experience bidding on public sector work and their bids are too low to be profitable: “People are bidding 10 to 15 percent below my costs … my bare minimum costs!”

Interviewee #SD38, representing a Hispanic male-owned firm, also reported that there is more competition in the current market. He described a recent bid that his firm submitted: “Competition is higher … We bid [a project at a local high school] … There were 21 general contractors bidding.”

Interviewee #SD43, representing a Hispanic male-owned firm, reported that the current recession has made it difficult for small firms, because there has been a steep increase in competition, which has in turn increased the probability of her firm being outbid. She went on to say that the increased competition means that firms have to exceed clients’ expectations in order to compete for jobs with them in the future.

Interviewee #SD46, representing an African American male-owned firm, indicated that, due to the current economic conditions, his firm now competes for public sector work with a number of firms who previously only worked in the private sector. He said, “Times are tough right now — it’s the economy.”
A few interviewees cited complex bid procedures as a barrier to doing work in the public sector. Interviewee #SD3, representing a Caucasian male-owned firm, said that the bidding process for public agencies takes some sophistication. Interviewee #SD21, representing a Caucasian male-owned firm, commented that the bidding procedures in the public sector “… could be a barrier to an inexperienced entity. They’re complex and … difficult.”

Interviewee #SD28, representing a Caucasian female-owned firm, said that the primary difference between the private and public sectors is that working in the public sector requires firms to follow more stringent guidelines and restrictions. She remarked, “You have to jump through some different hoops [in public sector].”

Interviewee #SD31, representing a Caucasian male-owned firm, stated that the biggest differences between working in the private sector and working in the public sector are that in the private sector firms do not have to deal with bonding nor do they have to deal with “idiotic RFPs.” Regarding contracts and RFPs, he said, “I find that many of these things are written by lawyers who don’t know electricity from wind, and they put such stupid things in the contracts … they’ve got informed attorneys sticking their nose where it doesn’t belong.”

Interviewee #SD32, representing an African American male-owned firm, reported that dealing with the contract specifications of government projects can be difficult for new firms: “I would think it’s really difficult for a new emerging … company to come in and meet the requirements that the government sets forth. Typically, you get a contract and you get a book that’s 4 inches thick full of specifications.” Comparing public sector work to private sector work, Interviewee #SD32 said that there are “a lot more hoops to jump through” in the public sector.

Interviewee #SD43, representing a Hispanic male-owned firm, indicated that contract specifications in the public sector can be “difficult to deal with.”

Interviewee #SD44, representing a Hispanic male-owned firm, stated that his firm rarely sells products to public agencies — he said that 99 percent of his firm’s business comes from the private sector. He indicated that doing public agency work requires more personnel and a well-established system: “It’s just a different animal [working with public agencies]. We’re not set up to do that right now. … We don’t have the manpower to do it.”

Interviewee #SD45, representing a Caucasian male-owned firm, stated that there is a great deal of subjectivity in how public sector staff interprets contract specifications and regulations. Interviewee #SD45 described an experience he had working with Caltrans: “When they took all their requirements and punched them all down here in District 11, we had people that interpreted the rules by their own means. It’s almost a fiefdom — like a third world country down here. You have a Green Card running the engineering for minor B-contracts. The one underneath him is a Green Card from the Philippines. The guys who are emptying the trash cans are the certified Caltrans engineers who can build bridges. It’s so upside down.” He went on to say that “…regulations are written for somebody in the industry who understands them. It’s not for … idle interpretation.”

Interviewee #SD46, representing an African American male-owned firm, reported that firms have to meet more requirements to win public sector work compared to private sector work: “The public sector requires more qualifications than the private sector. You have to be licensed, insured and bonded. In the private sector sometimes those are not a requirement.”
Interviewee #SD47, representing an African American female-owned firm, said that the relationship that a firm has with a contracting officer goes a long way in determining the firm’s success with the public agency. She said that much of the bid process in the public sector is subjective and a lot of it is dependent on how the contracting officer feels about a particular firm: “[Contracting officers] can change your life, change your business — help propel it to be successful, cause it not to be successful. They have so much power and authority. If they are of poor character in any capacity — if they are racist, or bigoted, or anything, they can dictate where your business is going to go, and I think that’s unfair.”

Some interviewees cited extensive paperwork as a barrier to doing work in the public sector but others cited it as a feature. Interviewee #SD11, representing a Caucasian male-owned firm, indicated that extensive paperwork in the public sector impedes success: “The biggest barrier for bidding public works is the huge amount of paperwork that public agencies require … A few of my friends have companies but they won’t do public work because of the paperwork …”

Interviewee #SD41, representing a Caucasian male-owned firm, said, “Public projects are more paper heavy. You have to submit cut sheets on everything and anything — lots of checks and balances. The public has its own specifications for each job. You have to read the specs in their entirety. That could mean 250 to 1,000 pages. There is a lot of up front work.” He continued, “Bidding on the public [sector], it separates the men from the boys …”

In contrast, Interviewee #SD16, representing an African American male-owned firm, said that the extensive paperwork is an advantage to working in the public sector: “I really like the paper work game with the public work. It eliminates the possibility of doing something wrong. Everything is documented.”

Interviewee #SD37, representing a Caucasian male-owned firm, said that public sector projects are described in much more detail than private sector projects, making it easier to complete the work: “Larger public jobs usually have a more complete set of plans or engineered drawings, so you know exactly what you’re going to build when you bid on it. Private jobs rarely have drawings and it will just be a verbal scope of work. The private [sector] will provide us with specifications along the way, but we figure out how we’re going to build it.”

Interviewee #SD40, representing a Caucasian male-owned firm, reported that public sector work is generally more difficult than private sector work: “Public projects have more politics and you have to be patient — there is a broader audience to please and things don’t go as fast as you would like. He went on to say that there is also less flexibility in the public sector than in the private sector.

Interviewee #SD46, representing an African American male-owned firm, reported that there is a great deal of paperwork involved with public sector work, and that it can be difficult for firms to learn: “You learn the paperwork while you’re doing the job. There’s no training for what you haven’t done paper wise.” He continued, “Paperwork can be a problem. The general cannot get paid until the sub’s paperwork is together. The sub doesn’t want to do the paper work because they’re bombarded.” Interviewee #SD46 indicated that his firm often does paperwork on behalf of subcontractors.

Interviewee #SD47, representing an African American female-owned firm, said that, compared to private sector work, there is much more paperwork associated with public sector work. She said, “[In the private sector] you do a job walk, you give them a quote, they give you a contract, you do the
work, you bill, and you get paid. The public sector is paperwork and huge contract. There’s always some kind of code, FAR regulations with the feds ....”

**DBEs as prime contractors**

A few MBE firms indicated that they often work as prime contractors. Interviewee #SD14, representing a Hispanic American male-owned firm, reported that approximately half of his work comes as a prime contractor. Similarly, Interviewee #SD20, representing an Asian American male-owned firm said that over half of his work comes as a prime contractor.

Interviewee #SD5, representing an African American male-owned firm, said that he prefers to work as a prime contractor, because it allows him to control his own money, deal directly with agencies and owners, and be the first to get paid. Of his work as a prime contractor, Interview #SD5 remarked, “[Working as a prime contractor is] more responsibility but better circumstances for me.”

Several interviewees were able to name successful minority and female-owned firms that work as prime contractors. Interviewee #SD21, representing a Caucasian male-owned firm, indicated that there are a number of minority-owned firms working as prime contractors in the San Diego area: “There are numerous highly qualified, motivated, and financially able black and Latino contractors in Southern California.” Interviewee #SD21 went on to specifically name a female-owned firm with which his firm has worked in the past. Interviewee #SD43, representing a Hispanic male-owned firm, said that her firm works almost exclusively as a prime contractor.

Interviewee #SD14, representing a Hispanic American male-owned firm, said that he has worked with MBE/WBE prime contractors and has had good experiences with them. Interviewee #SD26, representing a Caucasian male-owned firm, named a Subcontinent Asian American-owned firm that he described as “one of the best project managers I have ever worked with.”

SDTA #6, representing an Asian American trade association, reported having at least a few members that work as prime contractors and specifically named a minority-owned engineering firm. Similarly, SDTA #4, representing a local chamber of commerce, was able to name a successful minority-owned construction firm that works as a prime contractor in the San Diego area.

Interviewee #SD28, representing a Caucasian female-owned firm, said that her firm has worked with a few MBE/WBE prime contractors. She went on to say that working with those contractors is not any different from working with non-DBE prime contractors. She reported that the only difference is that MBE/WBE prime contractors tend to be more understanding of her firm’s position as a WBE firm: “I think [MBE/WBE prime contractors] understand a little more about what we’re going through [as a DBE firm].”

Other interviewees had trouble naming minority- and female-owned prime contractors. When asked if he has worked with other minority- or female-owned prime contractors, Interviewee #SD14, representing a Hispanic American male-owned firm, said, “not a whole lot.” Similarly, Interviewee #SD20, representing an Asian American male-owned firm, could not think of any examples of minority- or female-owned prime contractors with which his firm had worked, and he said that he was confident that his firm had never worked with a minority- or female-owned prime contractor on a large project.
Interviewee #SD2, representing a Caucasian female-owned firm said that her firm “rarely” works as a prime contractor.

Interviewee #SD30, representing an African American male-owned firm, indicated that there are only a small number of minority- and woman-owned firms in the San Diego area: “There’s not really a lot [of MBE/WBE firms] in San Diego … I’m sure that has a lot to do with the small percentages [of minorities in San Diego].” He went on to say that he has never worked with an MBE/WBE prime contractor.

Interviewee #SD43, representing a Hispanic male-owned firm, reported that she could not think of any successful MBE/WBE prime contractors in the construction industry besides her own.

SDTA #1, representing a local chamber of commerce, indicated that he could not think of a single successful minority- or female-owned firm that worked as a prime contractor in the San Diego area.

One interviewee indicated that firm size is a barrier to minority- and female-owned firms working as prime contractors. SDTA #1, representing a local chamber of commerce, expressed his belief that most minority- and female-owned firms are too small to be successful as prime contractors: “My bias is that [minority- and female-owned firms] are generally not [large enough].”

C. Caltrans anecdotes regarding public and private sector work

The following anecdotes regarding work in the public and private sectors were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

DBEs as prime contractors

A majority of the minority or female-owned businesses work primarily as subcontractors. These businesses offered a variety of reasons for working primarily as subcontractors, including that they were too small to bid as primes, that they preferred to work as subcontractors, and that they could not afford the capital expenditures required to be a prime contractor.

Many interviewees only knew of a few DBE primes working in the public sector and few could recall ever having worked with a DBE prime. Interviewee #CT17, a white male-owned business, stated there are “very few” DBE contractors doing public sector work, explaining “[u]sually DBE contractors are small firms, one to ten people. They’re not capable of doing large jobs like [those for] Caltrans.” Interviewee #CT66, a white male-owned business, said that he “know[s] a few” DBE firms working as prime contractors for Caltrans and that they hauled rock, sand, and pavement. Interviewee #CT33, a Hispanic female-owned business, stated that she did not monitor whether any prime contractors working for Caltrans are DBE firms, but her observation was that “most of [her] primes are not DBEs or any BEs at all.” Interviewee #CT34, a white male-owned business, was not aware of and/or could not think of any DBE firms that worked for Caltrans as prime contractors. CATA #1, an Asian American trade association, said there are “some” but “very very few” DBE firms working as prime contractors on Caltrans jobs. This happens only when there is a “major push” in the community and then one or two DBE firms get a small contract as a prime. Similarly, CATA #7, a Filipino trade association, sees very few DBE primes.
Interviewee #CT30, an Asian American male-owned firm, observed that if a DBE is able to obtain prime work, it is probably getting bigger and bigger, and eventually the DBE grows out of the program. He knows of a few firms that have successfully graduated, but have had difficulty in maintaining non-DBE status, partly because they got their work due to their DBE status. Once they graduate out, “they’re playing with the big boys and nobody wants to pick them anymore,” not because they do not do good work, but because they are not DBE to fulfill the goal. Interviewee #CT30’s main core work does not depend on DBE status.

Some DBEs reported working primarily as subcontractors due to financial limitations. Interviewee #CT81, a Hispanic male-owned business, believes there is a lack of opportunity for small firms in both sectors. The average price range of his contracts in the public sector is $250,000.00. This DBE works primarily as a subcontractor in both sectors because he cannot afford to bond his work.

Interviewee #CT29, a Hispanic male-owned business, tried to do more prime work by forming a limited liability corporation in 2001. He hired people, paid the workmen’s compensation, and made sure that he satisfied all the requirements to avoid having the answer that they like him “but [he does not] have this or that.” This DBE describes his experience as: “it was expensive and I’ve never gotten anywhere.”

Some minority-owned businesses did not believe there were opportunities for small businesses to act as primes in the public sector. Interviewee #CT33, a Hispanic female-owned business, stated that the company works most of the time (about 60 percent) as a subcontractor in the public sector and that on Caltrans jobs it works primarily as a subcontractor to engineers. According to Interviewee #CT33, the company works as a sub on these jobs because, “Caltrans is very engineering-oriented and generally the engineers like to be in charge,” and “everything flows from the engineering contract.”

Interviewee #CT8, a Hispanic male-owned business, felt that his business had been successful in getting work in the public sector, including work for Caltrans, but works 80 percent of the time as a subcontractor – “it just seems that we get more work as a subcontractor than as a prime contractor.”

CATA #3, a Hispanic trade association, stated its members work mostly as subcontractors and he had not seen any Hispanic-owned firms working as prime contractors for Caltrans, at least not in the professional services area. According to CATA #3, few members go after Caltrans work because most members feel that Caltrans’ doors are not open and do not believe that work opportunities with Caltrans are anywhere close to what they should be. CATA #3 said that he knew of a couple of non-Hispanic DBE firms doing prime contractor work for Caltrans (a female-owned business that does striping work and business owned by a representative of the Small Business Council).

Some DBEs reported that they act as subcontractors because Caltrans or other agencies do not directly contract for their type of work. Interviewee #CT46, an Asian American male-owned business, works as a subcontractor for Caltrans. His company performs lighting for roadways, fences, and guardrails for Caltrans. Unlike schools that use construction managers to break down their contracts by category of work, Caltrans hires a general contractor for its projects and relies on them to break the work up and subcontract out the smaller jobs.
Similarly, Interviewee #CT51, a Hispanic male-owned business, said that the company works mostly as a subcontractor in the public sector and on Caltrans projects because of the nature of the work it performs. Caltrans does not award waterworks contracts directly but instead lets the prime contractors subcontract out this work. Along the same lines, Interviewee #CT31, an African American female-owned business, stated that the type of work the company does in the public and private sectors is “exactly the same,” but the company is primarily a prime contractor in the private sector and a subcontractor in the public sector because agencies do not directly contract for utility work.

Interviewee #CT39, a Hispanic male-owned firm, stated that the company always works as a subcontractor on all of its work because of the nature of the business – the prime contractor buys the steel and other materials and then calls the company to install the steel reinforcement.

Some DBEs report success working as prime contractors in the public sector. Interviewee #CT1, a Native American male-owned business, has done some work as prime contractor for Caltrans; these projects are fairly small and are local. For example, Interviewee #CT1 did water testing at a rest area near his laboratory. This contract came through a local Caltrans office. CATA #2, an African American trade association, said there were “quite a few” DBE firms working as prime contractors on Caltrans jobs before the passage of Proposition 209, but they are all out of business now. He said that he knew of only one DBE currently doing prime work for Caltrans, listing an equipment rental company owned by an African American male.

Interviewee #CT10, an African American male-owned firm, works primarily as a subcontractor in both the private and public sectors, because that is how the business is licensed. The company sometime works as a general contractor in the public sector and has worked as a general contractor for Caltrans. He notes, that in the public sector, he is required to pay his workers more than in the private sector due to prevailing wage requirements. Interviewee #CT9, a white male-owned business, stated that there were “some” DBE primes.

Some DBEs report success working as prime contractors in the private sector. Interviewee #CT33, a Hispanic female-owned business, who acts as a prime 80 percent of the time, felt that the company had been successful in getting private sector work, but she noted that private sector work was slower now because a slump in the building and housing market. Interviewee #CT44, a Middle Eastern male-owned firm, reported success in the private sector working primarily as a prime contractor on contracts ranging from $300,000.00 to 700,000.00.

The representative of CATA #2, an African American trade association, stated that his company works mostly as a prime contractor in the public sector, where he felt that it had been “fairly successful.” He said that his company only bids jobs where it can make money and thus does not get as many jobs as his competitors who bid public sector jobs “just to keep the trucks running.”

Interviewee #CT49, an African American male-owned firm, stated that he used to do work in the private sector, but that he had shifted entirely to the public sector “a while ago,” and now does all of his work there. Interviewee #CT49 felt that he had been successful in getting work in the public sector and that his company works mostly as a prime contractor there, with the contracts for its jobs going up to $3 million. He said that he knew of some DBE firms working as prime contractors on Caltrans projects but that they were not local firms.
Some interviewees stated that working as a subcontractor allows a firm to avoid bonding and other requirements. CATA #11, a minority trade association, has only one member out of sixty, an engineering contractor, who works as a prime on Caltrans projects. Rather, most of his members act as subcontractors in the public sector. According to CATA #11, it is easier in a sense to be a subcontractor since “you don’t have to get a bond … you don’t have to go through the bidding requirements, getting a lot of sub-quotes, … all you do is find your scope of work and give your bid to the general contractor.”

Interviewee #CT76, a white male-owned business, will not bid Caltrans projects as a prime because of all the requirements, in particular the bonding and DBE requirements.

CATA #11, a minority trade association, indicated that most of his members act as subcontractors in the public sector because “you don’t have to get a bond … you don’t have to go through the bidding requirements (getting a lot of subcontractor-quotes) … all you do is find your scope of work and give your bid to the general contractor.”

Anecdotes of DBEs regarding private sector work opportunities

Most minority and female-owned firms interviewed reported success in the private sector. Interviewee #CT51, a Hispanic male-owned firm, has been successful in getting work in the private sector, where it works mostly as a subcontractor to either prime contractor or a builder-developer. He has chosen to focus on private work for the past three to four years, but said it is difficult for his company to compete against non-union firms in the private sector where there is no prevailing wage requirement.

Interviewee #CT7, a white female-owned surveying company, works primarily as a prime contractor in the private sector. She said that private sector projects are generally broken into smaller jobs. Interviewee #CT13, a Pakistani male-owned firm, characterized his attempts to get work in the private sector as “pretty successful.”

Some minority and female-owned firms reported greater success in the private sector because there is less competition, more profit, greater accessibility, and less bureaucracy. Interviewee #CT67, a white female-owned firm, said that the company works as a prime contractor in both the private and public sectors and that its pricing is done on a set schedule based on quantity. She said that the “private sector is much easier to deal with . . . .” and felt that the company had been very successful in getting work there.

CATA #2, an African American trade association, has been “very successful” in the private sector, which he found to be more accessible than the public sector because there is no bidding involved and the company need only demonstrate the quality of its product and services. He stated that the company’s “contracts” in the private sector are actually purchase orders and that the company sells fuel on a quantity basis (by the gallon). CATA #7, a Filipino trade association, stated its members are successful in the private sector. The “experience” criteria in the public sector close the members out of a lot of the public sector opportunities. It is often easier to get work in the private sector and negotiate a fee. And the fees are generally higher in the private sector.

CATA #3, a Hispanic trade association, said that he had been “pretty successful” in his attempts to get work in the private sector, and that the Association’s members had also done “pretty well” in the
private sector. According to CATA #3, a lot of the members preferred private work to, or simply did not try for, public sector work because government work involves bureaucracy and certifications.

Some minority and female-owned companies reported difficulty obtaining work in the private sector. Interviewee #CT84, an African American male-owned business, went into business as a fuel supplier “because he saw this advantage” in the DBE program. He stated that small fuel suppliers cannot compete in the public sector or the private sector without the government “giving you the opportunity.” He has received only one public sector contract and no private sector contracts in the last two years. Due to the suspension of the DBE goals, he is going bankrupt. Interviewee #CT31, an African American female-owned firm, described the private sector as “tough,” particularly in San Diego, and noted that the majority of the firms in their sub-industry were “fairly conservative.”

Interviewee #CT32, an Asian American female-owned business, felt that the company had been largely unsuccessful in its attempts to get work in the private sector, and she attributed this lack of success to developers and other companies using firms with whom they had been working for a long time and having “no incentive . . . to switch.”

Anecdotes of DBEs regarding public sector work opportunities.

DBE interviewees reported a variety of obstacles to pursuing work in the public sector, including contract size, payment delays, bonding/insurance issues, prevailing wage requirements, and bureaucracy. CATA #11, a minority trade association, believes its members are less successful in the public sector due to the rules and regulations, including certified payroll and bonding and insurance requirements.

Interviewee #CT73, a white male-owned firm, stated that the turn-around time for payment in the public sector is worse than the private sector. In addition, there is a lot of “red tape” in the public sector and the administrative time involved for any one project is four times longer than in the private sector.

Some interviewees reported greater success in the public sector for various reasons. Interviewee #CT11, a Native American male-owned firm, is more comfortable with the “structure” of the bidding process in the public sector than the “relationship” basis for private projects. For this reason, it does not engage in much private sector work. The company’s private sector work is usually on large projects of mostly over $100 million in value. The company’s public sector work ranges from about $50-$70 million in value for prime contracts, and when the company has acted as subconsultants the projects are usually in the billions. Interviewee #CT39, a Hispanic male-owned firm, works almost exclusively in the public sector due to the nature of its work – “[v]ery few people are building their own bridge.”

Some interviewees stated that projects are generally larger or more profitable in the public sector. CATA #7, a Filipino trade association, believes contracts in the public sector are larger due to the nature of the work. CATA #3, a Hispanic trade association, reported that government work can be more lucrative than private sector work, but the former requires a “lot more effort.”

Interviewee #CT40, white male-owned firm, stated that due to the open bid system its ability to get public sector work depends if it can cut its price low enough. He reported that public sector work is more “cut and dry” than the private sector – especially with regard to payment.
Some interviewees reported payment issues in the public sector. Interviewee #CT44, a Middle Eastern male-owned firm, stated that his only complaint about working in the public sector is the turnover time for payments. It causes a cash flow problem for his business.

Some interviewees reported difficulty obtaining work in the public sector due to the good ol’ boy network. A small consulting firm, (presumably a minority owned company), stated: “Most of the time it is not worth bidding A/E work as sub because the primes have their own staff [and] show you on the proposal but when they are awarded the job they don’t respond to the subs. It’s almost better to be a prime if you are a minority based company.” (Written testimony submitted 3/16/07)

D. Telephone interview anecdotes regarding public and private sector work

The following anecdotes regarding experiences with public and private sector work were obtained from telephone interviews that the study team conducted in connection with BBC’s availability analysis of Southern California firms.

Some telephone interview respondents reported that certain industry regulations make it difficult to work in the public sector. Respondents indicated that there a number of restrictions that have to be taken into account when bidding on public sector work. For example, a majority-owned firm said that new firms should consider public sector regulations before entering the transportation industry: “I think it would be extremely hard for someone to start a company like ours today because of all the restrictions [in the public sector].”

Several telephone interview respondents reported that there is a great deal of competition in the public sector. Both MBE/WBE firms and majority-owned firms indicated that increased competition in the public sector has made it difficult to be successful. For example, a majority-owned firm reported that his firm no longer bids on public sector projects because of the competition: “It is increasingly difficult to bid and win projects with any local agency. Economic realities have increased competition — especially from larger firms — to the point that I cannot compete for these projects anymore.”

III. DBE Utilization

A. Consortium anecdotes regarding DBE utilization

Reported utilization of DBEs by prime contractors in the public and private sectors

Some prime contractors reported using the same subcontractors in the private and public sectors. (Interviewees #3, 5, 8, 14, 16, 18, 19, 20, 21, 22, 24, 26, 33, 34, 35, 36, 38, 41, 42, 46, 48, 49, 53, 54, 55, 58). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, reported that he uses the same subcontractors in the private sector and in the public sector because there are a limited number of them and once you develop a relationship with them, if you are happy with them, you continue to use them. He stated that competency was never an issue for the DBEs that he used.

Interviewee #3 recalled using DBEs on private sector projects, most recently, in 2007. The project was an investigation to determine the amount of contamination at a site. He stated that he used a DBE analytical firm. Interviewee #3 stated that he has used DBEs on private sector projects tens of times. Typically the DBEs would always be analytical firms or drillers and they would be located all
Interviewee #3 stated that he generally finds DBEs by recommendation of colleagues. Occasionally he also finds DBEs through the agencies. Often when the Consortium puts the project out for bid, the agency will attach a list of qualified DBEs. Interviewee #3 stated that the typical cost of the project in the private sector that he used DBEs on was $50,000 - $100,000, and the DBE portion might be $10,000 to $30,000. Public sector jobs are more extensive, $4 million to $6 million. Private sector jobs tend to be small with certain exceptions like refinery sites. Interviewee #3 stated in the private sector the client also wants to spend less money, so they want you to take less samples, how many holes you put in the ground, how much analytical work you do.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that when his company was a prime contractor, the company would sometimes have to hire a structural engineer to provide structural calculations. Interviewee #5 stated that his company used the same sub-consultants in the private sector as in the public sector. Interviewee #5 stated that he thinks the structural engineer was a DBE but was unsure. He stated that the structural engineer is Asian and would likely qualify as a DBE. Interviewee #5 stated that he has used the structural engineer in public and private jobs.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, uses the same subcontractors in the private sector as in the public sector. Interviewee #16 stated the reason is because of his subcontractors’ knowledge, experience, and reliability. Interviewee #16 also noted the competitive pricing of his subcontractors as a reason for using them in both the public and private sectors.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, does use the same subcontractors in both the private and public sector, but she’s not very likely to use subcontractors in the private sector; the majority of her private work is with small non-profit organizations.

Interviewee #19, an MBE-certified African American male attorney, reported that he utilizes the same subcontractors in the private sector and the public sector. He stated that he tries to ensure that all of his subcontractors are minority or female-owned. He stated that many of his subcontractors are DBEs. He stated that he locates DBEs by word of mouth or he already knows them. Interviewee #19 stated that he always tries to utilize DBEs after soliciting them depending on the need.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that she does use the same subcontractors in the public and private sectors; she stated that good work and good relationships dictate that decision.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, uses the same subcontractors in the public and private sectors. She stated that she is small business friendly and she will work with firms that are open to sharing information. She stated that these subcontractors are minority- or female-owned but did not know whether they were DBE-certified. She stated that she has attempted to utilize minority- and female-owned subcontractors in the private sector. She stated that she has also utilized DBEs on Consortium projects. She stated there is an advantage to using small businesses because they are flexible and do
not have as many layers as larger companies. She stated that she locates DBEs via word of mouth and uses them “all the time” after soliciting business. She said the average price of the subcontracts to DBEs is between $10,000 and $100,000.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that for the most part she utilizes the same subcontractors in the public and private sectors. She stated that she utilizes the same subcontractors because their relationships, experience, staffing, resources and qualifications have been established and thoroughly vetted. She said that some of her subcontractors are female-owned and some are DBEs; she stated that she always attempts to use minority- and female-owned and DBE subcontractors in the private sector. Interviewee #22 stated that she feels it is important to work with DBEs because her firm is a DBE; she locates DBEs through Caltrans, MTA and OCTA. She stated that she utilizes DBEs as often as she can after they reach an agreement as to terms. Interviewee #22 reported that she typically subcontracts CAD work and the average price of subcontracts she lets is $50,000.00.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, reported that she utilizes the same subcontractors across the public and private sectors based on relationships and known qualifications. She stated that some of these subcontractors are female- and minority-owned. She stated that she has tried to use female/minority/DBE subcontractors in the private sector and on Consortium projects; she said that it is required but not mandatory. She stated that she locates DBEs through the list provided by L.A. County MTA and she often utilizes DBEs after soliciting them.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she does use the same subcontractors in the private sector as in the public sector. She stated that she bases her selection of subcontractors on their qualifications. She said that some of these subcontractors could have been minority- or female-owned, but, again, the decision to use them is based on qualifications. She said she has used DBE subcontractors, especially when required to do so by the agency. However, she has not attempted to use minority/female/or DBE subcontractors in the private sector. She stated that on Consortium projects, she solicits price quotes from DBEs about once a year because it is required under an RFP. She stated that she locates DBEs by word of mouth and always uses them after soliciting a price quote; said the price range of these projects is between $20,000 and $800,000.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, reported using the same subcontractors in the public and private sectors and stated that experience is the overriding factor in determining which subcontractors to utilize. She stated that these subcontractors are minority- or female-owned and more often than not she utilizes minority- or female-owned firms with whom she has a relationship. She does not know whether these subcontractors are DBE-certified because she focuses on the firm’s qualifications. She has attempted to utilize minority/female/DBE-subcontractors in the private sector but she has not had any assignments in the private sector. She stated that she utilizes DBEs in public sector work 100 percent of the time after soliciting them; she noted that she does not necessarily utilize DBEs because they are certified but rather because they are in her “network of people” that she uses based on the quality of their work. She stated that she has become familiar with certain DBEs through teams on former jobs. When she is seeking a subcontractor to work on a particular specialty area she will draw from her network. The average price range of her projects to DBEs is between $60,000 and $1,000,000.
Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that when the opportunity presents itself she uses the same subcontractors in the private and public sectors. She indicated that if they deliver quality service she will utilize them again. She stated that she always attempts to utilize minorities in the private sector. She stated that she locates DBEs through organizations and other referrals. She utilizes DBEs 100 percent of the time after soliciting them.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she uses the same subcontractors in the public and private sectors because she was confident in their work and knew how they worked. She stated that some of these subcontractors are female- or minority-owned. She does not always know until the start of the project whether her subcontractors are DBEs; she is more concerned with the quality of the work. She stated she would always try to utilize female- and minority-owned subcontractors in the private sector but the quality of the work is her priority. She said that she keeps a roster of good people and tries to update it based on recommendations. She stated that she locates DBEs by sending out letters to court reporters (her business) who have just passed the exam. The average contract amount to “subcontractors” is $200 to $2,000.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, reported using the same subcontractors across the private and public sectors because they are excellent at what they do. He reported utilizing minority- and female-owned and DBE-certified subcontractors. He stated that he solicits DBEs for price quotes 100 percent of the time; he solicits them because they are good at what they do and they are familiar with the reporting processes of the industry. He stated that he locates DBEs through experience working with other businesses and through recommendations; he also advertises. He also stated that he locates them through an organization of which he is a member: National Center for American Indian Enterprise Development (NCAIED). He stated that he utilizes the firms that he solicits pretty often depending on the quality of work. Interviewee #38 stated that the average price range of subcontracts is $100,000.

Interviewee #41, an Asian-American male owner of a DBE/MBE-certified general contracting firm, reported using the same subcontractors in the public and private sectors because it is easier – they know the quality of work and it is easier to explain the vision for a project because of the working relationship they have maintained. They may have worked with a minority-owned firm but not a female-owned firm; he was not sure whether any of his subcontractors were DBEs although they have tried to work with DBEs in the private sector past. However, they do not target DBE firms.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, reported that she utilizes the same subcontractors in the private and public sectors because of the relationships that have developed and the knowledge and understanding that they have of the services provided and the related expectations. She stated that the quality of work is better. Interviewee #42 stated that she does use minority- and female-owned subcontractors, but she did not know whether they were certified DBEs. She stated that in both the private and public sectors she utilizes the vendors that she knows; whether they are minority- or female-owned is a secondary consideration. She does not look for DBEs in particular. The average price of her subcontracts is about $5,000.
Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he tries to utilize the same subcontractors in the private and public sectors because of the quality of their work, their history, and their dependability. He stated that all of his subcontractors are female- or minority-owned but he did not know whether they were certified DBEs. He stated that he has not necessarily tried to use DBEs in the private sector because it is not required. He stated that he builds his workforce based on capabilities and skills and work history and not on a subcontractor’s DBE certification — if they happen to be a DBE so be it.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated he very rarely utilizes subcontractors but noted that he does utilize the same subcontractors across all sectors. He stated that he has utilized a female-owned firm before but did not know if he had ever utilized a DBE-certified firm.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported using the same subcontractors in the private sector as well as the public sector because he is confident in the quality of their work and the services they provide. He stated that none of his subcontractors are DBE-certified although they are minority- or female-owned. He stated that his success on contracts has nothing to with whether he utilizes DBEs; he stated that he looks for experienced subcontractors and a lot of times DBEs are lacking in experience.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, stated that he most likely uses the same subcontractors across the public and private sectors due to the quality of their work. He stated that he utilized a female-owned firm and may have utilized a DBE. He stated that he only uses firms with whom he is familiar with their work history and would not seek out a minority- or female-owned firm or a DBE unless they happened to fall into his category of quality subcontractors.

Interviewee #54, a Caucasian male owner of a general contracting firm, reported that they make a point to use the same subcontractors in the public and private sectors because of the quality of work and services they provide. He stated that some of these subcontractors are minority- or female-owned or DBEs. He stated that they solicit DBEs all the time based on the quality of their work. He indicated that they locate DBEs through the Community Service Department which maintains a database of DBE subcontractors. He stated that the subcontracting work is for document control, scheduling, and estimating, and the price range for the subcontracts is about $10 million.

Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, stated that they use the same contractors who they are familiar with and enjoy good relationships. He stated their primary concern is the quality of work. He reported that some of their subcontractors are minority- and female-owned. He was not aware of his firm specifically pursuing DBEs in the private sector but believes that this is the case. He stated that they do solicit DBEs for price quotes often and they locate DBEs through an online certification vehicle. He reported that the price range for projects subcontracted to DBEs ranges between $100,000.00 to $5,000,000.00. He stated that since the passage of Proposition 209, if the contract does not have a goal, they will select a subcontractor based on work history and a firm’s ability to handle all aspects of the job.
Interviewee #58, a Caucasian male owner of an engineering consulting firm, reported that his firm utilizes the same subcontractors across the public and private sectors. He stated that the subcontractors’ disciplines, quality of work, skill set, and past relationships that have been built all contribute to this. He stated that they utilize DBE firms and have attempted to utilize DBE, and minority- and female-owned firms in the private sector. He stated that when they do utilize DBEs it is usually one that they know or that has been referred to them; in some instances they have obtained a list of approved DBEs. He stated that typically when they use a DBE, they do so because it is a requirement and will use them on additional projects as required.

Some prime contractors reported using different subcontractors in the private and public sectors for various reasons. (Interviewees #9, 11, 15, 30, 37, 39, 43, 57). Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that he does not use the same subcontractors in the public and private sectors because every project is different and “there are a lot of alternatives out there.” Interviewee #9 stated that he has used a DBE subcontractor both in the public and private sectors. He stated that he has not had any problems using DBEs on Consortium projects or on private sector projects.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she does not use the same subcontractors in the private sector and the public sector because the Consortium has very specific requirements for the subcontractors that she may use.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, reported that in the private sector, his company generally functions as a subcontractor, and he notices that prime contractors generally use many of the same subcontractors. Interviewee #15 rarely uses DBEs on private sector projects, but he reported that is largely an issue of pricing.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he does not use the same subcontractors in the public and private sectors because of the different expertise required for different projects.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he does not use the same subcontractors in the private sector and public sector. He stated that his usage of subcontractors is dependent on the discipline and the scope of work. For instance, in the high design sector he generally works with big name firms. He stated that some of the subcontractors are DBEs, but he does not always use DBEs. Though DBE usage is a priority, he stated, that his main focus is credibility, work history, and delivery.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that she does not always utilize the same subcontractors across the public and private sectors because sometimes it is not possible (e.g. for work that is abroad). She stated that she hires subcontractors on a case-by-case basis and she hires only the most qualified subcontractors that may or may not be minority- or female-owned. She stated that some of these subcontractors are DBE-certified but they are not hired on that premise; occasionally she finds out after the fact that a subcontractor is DBE-certified but it would be a coincidence because she does not make an extra effort to use DBEs. She stated that she has tried to utilize minority- and female-owned subcontractors in the private sector but again her main focus is the quality of work; she stated that she is more likely to go after quality
and credibility and if a DBE has those traits it is mere coincidence. She stated that the average price range for her subcontracts is approximately $250,000.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, stated that they do not use the same subcontractors across the public and private sectors because their private sector subcontractors do not have the necessary public sector background. He stated that some of their subcontractors are minority- or female-owned, but he did not know whether they were DBE certified because they only pay attention to the prospective firm’s work history and quality of work. He stated that their firm does not make any attempt to use minority- or female-owned firms or DBEs in the private sector because their firm evaluation is based solely on the quality of work.

Some prime contractors reported having no need for subcontractors on the private sector contracts. (Interviewees #12, 13, 17, 52). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that they do not use subcontractors in the private sector.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that his work is very different as between the public and private sectors; he currently has one project in the private sector and he is acting as a subcontractor. Interviewee #13 stated that he has used a DBE on a Consortium project and it was no different from a non-DBE; he stated that he selected them because he thought they could do the work and not because they were a DBE.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated her company hasn’t had the need to subcontract in the private sector.

Most contractors reported having had a positive experience working with DBEs. (Interviewees #3, 9, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 24, 26, 30, 33, 34, 35, 36, 37, 38, 42, 46, 48, 49, 54, 55, 57, 58). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, reported that his experiences working with DBE have always been fine.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that in his experience, DBEs are very good at assisting during the proposal stage, which he surmised is because DBEs “get used to getting calls at the last minute.” He stated that after the proposal stage, there is no “notable difference” between working with DBEs and non-DBEs.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he has not used a DBE subcontractor on a Consortium project. He has used a DBE subcontractor on a non-Consortium public sector project and that experience has been very good. Interviewee #12 stated that typically the DBEs that they look at are based on the ability to deliver; they do not like to just “go out and check in the yellow pages” to select a DBE because “you do not know what you are going to get” and it could put the project at risk.
Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he had a positive experience working with a DBE on a Consortium project.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he has had “a lot of positive” experiences working with DBEs and MWBEs. He stated that his company chooses to work with qualified subcontractors; he stated that they look for firms that are qualified first, and then consider whether they are a DBE.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, stated that his experience using DBEs on Consortium projects has been fine. He stated that his experiences are generally positive with DBEs, and that if there is a problem, he will go directly to the owner and get the problem resolved.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has not utilized DBEs on Consortium or private sector projects when functioning in a prime contractor capacity. Interviewee #17’s other experiences with DBEs has been very positive, but she noted that the experience depends largely on any business’ philosophy.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, stated her experiences with DBEs on Consortium projects has been positive because she only works with people that she knows will give her a good product – she’s too small. Interviewee #18 once had problems with a DBE business partner, and that led her to not work with the DBE again. Interviewee #18 does not have to work with DBEs, so she works with people that she needs to complete a given job.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that she has worked with many DBE subcontractors and stated that her network consists mainly of minority- and female-owned firms. She stated that if she receives a call to refer a group for a project, she tends to refer people within her own network. Interviewee #20 stated that she utilizes DBEs because it is good for business. She stated that after being in business for 15 years, she just knows who the DBEs are and she utilizes them all the time.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that she has had a positive experience working with DBEs.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has had a positive experience working with DBEs. She stated that she rarely solicits DBEs unless it is required and she finds DBEs through word of mouth. After soliciting DBEs she uses them about 80 percent of the time. She stated that the average price on subcontracts that she gives to DBEs is between $20,000 and $40,000.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, reported using minority- and female-owned subcontractors. He locates DBEs through association groups that have such listings. He stated that overall he has had a positive experience subcontracting work to DBEs. He typically subcontracts various types of engineering and construction management jobs to DBEs. He stated that these are generally smaller scale projects and range in value from $5,000 to $25,000.
Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that her experiences with DBEs have been mostly positive; the only occasional issue may have been managing the subcontractor’s work.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that his experience working with DBEs has been positive. He stated that he solicited DBEs for a major project at the Los Angeles World Airport, not only because the contract required it, but because he also wanted DBE participation. He stated that he subcontracts engineering, cost estimating, specifications, and move coordinator work to DBEs at an average price of four (4) to six (6) figures depending on the discipline and project duration. The frequency of DBE solicitations depends on the DBE’s work history and project requirements.

A few prime contractors reported having had a negative experience working with DBEs. (Interviewees #13, 39). Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he had major problems in the past with a WBE that he hired, but it was a long time ago, and he declined to provide further detail.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that she had a negative experience working with one (1) DBE because she felt that the company was inept. She does not like having DBE certification required and would prefer to focus on quality of work over certification.

Several interviewees indicated they have little or no experience working with DBEs in either the public or private sector. (Interviewees #2, 4, 5, 6, 7, 8, 11, 16, 17, 52). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he uses subcontractors for drafting services in the private sector, but he does not perform any work in the public sector. Therefore, he uses these subcontractors only in the private sector. Interviewee #2 stated that he has not used any DBEs on Consortium projects because he has not performed any work for the Consortium. Interviewee #2 stated that he is not sure whether he has ever used any DBEs. He stated that he may have used a DBE for drafting services but is not sure whether the firm is a DBE. He stated that he has used this firm on four projects. Interviewee #2 stated that he has not used many DBEs, but he has had a positive relationship with the drafting firm. He stated that besides the drafting firm he has not used any other DBEs on private sector projects. He said that he uses the same firm because he knows the firm and has developed a working relationship with them over the years.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that his company was awarded a contract by the City of San Diego for on-call geotechnical services in the mid 1990s and was a prime contractor on that project. There were occasions on the project where his company needed a subcontractor, for instance, to drill holes, and he would look for a DBE drilling contractor to drill holes. Interviewee #4 could not answer whether he used the same subcontractors in the private sector and the public sector because his private sector work as a prime contractor was much earlier (1979). Interviewee #4 has not worked on any Consortium projects and therefore, has no experience using DBEs on such projects. He stated that he has not used any DBEs on private sector projects because the opportunity never came up.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that has had no experience using DBEs on Consortium projects because he
has not worked on any Consortium projects. He stated that other than a structural engineer who might have been a DBE, he has not used any other DBEs on private sector projects. He stated that he has used the structural engineer about twice a month in all of his jobs for the past five (5) years. Interviewee #5 stated that he has never tried to find any other DBEs to work with but stated that it would be a good idea. He stated that he uses this DBE rather than looking for any others because he has known the structural engineer for many years and he has always used him. The structural engineer always does a good job, his work is timely, fast and inexpensive and he is readily available. Interviewee #5 stated that he cannot say that other DBEs are not readily available because he has never tried to use another. He stated “when something works you do not need to fix it.”

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company, has referred customers to DBEs, but has had no occasion to hire a DBE because he is a subcontractor and sells materials.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he has used subcontractors at times (although he reported acting as a subcontractor 98-99 percent of the time) and he has probably used DBE subcontractors before but did not know because he never asked. Interviewee #7 stated that he has not had any experience using DBEs on Consortium projects. Interviewee #7 could not describe his experiences with DBEs because he was not sure which subcontractors were DBEs and whether he had worked with any.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, has responded to an RFP with a DBE component but has never actually worked with a DBE subcontractor.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she has never worked with a DBE although she did try once to work with a DVBE.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, has not really used DBEs on the company’s projects for Consortium entities, indicating that there is no need to do so. Interviewee #16 works more with the various agencies rather than with other DBE companies. Interviewee #16 has no experience working with DBEs in private sector projects. Interviewee #16 has not had particular experiences with other DBEs of note, but the company does use small businesses whenever possible, despite that they may not be certified as minority-owned or disadvantaged businesses. Interviewee #16 very rarely likes to use large companies unless the scope of a project is so big that a smaller company cannot handle a job. Interviewee #16 notes that small businesses may not provide the best price, but they usually provide the best overall work experience and value. Smaller business, noted Interviewee #16, tend to value long-term relationships that are established over time.

No prime contractor reported having refused to work with a DBE because they were a DBE. However, some prime contractors reported having declined to work with a DBE for reasons other than their certification. (Interviewees #3, 9, 14, 13, 15, 17, 19, 22, 34, 53). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, reported that he has never refused to work with a DBE, and does not specifically know of that happening with any other prime. He stated that what might happen is that there might be one or two people within the DBE firm who the prime contractor might not like. The prime contractor may
request that particular person not participate in the project. He stated that this is much more likely than refusing to work with the DBE. He does not believe that any of his colleagues, even the most prejudiced would not work with a DBE because, for instance, they do not believe women should be geologists. Interviewee #3 stated he does not believe that kind of thing would happen. He does think that there are situations where someone inside the firm would cause you not to work with that person, but not the firm in general.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that he has decided to work with one firm over another, but it was not related to a firm’s DBE certification.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he had turned down teaming opportunities with both DBEs and non-DBEs in the past.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, could not remember whether he had ever refused to work with a DBE.

Interviewee #15, a Hispanic American male owner of a MBE certified engineering and construction company has sometimes refused to work with DBEs, but it is a business and financial concern, not because of their certification status.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that she has, in the past, refused to work with DBE companies because of their business ethics, but not because of their status as a disadvantaged business.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that her firm has refused to work with a DBE in the past only because the companies could not come to terms.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that she has never refused to work with a DBE based on their DBE status. She stated that the decision to not work with a DBE would have been based on their work and not their certification.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, reported that he may have refused to work with a DBE if they did not produce.

Minority and female-owned business perceptions of being utilized by prime contractors in the public and private sectors

Some minority- and female-owned business reported that the same prime contractors utilize them in the private and public sectors. (Interviewees #1, 9, 14, 15, 20, 22, 23, 28, 33, 36, 45, 49, TA #1, 2). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, reported that the same prime contractors utilize his business in both the private and the public sectors. Interviewee #1 stated that he has not recently been directly impacted by a prime contractor refusing to work with him because he is a minority, but he is “sure” that that condition still exists in the field.
Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that the same prime contractors use his business both in the private and the public sectors. Interviewee #9 stated there is no notable difference between being utilized on Consortium and non-Consortium public sector projects or private sector projects.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, rarely does work in the private sector, but he continues to get regular calls from the same prime contractors in the public sector for work — his business is very competitive.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that she has pursued work with prime contractors in the private sector and reported that the same prime contractors use her firm in the public and the private sectors. She stated that this is due to her firm’s work history and past performance; she instructs her team that every project is a marketing tool.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that the same prime contractors utilize her firm in the public and private sectors. She attributed this to her ongoing relationships and experience with the work proposed. She stated that she has attempted to work with prime contractors in the private sector. She stated that she is solicited for price quotes on private sector jobs approximately 30-40 percent of the time; these projects do not have goals. She stated that these solicitations result in work approximately 60 percent of the time and the type of work is the same as it is in the private sector.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported that the same prime contractors sometimes utilize them in the public and private sectors due to their reputation, work, and performance. He has attempted to work with prime contractors in the private sector. He stated that they are solicited daily for price quotes on private sector projects that come in on the fax machine; he did not know whether the private sector projects had goals. He stated that these solicitations result in work 5 percent of the time. They perform hauling and demolition work in the private sector.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, reported that the same prime contractors utilize his business in the public and private sectors. He stated that this is due to his number of years in business, credibility, relationships and professionalism. He stated that his company always pursues projects. He stated that the private sector projects do not generally have goals, and solicitations from prime contractors result in work approximately fifty (50) percent of the time.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, reported that the same prime contractors utilize her in both the public and private sectors and this utilization is based on her qualifications. She reported however, that although prime contractors “always” solicit her for price quotes on private sector projects, these solicitations rarely result in work. She stated that she has attempted to work with prime contractors in the private sector, however, these attempts have not been very successful.
Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that it depends upon the prime contractor whether they utilize her in both the private and public sectors. She stated that she tries to maintain her relationships so that she can get work and good referrals. She stated that she has attempted to obtain work with prime contractors in the private sector and she sends out letters and a newsletter that she has developed. She is not solicited very often for work on Consortium projects. She stated that she has not received many solicitations or work resulting from solicitations lately and was not sure if that was attributable to increased competition or if things were changing.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that the same prime contractors utilize her across the public and private sectors and stated that she receives a lot of referrals due to the quality of her work. She stated that in the private sector she is frequently solicited to work on projects and many of these projects have goals because they receive federal funding. She stated that these solicitations result in work almost all of the time and she receives good work from the prime contractor.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported that the same prime contractors utilize his firm across the public and private sectors. He stated that this is due to the quality of his work and his company’s reputation.

TA #1, the President of the Latino Business Owners of America, stated that prime contractors who build a relationship with a subcontractor will use that subcontractor on their public sector and private sector jobs because of the trust factor.

TA #2, the President of the Black Contractor’s Association, stated that once a DBE subcontractor breaks in and establishes a relationship with a prime contractor in the public setting, the subcontractor generally stays “in” with the prime contractor.

Some minority and female-owned businesses reported that the same prime contractors do not utilize them in the private and public sectors. (Interviewees #2, 4, 12, 13, 16, 17, 21, 24, 26, 27, 29, 30, 31, 32, 35, 37, 38, 40, 47, 48, 50, 51). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that there is a difference between the prime consultants who use him in the private sector and those who use him in the public sector. He stated that there are architects and developers who strictly go after public sector work and there are some that only go after private sector work.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he has never really considered whether the same prime contractors who use him in the public sector use him in the private sector. For example, he noted working with a prime contractor that only utilizes his firm for public sector work, although he is aware that the prime contractor also does work in the private sector. Interviewee #4 stated that some of the large prime contractors do private sector work but never use the DBEs for that work. Interviewee #4 stated that he suspects prime contractors use him on public jobs because his company has been around long enough and has a good relationship with the public agencies so the prime may increase its chances of winning a bid if it uses Interviewee #4 on the public sector work; in contrast, he stated that there is no benefit to the prime contractor for using Interviewee #4’s firm in the private sector.
Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the same prime contractors who use him in the public sector do not use him in the private sector. He stated it has been “clearly marked” that they only work for their public sector prime contractors in the public sector usually because of the discipline. He stated that in the private sector they are working for architects whereas in the public sector they are working for engineers.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that the prime contractors that he works with focus their activity in the public sector. Interviewee #13 stated that there is no difference as to being utilized on Consortium and private sector projects.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that when the company functions as a subcontractor, the same prime contractors do not use him in the public and private sectors because the nature of the work is different.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that the prime contractor’s decision to use his firm across the public and private sectors depends largely on the mercy of the project manager. Interviewee #17’s biggest concern is that sometimes the teams who make proposals are not the teams delivering the project – this makes business very difficult as a subcontractor. Interviewee #17 stated that this disconnect leads to broken promises and understandings from the time of proposal to job execution.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that the same prime contractors who utilize her business in the public sector do not use her business in the private sector; she assumes that if the opportunity presents itself they would.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that the same prime contractors who use her in the public sector do not use her in the private sector. She does not know why, but stated that the prime contractors have their own relationships.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that the same prime contractors that use her in the public sector do not use her in the private sector; she stated that they do not do so because it is not required.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, reported that he has tried to work with a prime contractor in the private sector, but these efforts have not been successful. He stated that some of the private sector projects have goals.

Interviewee #29, an African American male-owned electrical contractor, stated that he does not do any work in the public sector, and he does not know how to find prime contractors who need subcontractors. He stated that he is solicited for work every day on private sector projects but business has been slow over the past year. He stated that in the private sector the goal is to get the project done as cheaply as possible. He stated that because of his ethnicity he is, many times, expected to do the work for dirt cheap. He gave the example of a project that should have cost $10,000. At that time, that was the going rate and it would have covered his costs as well as paid his employees. The prime contractor cut the staff and Interviewee #29 eventually cut his price in half to $5,000 just
to keep the job and pay his men. He stated that they want him to work as cheaply as possible while
keeping the credibility of the project and that is very hard to do. He stated that most of his work
comes through relationships and referrals. He stated that people want the job done well and he will
discuss the price at the beginning of the project. He stated that solicitations almost always result in
work; it is very rare when he receives a call and does not get the job.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated
that the same prime contractors do not use his business in both the public and private sectors for a
simple reason: it is not required. He stated that the goals on private sector projects are different and
normally do not require that a DBE be a part of the team. He stated that he does not get many calls
to perform work in the private sector.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor,
stated that he does not do work in the private sector very often. He stated that the overhead and the
insurance are too expensive to maintain. He stated that working in the private sector comes with a lot
of risk and exposure to a significant amount of overhead even when business is slow. He stated that
his attempts at seeking work with prime contractors in the private sector have not been successful.
Interviewee #31 stated that prime contractors often solicit him for work in the private sector but
these solicitations rarely result in work. He stated that he submits “responsible” price quotes on bids
that interest him. He stated that most of his work comes through recommendations from previous
work and not through solicitations.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products,
stated that he has tried to work with prime contractors in the private sector but he keeps getting the
run around and has been unsuccessful in that regard. He stated that they do receive solicitations from
prime contractors in the private sector but it is not often. He stated that he had “not hit the nail on
the head yet” in terms of getting work in the private sector but he will keep trying; he does not know
why they have not received work yet.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting
firm, stated that the same prime contractors do not use her in the public and private sectors (although
she reported acting as a prime contractor 100 percent of the time). She stated that she has tried to
work with prime contractors in the private sector but these efforts have been unsuccessful. She stated
that she has an alliance with a large firm and she is included in share pricing for RFPs. She stated that
on the instances when she has been solicited for work in the private sector, it was on projects that did
not have goals.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that
the same prime contractors do not use him in the public and private sectors. He stated that he
assumes the prime contractors are utilizing different firms.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television
and surveillance security business, stated that the same prime contractors do not use him across the
public and private sectors. He believes it is because of the “good ole boy network.” He stated that he
will continue to try to obtain work in the private sector.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and
supply firm, stated that prime contractors never solicit him for price quotes in the private sector. He
stated that prime contractors have their own team and only utilize his business or other DBEs when it is required and they receive points or other credit. He stated that he has not attempted to obtain work with a prime contractor in the private sector.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he has tried to obtain work with prime contractors in the private sector but the same prime contractors do not utilize his firm across the public and private sectors. He stated that he is not often solicited for work on Consortium projects.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that the prime contractors who use him in the public sector do not use him in the private sector. He stated that this is due in large part to the fact that there is not a [DBE] requirement in the private sector; he stated that the prime contractors utilize their own network of subcontractors for private sector projects. He stated that he no longer tries to obtain work with the public sector prime contractors in the private sector.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that the prime contractors who utilize him in the public sector do not utilize his firm in the private sector. He stated that the prime contractors that use his firm in the public sector do so because of the mandatory requirements; he stated that he has stopped trying to seek work with prime contractors in the private sector because it is not an efficient way to run his business. He stated that prime contractors do not solicit his firm in the private sector. He stated that private sector projects do not have goals, which makes it highly likely that this is the primary reason that he does not get work in the private sector.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that the same prime contractors do not utilize his firm across the public and private sectors. He stated that he has tried to obtain work in the private sector with those firms who have utilized him in the public sector, but this has not been successful, he believes, because those firms are not required to use him in the private sector.

Some minority- and female-owned businesses reported not seeking out work from prime contractors in the private sector. (Interviewees #18, 25, 26, 30, 40). Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, could not think of a private sector project on which she has functioned as a subcontractor. As a subcontractor on Consortium projects, though, Interviewee #18 recounted a positive experience.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he has not really attempted to gain much work in the private sector based on his experience in not receiving the work and the prime contractors sticking within their own “good ol’ boy” network.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that he rarely attempts to obtain work from prime contractors in the private sector. He stated that prime contractors do not have any reason to share the wealth because there is no mandate to do so. He also stated that he is rarely solicited by prime contractors on private sector projects. He stated that he believes he only receives solicitations because of something specific that he does, or he believes it is probably political.
Some minority and female-owned businesses reported positive experiences working on Consortium projects. (Interviewees #14, 16, 18, 19, 22, 24, 26, 28, 30, 38, 42, 43, 48).

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated he has had a good experience working with the Consortium; he stated that the Consortium is good at paying on time and he has developed good relationships with Consortium staff.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that his company’s experience on public sector projects has been good. Interviewee #16 stated that having a DBE certification does not matter at all in the private sector.

Interviewee #19, an MBE-certified African American male attorney, reported success in working on a Consortium project; he indicated that this was a project with goals.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that prime contractors regularly solicit price quotes on consortium projects. She stated that these are projects with goals and result in work approximately 60 percent of the time. She stated that these are subcontracts in the area of planning, engineering, community relations and public involvement.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that prime contractors solicit price quotes from her on RFP bids every four to seven years. She stated that these projects have goals and she submits bids in response to these solicitations. These solicitations result in Consortium work “all the time.” She stated that these are contracts related to investigation for the workers’ compensation claims department.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that prime contractors solicit price quotes from her to work on Consortium projects fairly regularly. She stated that these projects have goals and these solicitations result in work approximately 50 percent of the time.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that he is solicited all the time for price quotes on Consortium projects. He stated that he has not seen any Consortium projects with goals lately. He stated that his company does submit price quotes but he has not seen many projects lately; he stated that the L.A. County MTA has not requested any bids. He stated that he has a pending project in New York City.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that the number of solicitations they receive for work on Consortium projects is dependent on the types of contracts and the necessity of their services. He stated that these are projects with goals and result in work approximately 50 percent of the time.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he is solicited on Consortium projects when his services are needed; these are no longer contracts with goals. He stated that only 20 percent of the projects result in work.
Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, has a direct contract with the L.A. County MTA. She believes that her DBE status helped her to get that project. She stated that when her contract with L.A. County MTA expires they let her know and she bids again. The project is to print brochures and other materials.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that prime contractors solicit his firm to work on Consortium projects and these solicitations result in work approximately 40 percent of the time. He does not know whether these are Consortium projects with goals.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that prime contractors solicit him for work on Consortium projects any time there is a need for electrical contracting. He stated that these are typically projects with goals. He stated that he submits price quotes in response to solicitations and these result in work 75 percent of the time.

Some minority- and female-owned businesses reported mixed experiences being utilized on Consortium projects. (Interviewees #15, 20, 23, 25, 27, 31, 32, 37, 40, 45, 49, 50, 51).

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, reported that most of the Consortium projects are too big when his company is asked to subcontract, and that they do not like to work for big companies as a subcontractor.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that prime contractors often solicit price quotes for Consortium projects. She stated that these are projects with goals. Interviewee #20 stated that her firm is in such a position that they will not respond to a solicitation unless they know who is soliciting. She stated that if they are going to get the project they will discuss budgets, but she is not going to help some firm that she does not know call around and get different quotes and submit the best plan to get the work. Thus, she stated that typically these solicitations do not result in work and she does not receive subcontracts on projects.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported that he is often solicited for price quotes on Consortium projects; he did not know whether these were projects with goals. He stated that these solicitations rarely result in work — maybe a half of a percent of the time. The solicitations are for trucking subcontracts.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, reported that prime contractors have solicited price quotes from him a few times on Consortium projects with goals; these solicitations have never resulted in work.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, reported that the concern with working on Consortium projects is getting paid by the prime contractor. He stated that payment is often delayed even after the prime contractor has been paid by the Consortium. He stated that when he is solicited for a price quote, the prime contractor will first ask if he is a DBE, MBE or SBE and then will request a quote (and qualifications). He did not know whether these were projects with goals. He stated that these solicitations used to result in work about 50 percent of the time but that has recently decreased to 20 percent. He stated that L.A. County MTA now infrequently solicits projects.
Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he is solicited for price quotes quite often on Consortium projects. He believes the prime contractors are doing this as a part of their good faith effort and are not truly intending to give him work. Nevertheless he does obtain plans for opportunities he’s interested in and he submits “responsible quotes” that are his best price — not just a guesstimate but an educated estimate. These are Consortium projects with goals. He stated that he submits price quotes in response to solicitations on Consortium projects that he believes are viable projects. He stated that these solicitations do not normally result in work. Interviewee #31 said that he has only worked on one project for the L.A. County MTA, but he has submitted several proposals for them including three on the day of his interview.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he is not solicited “that often” on Consortium projects. He stated that so far none of these solicitations have resulted in work. He stated that it seems to him that the winner always has the lowest price regardless of the quality of the product.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that prime contractors do not solicit his firm very often for price quotes. He stated that contracts generally last a couple of years and he may receive a solicitation twice a year. He stated that he submits price quotes in response to the type of work that his firm specializes in and is awarded architecture and design subcontracts only 20 percent-30 percent of the time.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, reported that he is not solicited “very often” by prime contractors for work on Consortium projects. He stated that when he is solicited it is on projects with goals, which is why the prime contractors solicit his business. He stated that he does respond to these solicitations, but they rarely result in work on Consortium projects.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she has been solicited by a prime contractor for a Consortium project approximately three times in the past 10 years. She stated that these were typically Consortium projects with goals. She stated that of the solicitations she responded to, none of them have resulted in any work.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported that prime contractors do not solicit his firm often for work on Consortium projects. He stated that there are not that many projects any more. He stated that there are no longer as many projects with goals and indicated that the process has changed since the passage of Proposition 209. He said that he does submit price quotes in response to solicitations on Consortium projects, but he could not determine how often those solicitations actually result in work.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that he has been solicited only twice for work on Consortium projects. He stated that these were projects with goals and his responses resulted in work on one of the projects.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported that prime contractors solicit price quotes from him for Consortium projects approximately 50 percent of the time. He stated that these are always projects with minority
or DBE goals. He stated that he does submit price quotes in response to these solicitations, but “it takes about ten bids to get one job.” He indicated that when he does receive work, they are typically jobs related to construction management, estimating, performance, and engineering.

Most interviewees reported that a prime contractor has not and would not refuse to work with them because they are a DBE, however, a prime contractor may have refused to work with them for other reasons. (Interviewees #2, 9, 10, 12, 15, 17, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 38, 40, 42, 43, 44, 45, 47, 48, 49, 51, TA #1, 2). Interviewee #2 stated that he would not say that a prime consultant has refused to work with him because he is certified with Caltrans, but he is turned down by architects on a routine basis. He stated that this is not because he is a DBE; the architects are not even interested in knowing if he is a DBE. He stated that he is often turned down because of the relationship between the architect and the engineer that architect has built a relationship with. He stated if an architect has been working with a certain engineer, the architect often wants to continue working with that engineer.

Interviewee #2 stated that he would not say that a prime consultant has refused to work with him because he is certified with Caltrans, but he is turned down by architects on a routine basis. He stated that this is not because he is a DBE; the architects are not even interested in knowing if he is a DBE. He stated that he is often turned down because of the relationship between the architect and the engineer that architect has built a relationship with. He stated if an architect has been working with a certain engineer, the architect often wants to continue working with that engineer.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that no one has said directly to his face that he would not receive a contract or work simply because of his DBE status.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he does not think a prime contractor has ever refused to work with him because he is a DBE; at least no one has ever said that or made him feel like that is the reason.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he is considered for work because of his credibility; he does not believe that this consideration has been affected by his DBE status.

TA #1, the President of the Latino Business Owners of America, stated that a prime will never refuse to work with a DBE, but instead will use a DBE for a smaller amount or will sometimes state that it is using a DBE and change to another subcontractor. He stated that this occurred as recently as two to three years ago. TA #1 stated that the incident was not reported because he does not know who you would report it to.

A couple of interviewees reported feeling as though a prime had refused to work with them because they are a DBE. (Interviewees #16, 37). Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, noted that while no company has ever specifically told him that his DBE status precluded the company from getting work, he has been blown off and he knows that is actually the case. The company makes strong efforts, but large companies will generally end up using whoever they want.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that he feels that a prime has probably refused to work with him because he is DBE, but he did not know it. He stated that no one has said it outright but it is more or less a feeling that he has.

Some interviewees reported that they did not know whether a prime had ever refused to work with them because they are DBE. (Interviewees #4, 18, 50). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated
that he has no idea whether a prime has ever refused to work with his company because it is a DBE; he stated if so, the prime would never say so.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, did not know whether prime contractors have refused to work with her because she is a DBE — many projects fail to materialize.

B. SDCRAA anecdotes regarding DBE utilization

The following anecdotes regarding DBE utilization were obtained from interviews that the study team conducted in connection with BBC’s 2009 SDCRAA study.

Successful MBE/WBE firms

Several interviewees reported being aware of successful minority- and female-owned firms. SDTA #3, representing a local chamber of commerce, said that there are a number of successful minority- and female-owned firms in the San Diego area, both small and large. Regarding the success of those firms, SDTA #3 said, “I really don’t think it’s their gender or ethnicity — it’s hard work and determination [that explains their success]. …”

SDTA #2, representing a Hispanic American trade organization, also reported that there are a number of successful minority- and female-owned firms in the San Diego area. However, he indicated that they only work in certain industries: “Successful DBEs are mostly in janitorial or landscaping industries.”

When asked to name successful MBE/WBE subcontractors, Interviewee #SD28, representing a Caucasian female-owned firm, was able to name two. She said that to be successful like those firms, DBE firms have to “be active — be at every mixer, every association [event].” She added that DBE firms have to make an effort to “keep [their] name in front of everybody.” She also indicated that small firms cannot turn down jobs — they have to be willing to bid on and accept all available contracts.

SDTA #9, representing a public works trade organization, reported that many of his organization’s minority and female clients have a sense of entitlement that is detrimental to their success: “A lot of our clients have bad attitudes. Those clients, we see don’t do as well in business. For example, there is a sense of entitlement that used to be among the minority-owned businesses that they should have a successful business because of their classification. I have seen this entitlement change from minority-owned businesses to disabled vet[eran]-owned businesses now.”

Similarly, Interviewee #SD3, representing a Caucasian male-owned firm, said that MBE and WBE firms who get into the business with a sense of entitlement do not succeed. He said that minority- and female-owned firms need a strong work ethic to be successful.

Several interviewees made non-specific comments indicating that they were aware of successful minority- and female-owned firms across several different industries (e.g., Interviewee #SD3, Interviewee #SD11, Interviewee #SD19, Interviewee #SD27, Interviewee #SD32, Interviewee #SD33, Interviewee #SD34, Interviewee #SD37, Interviewee #SD41. Interviewee #SD45, Interviewee #SD46, SDTA #1, and SDTA #9).
Some interviewees had trouble naming successful minority- or female-owned firm. When asked if there were any successful MBE or WBE firms in San Diego, SDTA #5, representing a government advisory commission on minority issues, said that if there are any she is unaware of them. She went on to explain, “What has happened is that many of them who had the means have already left San Diego or many have gone out of business … [MBE/WBE firms] have been driven out.”

Interviewee #SD38, representing a Hispanic male-owned firm, had trouble naming a female-owned firm and had trouble naming minority-owned firms that were not Hispanic: “We know people with their own landscaping or drywall company, but women don’t come to mind. Most of what you will see is Hispanic due to our geographic location.”

Interviewee #SD40, representing a Caucasian male-owned firm, also had trouble naming successful MBE/WBE firms. He said, “There aren’t a lot of [MBE/WBE firms]. This is one of our issues here in San Diego.”

Interviewee #SD44, representing a Hispanic male-owned firm, could only name one other successful local MBE/WBE firm in his firm’s industry.

Reported utilization of DBEs by prime contractors in the public and private sectors

Several interviewees indicated that they solicit bids from minority or female-owned firms but primarily for public sector work. Interviewee #SD20, representing an Asian American male-owned firm, indicated that including minority-owned or female-owned firms on a proposal makes it more competitive in the public sector but not in the private sector. Interviewee #SD20 described MBE and WBE participation as a “non-issue” in the private sector.

Interviewee #SD11, representing a Caucasian male-owned firm, indicated that his firm only solicits bids from MBE and WBE firms when those solicitations are required: “When [MBE or WBE participation] is required to do work and complete the deal, we find someone to do it and pay them 2-3 percent more and [we] do all the work.”

Interviewee #SD4, representing a Caucasian male-owned firm, reported that when mandatory DBE goals were in place for public sector projects, he would solicit bids exclusively from minority- and female-owned firms.

Interviewee #SD3, representing a Caucasian male-owned firm, said that his firm has relationships with at least one minority- or female-owned firm in each construction industry that is outside of his firm’s expertise and, when necessary, subcontracts work out to those firms. However, he went on to say that his firm tries to avoid subcontracting any work at all.

Interviewee #SD32, representing an African American male-owned firm, said that because his firm is a DBE certified firm itself, DBE goals usually do not affect the process by which the firm selects subcontractors. However, he indicated that his firm has worked with a number of MBE/WBE subcontractors, and the experience of working with those firms is comparable to working with non-DBE subcontractors.
One interviewee indicated that their firms solicit bids or price quotes from minority or female-owned firms for moral reasons and regardless of sector. Interviewee #SD20, representing an Asian American male-owned firm, said that when he selects subcontractors, he tries to use local firms as much as possible. Regarding that philosophy, Interviewee #SD 20 said, “What I believe is giving back to the community. That’s what distinguishes us from the other firms.”

Several interviewees reported difficulties associated with soliciting bids from minority- and female-owned firms because those firms are not available to do the required work. Interviewee #SD6, representing a Caucasian male-owned firm, reported a number of difficulties associated with soliciting bids from MBE and WBE firms. He indicated that there are only a small number of minority- or female-owned firms qualified to complete the work that his firm requires, and even a smaller number respond to solicitations. He went on to say that his firm has frequently received hostile responses from MBE and WBE firms.

Interviewee #SD24 reported that although his firm regularly subcontracts work out to MBE and WBE firms, sometimes it is difficult finding minority- and female-owned subcontractors that do work in industries that his firm requires: “Given what the contract requires, [sometimes] there’s just not firms that do [that type of work]. Environmental consulting is a pretty small niche in the economy, and with those specialties, it’s difficult to find firms that meet those goals.”

Similarly, Interviewee #SD7 stated that there are not any MBE or WBE firms working in the industries that his firm requires: “There are only a couple of firms in the country that can handle runway rubber removal, taking the deposits off the runway without damaging it.”

With regard to soliciting MBE/WBE subcontractors for work, Interviewee #SD31, representing a Caucasian male-owned firm that is DVBE certified, said, “I wouldn’t know where to find one if I wanted to.”

SDTA #7, representing a construction trade organization, said that there simply are not many opportunities for prime contractors to sub out work to minority- and female-owned firms due to the small population of minorities in San Diego: “The City of San Diego has terrible minority numbers, but 95 to 98 percent of their projects are overlay or sewer and water. There just [aren’t] a lot of [minority] subs in [those industries]. You dig a hole and put a pipe in it. Who do you sub it to?” SDTA #7 said that in those situations, prime contractors “just fill out the paperwork, good faith effort.” He went on to say, “You can’t go explain that to a black city council member that’s got a constituency that thinks they should get a huge amount of work out of these things.”

Interviewee #SD7, representing a Caucasian male-owned firm, reported that fulfilling DBE goals can be challenging because minority- and female-owned firms that appear on approved lists are not identified well. For example, “carpet cleaning” firms might be listed as “painting” firms.

One interviewee indicated that claims about MBE/WBE firms being unavailable are baseless. SDTA #10, representing a supplier trade organization, explained that many public agencies in the San Diego area assert that they cannot find minority- and female-owned firms from whom to solicit bids. SDTA #10 stated that that assertion “makes no sense” and that the City of San Diego and other public agencies are “not serious” about addressing MBE and WBE issues.
Many interviewees reported positive or neutral experiences working with minority- or female-owned firms on public sector projects. Interviewee #SD7, representing a Caucasian male-owned firm, reported that when his firm finds a qualified minority- or female-owned firm, they try to work with them again on future projects. Interviewee #SD7 cited an example of an MBE asbestos removal firm with which his firm liked working and that they contacted again about future work.

Interviewee #SD11, representing a Caucasian male-owned firm, said that his firm has relationships with several minority- and female-owned subcontractors with which they work regularly. Regarding his firm’s selection of subcontractors, Interviewee #SD11 said, “We work with the subs who are the lowest, qualified bidder.”

Interviewee #SD25, representing a Caucasian male-owned firm, reported that his firm regularly maintains over 20 percent participation from MBE, WBE, and SBE firms. He said that every member of their contracting “team” is an MBE, WBE, or an SBE.

Interviewee #SD27, representing a Caucasian male-owned firm, reported that his experience working with minority- and female-owned firms is no better or no worse than working with majority-owned subcontractors.

Interviewee #SD26, representing a Caucasian male-owned firm, indicated that his firm has worked with several MBE and WBE firms on public agency projects, and that 60 percent of those experiences have been positive. Of the positive experiences, Interviewee #SD26 said that he saw the DBE program “pay off” and give MBE/WBE firms the opportunities that they needed to grow.

Interviewee #SD24, representing a Caucasian male-owned firm, reported that his firm “has lots of experience in working with [MBE and WBE subcontractors].” He noted that the quality of those experiences was “all over the board” and was dependent on the quality of each individual firm.

Two interviewees reported negative experiences working with minority- or female-owned firms on public sector projects. Interviewee #SD6, representing a Caucasian male-owned firm, cited an example in which he accepted a subcontractor bid from a minority-owned firm on a public sector project with DBE goals. It turned out that the firm was not qualified to do the work, and Interviewee #SD6 had to use a different DBE firm. The second DBE firm was more expensive than the first one, and the agency did not cover the difference in cost — it came out of his firm’s profits.

Interviewee #SD4, representing a Caucasian male-owned firm, recounted a public sector project in which he was required to use a DBE subcontractor for two pieces of work on a historic preservation project. Interviewee #SD4 did not have a positive opinion of the subcontractor’s work: “They killed the job for me. They did not keep up to schedule and they were not proactive in addressing problems.”

Some interviewees offered comments about the differences between utilizing minority- and woman-owned firms in the public and private sectors. SDTA #11, representing a veterans trade organization, reported that, compared to the private sector, the public sector does a better job of addressing some of the barriers that disadvantaged businesses face and are more conscious of the non-mandatory goals that remain for MBE and WBE firms.
Interviewee #SD20, representing an Asian American male-owned firm, indicated that in the private sector MBE or WBE status does not play much of a role in selecting subcontractors. Instead, that selection process is largely dependent on the desires of the clients (e.g., How quickly does the client want the work completed? How much is the client willing to spend?).

Interviewee #SD5, representing an African American male-owned firm, indicated that his firm has worked as a subcontractor on several public sector projects, primarily because the prime contractor needed to meet DBE goals. However, Interviewee #SD5 went on to say that he has worked as a subcontractor on at least two public sector projects with no mandatory DBE goals in place.

**Minority and female-owned business perceptions of being utilized by prime contractors in the public and private sectors**

Some minority- and female-owned firms reported seeking out prime contractors to bid on projects rather than waiting for solicitations. Interviewee #SD20, representing an Asian American male-owned firm, reported that, at least in the public sector, his firm takes a proactive approach to winning subcontracts. They research available projects, determine which prime contractors would likely be interested in those projects, and try to sell the project and themselves to those prime contractors. Regarding his firm’s approach, Interviewee #SD20 explained, “I don’t wait for the prime to reach out to me. That’s too late.”

Similarly, Interviewee #SD5, representing an African American male-owned firm, reported that his firm finds subcontracting opportunities by calling prime contractors that appear on planholders lists. He went on to say that his firm’s approach has helped them build relationships in the construction industry.

**DBE utilization following Proposition 209**

Several interviewees reported a decline in participation of minority- and female-owned firms after Proposition 209 passed and prohibited mandatory DBE goals on state-funded contracts. Interviewee #SD14, representing a Hispanic American male-owned firm, indicated that the situation changed substantially for minority- and female-owned firms after Proposition 209 passed: “Fifteen years ago [the situation] was a lot different. Ten to fifteen years ago there was a mandatory goal … [MBE/WBE firms] were on the bigger projects. … [Prime contractors] used [MBE/WBE firms] because they had to meet the goal.” Interviewee #SD14 went on to say that after Proposition 209 passed prime contractors awarded far fewer contracts to minority- and female-owned firms. He said that a firm’s status as low bidder became the most important factor: “The way times are now, it’s the low bid that will get you the job.”

Interviewee #SD2, representing a Caucasian female-owned firm, indicated that removing DBE goals after Proposition 209 hurt many minority- and female-owned firms. She said that DBE programs “gave [MBE/WBE firms hope … after [Proposition] 209, they lost hope.” She also stated that there would be more African American contractors if Proposition 209 had not passed, and that she saw a number of strong, African American-owned firms go out of business as a result of Proposition 209. With regard to her own firm, Interviewee #SD2 explained that after Proposition 209 passed, she no longer received as many requests for bids from prime contractors: “[It was like] night and day … the phone calls just stopped.”
Interviewee #SD5, representing an African American male-owned firm, reported that after Proposition 209, he won far fewer contracts. He said that he had a lucrative business as a minority subcontractor throughout the first half of the 1990s, but over a nine month period following Proposition 209 his business plummeted, leading him to liquidate it in 2000.

SDTA #2, representing a Hispanic American trade organization, indicated that his organization engaged in extensive outreach with minority- and female-owned firms immediately following Proposition 209 in an attempt to offset its effects. However, SDTA #2 said that despite his organization’s efforts, there was a dramatic decrease in the participation of MBE/WBE firms after the bill passed.

Interviewee #SD25, representing a Caucasian male-owned firm, indicated that prior to Proposition 209, seeking out MBE and WBE used to be highly encouraged, and he said that his firm would try to go above and beyond the stated DBE goals.

With regard to DBE goals, Interviewee #SD28, representing a Caucasian female-owned firm, indicated that those goals help her firm get work, and that the elimination of mandatory DBE goals (as the result of Proposition 209 and Caltrans implementing a race-and gender-neutral DBE program) hurt her firm’s success: “I think [DBE goals] help, and I think [mandatory goals] going away hurt us.”

SDTA #5, representing a government advisory commission on minority issues, reported that public agencies in San Diego stopped making efforts to promote diversity following Proposition 209: “As a result of Prop 209, [the City of San Diego] feels they can’t do anything — the City can’t be aggressive in demanding diversity or creating standards.”

One majority-owned Interviewee said that doing business became easier after Proposition 209 passed. Interviewee #SD11, representing a Caucasian male-owned firm, remarked: “After Prop[osition] 209 passed, it was much easier to do business,” He indicated that he is not supportive of DBE programs or of their intent. He said, “When you submit a bid they are all submitted on white paper with black ink. This is not a racial issue.”

C. Caltrans anecdotes regarding DBE utilization

The following anecdotes regarding DBE utilization were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

Experience with DBEs in the public and private sector

1. Experience soliciting DBEs

Several of the interviewees indicated they had frequent experience with soliciting bids and price quotes from DBEs in both the public and private sectors. Interviewee #CT10, an African American male-owned business, stated that prime contractors contact him requesting bid submissions on Caltrans projects “usually every time a bid comes out” and that the company receives work from about one third of the bids that it submits. According to Interviewee #CT10, the same 33 percent figure applies to the company’s receiving non-Caltrans public sector jobs for which it bids as a subcontractor contractor and for which prime contractors are looking to meet a DBE goal.
Interviewee #CT17, a white male-owned business, stated that his experiences soliciting bids from DBEs on Caltrans projects have been positive. As for the private sector, he stated that his firm’s experiences with soliciting bids from DBEs was “fine.”

Interviewee #CT51, a Hispanic male-owned business, said that the company gets contacted much more frequently by prime contractors to work on other public sector jobs than it does for Caltrans jobs, and that the company had bid on four or five Caltrans jobs in the last three years but had not received any of them because it was not the low bidder. Interviewee #CT51 also stated that whether or not his or any other firm is chosen depends on whether they submit the low bid, noting that primes “want to be the low bidder in the process so they can get the job, and they are sure not going to use you if you are double their estimate or 20 percent or 10 percent or 1 percent higher, in some cases, than the non-DBE guys.”

Interviewee #CT33, a Hispanic female-owned business, stated that the firm’s receiving requests to bid as a subcontractor on Caltrans projects “goes in cycles” and that “right now it’s happening more often[,]” as they had received three requests in the last two months. She stated that the requests have “been pretty constant [over] the past year.”

Interviewee #CT9, a white male-owned business, noted that his division has experience soliciting bids from and utilizing DBEs on projects for other public agencies, including the City of Los Angeles.

Interviewee #CT67, a white female-owned business, noted that she had recently received a letter from a prime contractor saying that her company had been selected as part of a team for an upcoming Metropolitan Water District wastewater project for which bids are still out, and that this is the first time the company had ever heard back from a prime contractor to which it submitted a subcontracting bid.

Interviewee #CT13, a Pakistani male-owned business, indicated that his firm is contacted about as frequently by primes requesting price quotes on non-Caltrans public sector projects as it is contacted for quotes on Caltrans projects. However, Interviewee #CT13 stated that he has “more success” in getting work from these agencies, which are mainly water districts and cities, and that his experiences seeking and getting work from these agencies were more positive than those he had with Caltrans. Interviewee #CT13 also stated that “that work [for agencies other than Caltrans] is based on [the] qualifications and reputation of my company. It has nothing to do with me being DBE certified.”

According to Interviewee #CT49, an African American male-owned business, it has been “a couple of years” since the company last bid as a subcontractor on a public sector job, but the company used to get contacted “frequently” by prime contractors to bid on Caltrans and other public sector jobs. Interviewee #CT33, a Hispanic female-owned business, felt that bidding as a subcontractor on non-Caltrans public sector work is “[g]enerally . . . an easier process[,]” depending on the city and/or agency, and she stated that the company receives a higher percentage of these jobs than it does the Caltrans ones.

Some of the interviewees expressed general experience soliciting bids and price quotes from DBEs. When asked about experiences with soliciting bids or price quotes from DBEs for private sector and non-Caltrans public sector work, Interviewee #CT31, an African American female-owned business, answered, “It’s fine” and “No problems.” Interviewee #CT31 stated that he and others at his company “are the ones that pursue getting all projects” and that prime contractors “do not
normally come to [them] . . . .” Interviewee #CT31 attributed this lack of solicitations from prime contractors to Caltrans’ lack of enforcement of DBE goals and/or requirements.

According to Interviewee #CT31, when the company does get solicitations from prime contractors for work — whether it be for Caltrans, other agencies, or in the private sector — the “majority of the time [it is because] either the teams figure that they have to have WMBEs on their team . . . or they know about us and know that we are that good.” Interviewee #CT31 also stated that the company experienced a decrease in solicitations to work on public sector projects after the passage of Proposition 209 in 1996. Interviewee #CT31 noted that the company saw this decline “in most city and county governments [and] public transportation agencies.”

Interviewee #CT48, an Asian American male-owned firm, stated also that the frequency with which his company is contacted by prime contractors to bid on non-Caltrans public sector projects varies, and that, when it bids on these projects, the company winds up getting more than half of the jobs. Interviewee #CT32, an Asian American female-owned business, recounted a similar experience, and noted that, in general, her experiences soliciting bids from and utilizing DBEs for private sector and non-Caltrans public sector work were positive ones.

However, Interviewee #CT46, an Asian American male-owned business, thought that “a lot of times” it was “ambiguous” exactly what was required of firms in terms of “put[ting] the DBE requirements together for a bid … and the paperwork [for doing so].” He relayed one experience where his company lost a job because they were told that their “DBE wasn’t correct.”

Interviewee #CT49, an African American male-owned business, noted that his experiences soliciting bids from and utilizing DBEs on Caltrans projects and other public sector jobs had been the “just the same” as his experiences soliciting bids from and utilizing non-DBE firms.

Some of the interviewees specifically noted solicitation experiences specifically with regard to private sector work. Some interviewees indicated positive experiences with solicitation for private sector work. CATA #11, a minority trade association, noted that his association gets eight to ten faxes and e-mails a day from private sector firms asking them for quotes from their members. Primes “are always looking for subcontractors.” His members have received these jobs. His association gets faxes from primes on City or County projects in connection with good faith efforts. His members have received these jobs.

Interviewee #CT10, an African American male-owned business, stated that primes request bids on private sector work (sometimes because they are trying to meet a DBE goal). He points out, however, although his company lands about a one third of the work for which it bid as a subcontractor in the private sector, he is contacted less frequently by primes requesting bids for private sector work.

Interviewee #CT48, an Asian American male-owned firm, stated that his company “sometimes” received requests from prime contractors to bid on private sector projects, that these projects were less than 10 percent of the company’s overall work, that there were no DBE goals for these projects, and that the company winds up getting over half of these jobs. Interviewee #CT46, an Asian American male-owned business, felt that his company’s success in landing Caltrans and other public sector work “runs in streaks,” as sometimes months pass without getting a job, whereas other times “you’ll get a couple in a row.”
Interviewee #CT13, a Pakistani male-owned business, felt that the only reason he was solicited for work in the private sector was because of his qualifications. Interviewee #CT13 stated that he also gets contacted by primes requesting bids on private sector work with the same frequency as it receives requests for bids on public sector work. He indicated that firms doing work in the private sector “could care less” whether or not they are soliciting a bid from or utilizing a DBE firm on a project.

Interviewee #CT32, an Asian American female-owned firm, stated that she does not get solicited to bid as a subcontractor on private sector work.

Interviewee #CT29, a Hispanic male-owned business, stated that his company’s private work comes from relationships and reputation built over the many years that the company has been in business. Interviewee #CT29 stated that its company’s DBE status had a lot to do with obtaining subcontractor work in the public sector but not at all in the private sector.

Some of the interviewees indicated they had very limited or no experience soliciting bids and price quotes from DBEs (Interviewees #CT1, #CT 7, #CT 32, #CT 48, #CT 65, and #CT 68). Interviewee #CT1, a Native American male-owned business, stated that he does not have experience soliciting bids or price quotes from DBEs on Caltrans projects. Interviewee #CT65 (white male-owned) and Interviewee #CT48, an Asian American male-owned business, also have no experience soliciting bids from or utilizing a DBE on Caltrans projects.

Interviewee #CT68, a white male-owned business, said that he did not really have any experience with soliciting bids from and/or utilizing DBE firms on Caltrans projects and that he “d[id]n’t care” whether the firms he used as subcontractors were DBEs or not. Because, he said, no agency ever required that he use a DBE subcontractor.

Interviewee #CT48, an Asian American male-owned business, had no experience soliciting bids or price quotes from or utilizing DBEs on private sector projects or non-Caltrans public sector projects either. Interviewee #CT65 also has no experience soliciting bids or price quotes on private sector projects. Interviewee #CT82, a white male-owned business, noted that he did not actively solicit DBEs because as soon as he was awarded a contract he already knew who he was going to use.

Some of the interviewees indicated frustration with the DBE solicitation process. Interviewee #CT13, a Pakistani male-owned business, said that he responds to requests to bid on Caltrans projects, but that his firm gets “two typical responses”: the prime either does not respond at all, or the prime responds saying that the team has already been formed but thanking his firm for expressing interest. Interviewee #CT13 described this process as “frustrating” and wondered why his firm spent so much money and resources to get DBE certification without receiving any benefit. Interviewee #CT13 stated that he instead could have utilized his staff “for making some money for the company. . . . If that effort would have been made somewhere else I would have got more jobs, more projects, more money.”

Interviewee #CT30, an Asian American male-owned firm, explained that the same DBEs get all the work and there is a disparity between the “haves and have nots.” He observed that probably 20 percent of the DBEs “gobble up” 80 percent of the work because of their standing relationships. The remaining 80 percent of the DBEs are fighting for 20 percent of the work.
2. Experience utilizing DBEs

Some interviewees recounted general and/or positive experiences with DBEs on public sector projects. Interviewee #CT17, a white male-owned business, also said that his experiences with utilizing a DBE on public sector projects had been “very positive,” that his company has “good relationships” with the firms it uses, and that his firm “like[s] working with them.”

Interviewee #CT32, an Asian American female-owned business, said the company had more success getting subcontractor work on public sector jobs, but she did not know if these other agencies have DBE goals or not. She said that she got a contract with a municipality because she was a woman-owned small business, and that she had received several contracts for the Navy, who she said “has been successful in . . . awarding contracts to small businesses.”

Interviewee #CT33, a Hispanic female-owned business, noted the company has used DBE subcontractors on public sector jobs for other agencies, and said that she has “had good success with all of them.” She also stated that she “would not pick somebody just because they’re MBE or WBE and not knowing that they’re good at what they do.”

Some interviewees had experience with DBEs on private sector projects. With regard to using DBE subcontractors in the private sector, Interviewee #CT9, a white male-owned business, stated that the company does use DBE firms, but that these firms are selected because he feels that they are “the best for the job.” Because the company’s reputation is on the line, he does not want to be “required to use a set aside firm that [he] may or may not want to be using.” Interviewee #CT17, a white male-owned business, stated also that he had good experiences utilizing DBEs in the private sector, and that using them in the private sector was “probably a little less restrictive” (because there are no percentage requirements or DBE goals).

Interviewee #CT34, a white male-owned business, could not recall an instance where he did not use a DBE in the private sector, and that the DBEs that he uses regularly would in any case be among the first choices for the work they do for him. He did say, however, that with respect to soliciting bids from and utilizing DBEs in the private sector, “[i]t’s just a different consideration” because “there’s just not quite the same imperative when you’re doing private sector work.”

Interviewee #CT46, an Asian American male-owned business, said that private sector contracts “hardly ever ask you for a DBE requirement.” Interviewee #CT65, a white male-owned business, has utilized or worked with a DBE in the private sector. According to Interviewee #CT11, Native American male-owned business, the company does not use DBEs when it is a prime in private contracts — the company pretty much handles everything in house.

CATA #1, an Asian American trade association, said that he had had good experiences soliciting bids from and working with other DBEs on Caltrans and other jobs. He said that, because of good networking, he had no problem finding DBEs, and he mentioned a current contract with a public agency (the Metropolitan Water District) where his firm is listed as the prime and three others as subcontractors. According to CATA #1, a “very very low percentage” of jobs that are bid are landed, and that getting private sector jobs depends heavily on whether a DBE program is looked upon as merely lip service or a real commitment. He identified one utility company that was good about hiring DBEs, but he said that most other utilities and defense contractors were not.
Some interviewees offered experiences with DBEs but did not specify whether the experience was in the public or private sector. When asked about his experience working with DBEs, Interviewee #CT34, a white male-owned business, stated, “I wouldn’t distinguish my experience with the DBEs from any other subcontractor-consultants that I’ve ever used.” He said that this was true of his experience using DBEs on work for Caltrans, other public sector work, and private sector work.

Interviewee #CT50, a white male-owned business, stated that he has worked with one WBE, and his experience has been good. Interviewee #CT51, a Hispanic male-owned business, indicated that the company’s experiences using DBE subcontractors on projects (be they in the public or private sector) were no different than those with non-DBE subcontractors.

Interviewee #CT67, a white female-owned business, does not subcontract out any work. Interviewee #CT67 said that, though she was not sure how often prime contractors are looking for a firm like hers to do conversions to CAD, prime contractors still keep a lot of work in house, that subcontracting work is all about positioning as a small business and how primes look at small businesses, and that it is important for her, as a small business owner, to see that the DBE program is not abolished.

Interviewee #CT69, a white male-owned business, never personally hired a DBE. But, Interviewee #CT69 has had experience with DBEs in that he has had to “clean up” a lot of their work. He said some of the DBEs have had to send two people for projects for which he would only send one. Interviewee #CT69 also worked with prime DBEs, but the problems tend to be with subcontractor DBEs.

Interviewee #CT76, a white male-owned business, stated that he utilizes the same subcontractors each time. Some of those subcontractors are DBEs, and while he might have initially used them because he was trying to meet some DBE requirement, he continues to use them because they do good work. Interviewee #CT76 works “within the family,” meaning he only uses those companies with which he has a good working relationship and knows will get the job done — regardless of whether they are certified.

Interviewee #CT7, a white female-owned business, stated that their experiences using DBEs in the private sector and on non-Caltrans public sector work were the same as those using DBEs on Caltrans projects. Interviewee #CT7 stated also that they have no problems finding DBEs for private sector and non-Caltrans public sector work, since they use the Caltrans list to locate DBE firms no matter who is issuing the contract.

Interviewee #CT11, a Native American male-owned business, recounted that the company’s experience using other DBEs has been “very good.” The company has built relationships with some smaller firms that are very responsive and who understand the Caltrans process, forms, and all of things that must be in a proposal.

Interviewee #CT31, an African American female-owned business, said that his company uses “anyone that has the capabilities” but noted that, though there are not that many DBE firms out there, the company “whenever possible . . . tr[ies] to promote utilization of WMBEs.”
According to Interviewee #CT46, an Asian American male-owned business, some of the company’s subcontractors are MBEs and WBEs, but “[i]t all depends on what job . . . .”

A non-DBE engineering firm, stated: “there seems to be a shortage of DBE certified firms for most service areas. We have found on many occasions that there are simply no DBE firms or no DBE firms available. We feel that including DBEs on our team even in non-required situations not only assists in promoting diversity, but quite frankly increases our chances of winning those projects that we would like to be working on. Obviously, the lack of these special firms creates a number of issues.” (Written testimony submitted 4/16/07).

3. Differences in utilizing DBEs in the public and private sectors

Some subcontractor interviewees reported that different prime contractors used them in the private sector as used them in the public sector. CATA #10, an Asian American trade association, stated the same prime contractors do not necessarily use the same subcontractors in the private sector as they do in the public sector unless they have a long relationship “because they only were hired because they had to meet the goal.” Otherwise, “in our business, it is the good ol’ boy network.” Some prime firms will use a member firm in the public sector because they are DBE or minority or have a good reputation but then will not use them in the private sector. He stated this happens “most of the time.” He stated in particular after Proposition 209 and after implementation of the race-neutral program this situation is more noticeable.

CATA #1, an Asian American trade association, and CATA #3, a Hispanic trade association, stated that there was no cross-over between the primes that use his company as a subcontractor in the public sector and those that do so in the private sector, and that there is very little, if any, of this cross-over between the prime contractors that subcontract work to the Association’s members.

Interviewee #CT65, a white male-owned business, does not use the same subcontractors in the private sector as in the public sector because the insurance requirements changed, and he was no longer able to afford the insurance.

Interviewee #CT11, a Native American male-owned business, stated that the company’s experience in the private sector is that since the clients are not held to a bidding process, the clients value relationships more than anything else. In his experience, there has been no overlap between the primes that use the company in the public sector versus the primes that use the company in the private sector. Interviewee #CT11 explains that in the private sector, the primes like to keep most of the work in-house and there is no effort to use DBEs.

Many stated that prime contractors tend to specialize in either public or private sector work. According to Interviewee #CT33, a Hispanic female-owned business, the prime contractors that use their companies in the public sector do not use it in the private sector because they are a “different group of people.” Interviewee #CT33 said that most of the prime contractors for whom she works on public sector projects “don’t even do private work.”

Interviewee #CT48, an Asian American male-owned business, indicated that the company did not use the same subcontractors in the public and private sectors because these were “completely different areas.” According to Interviewee #CT65, most of the contractors performing public works jobs do not do private work – he does not think that he has ever run into one (at least with Caltrans).
According to Interviewee #CT79, an African American male-owned business, prime contractors who use him in the private sector are different than the primes who use him in the public sector. Interviewee #CT81, a Hispanic male-owned business, said the people he works with on public projects do not perform private work.

Interviewee #CT48, an Asian American male-owned business, stated that the prime contractors that use his company in the public sector do not use it in the private sector, and that his company had not attempted to obtain private sector work from a prime contractor that used his company in the public sector. Interviewee #CT48 stated that the company's private sector work is risk management work for the insurance industry (namely surveying and imaging) whereas its public sector work is more research and development, thus the company's public and private sector work is for different types of firms.

Some interviewees reported using the same subcontractors in both sectors. Interviewee #CT13, a Pakistani male-owned business, stated that his firm sometimes subcontracts out the drilling work on its projects, and that he uses the same subcontractors on both public and private sector projects. He was “personally not aware” of whether these firms were DBEs, stating “some maybe, some maybe not” and that “[i]t is not of concern to me.” Interviewee #CT13 stated further that he did not have to contact DBE firms since his firm is a DBE, and therefore itself satisfies DBE goals or requirements on Caltrans and other projects, and that “being a DBE I wouldn’t be hunting a DBE firm.”

Some DBE firms reported that the same prime contractors who used them in the public sector also used them in the private sector. Interviewee #CT68, a white male-owned business, and Interviewee #CT62, a white male-owned business, stated that the same contractors for whom they do work as a subcontractor in the public sector also use their firms for private sector work. Interviewee #CT49, an African American male-owned business, stated that his company uses the same subcontractors, which he said were both MBEs and WBEs, in both the public and private sectors, and that these subcontractors are used for electrical, street lighting, concrete (curbs and gutters), and striping work.

Interviewee #CT46, an Asian American male-owned business, stated that the company uses subcontractors for fiber optics and low voltage communication work, and that it “more or less” uses the same subcontractors for this work in both the public and private sectors.

Interviewee #CT13, a Pakistani male-owned business, indicated that the same prime contractors that use his firm as a subcontractor in the public sector are not the same ones that use his firm as a subcontractor in the private sector, and that there are primes for whom his firm works for often, though “not as a DBE.” According to Interviewee #CT13, he has a “very long term relationship” with these primes, they are “very happy” with his work, and “any time there is a project where they need geotechnical engineering service[s] they put me on the team whether there’s a DBE requirement or not.”

Interviewee #CT10, an African American male-owned business stated that “some” of the prime contractors that use his company in the public sector also use them in the private sector.

Interviewee #CT31, an African American female-owned business, stated that the prime contractors that use the company in the public sector also use it for work in the private sector, since the scope of the work is “almost identical” and the same civil engineers who work for Caltrans and other agencies also contract for work with private land developers. Interviewee #CT34, a white male-owned
business, stated that the same prime contractors that use the company as a subcontractor in the public sector also use them in the private sector. Interviewee #CT34 said that the jobs on which they work as a subcontractor are generally more narrow in scope (e.g., a biological survey or air quality and noise study) than when they work as a prime (e.g., as the overall or coordinating environmental consultant).

Some subcontractors stated that they received private sector work after working for the prime in the public sector. Interviewee #CT39, a Hispanic male-owned business, stated that the small amount of work that the company does in the private sector is for the same prime contractors for whom it works in the public sector. According to Interviewee #CT39, these jobs usually come about when the company is working for a prime contractor on a public sector job, another “little job” that is “usually very small” comes up, and the prime contractor asks them to do this job as well. Interviewee #CT39 summarized the relationship between these small private sector jobs and its public sector jobs as follows: “[I]f we don’t get the public job, we’re probably not going to get the private job.”

Interviewee #CT46, an Asian American male-owned business, stated that the same prime contractors that use the company for public sector work also use the company in the private sector, mainly for street lighting and installing conduit systems for their utilities. Interviewee #CT46 indicated that the price range for these private sector contracts was the same as the price range of its contracts for the same work in the public sector.

Interviewee #CT51, a Hispanic male-owned business, indicated that the firms that use the company as a subcontractor in the public sector also use it in the private sector, and that once his company gets the chance to work for a prime contractor and demonstrate its abilities, the relationship continues for the prime contractor’s work in both sectors. Interviewee #CT51 said that “it goes both ways.”

Interviewee #CT65, a white male-owned business, noted that, with regard to the school district projects in which his company has engaged, those public contractors have used him in the private sector.

Interviewee #CT66, a white male-owned business reported that the subcontractors for whom he works use him in both the private and public sectors. Interviewee #CT66 said that he “vary rarely” gave out work to other firms and that we he did so, he did so on a limited basis with close friends who own trucks.

CATA #2, an African American trade association, stated that he had never looked for (and thus has never seen) any cross-over between the firms that use the Association’s members for subcontracting in the public and private sectors but that he was “quite sure that [cross-over] happens.” He noted that there are no DBE goals on private sector projects and said that his company subcontracts out only public sector work. CATA #2 said that the Association’s members use the same subcontractors in both sectors “all the time.” According to CATA #2, once a marriage between firms is made, it stays together, and the businesses support each other in both sectors.

Interviewee #CT30, an Asian American male-owned firm, stated that while logic would suggest that prime contractors would use DBEs in the private projects after having worked on projects with the DBE in public projects, practically speaking, he does not believe that it happens. He states that the
prime might have a whole plethora of subcontractors to pick from and in the private sector most of it comes down to price.

Some prime contractors reported using the same subcontractors in both the public and private sectors. Interviewee #CT7, a white female-owned firm, stated that the company uses the same subcontractors for both its private and public sector work. The company subcontracts out work for aerial mapping, speed billing, traffic counts, and some architectural work, including with DBE firms.

Interviewee #CT1, a Native American male-owned business, stated that he also uses the same subcontractors in the private sector as he does in the public sector. When he utilizes subcontractors, it is for specialty testing like for pesticides and radioactivity. According to Interviewee #CT1, these are generally not DBEs or M/WBEs.

Interviewee #CT10, an African American male-owned business, relayed that his company uses the same subcontractors in the private and public sector. Interviewee #CT10 said that most of the subcontractors that the company uses on public sector projects are DBEs, but that “we don’t use them [DBE subcontractors] all the time” on private sector jobs.

Interviewee #CT17, a white male-owned business, stated that the company does use the same subcontractors in the private and public sector, mainly for subcontracting surveying work Interviewee #CT17 also stated that though the company “sometimes ha[s] a call for DBEs” in the private sector, this happens “very rarely” since “it’s mostly in the public [sector] if we use them at all.” The firm has used DBEs on public sector work for the Metropolitan Water District, the Eastern Municipal Water District, and other agencies.

Interviewee #CT31, an African American female-owned business, stated that it performed most of its work in-house, but occasionally uses subcontractors for potholing for both its public sector and private sector work. Interviewee #CT32, an Asian American female-owned business, said that her firm uses the same subcontractors in the public and private sectors, and that these subcontractors are local DBE firms to whom she subcontracts out environmental work. Interviewee #CT44, a Middle-Eastern male-owned business, also uses the same subcontractors in the private sector that he does in the public sector, but doesn’t know if any of them are certified as a DBE. Interviewee #CT44 subcontracts traffic light work, landscaping, and other small projects.

Interviewee #CT33, a Hispanic female-owned business, said that when her firm is the prime contractor, it tends to use the same subcontractors, but that “it varies.” She said that some of the subcontractors are DBE firms but noted that she does not need to use DBE firms to satisfy a DBE goal on a project. Interviewee #CT33 stated that “all else being equal, [she] will choose the WBE and/or MBE firms” but that if a particular firm has experience that will help her company get the job, she will use them “regardless of whether they’re WBE or MBE.”

Interviewee #CT34, a white male-owned business, stated that the company uses the same subcontractors in the private sector that it uses in the public sector, and that these subcontractors usually are specialty firms. Interviewee #CT34 said that some of these firms are DBEs on specifically subcontracts that the company uses for endangered species surveys, geotechnical work, public participation, landscape architect, and biological work. Interviewee #CT45, a white male-owned business stated that “in general,” he uses the same subcontractors in the private sector as he does in the public sector. With respect to whether he has attempted to use DBE/MBE/WBE subcontractors
in the private sector that he used in the public sector, Interviewee #CT45 stated that if they are the low bidder, he will use them.

Interviewee #CT45 stated that everyone has to follow the rules. Interviewee #CT45 noted that “everyone has a perception that DBEs come along and we have to foster them to bid in those situations they can’t survive.” Interviewee #CT45 stated “Caltrans gives no leniency after you get the job, they don’t care if the guy quits the job, Caltrans said we have rules if you have to replace the subcontractors we don’t care if it’s a DBE. When subcontractors go down it is a problem to the [general contractor].”

Interviewee #CT51, a Hispanic male-owned company, stated his company uses the same group of suppliers and subcontractors that it likes working with in both the public and private sectors for concrete structures and hot-tapping work, as well as for trucking, landscaping, and sweeping. Interviewee #CT51 also said that the company “do[es] not care if the guy is a minority or not a minority or disadvantaged or not disadvantaged” but instead cares if the subcontractor can do a good job and meet the criteria of the specifications, and that the company wants to help minorities “in every way [it] can” and “prefer[s] to use DBEs or . . . veterans . . .” so long as they are going to do a good job and help the company meet project requirements. Interviewee #CT51 also stated that though the company generally uses the same subcontractors, it was open to developing and had developed relationships with new subcontractors and suppliers.

Interviewee #CT68, a white male-owned business, typically uses the same subcontractors in the public and private sectors, and it subcontracts out work to botanists, biologists, irrigation designers, and lighting engineers. Interviewee #CT68 said that the firms he uses as subcontractors are local ones, including a WBE that he used “all the time,” but which was no longer in business.

Interviewee #CT73, a white male-owned business, noted that if he worked in the public sector, he would use the same subcontractors there as he does in the private sector. These subcontractors probably are not DBEs. He subcontractors out back-hoe services, concrete cutting services and equipment rental.

Some DBE firms reported that various prime contractors only used them on projects where there was a DBE requirement. Interviewee #CT31, an African American female-owned business, said that “even if we work with that firm consistently in the private sector they will not call us unless there is a specific reason to do so if it is a Caltrans project[]” and stated further that “if Caltrans does not enforce or pursue utilization of WMBEs and specifically call for professionals in our area of expertise, the ‘civils’ [civil engineering prime contractors] are not going to call us up. I do not care how many projects we work with them [on] in the private sector, it is not going to happen.”

CATA #1, an Asian American trade association, said that unless there is a DBE requirement (i.e., public sector), prime contractors will do in-house all the work they can and will use DBE firms only if these firms can provide services that the big prime contractors cannot do themselves. CATA #3, a Hispanic trade association, said that where there is no DBE goal (i.e., the private sector), prime contractors do not “bring [DBE firms] into their fold of business,” and that prime contractors will generally not use DBE firms for subcontracting where there is no requirement to do so.

Interviewee #CT13, a Pakistani male-owned business, noted that if the DBE requirement is there, . . . it is satisfied . . . . That’s the only impact it [DBE certification] has made on my business. The
Primes who had been working with me the last twelve [or] thirteen years do not have to go to somebody else to satisfy DBE requirements. That’s the only difference it can make.”

Interviewee #CT9, a white male-owned business stated that his division uses the same subcontractors in the private sector that it uses in the public sector, and that most subcontractors were selected because of their qualifications and the need to comply with DBE “set-aside” requirements.

Interviewee #CT34, a white male-owned business, acknowledged that the company “consciously” uses DBE firms in the public sector because it helps them meet DBE goals and estimated that about twenty percent (20 percent) of the company’s public sector work is subcontracted to DBEs. Interviewee #CT34 summarized the firm's DBE utilization practices as follows: “Well, to be truthful, I would say we are more conscious of . . . When we’re doing private sector work, we probably are most focused on which subcontractor-consultants . . . we’ve had the best results with in the past. In the public sector, we’re always conscious of the need to meet the various goals of the public agency. And I’m not saying those two objectives are mutually exclusive. It’s just that there are times when, if you absolutely had your druthers, you might use one subcontractor over another, and that could potentially be at the expense of a DBE. And if you were working for a public sector client, it’s conceivable that you might have made a different decision.”

Interviewee #CT7 stated that they try to get private sector work from prime contractors that use them in the public sector but that they have not been successful, as prime contractors contact them only when they need to meet a DBE goal. According to Interviewee #CT7, there is no incentive for a project manager at a prime contractor to contract out work to them or other DBE firms in the private sector because project managers are rewarded and compensated based on how much work (and money) they can bring in to their firms.

Interviewee #CT7 felt that whether or not their firm actually got hired to work as a subcontractor on Caltrans and other public sector jobs depended on whether the prime contractor had satisfied the minimal DBE goal by using other DBE subcontractors. If the prime had done so, then their firm did not get the job, unless “they [the primes] need help.” Interviewee #CT7 identified as an issue that in these situations where primes need immediate help, it is difficult for small DBE firms to provide the necessary personnel and equipment “with no advanced warning that this [work] was coming up.”

CATA #10, an Asian American trade association, stated that, in many cases, if there is no requirement, a prime will not use a DBE firm. CATA #10 does not have knowledge of a prime refusing to work with a DBE because it is a DBE. On a professional service contract, they will assemble a team, and the larger firm will not negotiate the price until they are awarded the contract. In order to assemble a team, a prime will ask for information from a subcontractor as “window-dressing” because the team is already assembled; they do not want it to get back to the public agency that the big firms are not “cooperating.” Many times they won’t do anything once they receive the information from the smaller firm.

Some DBEs stated that they are used even when there is no DBE requirement. Interviewee #CT1, a Native American male-owned firm, stated that in the past five years, he has had two three-year contracts as a subcontractor on Caltrans projects at a price of about $100,000.00 per year. He stated that these contracts did not have a DBE goal, and that he did not receive the contracts because he was a DBE.
Interviewee #CT32, an Asian American female-owned business, indicated that the prime contractors who use her firm as a subcontractor in the public sector (which is usually for the environmental portion of construction projects) do not do so in the private sector. Interviewee #CT32 stated that she had not worked for any prime contractors in the private sector. According to Interviewee #CT32, “in the private sector there’s no need to subcontract to DBEs or small businesses. There’s absolutely zero incentive for large businesses to subcontract out because the private sectors do not expect that.”

Interviewee #CT9, a white male-owned business, relayed that his division wants to work with people with whom it has worked in the past, and who can deliver and meet the firm’s needs. His division uses DBE subcontractors in the private sector (where there is no DBE goal or requirement) if it thinks that these firms are good ones.

Interviewee #CT68, a white male-owned business, said that because no agency ever required that he uses a DBE subcontractor, it was not something that he considered in his selection criteria.

4. Refusal to use DBEs

No interviewee stated that they had refused to solicit or use a DBE based on race, ethnicity, or gender. Some interviewees stated that they refused to work with particular DBE firms due to issues with work quality. Interviewee #CT40, a white male-owned business, stated that she had never refused to work with a DBE except for one company against whom her company filed a claim for failure to complete the work on a Caltrans project. Although Interviewee #CT65, a white male-owned business, stated that there was one time when the company refused to work with a DBE, “they worked it out.”

According to Interviewee #CT11, a Native American male-owned firm, the company has declined to work with some DBEs, but only as a part of the normal teaming selection process.

No DBE stated that another firm had refused to work with them based on race ethnicity or gender. However, some DBE firms felt that prime contractors were not genuinely interested in using DBEs. CATA #1, an Asian American trade association, stated that he had never refused to work with a DBE firm. When asked if a prime contractor had ever refused to work with his business or his members’ businesses because they are DBEs, CATA #1 said that the refusal is “very subtle” and that the discrimination is not on the surface but rather is buried deeply in peoples’ minds. And, said CATA #1, people show this discrimination through their actions (even though they do not outright say they do not want to work with a DBE firm).

Interviewee #CT8, a Hispanic male-owned business, noted that a prime contractor had never refused to work with him because it is a DBE, and that the company gets contacted “quite a bit” by prime contractors soliciting bids on Caltrans projects. This interviewee stated further that, “basically all the do is meet their good faith efforts and never have any intentions of using [the company].”

Interviewee #CT31, an African American female-owned business, recounted an experience that happened a number of years ago when a South African firm had awarded a private sector contract and his company had been hired and put on the project team. The company as later fired because the owner of the South African firm did not want him working on the project. Interviewee #CT31 went on to say that “it has been really though breaking into the professional arena[,]” and noted that, “the majority of the time you are not going to see people of color in these meetings, whether it is on a
public sector or a private sector project . . . .” Interviewee #CT33, a Hispanic female-owned business, stated that, to her knowledge, a prime had never refused to work with her because her firm is DBE, but she noted that, “[She doesn’t] know what [firms] decide internally.” Interviewee #CT39, a Hispanic male-owned business, did not think that another firm had outright and overtly refused to work with the company because it is a DBE, but he said that the company does “get the feeling that if it’s not a DBE requirement, . . . they’re [other companies] not going to seek [them] out.”

Interviewee #CT46, an Asian American male-owned business, stated that his firm had never refused to work with a DBE. Neither had a prime contractor ever refused to work with his firm because it is a DBE firm. In fact, said Interviewee #CT46, “[u]sually [it’s] the other way around [because] people really want you to bid the work.”

Interviewee #CT67, a white female-owned business, shared her impression that, on the whole, prime contractors’ efforts to utilize DBE firms now end at the good faith efforts stage, and primes keep work in-house to the maximum extent possible.

Interviewee #CT81, a Hispanic male-owned business, stated that a prime has never refused to work with him because he was a DBE. In fact, once they know you are a DBE and that you do quality work, “primes go nuts over you.” Interviewee #CT81 often gets calls from a prime requesting a bid on private sector work; gets these calls by referrals, the average price of these contracts is $30,000.00; he usually gets the job.

Interviewee #CT82, a white male-owned business, does not think he ever used any DBEs and tends to use the same subcontractors each time.

Interviewee #CT7, a white female-owned business, stated that the company had never refused to work with a DBE firm and that no one, so far as they were aware, had ever refused to work with them because they are a DBE firm. Interviewee #CT7 stated that the philosophy of the larger firms was to do as much work in-house as possible, and Interviewee #CT7 stated that “if there’s no DBE goal we don’t get a call” and that primes simply “want to hit [whatever] the minimal DBE goal is.” Thus, according to Interviewee #CT7, “on the private [side] they just don’t hire us.”

Interviewee #CT11, a Native American male-owned firm, stated the company has not been refused work because they are a DBE, although he has had the experience of having been put on a team because they were a DBE and then they were not used in the actual project work. Interviewee #CT11 noticed that with the larger firms, they believe that certain firms have either political contacts, certain experience to help them win the project as a prime, but once they get it because they have to report to their directors, a lot of times they will drop those firms and keep the work in-house so they can improve their bottom line.

**Experiences regarding DBE utilization after May 2006**

Some firms reported a decline in DBE participation since Caltrans moved to a race gender neutral implementation of the DBE Program. According to Interviewee #CT7, a white female-owned business, there has been a “great decrease” in the number and frequency of calls the company has received since May 2006. He said that this decrease has impacted the number of jobs and amount of work that the company has been doing for Caltrans. Interviewee #CT9, a white male-owned business, recognized that he had not been pursuing that many contracts with Caltrans since May
2006, but that he was “glad to see it [Caltrans’ DBE contract goals] suspended.” He stated also that when the DBE program was in place, he often “scrambled to find . . . the necessary quotas or set asides for various functions.”

According to Interviewee #CT7, the company’s phone used to ring “off the hook” with calls from prime contractors requesting bids from them, but now that “there’s no DBE participation [goal], the phone doesn’t ring.” He stated further that since Caltrans ceased using the DBE participation goals, “our phones have stopped ringing on the DBE issue” and “[w]e don’t get the calls anymore.” The only projects for which the company still gets calls from prime contractors have been federal projects where there is a goal for small businesses and/or businesses located in HUBZones.

According to Interviewee #CT32, an Asian American female-owned business, the company still receives the same two or three calls a year that it received before Caltrans suspended its DBE program, but she referred to the DBE solicitation process as “just a name sake” and said, “They just send these forms over that we have to fill out and then turn back in. Then we never hear back from them.”

Interviewee #CT39, a Hispanic male-owned business, stated that, as a result of Caltrans stopping the use of participation goals and the decrease in solicitations from prime contractors, the company has had to be “very proactive [in] trying to locate work.” He said that the company had received more work because of its being more active in seeking it, but that this work carried a lower profit margin and that the firm’s bottom line had suffered as a result. Interviewee #CT39 also thought that the company had experienced a decrease in calls asking them to bid on projects for other governments and government agencies because they, like Caltrans, had stopped using DBE participation goals. He stated that the company has experienced an overall decline in the number and frequency of calls they receive from prime contractors soliciting bids. Although the company did not always get the jobs, and sometimes did not even bid on the jobs for which it was solicited, Interviewee #CT39 feels that the DBE program was good if for no other reason than it allowed DBE firms to get their names out to prime contractors.

According to Interviewee #CT46, an Asian American male-owned business, the company would get contacted “at least once a week” to bid on Caltrans projects, but the number of requests for MBEs to bid on Caltrans work “has gone down somewhat . . . probably a lot in the last year or two . . . .”

Interviewee #CT67, a white female-owned business, stated the DBE program is a “vital gateway” to prime contractors and thus to work. She added that it took a lot of time and work to get the DBE program established, and “to see it no longer [be] part of good faith . . .” is indicative of the way the industry is going, and she said that “it’s frightening.”

Interviewee #CT17, a white male-owned business, stated further that his company’s practices with respect to soliciting bids from DBEs has not changed in the past year, but the firm has not tried to bid a project with Caltrans since the DBE program was suspended. According to Interviewee #CT17, “DBE isn’t the problem . . . Caltrans’ hiring practices is [sic] really the problem, in my opinion.”

Interviewee #CT69, a white male-owned business, indicated that up until two years ago, primes did try to use DBEs. But there were so many problems with DBEs not being able to complete the work in a satisfactory manner that primes stopped trying to utilize DBEs. Now, the primes just want to use subcontractors who can get the job done.
With respect to his experience with DBEs, Interviewee #CT45, a white male-owned business, stated there are “very few to solicit.” He stated that “[it] has not been a requirement in 2 years. [It] used to be you couldn’t get job if didn’t have 20 percent minority.” He stated that contractors didn’t take the low bidder and sometimes had to take the high bidder to meet the goal. Interviewee #CT45 stated that now they can take the low bidder “rightfully the way it should be.”

According to CATA #1, an Asian American trade association, his business is “very very rare[ly]” solicited to bid on Caltrans contracts. He said that, whether the work is for Caltrans or anyone else (both public and private sector), whether he and others are solicited for bids depends on whether they have a relationship with the prime contractors. He also said that the larger prime contractors often do not provide opportunities for these relationships to develop and that the impetus has to come from elsewhere, and he called Caltrans’ mentor/protégé program a “first step” in this area. CATA #1 stated that, since Caltrans had suspended its DBE program, requests by prime contractors for bids had “decreased substantially,” and that “race neutral” means “they don’t have to use you . . . they can use somebody else.”

CATA #2, an African American trade association, stated that although his company had not worked under a prime contractor on a Caltrans job since Proposition 209 was passed, generally the frequency with which the Association’s members received solicitations to bid on Caltrans projects did not change pre- and post-209. Rather, said CATA #2, the big change in solicitation frequency occurred with local government jobs. However, CATA #2 also said that DBE goals have never been met on Caltrans projects in the post-209 era.

Generally, said CATA #3, a Hispanic trade association, “[t]he fact that you’re a DBE doesn’t make you any better or any worse,” but if a DBE firm has been around for a long time, it is “probably more sophisticated” because it has a lot of experience dealing with public agencies and government bureaucracy. CATA #3 stated that in the 1990s there were more firms to choose from if one was looking for DBE firms to bid on Caltrans work. Now, he said, it is harder to put teams together, in part due to the passage of Proposition 209 and in part due to economics since Caltrans has not in recent years received as much funding as it did in the past.

A white female-owned construction business certified as a DBE since 1981 and representative of the Women Construction Owners and Executives testified “when there are no goals, I can tell you that the fax machines stop, the phones stop, and there is no solicitation. After 209, it was just like night and day. The next day I got not faxes, the phone didn’t ring, asking for my bid. It was remarkable . . . I used to get maybe 20 faxes a day . . . now I might get three a week.” She still does 80 percent of her work in the public sector but stated “we have to really scrounge to find work.” (P.H. San Diego, 3/22/07).

A female-owned consulting firm stated “large primes regularly use our company . . . to join their team because we are a certified DBE firm, and I have no doubt that many perhaps most of those large primes would make no effort to include small businesses without that subcontractor requirement . . . it’s definitely dropped off in the last year.” (P.H. San Diego, 3/22/07).

An African American certified female consulting firm stated at a public hearing “my firm was certified in 1990 and I sincerely believe that I would not have survived in business for the last 16 years had it not been for the existence of the DBE programs and others developed to address the current affects of past discrimination and the more subtle forms that remain ever present today . . .
believe that San Diego is a poster child for the repeal of Proposition 209 ... Many firms have simply
gone out of business, particularly those in the construction industry.” (P.H. San Diego, 3/22/07).

An Asian American DBE female-owned consulting firm testified at a public hearing that since the
suspension of the goals “it’s very difficult for us to get contract, to get a subcontract.” Before the goals
were suspended they were able to get on teams with the primes. Now the primes do not include
them. (P.H. Irvine, 3/29/07).

A DBE information technology consulting firm who testified at a public hearing stated that she does
ninety-eight percent (98 percent) of her work in the public sector. She has noticed a gradual decline
since the suspension of the goals, but due to her good track record she still receives solicitations.
(P.H. Los Angeles, 3/29/07).

A certified DBE, submitting written testimony in connection with the public hearings, stated “The
elimination of the race-conscious elements of the Caltrans DBE program will have a severe adverse
impact on the availability of opportunities for all M/W/DBE firms to pursue and obtain public sector
contracts.” (Written testimony submitted 4/12/07).

An “ex-DBE” contractor who testified at a public hearing in San Bernardino stated that he was
“forced out of business through the discrimination process of the non-DBE giants of the industry.”
He explained that he used to receive ample work from the large primes “during 1985 to 1995.” But
after that time the program became less effective. Before “the reason that these contractors would call
us is to meet their DBE requirements … Caltrans or the prime contractors found a way to honor
those guidelines.” He stated that now that the DBE requirements are no longer in place, DBEs are

IV. Consortium Bidding Process

A. Consortium anecdotes regarding the bidding process

The following anecdotes regarding the bidding process were obtained from interviews that the study
team conducted in connection with BBC’s 2009 Consortium study.

Experiences with the Consortium bidding process

Some interviewees reported positive experiences with the Consortium bidding process.
(Interviewees #4, 10, 13, 15, 16, 17, 22, 28, 32, 36, 38, 42, 48, 52, 55, 58). Interviewee #4, a
DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San
Diego area, stated that he has been involved with some teams that bid on Consortium work and as a
subcontractor, he provided proposals to the prime contractor for Consortium work. None of these
teams, however, won any of the projects. As the subcontractor he was not very involved in the
bidding process. He explained that the prime would say “this is what we want from you” in terms of
scope of work, “give us a price,” or the prime would sometimes base its decision strictly on
qualifications and the prime might ask for a resume and company profile. The last time that he
participated in the Consortium bidding process was about five (5) years ago. Interviewee #4 stated
that it was a straightforward process. The prime told him what was needed and Interviewee #4
provided it. Interviewee #4 could not recall the names of any projects that he submitted information
for a bid. Interviewee #4 stated that he has never bid on a project as a prime contractor because there
are no opportunities for geotechnical prime contractors; project owners typically look for civil engineers or architects to work as prime contractors.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that Orange County has the best bidding process. Interviewee #10 explained Orange County places qualified firms on the “audit bench” and goes through the list in order to complete task orders. Interviewee #10 stated that the initial process was “not easy” because some of the criteria is not understandable and the entities are asking for more than the work entails. Interviewee #10 explained that OCTA has several firms that they place on the audit bench; once your firm is selected to be on the audit bench, the entity will issue task orders, and then select firms off of the bench. Interviewee #10 stated that with most entities, once your firm is on the bench, the entity will require the firm to resubmit a task order proposal for each task order issued. She stated that if you are not selected there is no feedback and the selection criteria are unclear. She stated that often the same firms are picked repeatedly and because their firm is newer to the process, they receive less work than the older firms. Interviewee #10 stated that in contrast, Orange County’s process seems more equitable inasmuch as they simply go down a list to pick their audit firm.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that the Consortium bidding process is “proper.” He stated that there are some “F.A.R.” requirements that he has to adhere to and some requirements are more strict than others but overall the process is “reasonable.”

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, stated that the bidding process is generally not difficult, but noted that his company generally shies away from lump sum payment jobs when this information is discovered during bidding.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, had a “very good” experience bidding on projects with the Consortium entities. Interviewee #16 noted that L.A. County MTA is the best, and has been great to work with, but that bidding for Metrolink is tougher because “everything is outsourced to large companies.”

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that the bidding process consists of standard proposal writing.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that her experience with the Consortium bidding process has been pretty straightforward — it involves computing direct labor rates and fees, using multipliers, and calculating overhead and general and administrative expenses. She stated that the Consortium bidding process works fine.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, reported having a good experience with the Consortium’s bidding process. He stated that he has been both a participant and a player. He stated that there was a lot of work in the early 1990s and up until 2000, especially during the construction of the different lines.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, believed the Consortium’s bidding process was okay; he noted that he had just responded to an RFP.
Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she has had a very good experience with the Consortium bidding process. She basically provides her business information in response to an RFP that she finds out about.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that his experience with the Consortium bidding process has been “okay;” nothing stands out in his mind.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that she has an ongoing project with the L.A. County MTA that she has submitted bids for and she believes that the L.A. County MTA is fair.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that the MTA had a “great” bidding process.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, indicated that they get some contracts and not others, but it is all just a part of the bidding process.

Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, reported that the goal of his firm in participating in the bidding process is to provide the best value, and they do not get involved in a low bidding situation.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, identified two RFPs that they had gone after but were not selected for. He did not report any problems with the bidding process.

Some interviewees reported negative experiences with the Consortium bidding process. (Interviewees #1, 3, 8, 11, 12, 15, 24, 25, 26, 27, 31, 37, 44, 47, 50, 51, 57, TA #1). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that the amount of paperwork involved in doing work with other non-Consortium agencies has discouraged him from pursuing work with the Consortium. He stated that he understands the reason behind requiring so much paperwork but most of it is inappropriate; he stated that they have been “soured” from pursuing work in the public sector.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, described the Consortium bidding process as follows: “They put out a RFP and you do your best to understand it and produce a bid that fits. There are always issues. You have to make a determination whether the job has already been given to someone and they are just going through the motions, which happens a lot.” There are jobs that he qualified for and wanted, but he said he would not chase because he believed someone had an inside track on it.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that eight years ago he sat through a pre-proposal meeting at SANDAG but decided not to bid on the project because of the requirements. He attended another pre-proposal meeting one and a half years ago; the pre-proposal meeting was advertised in the San Diego Daily Transcript.
Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that the RFP process is “crazy hard.” She stated that the process is very detailed and time-consuming. She stated that the process requires extensive documentation to the extent that she once had to break open her framed diploma as part of the process to respond to an RFP. Interviewee #11 also identified the Consortium’s criteria for experience as a barrier or obstacle to pursuing work. She stated that when she does not have the requisite experience, she tries to find a subcontractor to supplement the requirement. She stated that on an L.A. County MTA project, the subcontractor said they had the experience, but then she did not win the contract because the subcontractor was not in fact qualified.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he has the perception that politics “is extremely hot” within some of the Consortium agencies. He explained that he believes prime contractors or teams who end up winning the contracts are the ones that have some political affiliations. He feels that member agencies of the Consortium are influenced in their selection of firms by more than what appears to be in the proposal.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, stated that a barrier to doing business with the Consortium is the sheer dollar value of the projects. According to Interviewee #15, other cities and counties, in addition to Caltrans, tend to make contracts smaller so that more business, particularly smaller business, have a chance to get jobs.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that bidding with the Consortium is a process that can be taxing.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that the Consortium projects are so large that it puts smaller firms at a disadvantage.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that the Consortium bidding process requires a lot of documentation for a bid but no guarantees that you will get selected. She also feels as though too much of her personal financial information is being provided to others.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that responding to RFPs and RFQs is a difficult process.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he has been unsuccessful at receiving Consortium contracts. He feels that the system is skewed to exclude small businesses because of the detail in which the applications go as well as the required documents and financial history. He feels this information contributes to a case for them not to utilize the small businesses who can perform and do the work but are not eligible because of insurance or financing or bonding issues.

Interviewee #37, an African American male owner of a SBA certified architecture firm, perceives that there is no validity to the Consortium bidding process. He believes that deals for the most part have already been made when the bidding opportunities are made available to the public. He feels that it is not a fair bidding process.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he has not bid with the Consortium in a long time, and he did not like the
process. He believes that bidding is just an exercise that the Consortium makes you go through because they already know who they are going to utilize.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, reported perceiving the Consortium bidding process as very unfair. He stated that he went through the process to get certified so he is qualified and should have the opportunity to work and bid on contracts. He stated that he bids on contracts every year but the incumbent always gets the contract. He stated that they want him to be bonded but even if he incurs that cost, there is no guarantee that he will get the contract. He provided a recent example of a procurement that required his company to have twenty-five (25) employees (security guards) for a particular job. He stated that they would not allow him the opportunity to hire to capacity if he was subsequently selected. He stated that he had the capacity and capability to hire these employees on short notice if required, but that was not good enough for the procuring agency.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that the Consortium bidding prices start too low which prices his company out of the competition before he can place what he believes to be a responsible bid to do the required work.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that the Consortium bidding process is not organized at all. He reported feeling as though there should be more organization that would make the process run a lot smoother. Interviewee #51 also stated that the selection criteria utilized by the Consortium and other non-Consortium public agencies and in the private sector is a barrier to pursuing work.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, stated that public sector work with the government in general is complicated. He stated that the Consortium’s bidding process is no different; he described it as “cumbersome and lengthy.”

TA #1, the President of the Latino Business Owners of America, stated that among the barriers or obstacles to pursuing work with the Consortium include the Consortium’s lack of encouragement for DBEs to participate on projects. He stated that there is no sincere motivation to share public dollars. He said that most of his members choose not to participate in the Consortium bidding process because his members have been discouraged about the process. Members must divert attention away from other revenue producing activities and spend approximately two weeks working on a bid that they do not know they will win. Often times when members do not win projects after spending so much time on the bidding process they become discouraged and do not renew their certification; instead, they have chosen to work solely in the private sector.

Some interviewees reported mixed experiences with the Consortium bidding process. (Interviewees: #14, 20, 45).

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, identified both positive and negative aspects of the Consortium bidding process: he stated that it is positive dealing with winning accounts and maintaining them; he identified a negative as where the client (Consortium) attempts “to push in” people they know from other companies.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that she is comfortable with the bidding process and is at ease after fifteen (15)
years in the business; it took a long time to get to this comfort level. She stated that there is a lot of paperwork and that it takes a long time to fill-out each questionnaire.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a consulting firm, bid on a Consortium project; she stated that the pre-bid portion was very good but the bid itself did not go so well. She stated that it was unfair because she felt the group who wrote the response to the RFP used her just to get the job.

Some Interviewees reported limited or no experience with the Consortium bidding process.
(Interviewees #1, 2, 5, 6, 7, 19, 29, 30, 34, 35, 39, 40, 41, 43, 46, 49, 54, TA #2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has not had any experience with the Consortium bidding process. He stated that you have to be pre-qualified to place on a short list and in order to get prequalified, you have to have some public sector experience. He stated that this deters him from going through the prequalification process because he has no experience with the public sector. Interviewee #2 stated that the experience requirement is the only thing that deters him from the prequalification process.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he has not submitted a bid or otherwise participated in the Consortium bidding process.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian-owned recycling and materials supplying company in the San Diego area, has never submitted a bid or quote for the Consortium’s bidding process and has no experience regarding the Consortium bidding process.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company, could not provide much insight on the Consortium bidding process. He recalled that he may have bid on a Consortium project as a subcontractor for a solar installer for Los Angeles Transit but did not get the contract.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that she had only limited experience with the Consortium’s bidding process because her company “does not go after construction projects.”

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported that he operates as a subcontractor and does not have very much experience with the Consortium bidding process although he thought the process was “alright.” He believes that having a DBE goal would make business much better.

TA #2, the President of the Black Contractor’s Association, could not provide any specific information about the Consortium bidding process, but stated that often members do not get any work upon participating in the Caltrans bidding process. He stated that prime contractors use the DBEs to obtain the contract. In relation to the bidding process itself, he stated that there are no problems actually submitting a bid for those who know how to bid.
Notification of opportunities to bid

Many interviewees stated they are adequately notified of opportunities to bid on jobs for the Consortium and identified multiple sources for this notification. (Interviewees: #3, 9, 12, 13, 17, 20, 21, 22, 23, 25, 26, 27, 32, 33, 34, 38, 42, 44, 45, 48, 49, 53, 54, 55, 57, 58). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he is notified of opportunities to bid on Consortium jobs through pre-proposal meetings. He stated that many times there will be a pre-proposal meeting where the project owner says anyone interested in this project should show up at this location and time and we will do our best to explain what we could not put in writing and answer questions. The idea is that everyone listens to everyone’s questions and learns. He stated that the pre-proposal meetings are advertised in the San Diego Daily Transcript (local business newspaper). He also stated that business owners can also look on the websites of the various entities which are members of the Consortium and see what jobs are there and upcoming proposals. The website provides information regarding the scope of work and due date.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that he is adequately informed of opportunities to bid with the Consortium. He stated that notification is often direct or through the various listing services (Onvia and IMS). Interviewee #9 stated there is “usually not” a way to determine which prime contractors have expressed an interest in a contract. He stated that his firm has not felt singled out as having been denied the opportunity to submit a bid or a price quote.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the Consortium agencies do an excellent job of providing notice of bid opportunities. He stated that he receives notice via email and MTA uses regular mail. He stated that OCTA uses “CAMM NET” which is “excellent.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that OCTA used to have a system called “CAMM NET” to notify individuals of opportunities to bid but he did not know if they still utilized that system. He stated that L.A. County MTA used to mail out blue postcards notifying of opportunities to bid but they have stopped that process. Interviewee #13 was also aware of emails sent by SCAG.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, noted that she is adequately notified of opportunities to bid on Consortium jobs by website notification, vendor fairs, and lists based upon current relationships and team formation.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that they are adequately notified of opportunities to bid with the Consortium. She stated that they are increasingly solicited via email and they check the newspapers for projects and RFPs.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated she was “somewhat” adequately notified of opportunities to bid; the challenge is how the bids are written. She stated that they are notified of opportunities to
bid via email, and advertisements in the L.A. Sentinel and the L.A. Wave newspapers; both of these publications target African Americans.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she is adequately notified of opportunities to bid on consortium jobs. She stated that she finds procurements through advertisements by the contracts department, the L.A. County MTA website, and pre-bid meetings.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that they bid only on trucking jobs and they submit a bid when they receive a flyer. He stated that he is adequately notified of opportunities to submit bids in that they receive faxes all day long; he also sees opportunities advertised in the “blue book.”

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that he is adequately notified of opportunities to bid; he stated that he is registered with different agencies on their website (“AEC Leads”). He stated that he also receives emails with job listings.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she is adequately notified of opportunities to bid on Consortium projects. She stated that she is notified through email and always sees notices advertised through that media.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that they are notified of opportunities to bid through public channel websites and they use a lead service. He complained that it is not an open process even though it is supposed to be.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that it would be difficult to assess the adequacy of the Consortium’s notification, since he does not know of any other process to which we can compare. But, he goes to the L.A. County MTA website and checks on procurement and he receives mail with opportunities and he responds to the mail also.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she is adequately notified of opportunities to bid and she usually sees projects advertised on the website.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that she is adequately notified of opportunities to bid with the Consortium. She stated that she had just been notified via email of an opportunity to bid with OCTA.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he is adequately notified of opportunities to bid via advertisements in the newsletter and website of the Indian organization NCAIED.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that she is adequately notified of opportunities to bid; she receives notification via email.
Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he is adequately notified of opportunities to bid. He stated that ordinarily he receives notifications via email; advertisements are posted in trade magazines and bulletin boards where he works.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she is adequately notified of opportunities to bid and receives general solicitations now; she used to receive more notifications. She has received notifications via fax and email and has seen advertisements on occasion in the newspapers.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that he is adequately notified of opportunities to bid with the Consortium. He stated that he is notified via telephone and on L.A. County MTA’s website; he has not seen bid opportunities advertised before.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported that he is adequately notified of opportunities to bid on Consortium projects; he stated that he receives notification via telephone and regular mail but not through email. He indicated that he has not seen advertisements for work with the Consortium in his particular field.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, noted that he does not place bids but indicated that he is notified of opportunities to work with the Consortium through the receipt of telephone calls and advertisements in trade magazines and local newspapers.

Interviewee #54, a Caucasian male owner of a general contracting firm, reported that his firm has their own internal department whose responsibility it is to seek out new business. He stated that this department does not rely on outside information possibly coming their way but rather actively pursues business opportunities.

Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, reported that his firm is adequately notified of opportunities to bid and that it is handled through an internal department in their firm.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, stated that they are adequately notified of opportunities to work with the Consortium and they are approached to work on such jobs.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that his firm is adequately notified of opportunities to bid on Consortium projects. He stated that they do not necessarily wait to be notified of opportunities but rather participate in a lot of networking which leads to a lot of work. He was not aware of advertisements for Consortium bidding opportunities because they do not use those methods.

Other interviewees did not always feel they were adequately notified of opportunities to bid on work with the Consortium. (Interviewees: #2, 4, 7, 10, 11, 14, 15, 16, 18, 24, 28, 29, 31, 36, 37, 40, 43, 46, 47, 50, 51, 52, TA #1, 2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he is notified once in a while of opportunities to
bid on Consortium jobs. He stated that this is not adequate notification. He does explain, however, that this could be because he is not pre-qualified. When he receives notification it is usually through a public agency. For instance, a city may have a convention to orient and train DBEs and notify DBEs of projects going on.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that normally he receive notices of RFPs through email and also is notified of opportunities to submit a quote if a prime sends an RFP notifying Interviewee #4 that it is going after a particular project. Interviewee #4 stated, most of the time, the notification is too late. He explained, “the requests come in and you barely have one week to put stuff together and for a small business that is always a challenge.”

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that contractors are not adequately notified of opportunities to bid on Consortium jobs. He stated that prime contractors obtain a list of subcontractors and send the subcontractors notices requesting a bid/price quote. He stated that the subcontractors often receive the information 24 hours before a bid is due and cannot compile the information.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that “sometimes it does not seem like” they are adequately notified of opportunities to bid with the Consortium. Interviewee #10 stated that they can go and see the work out there that would appear to require an audit, but it is not clear if it does in fact require an audit firm. Interviewee #10 stated that they may receive an email or a phone call notifying them about work.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she has only very short notice — approximately three weeks — in which to respond to an RFP. She suggested that the purpose of providing such short notice is to test the individual’s ability to respond. She stated that in the past it has taken her three full nights and three full days to respond to an RFP.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he pays for a service to receive notice of opportunities to bid. He stated that they receive messages from Metrolink but those are the only two methods by which he receives notice of opportunities to bid. Interviewee #14 stated that in Orange County, it appears that there is a tendency to look only to DBEs within Orange County in terms of the companies that are notified of opportunities to bid and that ultimately win the account; Interviewee #14 stated that he feels that this is an unfair practice. Interviewee #14 stated that the reputation in the industry is that if you are in Orange County then you will win the account.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, thought that sometimes he was notified adequately of opportunities to bid, and that other times he is not notified. Interviewee #15 stated that he periodically checked the agencies’ websites for bidding information.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, thinks that the company is adequately notified of opportunities to bid with L.A. County MTA, but not with Metrolink. “L.A. County MTA is the only [agency] that makes an actual effort to notify. Projects are not always posted.”
Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, stated that there are problems with the adequacy of notification for some of the Consortium entities. She noted that there were huge differences, for example, between the notifications that she receives from L.A. County MTA versus OCTA. She does not receive anything from L.A. County MTA.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that she is not adequately notified of opportunities to bid with the Consortium. She stated that she learned of some opportunities through another individual in the business. She was not aware of any advertisement of Consortium bidding opportunities.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that he is “probably not” adequately notified of bidding opportunities. He stated that he has seen notifications through the mail and construction related journals and green sheets.

Interviewee #29, an African American male-owned electrical contractor, has not received any notification of bid opportunities with the Consortium.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he is notified occasionally by calls from prime contractors who already have the contract. Sometimes he is notified a day or two before a bid. It is not rare that he is notified on the day of the bid by a prime contractor. In this short time he has to obtain plans and decide if he wants to bid and if so then put a whole bid together in a day or two. He stated that this is not fair. He thinks it is “dumb” that he can be notified about a $5 million job in this short time before the bid is due, and he can only qualify for bonds maybe at $100,000. He stated the prime contractor is simply making a good faith effort and not a true attempt to utilize him and the services that he can provide. He is never notified by the L.A. County MTA directly about opportunities to submit a bid on a contract by phone, fax, e-mail, snail mail or any other kind of way.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she does not feel adequately notified of opportunities to bid on Consortium jobs. She stated that she is used to dealing with letters and faxes and is now having her staff look for email notices.

Interviewee #37, an African American male owner of an SBA certified architecture firm, stated that he finds out about opportunities to bid on Consortium jobs after the prime contractors find out, and by this time the deal is done because large prime contractors reach out for their contacts.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that he is “absolutely not” adequately notified of opportunities to bid on Consortium projects. He stated that in the past he received notifications; he stated that he does not receive anything now (even email) and he does not see any advertisements.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, does not feel as though he is adequately notified of opportunities to bid with the Consortium; he noted that he had received some postcards and some advertisements in the newspaper.
Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he is not adequately notified of opportunities to bid with the Consortium although he noted that in the past he received notifications by mail and fax.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he is not adequately notified of opportunities to bid with the Consortium and was not aware of how subcontractors receive notification of bidding opportunities. He stated that he checks his email everyday and goes on the internet everyday too. He stated that he has never seen any bids advertised.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, reported that he does not feel as though he is adequately notified of opportunities to bid on Consortium projects. He stated that he is typically notified of opportunities on the Consortium’s website. He stated that bid opportunities are hardly ever advertised but when they are he sees them in trade newspapers. He noted that when he is seen [by other contractors] at a pre-bid conference, the other competitors try to knock out his firm with relationships or pricing.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported that he does not feel adequately notified of opportunities to bid with the Consortium. He stated when he is notified, it is typically through a phone call; he has also seen advertisements in the newspaper.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that he is not adequately notified of opportunities to bid with the Consortium. He stated that they do not leave notification up to anyone else, but they find out the information themselves by searching or calling themselves. He stated that they have seen some projects advertised on a port website, and they have also received calls from colleagues.

TA #1, the President of the Latino Business Owners of America, stated that often members are notified late of opportunities to bid on Consortium jobs, but he believes this is not the problem. The problem is his members’ belief that the program has no real credibility. He said program staff and/or prime contractors do not even try to staff projects with DBEs, but they simply say there is no availability. He stated that Consortium officials have not devised a system that encourages small business participation. Most members believe that it is simply a waste of time.

TA #2, the President of the Black Contractor’s Association, did not think that members are adequately notified of opportunities to bid on Consortium jobs. He stated that others get “look aheads” which tell them what will happen in the next year. He, however, regularly receives late notice of the opportunity to submit a price quote to a prime. He stated that he often receives no notice until the 30 day bid period or 10 day period. Then, it takes a couple of days to get the information to his members and members have no time to bid.

**Knowledge of prime contractors’ interest to bid**

Several interviewees stated that there is no way to know which prime contractors have expressed interest in a particular RFP. (Interviewees #2, 8, 11, 13, 14, 20, 32, 36, 37, 40, 43, 47, 49, 51, 53, TA #2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that there is no way to know what prime contractors have expressed an interest
in a particular RFP so a subcontractor can contract the prime about submitting a price quote unless you are on the short list of pre-qualified businesses.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that he is “marginally” notified of opportunities to bid on Consortium projects and that he does a lot of research himself. Interviewee #8 stated that there is typically no way to know what prime contractors have expressed interest in a Consortium project; other agencies advertise this information in the Daily Transcript.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she did not know whether there is a way to know which prime contractors have expressed interest in a given RFP.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that MTA has had networking opportunities in the past as between prime contractors and subcontractors, but it is inconsistent and he does not know when they choose to hold such an event and when they do not. He was not aware of opportunities offered by other organizations to ensure that subcontractors know which prime contractors have expressed interest in a particular project. Interviewee #13 stated he will go to the pre-bid session and look at the sign-in sheet and then call everybody. He stated that the best thing to do is to get on a team.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that there is no way to know what prime contractors have expressed an interest in a particular RFP so a subcontractor can contact the prime contractor to submit a price quote.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated there is no way to know what prime contractors have expressed an interest in a particular RFP unless the prime contractor has a website with his latest job information on it.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated he does not believe that there is a way to know for sure which prime contractors have expressed an interest in a particular RFP so a subcontractor can contact the prime about submitting a price quote. He believes that it is by “invitation only,” and when he gets a call from a prime contractor he follows through on the RFP.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that there is no way to know which prime contractors have expressed interest in a bid, but he does wish that this information was accessible.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that there is no way to know which prime contractors have expressed interest in a bid unless it comes up on his computer.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, indicated that since the Consortium bidding procedures have changed he has had difficulty finding out information including which prime contractors have expressed interest in a particular RFP.
Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that the process is not clear and you do not know which prime contractors are bidding on a particular project. He stated that that is a huge part of the problem.

TA #2, the President of the Black Contractor’s Association, stated that there is no way to know what prime contractors have expressed an interest in a particular RFP so a subcontractor can contact the prime about submitting a price quote unless the information is published in the newspapers. He stated that if the information was made public then subcontractors seeking opportunities to participate in public projects could get into the loop.

Some interviewees reported that a subcontractor can determine which prime contractors have expressed interest in a particular RFP although some reported that “it is not easy.” (Interviewees #4, 5, 7, 10, 12, 16, 17, 18, 21, 22, 23, 24, 25, 26, 27, 31, 33, 34, 38, 42, 45, 46, 48, 50, 54, 57, 58, TA #1). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that there is a way to know what prime contractors have expressed an interest in a particular RFP so that a subcontractor can contact the prime about submitting a price quote but it is not easy. Interviewee #4 stated that all agencies, when they issue a bid or request for proposal, maintain a list of everyone who requested a copy of the RFP or the plans and specs; this is called the holder’s list. He stated that the subcontractors would have to try to get a copy of the list through the agency and contact the prime contractors on the list to see if they’re interested in working with the subcontractor.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that there is a way to know what prime contractors have expressed an interest in a particular RFP so a subcontractor can contact the prime about submitting a price quote. He stated that some companies will have RFPs come out periodically for as-need engineers and they might have a “kick-off meeting” and allow subcontractors to come in and ask questions and register for projects. A list is then posted on a website with information so that sub-consultants who want to be part of teams can contact the civil firms or prime firms to try to join their teams. Also, he stated that he recently received an email from a municipality sending a list of all of the people who have purchased proposal packages so that his company could contact each of them and solicit his company’s services. Interviewee #5 stated that he was unsure whether any of the agencies within the Consortium provide such information.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that they would not know which prime contractors have expressed interest in an RFP unless they attend the bidder’s conference. Interviewee #10 stated that several months ago they heard that the Consortium was looking for a firm to do staff augmentation; they contacted the Consortium to seek out the work but they were too late to submit a proposal.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated the only way to know which prime contractors have expressed interest in a particular project is to attend the pre-proposal meeting. He stated, however, that usually his company will know ahead of time who the likely candidates are because they will have done their homework pre-proposal.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that he knows what prime contractors have expressed an interest in a particular RFP when plan-holder lists are published by the various agencies. “If they do not publish a plan-holder
Interviewee #16 notes that both L.A. County MTA and Metrolink are “good” about publishing plan-holder lists. Interviewee #16 said that he’s never been able to do business with San Diego MTS because they do not give the company opportunities to compete – everything he feels is done in-house through “open ended contracts.” None of the San Diego entities have done any “outreach.”

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, reported that she knows what prime contractors have expressed an interest in particular RFPs by going to pre-proposal meetings. Interviewee #17 also noted that some job databases list plan holders.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, does go to bidder’s conferences when she is aware of them, and this is how she finds out sometimes about prime contractors expressing interest in a particular RFP. Interviewee #18 stated that she may lose out on opportunities because she’s not aware of jobs — there’s not a lot of the kind of work that she does.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that she is sure there is a system in place to identify which prime contractors have expressed interest in an RFP and it has a lot to do with relationships. She stated that she tries to do as much as she can, but the vendor fairs are a waste of time and you never meet the decision-maker. She stated: “it is business as usual.”

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she locates prime contractors who have expressed interest in an RFP via pre-bid conferences. She stated that these conferences are often mandatory.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that he is informed of which prime contractors have expressed an interest in a particular RFP because the prime contractors send over the RFPs.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that you can determine who the prime contractors are at the pre-bid conference.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated there are “sometimes” ways to know which prime contractors have expressed an interest in an RFP.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that the MTA has an “open house” where you can find out which prime contractors have expressed an interest in an RFP, but she has not attended this event.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that early notification of procurement is essential and is dependent on TBAC (an organization established under state law for Metro vendors) for possible advance notice. He stated that “once jobs are made public it is too late.” He stated that relationships are everything.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, feels like he does not normally find out about an opportunity to bid on a project with a prime
contractor until he has been faxed a request for his information. Occasionally, he does find out about
an opportunity and obtains a list of contractors who have submitted bids and sends in a responsible
bid to them in response.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant,
stated that when an RFP is issued, she does the research to determine who is bidding on it and if she
has a relationship with the prime contractor she will approach them and seek to be a subcontractor
on the project.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant,
stated that the only way to know which prime contractors have expressed an interest in an RFP is to
attend the pre-bid conference.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television
and surveillance security business, stated that he is able to determine which prime contractors have
expressed interest in a project through public notice and on his Indian organization website.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial
printing company, stated that she relies on her business and networking contacts to determine which
prime contractors have expressed interest in a particular project.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity
consulting firm, stated that on two (2) occasions she received a bid list and got a list of contact names
to call in connection with the quote.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing
firm, stated that you can learn which prime contractors have expressed interest in an RFP by word of
mouth.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting
firm, stated that he is able to identify prime contractors interested in a RFP through his attendance at
the pre-bid meetings.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated
that in the past he has received an RFP notification after the prime contractor was awarded the
contract.

Interviewee #54, a Caucasian male owner of a general contracting firm, reported that they have ways
of determining which prime contractors have expressed an interest in a particular RFP.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, reported
that they refer to a general contractor’s newsletter among other trade publications to find out
opportunities to bid on projects.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that some
agencies – like the City of San Diego – have a transparent selection process that allows everyone
access to determine which prime contractors have expressed interest in a particular RFP.
TA #1, the President of the Latino Business Owners of America, stated that the only way to find out what prime contractors have expressed an interest in a particular RFP so a subcontractor can contact the prime about submitting a price quote is to get into the prime’s “inner circle.” The subcontractors have to build a relationship with the prime.

**Denials of bid or price quote submission opportunities**

Most interviewees reported never having been denied the opportunity to submit a bid on a Consortium project. (Interviewees #2, 4, 7, 8, 11, 12, 13, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 32, 34, 37, 38, 40, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55, 57, 58, TA #1, 2). Interviewee #2, an African American male-owned structural engineer, stated that he has never been denied the opportunity to submit a bid or submit a price quote. He stated that in his line of work, as long as you are licensed you can go and bid a job. Agencies have to advertise the projects, and as long as you have a license you can generally buy the bid document and bid on the job. Interviewee #2 stated that the bidding process and being the lowest bidder is not the problem, it is about being qualified. Unless you are on the pre-qualified short list, agencies do not bother to consider you. The prequalification process requires experience with the agency or that the DBE pair up with a prime contractor. The prime contractors, however, already have DBE engineers that they have been working with throughout the years and they are not interested pairing with a new firm. He stated that the hardest part is breaking into the market.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that although he has never been denied the opportunity to submit a bid or a price quote, not knowing about the opportunity to bid is just as bad.

Interviewee #54, a Caucasian male owner of a general contracting firm, reported that they have never been denied the opportunity to submit a bid or a price quote nor have they ever denied a bidder the opportunity to submit a bid or a price quote.

TA #1, the President of the Latino Business Owners of America, stated that his members have not been denied the opportunity to submit a bid or submit a price quote.

TA #2, the President of the Black Contractor’s Association, stated that he has never heard of an incident in which his members were denied the opportunity to submit a price quote.

A few interviewees reported instances in which they believe they were denied the opportunity to submit a bid on a project (Consortium and non-Consortium). (Interviewees #14, 16, 31, 33, 36, 51). Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he has never been denied the opportunity to submit a bid on a Consortium project. He stated, however, that they were disqualified once from an “L.A.D.O.T.” project because the “L.A.D.O.T.” did not accept that his company was a DBE, and so they did not satisfy the DBE requirement.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that he has been denied the opportunity to bid on various projects because some bids that he knows about were not taken public.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that there was one (1) occasion where he had obtained plans and he submitted bids to become
a part of a project with all of the prime contractors who had submitted and would be submitting bids from a list he received of prime contractors who had attended the pre-bid. He contacted each of them to see who was going to submit a bid, and he put notes next to who was considering, who was a sure thing, and who definitely would not be submitting a bid. The only company which he did not send his plans to was the company that stated it was not submitting a bid, and they were the ones who were awarded the bid.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, believes that she has been denied the opportunity to submit a bid or price quote on occasion; she stated that in one particular instance the teams had already been established and they really didn’t want or need her participation.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she felt that she has been overlooked for bid opportunities so that the prime contractors can utilize their friends.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported having been denied the opportunity to submit a bid or a price quote; he stated that a prime contractor refused to accept his bid even though it was timely. He stated that the prime contractor discouraged him from submitting it because he did not want to accept Interviewee #51’s proposal.

**Recommendations related to bidding**

**Several interviewees recommended changes to the bidding process in order to make the process more accessible to small businesses and DBEs. (Interviewees #21, 26, 37, 46, 47).**

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that the Consortium should make sure there are RFPs designed such that small businesses and DBEs can realistically compete for them.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, recommended that the Consortium adjust the bid process according to the size of the firm and help firms identify the right person to send the information.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that the Consortium should provide contracts that can be passed out to qualified DBEs so that they can get work, make money and build up the firm’s credibility.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that the bidding process needs to be more transparent. He stated that the Consortium needs to be more empathetic to small firms some of which are “two and three person shops.” He stated that some small firms are not computer savvy but the Consortium does everything by computer. He stated that they should send information by mail and fax.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that the process should be more fair; he stated that L.A. County MTA made him go through a lot of paperwork but the small business never gets an opportunity — it is always the same people. He stated that they should change the requirements of a bid to conform to the type of business. For example,
his company can complete a project that requires 25 people even if he does not have 25 people at the
time of the bid. He stated that if the agency would listen and be sensitive to his business they would
understand how it works.

**One interviewee recommended that the Consortium create a separate bidding category for DBEs.** Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, suggested that there be some quantifiable measure that places DBE companies into a different category when bidding on certain projects. Interviewee #16 thinks that a percentage advantage would help small DBE business have the opportunity to receive more business when bidding against larger companies.

**Several interviewees recommended that the Consortium increase its outreach efforts, including notification of opportunities to work with the Consortium and the establishment of networking opportunities between prime contractors and subcontractors. (Interviewees #18, 25, 27, 28, 29, 32, 43, 57, 58).** Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, also wanted to emphasize the importance of the transmission of information between prime contractors and the agencies to the subcontractors. A checks and balance system is the only way to have successful relationships, especially at the project manager level.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, thinks that changes need to be made to the notification process. She recently submitted a bid for a project, but she did not have much notice as to when the materials were required to be submitted. In addition, Interviewee #18 wanted to underscore a problem with access of information about proposals. She recommended that the link be tightened between proposers and potentially proposing organizations, perhaps through the “centralized database.” Interviewee #18 suggested that agencies be encouraged to use bid listings and promulgate listings around the state for various projects.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that connectivity is important. He suggested that more partnering between small businesses and prime contractors is needed and “face time” with prime contractors is essential. He stated that MTA Vendor Fairs need to have more impact in terms of being results oriented.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, recommended that the Consortium encourage dialogue or networking between small businesses and prime contractors before the bidding process begins.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, recommended that the Consortium should make DBEs and MBEs more aware of bidding opportunities. He also stated that the Consortium should provide information about the material requirements for projects.

Interviewee #29, an African American male-owned electrical contractor, stated that the Consortium should notify contractors when there are new opportunities to bid. He stated that he has heard of and been approached by people that sell this type of information but has never paid for it. He stated that you have to pay to join and find out about the list and projects and then you pay to recreate the list and have it sent to you.
Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, recommended improved communication between DBEs and prime contractors so that DBEs can have more direct contact with prime contractors.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, recommended that the Consortium create a notification system in which they would check for DBEs in the system and then alert them when a new contract is available.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, stated that it would be nice to know which prime contractors and firms have picked up plans for special projects.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that if his firm has not heard about a project before the RFP is announced, they will not have a chance on it. He stated that sometimes they will learn that there have been several meetings and discussions about a project before it is out as an RFP; he stated that unless you target an organization or agency and invest heavily, and go through about three or four failed tries, you are not going to get the business.

Some interviewees recommended that the Consortium implement race- and gender-conscious goals and small business set-asides in connection with the bidding process. (Interviewees #21, 24, 48, 49, 51). Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, recommended that the city needs to change the way that it sends out RFPs. She stated that if a large contractor cannot find a minority subcontractor then they should be required to return that percentage of the contract monies to the agency and let the agency locate a minority subcontractor; this would give the prime contractors an incentive to utilize DBEs. Also, there should be a set-aside amount for small businesses.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that the Consortium bidding process is pretty generic in that questions about race are neutral; she stated that prime contractors should be held accountable for hiring DBEs.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, recommended the Consortium bring back DBE and MBE requirements as they had before the passage of Proposition 209.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, recommended that the Consortium return to its previous “overt” efforts to contact DBEs; he stated that the process has shut out DBEs due to the lack of programs requiring prime contractors to utilize DBEs.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that the prime contractors need to solicit more minority-owned firms and small businesses.
A couple of interviewees cited a concern that “politics” within the Consortium may impact the award of a contract or that some contractors may be permitted to avoid the bidding process. (Interviewees #12, 16, 45). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the Consortium agencies need to do something about what he called the political side of bidding, although he did not know how to fix that. He stated that he has been “hearing through the grapevine” that some Consortium members are trying to “spread the work around.” He stated that this is good to counteract his perception of the political influence but it is bad for a qualifications based system.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, recommends that the agencies be made more accountable for the bidding process. He would also like to see requirements regarding a dollar amount for contracts that must go out for public bidding over a certain amount. Interviewee #16 also says that there shouldn’t be any “open contracts” for services that essentially allow certain contractors to avoid the public bidding process. Interviewee #16 thinks that the “open contract” process is an abuse and misuse of public funds.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she would get a lot more bids if there was a fair bidding process in place. She feels that the Consortium utilizes the same people, and she believes those people have “privileged” information.

Some interviewees recommended that the Consortium meet with companies responding to an RFP. (Interviewees #14, 16). Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, recommended that the Consortium agencies should come out and meet the various companies responding to an RFP. He stated that often the individuals judging the RFPs are limited to what they read in the RFPs based on certain criteria; he stated that this prevents the individuals judging the RFPs from learning about the companies’ various capabilities. He stated that “so often” they will go through a presentation and the individuals judging the RFP do not know what it is that his company can do. In contrast, Interviewee #14 described a more comprehensive process of reviewing companies in the private sector.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, suggests that individual companies work jointly with the in-house labor of the various agencies. Such action by the agencies would, in Interviewee #16’s opinion, create more synergy between large and small companies for additional work opportunities.

Other interviewees offered additional miscellaneous recommendations relative to the Consortium’s bidding process. Interviewee #10, a DBE-certified African American female-owned accounting firm, recommended that other Consortium agencies should “follow Orange County’s process.”

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, would like to see the same “on-call” contracts offered to large firms be offered by the Consortium agencies to smaller businesses. According to Interviewee #17, this would create even more opportunity.
Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that they would like more feedback; often after they submit their paperwork the prime contractor will not call back.

Interviewee #32, an African American male-owned DBE-certified distributor of cleaning products, stated that prime contractors should be encouraged to look for quality as opposed to just the low price.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that the prime contractors should not solicit work from the DBEs but rather the work should be formulated through the Consortium agency; he stated that only then will it be fair and the prime contractors cannot make excuses to either not choose you or not pay a fair price.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that she wished that the DBEs that go after the same projects that she does would use better business ethics and bid responsibly.

A number of telephone interview respondents — primarily majority-owned firms — recommended that public agencies should consider more than just low bidder status when awarding contracts. Respondents suggested that a firm’s qualifications should play a bigger role in contract awards. For example, a majority-owned firm said that focusing on price leads to a disproportionate number of contracts going to minority-owned firms: “My experience is that [public sector contracts] are usually only [going to] the lowest bid, and it’s usually going to Mexicans. My complaint is, let’s leave it in the country.”

B. Telephone interview anecdotes regarding public and private sector work

The following anecdotes regarding the bidding process were obtained from telephone interviews that the study team conducted in connection with BBC’s availability analysis of Southern California firms.

A large number of telephone interview respondents — representing both MBE/WBE and majority-owned firms — said that there are difficulties associated with bidding on public sector projects. Many respondents identified complex bid processes as a barrier to doing work in the public sector. For example, a majority-owned firm indicated that the difficulties associated with public agencies’ bid processes require firms to have extra staff and a well-developed bidding system: “You basically need to hire someone with expertise in writing proposals and understanding the terminology and what the solicitors want to see. You need more manpower [to bid on public sector projects].”

Several telephone interview respondents indicated that excessive paperwork is a problem with pursuing public sector work. Both MBE/WBE and majority-owned firms reported that bidding on public sector work requires a great deal of paperwork. For example, a majority-owned firm said that, compared to the private sector, the public sector requires much more paperwork: “[There is] just so much paperwork [in the public sector] as opposed to private [sector] jobs. Sometimes with schools, they’re slow to pay as a result of the all the paperwork.”
Some telephone interview respondents indicated that contract specifications can be complex and difficult to deal with. Both MBE/WBE and majority-owned firms said that public agencies’ contract specifications can be stringent. For example, a majority-owned firm said, “Just don’t plan on taking shortcuts [in fulfilling contract specifications]. If a plan shows something being done one way, that’s the way it has to be built.”

V. Partnerships
A. Consortium anecdotes regarding partnerships

Some of the businesses interviewed reported no knowledge of or experience with partnerships, either joint venture or mentor-protégé arrangements. (Interviewees #1, 5, 6, 7, 9, 10, 11, 19, 28, 29, 40, 41, 43). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, did not have any experience with a joint venture but he would be interested in participating with that; he would also like to participate in a mentor protégé program but he had no experience with such a program.

Joint ventures

Several interviewees reported knowledge of or experience with a joint venture program. (Interviewees #2, 3, 4, 8, 13, 14, 17, 18, 20, 22, 23, 25, 26, 30, 31, 32, 33, 34, 35, 38, 39, 44, 45, 46, 48, 49, 51, 52, 53, 54, 55, 56, 57, 58, TA #2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has heard of joint ventures between DBEs and non-DBEs. For instance the public agencies, like SANDAG, require DBEs to pair up with prime contractors to do work for the agencies. SANDAG provided him with contact information to pair up with a prime contractor. However, the prime contractors already have their teams. Interviewee #2 said the agencies have pretty much relegated the responsibility to the prime contractors to hire DBEs. He stated that he has been unable to pair up with any of the prime contractors.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that joint ventures between DBEs and non-DBEs are fairly rare in the environmental consulting business. They do happen on occasion but only between large firms with thousands of employees. He stated that typically a large firm would not joint venture with a smaller firm. Rather, the larger firm would hire the smaller firm as a subcontractor and it would hold the purse strings. Interviewee #3 stated that he vaguely recalled several years ago there was some entity trying to promote a joint venture but he does not think it ever happened. He suspects that it did not happen because the prime contractor wanted complete control of projects. The other issue is money, everybody has to be billable. Depending on firms the prime may want the DBE to be 100 percent billable. The prime expects to get so much money from the contract. Interviewee #3 did not have any knowledge of or experience with a mentor-protégé program.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, entered into a joint venture with two other firms in the 1990s: a large non-DBE firm and another DBE firm. Interviewee #4 stated that the entities formed a partnership to go after work in San Diego. The partnership lasted seven years. He stated that they were successful in obtaining between 12 and 20 public projects in San Diego. The joint venture has since been dissolved.
Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, has “often considered” entering into a joint venture with a DVBE; he is aware of this program through the State of California. Interviewee #8 did not have any knowledge of or experience with a mentor-protégé program.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, entered into a joint venture agreement with a non-DBE in 1999 or 2000 for MTA; he stated that it was a positive experience.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he had once participated in a joint venture and it was a “tough situation.” He stated that joint ventures are not easy relationships to build. He stated that his company engaged in a joint venture when they felt it was advantageous, dependent upon the contract. He stated that companies engage more in joint ventures when they are starting out in order to supplement their experience and meet the requirements for an RFP. Interviewee #14 did not have any knowledge of or experience with a mentor-protégé program.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has submitted proposals as a joint venturer, but the company has never won any of those jobs.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, has had positive experiences with the joint venture program, and has been involved with joint ventures for many proposals. Interviewee #18 did not have any knowledge of or experience with a mentor-protégé program.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, participated in a joint venture with a private sector prime contractor.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, has participated in joint ventures in both the public and private sectors; she stated that there are always joint ventures.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported that he has participated in a joint venture on a private sector project.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, was aware of joint ventures within the Consortium but had never participated in one.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has participated in a joint venture in the public sector. She is aware of joint ventures with the Consortium and across the public and private sectors.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, had participated in a joint venture in the public sector.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, has not experienced a joint venture between a DBE and non-DBE. He stated that he has not
partnered in the capacity of a joint venture. He has worked with other firms on projects but none within the same scope of work in which they were considered partners. He stated that he feels there is not any incentive to initiate a joint venture type of relationship between a DBE and non-DBE firm. He stated that joint ventures do exist but they are typically beneficial to the larger business’ interests.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he has participated in a joint venture with the manufacturer of some of his products.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, was aware of joint ventures in the Consortium, non-Consortium public sector, and the private sector.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, reported having participated in a joint venture on a public sector project in Texas with a DBE; she was not aware of any other joint ventures.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that she participated in a joint venture in the public sector.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, has participated in a joint venture in the public sector.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, participated in a joint venture through one of the Consortium member agencies.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she had experience with a joint venture with the Consortium.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, had experience with a joint venture in the private sector.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, reported having participated in a joint venture with another electrical contractor.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that he was aware of two or three joint ventures over the past 15 years.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, indicated that he has discussed participating in a joint venture and anticipates participating in one in the next six months.

Interviewee #54, a Caucasian male owner of a general contracting firm, reported that his firm has participated in joint ventures and was aware of other joint ventures in existence.

Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, was aware of joint ventures but had never participated in one.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, reported having knowledge of joint ventures in the private sector but had not participated in one.
Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, reported having participated in a joint venture in the private sector.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that he was aware of joint ventures but noted that his firm has intentionally avoided participating in one because it is too time-consuming and requires one to practically set up an entire new company.

TA #2, the President of the Black Contractor’s Association, stated that he is not aware of any joint ventures between a DBE and non-DBE in the private sector, but stated that there have been several in the public sector.

**Mentor-protégé**

Several interviewees also reported knowledge of or experience with a mentor-protégé program. (Interviewees #2, 4, 12, 13, 15, 16, 17, 21, 22, 23, 24, 26, 27, 30, 31, 33, 35, 36, 37, 42, 45, 46, 47, 49, 50, 51, 53, 54, 55, 56, 57, 58, TA #1, 2)

Interviewee #2, an African American structural engineer, stated that he has heard of mentor-protégé programs between DBEs and non-DBEs. He stated that once in a while he receives an email from Caltrans about such programs. He stated that he knows of one DBE that participated in the program five or six years ago as a subcontractor for a prime. This particular subcontractor really liked it, and it was a good project, a SANDAG railway project. Interviewee #2 stated that he has considered participating in the program when it begins again.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he was not aware of the Consortium’s mentor-protégé program but was aware that Caltrans had a “protégé” program in which he participated last year. The program went pretty well and was helpful. His mentor was a non-DBE. He explained that the program works by pairing large prime contractors to volunteer as a mentor and protégé with DBEs. The program was just a one-year program. Interviewee #4 stated that he began participating in the program in October 2007 and the program will end in October 2008. Interviewee #4 stated that he found value in the program.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he did have experience with a mentor-protégé program through Caltrans District 7. He stated that in his experience the program was “non-results oriented.” He stated that the first mentor “perhaps forgot that we were their protégé.” He stated that they dissolved that relationship and signed up to receive a second mentor with whom they pursued a project; they were not successful. He stated that as the protégé they actually brought work to the mentor. Interviewee #12 did not have any knowledge of or experience with a joint venture.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he believes a mentor-protégé program would be a great idea but he has not been able to find anyone to partner with. He stated that the mentor-protégé program with the SBA was a lot of work for not a lot of benefit.

Interviewee #15, a Hispanic American male owner of a MBE certified engineering and construction company stated that he has a lot of experience in the mentor-protégé program, and has been very
successful with his mentor. Interviewee #15’s work has been referred out by his mentor and it is through the program that he was encouraged to become a prime contractor. Interviewee #15 did not have any knowledge of or experience with a joint venture.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, has no experience with the mentor-protégé program because they haven’t found anyone that wants to participate in the program with them. Interviewee #16 noted that it sounded like a great program that isn’t being “recommended.” Interviewee #16 thinks that there are not enough incentives for the larger companies to participate in the mentor-protégé program. Interviewee #16 did not have any knowledge of or experience with a joint venture.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that the company is now a mentor, but that it never participated as a protégé. The mentor-protégé program has been very positive for Interviewee #17’s company.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, had experience with a mentor-protégé program through the federal government.

Interviewee #23, an African American male owner of a DBE/MBE-certified trucking subcontractor, had participated in a public sector mentor-protégé program.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, participated in a mentor-protégé program years ago but was not aware of any such programs now.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has participated in a mentor-protégé program in the private sector with USC through its public arts program.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, reported that he had minimal experience with a mentor-protégé program.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, had participated in a mentor-protégé program through Caltrans.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, has heard of mentor-protégé programs but has never participated in such a project. He has learned that the people who do get to participate in these types of programs are handpicked (most likely a family member or relative or close friend or some sort of other way that would make them want to train a potential competitor), thus limiting the ability for regular firms and truly disadvantaged firms to become a part of such programs. He suggested forcing mentors to work with their protégés. He stated they should position them in a way in which they would work with them to get a project or risk losing their funding.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, had participated in a mentor-protégé relationship in the Consortium.
Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, had heard of a mentor-protégé programs but was not aware of any real program.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, was aware of MBDC Capacity Building sponsored in part by Southern California Edison. She did not have any experience, however, with a mentor-protégé program.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she was aware of some mentoring programs sponsored by private companies and through public universities. She also stated that she has developed her own mentoring program and the people that she invited to participate were graduates of court reporting schools.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has participated in a mentor protégé program in the private and public sectors.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, was involved in a mentor-protégé program at the State Board of Equalization.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she had experience with a mentor-protégé program, but she did not feel that it was a true mentor-protégé program.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that the federal government, L.A. County MTA, and Metro all have mentor-protégé programs and he has been trying to get involved in one for 10 years, but he just has not had the time.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, believed that he remembered participating in a mentor-protégé program through the federal government. He was not aware of other mentor-protégé programs.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, was aware of mentor-protégé programs and noted there used to be several programs in the past.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, was aware of a mentor-protégé program offered by a private company.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, had no knowledge of any mentor-protégé program but reported having heard prime contractors talk about such programs during projects. He stated that no such opportunities have materialized and he feels that once majority firms learn that there is no benefit to them, they lose interest in the idea.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, reported having participated in a mentoring program — not targeted towards DBEs — through private organizations of which he is a member.

Interviewee #54, a Caucasian male owner of a general contracting firm, stated that they have an internal mentoring program for small firms within a department of their firm.
Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, stated that he has participated in several mentor-protégé programs and he understands the importance of them. He stated that he would like more small and minority-owned businesses to do well.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, reported having general knowledge of mentor-protégé programs, but said he had no knowledge of the specific details.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, reported having participated in a mentor-protégé program through a local college and was also aware of programs in other areas.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, noted that an office of his firm has participated in a mentor-protégé program as a mentor to a DBE. He was aware of other mentor-protégé programs.

TA #1, the President of the Latino Business Owners of America, stated that he has heard of mentor-protégé programs between DBE and non-DBE business owners but was not aware of any such program with Consortium agencies.

TA #2, the President of the Black Contractor’s Association, stated that he is not aware of a Consortium mentor-protégé program between DBEs and non-DBEs and did not believe that Caltrans had any such program. He did recall that the City of San Diego had a similar program that was not very successful because the program only accepted one-two protégés and it was a very slow process.

**B. SDCRAA anecdotes regarding partnerships**

The following anecdotes regarding partnerships were obtained from interviews that the study team conducted in connection with BBC’s 2009 SDRCAA study.

**Joint ventures**

*A few interviewees shared their experiences with joint ventures.* Interviewee #SD31, representing a Caucasian male-owned firm, indicated that joint ventures are very beneficial to his firm and to other small firms in construction. Regarding joint ventures, he explained: “It gives me access to a level of [the company] that I wouldn’t get otherwise.”

Interviewee #SD40, representing a Caucasian male-owned firm, said that joint ventures make sense for his firm on large projects: “We sometimes [participate in joint ventures] on large mega projects because we find that two firms are better than one. … You cannot have everything tied into one project and can combine the expertise of two firms.”

*Several interviewees who reported having no direct experience with joint ventures had positive or neutral opinions of them.* SDTA #1, representing a local chamber of commerce, indicated that he supported the idea of joint ventures, because “[joint ventures] could help to get some of the local smaller firms … into the game.”
SDTA #3, representing a local chamber of commerce, and SDTA #11, representing a veterans trade organization, both said that joint venture programs are worthwhile endeavors for minority- and female-owned businesses. Similarly, Interviewee #SD14, representing a Hispanic American male-owned firm, said that joint ventures are useful for minority- and female-owned firms, particularly on large projects.

Interviewee #SD20, representing an Asian American male-owned firm, indicated that he supports the idea of joint ventures but that their utility is dependent on whether the team makes sense. That is, each partner has to bring skills to the project that the other partner cannot bring on its own.

Interviewee #SD32, representing an African American male-owned firm, stated that joint ventures can work, particularly on large projects: “If you’re looking at a gigantic contract — $300 million — there are very few companies that can do those kinds of jobs without a joint venture.”

Other interviewees who reported having no direct experience with joint ventures had negative opinions of them. Interviewee #SD21, representing a Caucasian male-owned firm, said that he could imagine joint venture working for minority- and female-owned firms, but that he views them as being unfair. He said, “I don’t believe it’s reasonable [to offer financial incentives to find a joint venture partner].”

Interviewee #SD45, representing a Caucasian male-owned firm, said that joint ventures are “... good to a point, but generally [small] firms don’t want to cough up ownership [to large firms].”

SDTA #10, a supplier trade organization, described joint ventures and joint venture incentives as “a tough area.” He said that very few small firms understand them and their utility. He noted that small firms prefer to work under their own brand names.

SDTA #7, representing a construction trade organization, reported that joint ventures involving MBE or WBE firms typically are not very successful. He said that such agreements are usually set up to “pacify the politicians,” rather than to create sensible partnerships. He remarked, “… when you’re in a joint venture you got to bring something to the table other than [being] black.”

**Mentor-protégé**

Several interviewees shared their experiences with mentor-protégé programs. Interviewee #SD14, representing a Hispanic American male-owned firm, reported that his firm has taken part in mentor-protégé programs through Caltrans as the protégé. He said that those programs are useful in that they bring prime contractors face-to-face with smaller, MBE and WBE firms. He reported that those programs helped his firm in terms of networking and marketing.

Interviewee #SD5, representing an African American male-owned firm, is currently part of a mentor-protégé relationship as the protégé. He said that the mentor has been “very helpful.” Interviewee #SD20, representing an Asian American male-owned firm, reported that his firm has taken part in mentor-protégé programs several times as the protégé. He said that the programs were useful but that the number of mentor-protégé opportunities is limited.
Interviewee #SD24, representing a Caucasian male-owned firm, reported that his firm is working with two protégés as part of SANDAG’s mentoring program. Regarding his firm’s motivation to participate in the program, Interviewee #SD24 stated, “We were encouraged to participate by SANDAG, and we certainly want to be on good terms with them. Maybe we’re imparting great value to this [WBE firm] whose wealth and income I would envy.”

Interviewee #SD4, representing a Caucasian male-owned firm, participated in a mentor-protégé program twice as the mentor. He reported that the first protégé with whom his firm worked went out of business after submitting a bad bid, and the second protégé had unrealistic expectations regarding her firm’s growth.

Interviewee #SD25, representing a Caucasian male-owned firm, was involved in mentor-protégé programs when he worked at a large national firm. He indicated that they were positive experiences, and that he still works with most of the protégés from those programs. He said that he has seen their firms grow substantially over the years. Interviewee #SD25 went on to say that he understands why firms in construction (as opposed to firms in engineering) are hesitant to take part in mentor-protégé programs as mentors — it is akin to those firms strengthening their own competition in a “low bid environment.”

Interviewee #SD37, representing a Caucasian male-owned firm, said that he supports mentor-protégé programs and finds them to be mutually beneficial: “It shows us what the smaller companies are doing and the way they are approaching work. But it also shows them how we’re approaching it.”

Interviewee #SD46, representing an African American male-owned firm that participated in a mentor-protégé program as the protégé, reported that the program helped his firm learn about the business side of the industry and also helped increase his firm’s bonding capacity.

Regarding mentor-protégé relationships, Interviewee #SD47, representing an African American female-owned firm, said, “[Mentor-protégé relationships] can be helpful or they can be a hindrance. If [the mentor] makes you sign something saying you can’t participate with anybody else … it could be three years that you’re stuck with somebody that’s not trying to help you ….”

Several interviewees who reported having no direct experience with mentor-protégé programs had positive or neutral opinions of them. Interviewee #SD21, representing a Caucasian male-owned firm, said that although his firm has never directly participated in a mentor-protégé program, they worked with a mentor-protégé pair on a project. According to Interviewee #SD21, the arrangement appeared to work well in that case. He said, “I believe the mentor ended up finishing the job. The mentor entity actually provided labor and labor financing.”

Interviewee #SD27, representing a Caucasian male-owned firm, said that his firm is interested in participating in a mentor-protégé program through the Airport. He said that his firm considers their subcontractors as their employees, and they see both a moral value and a business value in supporting local firms.

Interviewee #SD31, representing a Caucasian male-owned firm, described mentor-protégé programs as “excellent,” because “it’s one of the main ways to cover bonding.” That is, as part of those relationships, the mentor can bond for the protégé. In addition, Interviewee #SD31 suggested that the mentor can help the protégé make connections within the industry.
Interviewee #SD32, representing an African American male-owned firm, indicated that mentor-protégé programs are very helpful, particularly to small firms trying to grow: “It gives you the ability to bond higher, get that larger job that you wanted. …” But, Interviewee #SD32 said that he has also seen a few situations in which the mentor has taken advantage of the protégé: “Essentially, the big business [does] the small business’s work even though it was the small business that got the contract — just using [the small business] as a vehicle to get more work.”

Interviewee #SD40, representing a Caucasian male-owned firm, reported that the Associated General Contractors of America (AGC) has a mentor-protégé program that is very beneficial to local MBE/WBE firms.

SDTA #7, representing a construction trade organization, indicated that his organization supports the idea of mentor-protégé programs and has one in place for its members. Speaking about mentor-protégé programs in general, SDTA #7 remarked, “… what a great deal [for the protégés] to be able to have [a mentor] that’s been in the business for years get in and tell you what to do. It takes years out of the learning curve.” He added that in order for mentor-protégé programs to be successful, the pair has to be matched correctly.

SDTA #2, representing a Hispanic American trade organization, indicated that he strongly supports mentor-protégé programs and believes that public agencies should offer financial incentives to develop mentor-protégé relationships. SDTA #2 said that mentor-protégé programs give smaller firms the confidence to progress and teaches them the basic skills needed to be successful: “Most jobs aren’t rocket science — they require a check list and repeat.”

SDTA #13, a retired official from a local public agency, stated that the Airport should continue encouraging participation in mentor-protégé programs and should do more to facilitate firms meeting and entering into those relationships. She went on to say that businesses have to stop viewing each other as combatants and instead view each other as friendly competitors.

SDTA #11, representing a veterans trade organization, said that mentor-protégé programs are excellent, but one disadvantage of them is that mentors are legally prohibited from working with their protégés in the future.

SDTA #3, representing a local chamber of commerce, and SDTA #10, representing a supplier trade organization, both said that mentor-protégé programs can be useful to MBE and WBE firms. Interviewee #SD 16, representing an African American male-owned firm, also indicated that such programs are worthwhile.

SDTA #9, representing a public works trade organization, described mentor-protégé programs with which he was familiar: “The California Mentor Program for [architecture and engineering] was great. This program had 25 [mentor-protégé] pairs in its first year. The program is for small business with a focus on DBEs. The City Program on the other hand takes on two to three new teams per year. The issue is finding mentors who are willing to regularly meet face to face. This type of programming can be very helpful, but there are not enough opportunities and it is very competitive.” He indicated that in order for mentor-protégé relationships to be successful, both partners have to have similar expectations: “I think the difficulty with DOT mentor-protégé programs is that the mentor and the protégé have different perceptions of what should come out of the relationship.”
Other interviewees who reported having no direct experience with mentor-protégé programs had negative opinions of them. Interviewee #SD2, representing an African American female-owned firm indicated that mentors are not ideally suited to give advice to protégés: “You need to know so much as a company to be able to advise me. The mentor only knows a slice of the business and can’t advise across all areas.” One problem that Interviewee #SD2 described specifically is that mentor firms tend to be larger and thus can only provide advice about systems and procedures for large firms but not small ones.

Interviewee #SD10, representing an African American male-owned firm, indicated that training programs in general are of no use to his firm: “Training and mentoring is a waste of time and money. I have been at this too long for that to be of use for me.”

Interviewee #SD28, representing a Caucasian female-owned firm, said that mentor-protégé relationships are useful in general, but that they are not very applicable to her firm’s situation because of the niche industry in which the firm works. She added that the competition is so stiff in her firm’s industry that it would be difficult to convince one firm to help another: “One of our competitors is not going to … take us under their wings … and help us. Nobody’s going to give any advice to help anyone else out.”

SDTA #8, representing an electrical workers trade organization, reported that she has heard quite a bit of negative feedback about mentor-protégé programs. The complaints have predominantly been related to the time commitment and a reluctance to share trade secrets.

SDTA #1, representing a local chamber of commerce, described mentor-protégé programs as “intriguing”, but indicated that he is worried about the mentor being in a position to take advantage of the protégé.

C. Caltrans anecdotes regarding partnerships

The following anecdotes regarding partnerships were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

Joint ventures

Several of the businesses interviewed had made at least one attempt at participating in a joint venture (Interviewees #CT9, #CT16, #CT34, #CT45, #CT48). However, none of these joint ventures involved work on Caltrans projects. In addition, a few of the trade associations interviewed had either directly been involved with a joint venture or had a member of its association who had joint venture experience (CATA #1, #2, #3). None of these experiences were on a Caltrans project.

One business had been approached about a joint venture but never participated (Interviewee #CT16).

Of the businesses with experience participating in joint ventures, the joint ventures varied widely in experience. Interviewee #CT9, a white male-owned firm, had a number of joint venture experiences but none with DBEs. Interviewee #CT16, a white male-owned firm, had joint venture experience with DBEs. Interviewee #CT48 was involved with joint ventures on both public and private contracts.
Of the trade associations’ involvement with joint ventures, two of them were currently involved in joint ventures with DBEs (CATA #2, #3) and one had a member participating successfully in a joint venture with a large firm (CATA #1). In addition, CATA #1, an Asian American trade association, knew of small women-owned businesses participating in joint ventures with large firms. CATA #3, Hispanic trade association, who is currently participating in a joint venture with another minority business, stated that the experience has been very positive. CATA #3 has no knowledge of any of its members having experiences in joint ventures with non-DBE firms.

Mentor-protégé

Almost all of the businesses interviewed have not participated in a mentor-protégé relationship. For those businesses aware of the Caltrans mentor protégé program, the consensus is that it is just getting started. Interviewee #CT16, a white male-owned firm, previously participated in a federal Small Business Administration mentor protégé program as a mentor.

CATA #1, an Asian American trade association, is a protégé in Caltrans’ program and expressed that the program “has been very good.” He was among the first to promote Caltrans’ mentor-protégé program. CATA #1 and two of its members had received jobs or at least been put on a project team as a result of their involvement with the program.

Interviewee #CT81, a Hispanic male-owned firm, has no knowledge of formal partnership programs administered by Caltrans, but is aware of informal arrangements in the private sector where prime contractors mentor subcontractors, and help them with bonding and sending work their way.

A DBE and 8A company submitting written testimony is involved in the San Diego mentor-protégé program with the AGC and stated there “seems to be some conflict with their participation and their stance on programs . . . [and] there remains a resistance to inclusion and opportunities.” (Written testimony submitted 3/26/07).

Recommendations related to partnerships

Interviewees urged Caltrans to continue and expand efforts to grow mentor-protégé programs, and communicate the need for mentors and protégés to Caltrans’s contractors and vendors. (CT Interviewees #7, CATA #7). Some interviewees suggested Caltrans monitor the pairings to ensure that each side is receiving the full benefit of the relationship.

Interviewee #CT7, a white female-owned business, would like Caltrans to establish more training programs where training was done by the firms themselves. He suggested Caltrans could improve upon the apprentice program and have 20 percent of people working on any job (particularly those working as landscape inspectors) be working as apprentices. Doing so would lower the cost to Caltrans and that “everybody would benefit.” Though he said “it’s not a DBE issue,” he noted that “it could help DBE firms increase their size.”
VI. Prequalification

A. Consortium anecdotes regarding prequalification

The following anecdotes regarding prequalification were obtained from interviews that the study team conducted in connection with BBC's 2009 Consortium study.

Most interviewees who had gone through the Consortium's prequalification process reported no difficulties. (Interviewees #9, 10, 11, 13, 14, 15, 16, 17, 18, 21, 22, 23, 24, 27, 32, 33, 38, 40, 41, 42, 43, 46, 48, 51, 53, 56, 57, 58). Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, had forgotten the Consortium's prequalification process; he did not have any complaints.

Interviewee #10, a DBE-certified African American female-owned accounting firm, went through the prequalification process for Metrolink; she stated that it was a good process but it was time-consuming.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that the prequalification process was "pretty easy."

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he did not have any complaints about the Consortium prequalification process. He stated that the most important thing is that the Consortium be responsive so that an individual can get pre-qualified in time to respond to an RFP. Interviewee #13 stated that he had a terrible time getting pre-qualified in another state because the process took too long.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that the prequalification process is “mostly paper.”

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, experienced prequalification with L.A. County MTA and it was not a problem. Interviewee #15 stated that the agency went out of its way to be helpful.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, went through the prequalification process with LA County MTA, and every year this process occurs again. So far, Interviewee #16 stated the process has been great and there is a whole department to walk you through the process of prequalification.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, underwent the prequalification process with L.A. County MTA and stated that there were no problems encountered. Interviewee #17 noted that some of the agencies are requiring more in-depth financial information as part of the prequalification process; this process may be cumbersome, but it is business.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, experienced prequalification on a SANDAG project and the experience was neutral. On that project, Interviewee #18 was a subcontractor and she didn’t interface directly with the agency.
Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, reported that she had a positive experience with the Consortium’s prequalification process.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that her experience with the Consortium prequalification process has been positive and smooth.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that he has had a positive experience with the Consortium’s prequalification process, but it does require a lot of paperwork.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, reported a positive experience with the Consortium’s prequalification process. She stated that once you go through the process it is okay. She said that “Unified Certification” is good.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, had a positive experience with prequalification, but noted that his firm is not prequalified on all of the various lists of firms.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that his experience with the Consortium’s prequalification process was not bad. He would rate his experience as “just okay.”

Interviewee #38, a Native American male owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, reported that he had a positive experience with the Consortium prequalification process.

Interviewee #41, an Asian-American male owner of a DBE/MBE-certified general contracting firm, did have experience with the Consortium’s prequalification process but noted that they were ultimately unsuccessful when they bid on a Consortium project.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated the prequalification process was mostly just paperwork and it was a positive experience.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that the Consortium’s prequalification process was very simple.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported having had a positive experience with the Consortium’s prequalification process and noted that prequalification has resulted in work approximately 25 percent of the time.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, noted that although his firm had never participated in the prequalification process, his own experience with the process has been fine.
Some interviewees reported concerns regarding the frequency of prequalification. (Interviewees #12, 20). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the prequalification process with L.A. County MTA has been fine and he has no concerns; “it is just more paperwork.” He stated that he does not believe that they need to do it every year. He stated that monitoring DBE status every year is not necessary. He stated that L.A. County MTA has been “excellent” and the people that they have dealt with have been “great.”

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that she understood why the Consortium has a prequalification process, but stated that it requires too much paperwork and too much detailed financial information — especially if her firm is not selected. She stated that there should be one central file to maintain this information, and it should only be updated when changes occur or annually.

Some interviewees reported that the Consortium’s prequalification process is unnecessary and often a deterrent to pursuing work with the Consortium; some interviewees reported other concerns with the prequalification process. Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, has not gone through the prequalification process. He is deterred from participating in the prequalification process because, he stated, the agencies require participants to have prior experience with the agency or to pair up with a prime. He has, however, found it difficult to pair up with prime contractors because they tend to use the same consultants that they regularly use on projects. Interviewee #2 also stated that the certification process is too cumbersome and he thinks the agencies should improve how they mete out business.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that in his opinion prequalification is unnecessary and just places an additional burden on the subcontractor.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he participated in the Consortium’s prequalification process through L.A. County MTA and he felt it was unnecessary. He stated that prequalification was just one extra step to take when he felt it really should not be required as far as he is concerned as it relates to getting the job done.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, has attended a prequalification meeting, but he did not get any work out of it. He said he has attended events where L.A. County MTA officials were going to be in attendance, and he said that he realized they do not do much business with small businesses. The small businesses do not qualify for the big L.A. County MTA contracts, and he discovered he’d have to get in with the prime contractors in order to start landing some work and “schmooze” with the larger prime contractors, but there is a different type of politics that is involved with dealing with them because they want you to utilize labor union workers. He stated that he does not mind utilizing union workers because he is a union member, but this becomes tricky when he goes to make his bid and his bid is higher than his competition that is already linked in within the prime contractor network and are not bound by the same unwritten restrictions. Labor workers are more expensive than the staff that Interviewee #31 uses.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, believes that the prequalification process is yet another barrier obstructing minorities’ entry into bidding on procurements.
Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that the prequalification process is tedious and can be problematic.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that prequalification was like “going through the motions.”

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported feeling as though the prequalification process is “useless.”

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that the prequalification process was okay, but believes it is an opportunity for competitors to meet one another and for large companies to have an opportunity to leave small companies out by making sure they did not have a chance to be awarded work.

TA #1, the President of the Latino Business Owners of America, was generally aware that members must go through a prequalification process to work on Consortium projects. He stated that the certification process should be sufficient and that the additional prequalification process discourages participation. He stated that most members simply choose not to go through the prequalification process. A lot of firms choose not to recertify. The few members who actually obtain business after going through the process do recertify.

TA #2, the President of the Black Contractor’s Association, stated that he has not heard much feedback about the Consortium prequalification process, but thought many of his members, particularly those who own small “mom & pop” businesses do not want to do through the prequalification process. His members find that it is one more layer of bureaucracy that they are unwilling to go through particularly when they are unsure whether the process will yield any success. He stated that those who will do it go through with it, and those who do not want to do it simply choose not to.

Several interviewees had no experience with the Consortium’s prequalification process. (Interviewees #1, 3, 4, 5, 6, 7, 8, 19, 29, 39, 44, 47, 52, 54). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he has not experienced the prequalification process except on huge projects like the naval base closure. He explains that the consultants had to pre-qualify on these projects.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he has not had any experience with the Consortium prequalification process. Interviewee #7 was not sure that there was a prequalification process for subcontractors.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, did not have any experience with the Consortium’s prequalification process although he was aware of a SANDAG questionnaire for prequalification.
Recommendations related to prequalification

Several interviewees recommended changes to various aspects of qualification requirements including a requirement of prior work experience with the Consortium. Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, recommended that the Consortium drop the prequalification process. He also recommended that the qualifications in his line of work should be based on whether his company can design a particular type of structure not on whether it is a public or private project. He stated that there is not much difference in the experience one would need to build a concrete structure for a private company than to build one for a public agency. He stated as long as you have a B.S. in concrete structures, the qualification process should not be whether you have worked with the public agency, but whether you have done that line of engineering work.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that once you get a job with one entity you continue to get work until the person who does the majority of work leaves the firm or the firm shoots itself in the foot; but, it does not allow for anyone else to get work if you are the “new kid” on the block. If you are new, you have to hire someone who has already worked for the Consortium to get some work. Interviewee #3 stated the Consortium should try to increase work or participation for people who do not have the experience with this particular entity, and spread the work around more. He stated that a firm might have more than enough experience doing exactly the same thing for a different entity, but just because you have not worked for the Port of San Diego does not mean that you have not done fuel cleanups somewhere that is exactly like the fuel cleanups that they want to do. He suggested expanding the spectrum of companies that do the work. He also stated that in both cases it will cost more money to do the job whether it is overall experience in the field or experience with the entity. He stated that the Consortium has to be willing to spend more money to increase participation.

Interviewee #11 noted that it is often difficult to meet the Consortium’s criteria. She stated that the criteria are often tailored to fit the last vendor, for example, regarding the experience requirements. She stated that it would be better if the Consortium were to tailor its criteria to fit the vendor that they would like.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, recommended changing the SBE net income threshold requirement.

One interviewee recommended more flexibility related to DBE insurance requirements.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, is a small business and she has a high level of general and professional liability insurance. She routinely has to deal with E&O insurance clauses in various contracts, and recommends that for planning studies, this requirement should be eliminated. Interviewee #18 suggests that there be more flexibility related to insurance requirements for DBE Program participants, particularly when looking at the actual work to be performed.
B. Telephone interview anecdotes regarding prequalification

The following anecdotes regarding prequalification were obtained from telephone interviews that the study team conducted in connection with BBC’s availability analysis of Southern California firms.

A few telephone interview respondents indicated that qualifications requirements are excessive in the public sector. Those respondents reported that it is difficult to be successful in the public sector because of the restrictions related to a firm’s qualifications. For example, a minority-owned firm remarked, “[Public agencies] make it so difficult to be a minority-owned business [and] get contracts. Just all the hoops you have to jump through — it’s not worth it really.”

VII. Licensing

A. Consortium anecdotes regarding licensing

The majority of interviewees reported no issues in connection with obtaining the licensing required in their particular field. (Interviewees #1, 2, 3, 4, 8, 9, 10, 12, 15, 16, 17, 18, 22, 23, 24, 25, 27, 30, 31, 32, 33, 35, 36, 38, 39, 40, 41, 42, 43, 44, 45, 47, 48, 50, 51, 52, 53, 54, 56, 58, TA #1, 2). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that they are a state-licensed contractor. He stated that his experience obtaining licensing was pretty straightforward; it involved paperwork and a test and it was a pretty easy process.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that to do any structural engineering work in the State of California, you have to have a license. He stated that he has a professional engineering license and licensing is not an issue.

Interviewee #3, a non-DBE Caucasian male owner of an environmental services company in the San Diego area, stated that no licensing is necessarily required on the projects that he worked on. He explained that the regulator will require either a professional engineer or registered geologist stamp on certain reports, but the project owner does not require licensing on an RFP.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that only the professional licenses required on projects that he works on are engineering and geology licenses. He stated that his experience in terms of licensing has not been good or bad, he is indifferent. He stated you just have to take the exam and if you pass it you become licensed.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that obtaining licensing is “cut and dry.”

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that under the state professional engineering license law, the principal owners or key officers of the company must be licensed engineers. He stated that California’s law is “tighter” than any other state.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that it was easy to obtain her CPA license.
Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he is required to provide his registration or seal on reports and they are licensed as civil engineers in California.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, indicated no problems with licensure, stating that it was easy and straightforward. Interviewee #15 stated that there were classes to assist with the licensure process.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that the licensing process is mostly a joke and that the applications are outdated; technology has changed so much. The process was nothing out of the ordinary for Interviewee #16.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, stated that she had no problems or issues with licensing.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, reported that she had a positive experience obtaining licensing.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, obtained his engineering license and felt it was necessary in order for him to do the work that he does now.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that in her experience licensing has been okay, straightforward, and not difficult or overly confusing.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, reported having obtained his State Contractor’s License as a requirement for doing business.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that he earned his license after two years of experience working as an accountant and receiving his CPA certification.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, reported that they did not have any problems related to the licensing process. He stated that their firm has held their various licenses for over 27 years and it is necessary not only to do their job, but also has helped to build confidence in their customers. He compared this to unlicensed contractors who sometimes undercut their work.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that his experience with licensing was positive for the most part given that it is necessary and mandated.

TA #1, the President of the Latino Business Owners of America, did not think that licensing posed any issue for members. He stated that all members have to have typical industry licensing and permits and that all are able to obtain the needed licensing.

TA #2, the Black Contractor’s Association, stated that many of his members are required to obtain contractor licensing, but he has not heard any information about their experiences with licensing.
Other interviewees reported no experience related to having to obtain licensing in their particular field or with the Consortium. (Interviewees #5, 6, 7, 11, 13, 14, 19, 20, 21, 28, 29, 49). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he has no experience with licensing issues relating to the Consortium projects.

Some interviewees reported mixed or negative experiences regarding licensing (Interviewees #37, 57). Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that his experience with licensing has varied depending on the particular project. Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, stated that their experience obtaining licensing was horrendous and time-consuming.

VIII. Experiences with Payment

A. Consortium anecdotes regarding experiences with payment

The following anecdotes regarding experiences with payment were obtained from interviews that the study team conducted in connection with BBC’s 2009 Consortium study.

The interviewees who worked on Consortium projects generally reported positive experiences being paid by the Consortium directly. (Interviewees #3, 9, 11, 12, 16, 17, 18, 19, 22, 23, 24, 26, 28, 30, 33, 36, 37, 38, 42, 44, 48, 49, 53, 55, 57, 58). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that in general his experience being paid by the Consortium directly has been pretty good — better than some private sector firms. He explained that the Consortium has recognized that in both the private and public sector prime contractors have a certain period under the contract for payment. The prime contractor would get paid but would not timely pay the subcontractor. As a result, the Consortium now requires payment to the subcontractor and actually places this requirement in the contract.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that none of his projects for the Consortium show up on their “late list.”

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that her experience being paid by the Consortium directly is “awesome.” She stated that Orange County pays on time.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he has had an “excellent” experience being paid directly by OCTA; he reported that OCTA is the only agency with whom they are contracting as a prime contractor. He stated that OCTA pays them within 30 to 45 days.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that L.A. County MTA is fast with its payments and companies can negotiate payment terms when working with the agency.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that payment by the Consortium entities has largely been fine.
Interviewee #17 recalled one instance where there was a problem with payment retainage, but she didn’t understand the requirements since she was only providing professional services.

Interviewee #19, an MBE-certified African American male attorney, stated that being paid by the Consortium directly is “not bad.”

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported that direct payment by the Consortium has been timely.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that her experience being paid by the Consortium directly — on the Gold Line light rail project — was great.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that he only had two late payments over 20 years. He stated that he has had a positive experience being paid by the Consortium.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he had a good experience being paid by the Consortium directly and it was on time.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that direct payment by the Consortium has been “decent and fair.”

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she had a positive and timely experience being paid directly by the Consortium; she was paid within sixty days.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has had a positive experience being paid by the Consortium directly.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that MTA’s payment system is very timely.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, reported that direct payment by the Consortium has been fine and typically she received payment in 30 days.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he worked on a Consortium project a long time ago and had a positive experience relative to receiving payment.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that his experience being paid by the Consortium was okay; he did not have any complaints.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, reported receiving timely payment on Consortium projects.
Interviewee #58, a Caucasian male owner of an engineering consulting firm, reported that the timing of payment was just okay.

**A few interviewees reported some issues in being paid by the Consortium directly.** (Interviewees #10, 13, 14, 20, 46, 51). Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that they have had one bad experience that is going on right now. Interviewee #10 explained that the Consortium wanted them to start the work in FY 2008; because they completed the work in FY 2009 they had to revise the task order proposal to include their new rates but their invoice has now been outstanding for two months and they have not received any feedback from the Consortium and the work is complete; they attributed this to poor communication. Prior to this experience, payment by the Consortium has been “fantastic.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he has had to wait from between six months to in excess of one year to receive payment from the Consortium although recently payment has been timely.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, indicated that he has had mixed experiences being paid by the Consortium directly — “some good and some bad” — and that it is dependent upon the management of the project and the given year. He stated that he has had good experiences with being paid when the project manager is someone who listens and is knowledgeable about the project. He stated that he has had bad experiences with being paid when the manager is not qualified to manage the invoice and will either refuse to pay on the invoice or will discount it without speaking first with the contractor.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that some Consortium agencies are better than others in terms of payment. She stated that some agencies pay right away while others will not pay for 130 days. She stated that this is very painful for a small firm and she needs to pay her employees. She stated that she sometimes needs to call the Consortium agencies to obtain payment but payment is then forthcoming.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that direct payment is getting better but it used to be pretty bad.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that direct payment by the Consortium was extremely slow.

**Some interviewees reported issues with respect to being paid by prime contractors on Consortium projects.** (Interviewees #3, 9, 13, 14, 16, 17, 22, 25, 26, 27, 30, 33, 34, 36, 37, 38, 39, 40, 45, 50, 51, 52, TA #1). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he does not have any experience being paid by a prime contractor on Consortium projects, but as a prime contractor on Consortium projects, his experience was that he would make sure that subcontractors were timely paid. He did hear of situations in which subcontractors were not timely paid.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that being paid by prime contractors on Consortium projects can be very poor. He described recent instances of payment being “years late.” He stated that late payment depends on the financial condition of the
prime contractor or the poor performance on the part of the prime contractor. Interviewee #9 stated that if the prime contractor does not pay them they will contact the agency to determine whether the agency has paid the prime contractor. They will then let the prime contractor know that they know they have been paid and that has been effective in the past.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that a prime contractor once refused to pay him on an L.A. MTA project because the L.A. MTA was refusing to pay the prime contractor for certain work unrelated to Interviewee #13. He stated that L.A. MTA stepped in and did “a great job” resolving the situation. Interviewee #13 also noted that the City of San Francisco has a prompt payment clause in their contracts which requires the prime contractor to pay the subcontractor within 10 days of being paid or they are required to pay interest. Interviewee #13 stated that on an OCTA project, the prime contractor “sat on” the invoice for two weeks and then OCTA “sat on” the invoice for an additional nine weeks before requesting additional work.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that payment by prime contractors directly is generally horrible, and the same can be said for non-Consortium agency payments.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that payments by prime contractors on Consortium projects have been problematic only a couple of times to the point that it became a headache.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that her experience being paid by prime contractors on Consortium projects is dependent on the prime contractor.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated the payment by prime contractors has been a problem due to the delay in payment. He stated that there have been cases when he learned informally that the prime contractor had been paid but had delayed paying him. He stated that he was reluctant to bring the matter to the attention of the Consortium because it could adversely impact his relationship with the prime contractor.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has had a horrible experience being paid by prime contractors on Consortium projects – sometimes in excess of 90 days.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that payment by the prime contractors on Consortium projects is generally difficult.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that sometimes it takes a lot to get his money from prime contractors on Consortium projects.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that payment by prime contractors on Consortium projects is “hit or miss.” She stated that her firm tries to save money in the good months so that they will have money in the slow months.
Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that payment by prime contractors on Consortium projects can be “very dicey” and stated that she has been paid late.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she had a negative experience being paid by a prime contractor on a Consortium project; she never got paid on time and the late payment was difficult for her small business to handle.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has had a negative experience being paid by prime contractors on Consortium projects. He stated that often, his firm is literally financing the project and this is extremely difficult for small to mid size firms. He stated that he is doing well if the prime pays within 120 days.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that payment has been very slow in some instances which is extremely hard for a small firm to carry.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that although her last experience being paid by a prime contractor on a Consortium project was many, many years ago, she does recall receipt of payment being a very slow process.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that payment by prime contractors on Consortium projects has been late all the time and very slow.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that the process of being paid by prime contractors on Consortium projects was very timely and still very slow.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that his firm had a difficult time being paid by a prime contractor on a Consortium project; the process was very slow. He reported that they turned in their billing in February but did not receive payment until May.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that payment by prime contractors on Consortium projects is even worse than direct payment by the Consortium (which he described as extremely slow).

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that they went into a 30-day contract and ended up being paid within sixty 60 to 90 days; it was difficult for his firm.

TA #1, the President of the Latino Business Owners of America, stated that he has not heard any “horror stories” lately about members’ experience being paid by a prime contractor on Consortium projects. He stated that the issue is accountability. Prime contractors get paid and often do not tell subcontractors and there are no checks and balances to ensure that the subcontractor is timely paid. Subcontractors have to be prepared to complete their scope of work before receiving payment. He
stated that San Diego tried to establish a reporting process that required simultaneous notice to a prime contractor and a subcontractor. The process was used for a while. TA #1 stated that the last time he heard of a prime contractor getting paid and failing to notify or timely pay the sub was last year.

Other interviewees reported no issues being paid by prime contractors on Consortium projects. (Interviewees #10, 12, 14, 18, 20, 23, 24, 28, 31, 43, 46, 48, 49, 57). Interviewee #10, a DBE-certified African American female-owned accounting firm, stated they have not had any issues with being paid by a prime contractor on a Consortium project.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that recently he has had a good experience being paid by prime contractors on Consortium projects, but that is because contractually the prime contractors must pay DBEs within a certain number of days. He is currently involved on a large L.A. County MTA project and the prime contractor is paying them quickly. He stated that if they ever have a cash-flow issue because the prime contractor is not paying them quickly, he will call them and the prime contractor will issue a check — “it has been that good. It is amazing; I have never seen that before.”

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he has had good experiences being paid by prime contractors on Consortium projects.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported that payment by prime contractors on Consortium projects has been timely.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, has never worked on a Consortium project under his own license, but he has had experience being paid by a subcontractor of a prime contractor on a metro project. He said he did not have any problems getting paid on that project. He questioned whether it was because his role on this job was that of an employee and the employer just did whatever it took to get payroll paid or if it was just a well run operation where everybody got paid on time. He could not give a definite answer primarily because he was not involved in that manner on this project and did not know the logistics of how that operation worked itself out.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that he had a pretty fair experience being paid by prime contractors on Consortium projects.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that payment by prime contractors on Consortium projects is dependent on the prime contractor; he cited one prime contractor who for example pays within sixty days.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that his experience being paid by prime contractors on Consortium projects was okay; he did not have any complaints.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported having received prompt payment from prime contractors on Consortium projects.
Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, reported timely payment by prime contractors within contract parameters on Consortium projects.

Some interviewees reported having no experience being paid by the Consortium directly or through a prime contractor. (Interviewees #1, 2, 4, 5, 6, 7, 8, 11, 21, 35, 47, 54, 56, TA #1, 2). TA #1, the President of the Latino Business Owners of America, had never been paid by the Consortium directly and could not relate the experience of his members with being paid by the Consortium directly.

TA #2, the President of the Black Contractor’s Association, stated that he does not know what his members’ experiences are being paid by the Consortium directly, but stated for those who are paid by Caltrans, members would opt to be paid directly by the agency rather than the prime contractor because they are more apt to get paid within the 30 day billing period when paid directly by the agency.

Some interviewees reported positive experiences being paid by prime contractors on private sector projects. (Interviewees #8, 13, 18, 20, 22, 28, 29, 31, 37, 49, 51, 56, TA #2). Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that payment by prime contractors in the private sector is “excellent.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he has had a very good experience being paid by a prime contractor on private sector projects.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that he has had a good experience being paid by prime contractors in the private sector, but stated that is due to the caliber of prime contractors that he does business with.

Interviewee #29, an African American male-owned electrical contractor, stated that he has had positive experiences being paid on private sector projects. He stated that he makes arrangements to have his money available at the end of the project or upfront as segments of the project are completed.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that in the private sector he typically has goals on his projects which dictate his pay schedule. He feels this makes it easier for him to get paid because the prime contractor can see the results.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has had a positive experience being paid by prime contractors on private sector projects.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported that payment by prime contractors in the private sector is fairly prompt; at the very least he has been paid in accordance with the agreed upon terms.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that payment by prime contractors on private sector projects has been good and prompt.
TA #2, the President of the Black Contractor’s Association, stated that in the private sector, subcontractors receive timely payment according to their contracts with the prime contractor.

Some interviewees reported negative experiences being paid by prime contractors on private sector projects. (Interviewees #11, 12, 14, 15, 23, 30, 33, 36, 38, 39, 43, 45, 52, 57). Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she did have a problem at one point in time being paid by prime contractors on private sector projects; she identified a lack of funds as a the source of this problem.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated the payment in the private sector has been “terrible,” so much so that they are no longer interested in pursuing work in the private sector. He stated that with new or questionable clients they request a 30 percent retainer.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he has not always had good experiences being paid by prime contractors on private sector projects. He stated that they are currently working on a contract out-of-state and the prime contractor is two to three months behind on billing; this has caused the prime contractor to be three to four months behind on paying the subcontractors. He stated that when the prime contractor is “not sharp” the subcontractor will suffer.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, reported that payment by prime contractors on private sector projects is slow and often problematic. Many times, Interviewee #15 reports requirements of releases, signatures, etc. for vendors and payment — there is much more paperwork in the private sector.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, reported that payment from prime contractors in the private sector is usually late.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that his experience being paid by prime contractors in the private sector is about the same as on Consortium projects; he stated that sometimes it takes a lot to get his money.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that her experience being paid by prime contractors in the private sector has not been too good. She stated that “if the prime does not get paid, we do not get paid.” She stated that payment in the “old days” was better in that you could depend on getting paid within 60 to one hundred 100 days.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she had difficult experiences getting paid by prime contractors on two private sector projects; they claimed they had to wait to get paid.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, reported that payment in the private sector has been very slow in some instances, which is very difficult for a small firm to carry.
Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that payment by prime contractors in the private sector has also been slow.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that in his experience prime contractors on private sector projects have been slow to make payments, which is difficult for small businesses.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that payment by prime contractors on private sector projects is very slow.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, reported that they have experienced late payment by prime contractors in the private sector.

Interviewee #57, a Caucasian male-owner of a construction and landscape architecture firm, stated that payment by prime contractors in the private sector varies a great deal and is dependent upon the contractor; he stated that some firms are slow and others are just okay.

Other interviewees reported mixed experiences being paid by prime contractors on private sector projects. (Interviewees #1, 2, 4, 9, 27, TA #1). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that in the private sector, 90 percent of the prime contractors pay them on time; the other 10 percent drag out payment or state they will pay when paid. He stated that in the public sector, the prime contractors also agree to pay when paid.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that architects in general in the private sector often default on payment; developers and owners are very good in paying, and with the exception of the current economic crisis, generally pay on time. Interviewee #2 said that he has heard from other consultants that they are paid in a timely manner on public sector projects.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that the only difference in being paid by the prime contractors on private sector projects is that he dealt directly with the developer or owner or contractor so it is a direct one-on-one relationship whereas in the public sector there is another step involved. Interviewee #4 has to submit his invoice to the prime contractor and then the prime contractor incorporates it into their invoice and it goes to the client. As a result, Interviewee #4 stated that it takes longer to get paid in the public sector but on the other side, with the private sector, he explains that you always have the risk of the client you are working for going bankrupt or disappearing and never collecting your money whereas in the public sector you know you will get paid; it is just a slow process.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that payment is the same in the private sector as it is in the public sector. He stated that when a problem arises it is more difficult to remedy it. He stated payment was okay up until the beginning of this year; he stated that the economy has now affected payment.
Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, reported that payment by prime contractors on private sector projects has been both positive and negative — you either are paid quickly or not at all.

TA #1, the President of the Latino Business Owners of America, stated that the trend in the private sector is that there is a much tighter relationship between the subcontractors, prime contractors, and owners; payment and timing of payment is negotiated so that these problems are not as prevalent in the private sector.

Some interviewees reported no experiences with being paid by prime contractors on private sector projects. (Interviewees #16, 40, 44, 47, 48, 50, 54).

Several subcontractor interviewees reported that timely payment by prime contractors is an issue “throughout the industry” and across the private and public sectors. (Interviewees #5, 7, 21, 22, 37, 52, TA #2). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that receiving payment is a problem throughout the industry. He stated that his company is currently having problems with prime contractors on city projects because the prime contractors want to pay the sub-consultants when the prime gets paid. Interviewee #5 stated that because his contract is with the prime contractor and not the prime contractor’s client, he feels that his company should be paid when the work is completed. Interviewee #5 stated that this is an industry-wide problem, but it has nothing to do with being a DBE or the Consortium; it is a sub-consulting issue.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that in general all subcontractors have a tough time obtaining payment from prime contractors on both private sector and public sector projects. He stated that many times owners do not pay on time and in most cases the prime contractor will not pay subcontractors until the prime contractor is paid.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that her experiences with receiving payment have varied; she stated that some experiences were awful and one incident almost put her out of business. She stated that “thankfully” the federal government now has a “prompt payment act” for small businesses where she is paid within 30 days. She stated that there is similar legislation under California law.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that the barrier to receiving payment is late payment by a prime contractor.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that the lack of enforcement of the agreed payment schedule is a barrier to receiving payment. He stated that there is no one making sure that prime contractors pay their subcontractors within a certain time period.

TA #2, the President of the Black Contractor’s Association, stated that the experience of being paid by a prime contractor on public projects varies depending on the prime contractor and the relationship between the prime contractor and the subcontractor. He stated that some subcontractors may be timely paid (within the 30-day billing period or even sooner) if the subcontractor has a good relationship with the prime. He stated that it is a problem when prime contractors get paid and there

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is no way that subcontractors know. He stated that some agencies have tried to make prime contractors inform subcontractors when they are paid, but the practice of not informing the subcontractors is rampant. Generally, his members try to stimulate their own commerce among businesses in the private sector rather than to rely on public work.

Some interviewees identified paperwork and related issues as a barrier to receiving payment. (Interviewees #8, 9, 13, 14, 16, 17, 27, 30, 35, 37, TA #1). Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that in the non-Consortium public sector, the notice of completion is not always known to the subcontractors or the project manager; this he says is a barrier to receiving payment.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, identified the rejection of invoices for “trivial reasons” like leaving off an expense as a barrier to receiving payment; he was not sure whether that had ever happened with one of the Consortium member agencies.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, identified agencies’ failure to timely review invoices as a barrier to receiving payment. Interviewee #13 stated that on one occasion L.A. County MTA was in the process of installing a new bidding system; payment was delayed for two months because the system did not work.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that the biggest barrier to receiving payment is that often they are working with a procurement agent dealing with an engineering contract that is not geared toward the type of billing that they use in the marketing area. He stated that billing for marketing often covers intangible items, but the procurement agent will request his company to adapt their billing to a more tangible format.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that sometimes paperwork issues preclude fast payment, and also stated that all paperwork must be filled out correctly to receive payment.

Interviewee #17 stated that payments are subject to a lot of scrutiny before they are made, and if there were any barriers to payment it would be a covert not an overt action.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that it takes forever to get contracts approved.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that sometimes the procedures and paperwork associated with payment can be quite tedious; if one item is missing it can push back his payment on projects and work being done.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, felt that a major barrier to receiving payment is the payee’s lack of payment technology.

Interviewee #37, an African American male owner of a SBA certified architecture firm, identified paperwork as one barrier to receiving payment.
TA #1, the President of the Latino Business Owners of America, stated that there are a number of barriers to receiving payment, including excessive paperwork, failing to complete paperwork on time, not meeting the expectation of the prime contractor, and the client not being satisfied.

Some interviewees identified the owner/client’s failure to pay the prime contractor or failure to approve a project as a barrier to receiving payment. (Interviewees #12, 23, 33, 56). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that a common barrier to receiving payment is when the ultimate client does not pay the prime contractor and then the prime contractor cannot pay the subcontractor. Interviewee #12 stated that another barrier is when the client does not approve the project. Interviewee #12 stated that he was recently a subcontractor to an architect who had two contracts with a school district; they were attracted to assist on this contract because the school district guarantees payment within 30 days. However, it turned out that that meant payment within 30 days of project approval which took over a year; he stated this was “gut-wrenching.”

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that the impediment to receiving timely payment in the private sector is due to the fact that the prime contractor is usually waiting to be paid.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that the only barrier to payment is when the prime contractor does not get paid.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, noted that they have encountered issues being paid by the average customer although they have received payment in the end.

Some interviewees identified various other issues with respect to the prime contractor that act as a barrier to receiving payment. Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that the prime contractor’s lack of adequate financing is a barrier to receiving payment.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that delay on the part of the prime contractor is a barrier to receiving payment.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he has read books and gone through classes on financing projects and he makes sure that his people get paid. He stated that he had an issue getting paid on a HUD project in which he blew the whistle on a crew that was doing his work after hours. This was an incident in which he was a subcontractor, but he told on the prime contractor who was taking away his work after hours and on weekends against the rules because he would have received time and a half on this work and they were likely getting much less.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that people are supposed to pay you for work delivered but that no one is watching the prime contractors to make sure that they pay their subcontractors. She stated that if she complains then she runs the risk of losing future contracts.
Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that the only barrier to receiving payment is unexplained late payment.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that prime contractors want to pay their subcontractors last; they do not follow the Prompt Pay Act set forth in the C.F.R.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that the process to receive payment is slow and cumbersome. He stated that there should be some sort of checks and balances system in place that would allow subcontractors to receive payment directly from the project owner instead of having to rely on payment from the prime contractor.

Most interviewees reported no barriers to receiving payment. (Interviewees #2, 3, 4, 6, 10, 11, 15, 18, 19, 20, 21, 24, 26, 28, 29, 34, 38, 40, 42, 43, 44, 47, 48, 49, 50, 53, 54, 55, 57, 58, TA #2). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, did not think that there are generally any barriers to receiving payment, but noted that one “methodology” for delaying a payment is to reject an invoice, whether because of the format or otherwise.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, did not identify any barriers to receiving payment and did not feel as though her race, ethnicity, or gender has ever affected her ability to receive payment.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that she was aware of barriers to receiving payment, but she could not specify any time in which she experienced such a barrier.

TA #2, the President of the Black Contractor’s Association, stated that there are generally no barriers to receiving payment. He stated that if a contractor is qualified, he is usually paid unless there are issues of nonperformance or workmanship disputes.

The majority of interviewees reported that their race, ethnicity, or gender does not affect their ability to receive payment. (Interviewees #1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 33, 35, 38, 39, 42, 43, 44, 47, 48, 49, 52, 53, 54, 55, 56, 57, 58, TA #1, 2). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he cannot specifically say that race, ethnicity, or gender has ever affected any business’s ability to receive payment, but thought that all minorities could say that it has at some point. He stated there would be no EEOC and agencies of that nature if there were no problems.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated he does not feel that the race, ethnicity, or gender of a business owner affects the business’s ability to receive payment. He stated that the quality of work is much more a factor than race, ethnicity, or gender.
Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that she did not feel that race, ethnicity, or gender has affected her ability to receive payment. Sometimes it is late, but that is not a result of discrimination.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that the size of his firm affects his ability to receive payment more so than race or gender.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that his race, ethnicity, or gender may have affected his ability to receive work, but not to actually receive payment.

TA #1, the President of the Latino Business Owners of America, stated that he does not think that race, ethnicity, or gender affects his members’ ability to receive payment. He stated that prime contractors “play games” no matter who the subcontractor is.

TA #2, the President of the Black Contractor’s Association, stated that he does not feel that race, ethnicity, or gender has ever affected a business owners’ ability to receive payment.

Some interviewees reported feeling that their race, ethnicity, or gender has affected their ability to receive payment. (Interviewees #25, 34, 36, 37, 40, 45, 50, 51). Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, reported feeling instinctively that his race, ethnicity, or gender may have affected his ability to receive payment. He stated that he does not believe Caucasian-owned firms have the same problem being paid.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, does feel as though her gender has affected her ability to receive payment. She believes that some large firms may not have paid her due to her gender. She stated that she had no concrete evidence of this, but instinctively felt it to be the case. She believes that her gender has affected her business relationships generally and in addition to payment issues.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that indirectly she believes that her race or gender has affected her ability to receive payment, but it is nothing that she can prove.

Interviewee # 37, an African American male owner of a SBA certified architecture firm, stated that he knows beyond the shadow of a doubt that race has affected his ability to receive payment.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, reported feeling as though his ethnicity may have affected the timeliness of his payment on one Consortium project. He stated that he turned in his billing in February, but was not paid until May while the other subcontractors were paid a month before that.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, felt that his race has affected his ability to receive payment, but could not identify any experience that has lead to this belief.
A couple of interviewees did not know whether their race, ethnicity, or gender has affected their ability to receive payment. (Interviewees #14, 46). Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, did not know whether race, ethnicity, or gender has affected his ability to receive payment.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he would never know whether his race, ethnicity, or gender would affect his ability to receive payment because “you do not know what people say about you when the door closes.”

**Recommendations related to payment**

One interviewee recommended that the Consortium streamline payment procedures. (Interviewees #20). Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that the Consortium should streamline the paperwork associated with the submittal and invoicing process. She stated that completion of paperwork can be a huge time-consumer and paperwork could be a barrier to some businesses. She stated that it is hard to stay up every night working on paperwork that can sometimes take five days to complete. In addition, these are five down days with no productivity. Interviewee #20 stated that her paperwork has been kicked back because of one easily corrected, minute error. She stated that it is essential to teach companies about paperwork to keep them out of the paperwork conundrum.

Some interviewees recommended the Consortium monitor payment to subcontractors. (Interviewees #33, 36, 51). Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated the Consortium should visit worksites to monitor DBE utilization and pass out questionnaires asking if they have been paid and the amount. She stated that the Consortium should make sure that the system is not abused or manipulated and should ascertain whether the subcontractors are being paid as set forth in their contract.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that subcontractors need to get paid in a timely manner and this needs to be monitored. She stated that there are a few instances in which she never was paid but she still had to pay all of her people. She would like to see some sort of quality control in place where subcontractors can go to get their grievances resolved, although she worries that complaining would keep her from getting future business.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, recommended that the Consortium should do more research and checking up on prime contractors and should create contract requirements to monitor payment of subcontractors.

Some interviewees recommended that the Consortium become involved when a prime contractor does not pay its subcontractors within a reasonable time frame. (Interviewees #22, 25). Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that there needs to be a better system in place to make sure that prime contractors pay subcontractors within a certain time frame. He stated that a small firm cannot maintain their day to day operations without capital.
Some interviewees made other recommendations related to payment and compensation. Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that the Consortium should implement a stipulation that companies submitting proposals with fair rates should get the contracts over companies submitting proposals with “slave rates.” Interviewee #50 reported that a prime contractor told him that if he wouldn’t work for such a low rate he would find a subcontractor that would. In addition, he stated that it is not fair to be required to perform 50 percent of the work for only 25 percent of the compensation.

B. SDCRAA anecdotes regarding experiences with payment

The following anecdotes regarding experiences with payment were obtained from interviews that the study team conducted in connection with BBC’s 2009 SDRCAA study.

Payment by prime contractors, public agencies, or private sector clients

Some interviewees reported positive experiences with getting paid by prime contractors or public agencies. Interviewee #SD11, representing a Caucasian male-owned firm, indicated that his firm has never had issues with agencies paying them. As an example, he said, “The city just paid us in 7 days.” Interviewee #SD11 went on to say that his firm has never had any issues paying their subcontractors, and that it is their policy to pay their subcontractors within seven days of getting paid themselves. He said that any delay in paying subcontractors is due to delays in receiving payment from the agency: “Our problem is that we are waiting up to 60 days to get paid from the public agency which might slow down the payment time.”

Interviewee #SD2, representing a Caucasian female-owned firm, also has had good experiences getting paid on projects. She said that the only difficulty comes when the project goes considerably beyond the original estimate. Interviewee #SD22, representing a Caucasian male-owned firm, also reported experiencing no issues related to payment.

Interviewee #SD45, representing a Caucasian male-owned firm, said that receiving payment in a timely manner is “always, always a problem.” In describing the differences between receiving payment in the public and private sectors, Interviewee #SD45 commented, “Payment may be slow in the public sector, but it is guaranteed. You need a gun to get paid in the private sector.”

Several interviewees complained that prime contractors or agencies often pay slowly in the public sector. Interviewee #SD14, representing a Hispanic American male-owned firm, said that there are “always” agencies and prime contractors that pay slowly. He explained that slow payment is especially problematic now because of the recession. Interviewee #SD20, representing an Asian American male-owned firm, expressed a similar sentiment: “[Slow payment] happens all the time! I would like to see some sort of contract clause between the primes and agencies [so that the prime contractor], within 10 days of getting paid, has to pay the subs.”

Interviewee #SD16, representing an African American male-owned firm, reported that slow payment is a negative aspect of doing public sector work: “It is hard to get paid.” He went on to say that slow payment becomes particularly difficult in times when his firm has limited capital.

Interviewee #SD18, representing a Caucasian female-owned firm, indicated that payments from public agencies take between 60 and 90 days, longer than payments from private entities: “The
The difference between public and private agencies is the decision making process. The public sector takes a long time to make decisions."

Interviewee #SD19, representing a Caucasian male-owned firm, reported that “Fifty percent of payments [from public agencies] take over 120 days …” She went on to say that when her firm works as a prime contractor payment tends to be faster than when they work as a subcontractor. Regarding her firm’s payment experiences as a subcontractor, Interviewee #SD19 said, “We may have finished our piece of the job, but [if] the prime contractor is not on schedule, […] we don’t get paid until the job is complete.” She continued, “There are cases where we did not get paid at all.”

Interviewee #SD37, representing a Caucasian male-owned firm, indicated that his firm prefers to work as a prime contractor, because there are too many payment issues associated with subcontractor work: “The company doesn’t have to worry about getting paid when [it is] the prime. We are currently working with a general as a subcontractor and have been working with them for over a year, and we practically have to dig our money out of them.” He went on to say that sometimes his firm will simply forego payment from general contractors, because pursuing legal action against them is too expensive.

Interviewee #SD33, representing a Hispanic American male-owned firm, reported that payment issues are prevalent on construction projects, because prime contractors often delay payments because of “re-do’s or go-backs.” He went on to say that small firms are more likely to be affected by slow payments and that “it’s sometimes 60 - 90 days out before the initial payment on a new project is received.” Interviewee #SD36, representing an African American male-owned firm, said, “Always with [public agencies] you can count on a 60, 90 or 120 day pay period. That will affect you if you don’t have the foundation to pay people on time.”

SDTA #2, representing a Hispanic American trade organization, and Interviewee #SD25, representing a Caucasian male-owned firm, both also reported that payments from public agencies take anywhere from 60 to 90 days. SDTA #2 indicated that payment delays that are longer than 90 days are usually the prime contractor’s fault and not the agency’s.

Interviewee #SD24, representing a Caucasian male-owned firm, reported that payment to subcontractors is often delayed because of the processing that is required on the part of the prime contractor, or because the agency rejects one or more payment invoices.

Interviewee #SD3, representing a Caucasian male-owned firm, explained that there is typically a 10-week lag between the start of a public agency project and the first payment. He said that the time that it takes to get paid is almost twice as long for subcontractors than for prime contractors. Interviewee #SD3 remarked that because of payment delays, it is crucial for firms to have a good line of credit.

Interviewee #SD28, representing a Caucasian female-owned firm, said that slow payment is “always” an issue. She explained that both public and private entities are typically taking “at least 120 days right now” to pay contractors. She went on to say that because her firm is usually not the biggest firm on a project, its payment concerns are not as high on the prime contractor’s priority list. She said, “We don’t have as much pull [to demand quicker payment].”

Interviewee #SD35, representing an Asian American male-owned firm, reported that he used to own another firm that went into bankruptcy, primarily because prime contractors refused to pay his firm:
“… we couldn’t get paid from several of our primes.” Interviewee #SD35 indicated that one prime contractor in particular put his former firm out of business: “They would always come up with some reason why we weren’t getting paid on time. Usually, it was the paper work. In the last days of [the firm], [the prime contractor] owed $180,000. [The prime contractor] put us out of business.” Interviewee #SD35 indicated that his previous problems with payment have made him hesitant to take on subcontractor roles with his current firm.

Interviewee #SD43, representing a Hispanic male-owned firm, said that slow payment is often an issue, but it is especially difficult for firms working in the public sector. She explained that in her experience, public agencies can take anywhere from three to four months to pay contractors. She said that in the private sector it only takes a couple of weeks to receive payment.

Interviewee #SD46, representing an African American male-owned firm, reported that a prime contractor withheld payment for more than 60 days on a public sector project with which is firm was involved. Interviewee #SD46 said that it would be helpful if agencies posted prime contractor payment data so that subcontractors would know when they could expect payment.

SDTA #9, representing a public works trade organization, explained that although payment issues are not as prevalent as they were in the past, they can still pose problems for small firms: “The payments have gotten a lot better than they used to be from public agencies, [but] the 60-90 days that it takes to get paid is difficult for small businesses.” He went on to say that payment issues are much more common for subcontractors than they are for prime contractors.

Several interviewees also complained of slow payment in the private sector. Interviewee #SD21, representing a Caucasian male-owned firm, indicated that payment issues are a substantial barrier to working in the private sector as well: “One of the toughest parts of the business on the private side is just getting paid.” He went on to say that not receiving payment in a timely manner (or at all) is a barrier to contractors’ progress and growth.

Interviewee #SD5, representing an African American male-owned firm, reported several incidents in which he had trouble receiving payments from prime contractors in both the public sector and the private sector. He said that in one case his firm had to wait over six months to get paid.

Interviewee #SD34, representing a Caucasian male-owned firm, said that he is often given the “runaround” when getting paid by his clients. He said that he frequently has to follow up with them to get paid.

Interviewee #SD41, representing a Caucasian male-owned firm, reported that his firm has over $2 million in unpaid invoices from private sector clients that have gone bankrupt. He said, “We are in court now trying to litigate. … Getting paid is a big risk in the private industry. I would be happy getting 10 cents on the dollar right now.”

Interviewee #SD44, representing a Hispanic male-owned firm, remarked that slow payment is often an issue with which all firms have to deal and indicated that the issue does not selectively affect MBE/WBE firms: “With every business you have [slow payment issues].”
Some Airport Interviewees suggested that slow payment disproportionately affects small firms. Interviewee #SD7, representing a Caucasian male owned firm, indicated that payments “aren’t going to come when you think they are going to come.” He went on to say that slow payments are “just a hiccup, not a show stopper” for large, well established firms but could be catastrophic for minority- or female-owned firms that are smaller and less established.

Interviewee #SD30, representing an African American male-owned firm, reported that slow payment is a barrier, particularly for a small firm. He explained that most clients typically pay contractors 30 days after receiving an invoice, but that delay makes it difficult for small firms to cover costs in the meantime.

Interviewee #SD31, representing a Caucasian male-owned firm, stated that slow payment is an issue for small firms on large projects, because they do not have the capital to cover upfront costs. He said, “Nobody is going to ship you a million dollars worth of [materials] without getting most of their money up front.” And he went on to indicate that bridge loans are too expensive to be practical.

Interviewee #SD40, representing a Caucasian male-owned firm, reported that payment delays are difficult for small firms to handle: “The 60 to 90 day payment is difficult for small businesses. I love it when a guy calls and says I need my check.” Interviewee #SD40 reported that his firm pays its subcontractors within 30 days. He said, “We take a lot of pride in making sure all of our paperwork is correct. We do what we call a pencil copy five days before the invoice is due to ensure our payment is on time.”

Consistent with those comments, SDTA #1, representing a local chamber of commerce, reported that payment delays pose a substantial problem for small firms, because, relative to large firms, they have less capital.

SDTA #4, representing a local chamber of commerce, said that she has seen good, small firms struggle to make payroll as a result of payment delays.

A few Airport Interviewees expressed a preference to work in a particular sector because of payment considerations. Interviewee #SD16, representing an African American male-owned firm, stated that he prefers to work for large private clients, because he finds payments to be more secure: “I prefer to work for a large private company who I know pays their bills.”

Interviewee #SD35, representing an Asian American male-owned firm, said that he prefers to work in the private sector to avoid payment delays: “I prefer private work, because you get paid sooner as opposed to the public. We also prefer to prime projects because of payment issues.”

In contrast, Interviewee #SD 20, representing an Asian American male-owned firm, said that he prefers to work in the public sector, because, from a legal standpoint, payments are much more secure.
Denial of payment based on race, ethnicity, or gender

Two MBE/WBE Airport Interviewees reported that their minority or gender status played a role in experiencing payment delays. Interviewee #SD10, representing an African American male-owned firm, said that he has felt discriminated against when trying to be paid. He described a situation in which he was refused payment because of his minority status: “I had a guy from San Diego County call me because they were late for paying me for one of my accounts. He said the check was ready but insisted that I come to their offices to get it even after I asked multiple times for him to send it. The man at the County … insisted that he would leave the check at the front desk for me.” Interviewee #SD10 ultimately agreed to pick up the check, but once he arrived at the front desk they made him go to another office to pick it up. Once he arrived at the second office, a Caucasian male who was holding his check asked him, “How did you get this contract?” Interviewee #SD10 said of the situation, “It got to the point that I couldn’t get paid. I had to go to the city council to help me get my money. Once he saw the color of my skin he asked how I got the contract. This was with the County of San Diego about five years ago. He wanted to know how a black man got this opportunity. This is the nature of the business.”

Interviewee #SD2, representing a Caucasian female-owned firm, also reported that she has been discriminated against in certain payment situations, albeit several years ago. She provided an example from 20 years ago when she needed payment from a prime contractor to make payroll. She said that she visited the prime contractor about receiving payment, and he told her that he was not going to pay her. She subsequently sent her husband to talk to the prime contractor, and he wrote her a check immediately.

Payment recommendations

A few interviewees recommended that public agencies be more proactive in ensuring that subcontractors get paid in a timely manner. Interviewee #SD20, representing an Asian American male-owned firm, stated that public agencies need to monitor how quickly prime contractors pay their subcontractors: “Make sure the prime pays the subs.”

Interviewee #SD2, representing a Caucasian female-owned firm, suggested that public agencies follow Caltrans’ example and list when they pay prime contractors on their websites. She indicated that access to payment information has made a substantial difference in terms of subcontractors being paid quickly.

Interviewee #SD35, representing an Asian American male-owned firm, suggested that public agencies (and the Airport in particular) play the role of watchdog to ensure that subcontractors get paid: “If a sub[contractor] is not getting paid by a government agency or their prime contractor, then the public agency, in this case the Airport, should become a watchdog for those small subcontractor businesses.” He continued, “Not getting paid on time can break a business…”

SDTA #5, representing a government advisory commission on minority issues, recommended that public agencies figure out a way to ensure that firms get paid quickly: “Cash flow is very important to small businesses with payroll, etc. [Public agencies] have to create ways for people to get paid quickly and on time. If [they] aren’t sensitive to those needs these businesses will go under.”
C. Caltrans anecdotes regarding experiences with payment

The following anecdotes regarding experiences with payment were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

Payment by prime contractors

Several interviewees reported no problems with payment by primes on Caltrans projects (Interviewee # CT 68). Some interviewees believed the Prompt Payment Act effectively forced prime contractors to pay in a timely fashion (Interviewee #CT39, CATA #2).

Other interviewees reported that primes contractors frequently paid slowly. Interviewee #CT65, a white male-owned business, and Interviewee #CT66, a white male-owned business, stated that “it takes some time for the money to make its way to the subs” and that this creates problematic “situations” regarding accounts receivable. As a general observation, Interviewee #CT49, an African American male-owned business, stated slow payment is a barrier to pursuing work in the public sector.

Interviewee #CT7, a white female-owned business, explained that sometimes payment is held up because there is a problem with a prime contractor’s invoice, and that even though the problem or error may lie with only one subcontractors’ component of any given invoice, payment to the other subcontractors is held up because Caltrans will not pay the prime contractor, thus holding up everyone else’s money “until that one firm cleans up the invoice and resubmits it.”

Several interviewees believed that payment delays are attributable to the prime contractors and not Caltrans (Interviewees #CT10, and #CT40). Interviewee #CT6, a white female-owned business, identified instances where prime contractors filed bankruptcy, changed their business name, and skipped out on payment obligations. Interviewee #CT16, a white male-owned business, noted that “being a subcontractor for a private contractor is probably the worst place to ever be in the business situation.”

Interviewee #CT51, a Hispanic male-owned business, noted “sometimes in a bureaucracy government gets so screwed up and so many people have to touch everything that it delays getting paid to primes, and the primes consequently do not pay you until they get paid because that is . . . the law . . . “ Several contractors stated that prime contractors operate on a pay when paid system. Interviewee #CT33, a Hispanic female-owned business, stated, “Prime contractors usually don’t pay their contractors until Caltrans pays them. So, if Caltrans pays them slowly, guess where subcontractors are? They’re at the bottom of the line.” Interviewee #CT39, a Hispanic male-owned business, stated that prime contracts get paid well before subcontractors.

Interviewee #CT49, an African American male-owned business, formerly performed subcontracting work, but because there were so many problems getting paid by prime contractors, the company ceased working in that capacity. This problem was also identified by CATA #2, an African American trade association, which indicated that a lot of subcontractors, including the association’s members, who experienced problems getting paid by prime contractors, have to stop work because of these payment issues — it “hurts them” and “kills them.” CATA #2 stated further that he knew of firms that were forced out of business due to delays in payment and the resulting impact on their financials. CATA #11, a minority trade association, stated that payment in the private sector varies, and that some owners pay quickly, while others take their time. CATA #11 also affirmed that counties and
cities are usually the slowest with payment, but that, unlike in the private sector, companies will eventually get paid. Interviewee #CT13, a Pakistani male-owned business, echoed that sentiment, and stated that he never has had any problems getting paid by other public agencies. He continued by stating that sometimes he had problems getting paid by prime contractors, but he attributed these problems to the nature of the industry, and that “builders like to hold on to money as long as they can.”

Interviewee #CT39, a Hispanic male-owned business, did note that every now and then, his company runs into problems getting paid by prime contractors. According to Interviewee #CT1, a Native American male-owned business, payment by prime contractors is a “mixed bag, sometimes it’s been very difficult.” Interviewee #CT51, a Hispanic male-owned business, indicated that the “critical issue” is the delay in payment by/from contractors that are the result of Caltrans’ and other public agencies’ practices.

CATA #7, a Filipino trade association, indicated that “he has heard complaints from his members that the primes will get paid and not pass the payment onto [the various subcontractors].” This complaint was echoed by Interviewee #CT69, white male-owned business, who indicated that “primes want to hold onto the money as long as they can, and that sometimes the primes themselves are waiting for dollars to be released.” CATA #2, an African American trade association, summarized the general theme of the interviewees statements – “you have to ‘stay on’ prime contractors]’ and do your due diligence, and that ‘[if you stay on them, they’ll pay you.”

CATA #10, an Asian American trade association, stated another issue being paid by prime contractors is that subcontractors do not have any leverage. The Interviewee stated that the issue has been presented at many meetings with Caltrans, and that it is even worse for a second or third tier subcontractor. CATA #10 identified that this impacts the performance of the subcontractors and the cash flow of the small firms, which makes it very difficult for them to operate and at some times it has impacted whether the firm can survive or not.

Several telephone interview respondents reported that gaining access to capital can be difficult. MBE/WBE and majority-owned firms alike indicated that financing issues are prevalent in the public sector. For example, a majority-owned firm stated that it takes a great deal of capital to be successful in the public sector: “Save your money. Have money and experience — it takes a lot of money [to work in the public sector]. Just be knowledgeable in [the area of financing] and have the capital to do your work.”

Some telephone interview respondents said that bonding can be a barrier in the public sector. Both MBE/WBE and majority-owned firms indicated that bonding requirements can be problematic when working in the public sector. For example, one MBE firm said that the difficulties associated with bonding deter his firm from bidding on public sector projects, “I would like it to be easier to acquire bonds. It is so hard, it discourages minority bidders like myself.”

A few telephone interview respondents indicated that insurance requirements can be a barrier in the public sector. Most respondents that identified insurance as a barrier were MBE/WBE firms. For example, an MBE firm remarked, “Be prepared for contract requirements as far as insurance is concerned — there are a lot of hurdles to do work with public agencies.”
Denial of payment based upon race

Only one of the DBE or M/WBE businesses interviewed stated it feels its payment had been delayed or denied due to the company’s status as a disadvantaged-, minority-, or female-owned enterprises (Interviewee #CT31). Interviewee #CT48, an African American male-owned business, stated that he did not feel that any delays in payment were the result of racism or other discrimination. Interviewee #CT1, a Native American male-owned firm, echoed that statement, noting that “[h]e does not think his race or ethnicity or the size of his business has been a factor in payment.” CATA #1, an Asian American trade association, stated he did not know if race played a factor in slow payment situations.

CATA #3, a Hispanic trade association, stated that he knew of a Hispanic contractor that was forced to file for bankruptcy in the 1990s because he was not paid for work by prime contractors, as well as an [African American] owned firm that had problems getting paid by a prime contractor (on a non-Caltrans job) and had to fight the matter in court for some time. Interviewee #CT46, an Asian American male-owned business, stated he “did not feel that the slowness of contractors’ payment or [an] incident where the company did not get paid was attributable to the company’s being a DBE firm . . . ‘[i]t’s just the way the business is.’”

CATA #10, an African American trade association, male-owned business, stated that he does not know whether race, ethnicity, or gender affect payment, although many times big firms will neglect the needs of smaller firms. The Interviewee stated that he does not know whether this is related to race, but most of the small firms do happen to be ethnic, small DBE firms.

Recommendations related to payment

An African American DBE consulting firm suggested that Caltrans publish payment to the primes on the website. “It’s kind of an alert, oh, look, this guy got paid, he’s got ten days to go and give me my money.” (P.H. San Diego, 3/22/07).

An African American DBE trucking company who testified at a public hearing in San Diego suggests that Caltrans make it mandatory for primes to place a preliminary lien on a job to ensure prompt payment. He testified that “when we work for Caltrans or contractors . . . we pretty much bankroll the trucking for the company, and it takes 60 to 90 days to get our money . . . if we prelim [preliminary lien] it, I become blackballed, because contractors don’t like trucking company to prelim the job . . . it’s a lot of extra paperwork, but it protects me in getting my money.” (P.H. San Diego, 3/22/07).

D. Telephone interview anecdotes regarding payment

The following anecdotes regarding payment were obtained from telephone interviews that the study team conducted in connection with BBC’s availability analysis of Southern California firms.

A few telephone interview respondents indicated that slow payment from prime contractors and public agencies is problematic. Both MBE/WBE and majority-owned firms indicated that receiving payment from prime contractors can be a time consuming process, particularly in the public sector. For example, one MBE firm indicated that payment is so slow in the public sector that the
firm does not typically bid on public sector projects: “It takes a long time for government jobs to pay so we usually do not take them.”

IX. Experiences with Financing and Bonding

A. Consortium anecdotes regarding experiences with financing, bonding, and insurance

The following anecdotes regarding experiences with financing, bonding, and insurance were obtained from interviews that the study team conducted in connection with the 2009 Consortium study.

Some interviewees reported issues related to obtaining financing and bonding. (Interviewees #2, 7, 8, 15, 16, 18, 20, 21, 23, 30, 31, 34, 35, 37, 40, 43, 46, 48, 51, 52, 53, TA #1, 2).

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has had a bad experience attempting to obtain financing. He stated that he could not obtain approval for a $100,000-$200,000 loan though his credit score is excellent. He stated that the firm had no credit score. He was only able to obtain a $15,000 line of credit. Interviewee #2 stated he does not know why his business is unable to obtain financing other than that the business is new.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that money is an issue in terms of a DBE’s ability to obtain financing. He stated that financing issues affect more DBEs because you have to have assets available to obtain a loan. Interviewee #7 stated, however, that bonding is an even bigger issue for DBEs. He stated that all public jobs require bonds. Contractors cannot work on Consortium projects without obtaining a significant bond. He stated if general contractors do not carry DBEs under their bond, it becomes a major issue for DBEs.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that the excessiveness of insurance requirements has discouraged him from trying to work with SANDAG. Interviewee #8 stated that other public sector agencies are bureaucratic and you need to understand that when working with them.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, reported difficulties obtaining financing in the early years because he had no credit history, but now that he is established, there are no problems to report. Interviewee #15, also noted problems with bonding that result from constant changes in job specifications with regard to bonding amounts required for various projects. Interviewee #15 does not understand how projects can be with the same agency, in the same area, with different bonding requirements; this did not make sense to Interviewee #15.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that obtaining financing has been very difficult. Interviewee #16 received a couple of loans from the SBA, and that has been positive. In the private sector, Interviewee #16 noted that financing is difficult because the banks want private guarantees for loans, especially for anything about a hundred thousand dollars. Interviewee #16 has not had any bonding experience.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, noted difficulty obtaining bonding, but stated that the problem was related to her company’s size and not due to race, ethnicity, or gender.
Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that financing is hard as a small business owner — she stated that when the business is waiting for payment and has to carry the bills her FICA score will “take a hit” and then financing becomes even more difficult. She stated that unless a business has family money, there are no alternatives available to fill in cash flow; that is the reality of the marketplace. Interviewee #20 also indicated that the Consortium has recently required E&O Insurance which is very expensive ($7,000 per annum) and a waste.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that financing was very hard to obtain but did not provide further detail.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that there are barriers to obtaining bonding (but not financing). He stated that insurers will not bond a company unless they know it.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that sometimes there are barriers in obtaining financing such as receiving a line of credit. He stated that sometimes these are barriers that would keep him off of a project or keep him from getting awarded a project.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he has had difficulties obtaining financing. This is a part of the reason why he is a disadvantaged business. He has had personal issues in the past that has affected his ability to receive financing on projects. It does not make sense to him when he is trying to make payroll and payments to rent equipment and has an outstanding history of making those payments as it relates to his business, but when it comes to obtaining financing for his work related projects, he has difficulty obtaining financing because of issues in his personal life. He stated that with respect to obtaining bonding, on a $1 million bond, 2.5 percent is required. He said that if he had that kind of cash available, he would not qualify for disadvantaged status. He feels that this is another way that small businesses are disqualified for projects.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that initially it was difficult for her to obtain financing because she had no credit history. She stated that it has become easier over time.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that start-up financing was difficult, and it was the biggest difficulty as related to financing.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that it is difficult to obtain bonding. He stated that bonds are larger than your financials will allow.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that it has been very difficult for him to receive bonding because of all of the applications and the “enormous” assets required. He stated that it worked out for him in the end, but that the asset requirement was well beyond what it would have cost him to do the job, which he believed does not make sense and is unreasonable.
Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, had not experienced any barriers with respect to obtaining financing. He stated that he had to obtain a bond once for a small amount and that was difficult because of the liquid assets that it required.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that obtaining financing is always difficult and a challenge. He stated jobs tend to be undercapitalized and more capital is needed than the job is typically worth.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that he had not encountered any issue obtaining bonding until recently. He stated that he was unsure whether it was economy or some other factor that has caused him some difficulties recently in this area. He stated that he has had an “okay” experience obtaining financing.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that he has experienced barriers in trying to obtain financing and noted that the qualifications are hard to meet and get approved. He stated that the requirements for bonding are even more outrageous than the ones for financing.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that the financial institutions and markets are in ruins now so it is very hard to obtaining financing and there are a lot of requirements. He stated that bonding is another problem and has been a nightmare. He stated that the requirement of up-front assets is an issue with obtaining bonding.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, reported that his firm maintains a line of credit and has for many years. He stated that once they got over the initial paperwork everything was fine.

TA #1, the President of the Latino Business Owners of America, stated that his members’ ability to obtain financing is a directly related to their ability to collateralize. If members do not have assets to collateralize it becomes a problem for their business. Sometimes members get a bid which takes them out of their economic zone. Members have to have cash on hand to sustain the project and if they can not obtain money they cannot bid on a project. Interviewee TA #1 stated that “funding is crucial.” Most members as a whole have been successful obtaining loans from banks, however, it depends on how well they manage their business credit and relationship with the banking institution.

TA #2, the President of the Black Contractor’s Association, stated that most members have a hard time obtaining financing because most are undercapitalized and have limited resources. He stated that credit, lack of assets, lack of a steady flow of profitable jobs, and lack of an asset base to collateralize all affect a business owner’s ability to obtain financing. TA #2 stated that members try to obtain bonding but many do not qualify for bonding because of lack of cash flow, lines of credit and no asset base.

Some interviewees reported they felt as though race, ethnicity, or gender affected a businesses’ ability to obtain financing or bonding. (Interviewees #7, 22, 23, 31, 37, 40, 46, 51, TA #1, 2). Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he feels that race, ethnicity, or gender can affect a business owner’s ability to obtain financing or bonding because of the potential lack of collateral.
Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that race, ethnicity, and gender have affected her ability to obtain financing or bonding and it is much harder for minorities to obtain financing than it is for Caucasian business owners. She stated that she has had a good experience obtaining financing and bonding, especially now, since she has been in the business for a long time and knows many of the players. She stated that for start-up companies there are barriers.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that his race is a big part of having been denied bonding.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he cannot put his finger on it, but believed that race or ethnicity affects his ability to receive financing or bonding.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, did believe that one or more of those factors did affect his ability to obtain bonding but he does not know how to prove it.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he felt that his race absolutely affected his ability to obtain financing. He feels as though his financials and credit are more closely scrutinized than a Caucasian-owned firm seeking credit.

TA #1, the President of the Latino Business Owners of America, stated that he believes race, ethnicity, or gender is a factor in a business owners’ ability to receive financing or bonding, but cannot unequivocally state. He thinks that it goes back to the asset base.

TA #2, the President of the Black Contractor’s Association, stated that race, ethnicity, and gender affects a business owner’s ability to receive financing or bonding because demographically people are discriminated against because of a lack of capital.

A couple of interviewees stated that they were not sure whether race, ethnicity, or gender affected a businesses’ ability to obtain financing or bonding. (Interviewees #2, 35). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he does not know whether his race or ethnicity has affected the business’s ability to obtain financing. He said it could be the case or might not be.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that she did not know whether her race or gender has affected her ability to obtain financing because that has never been overtly obvious.

Most interviewees reported that they did not feel as though race, ethnicity, or gender affected a businesses’ ability to obtain financing or bonding. (Interviewees #1, 3, 5, 16, 20, 21, 24, 25, 26, 28, 29, 30, 33, 34, 38, 39, 41, 43, 44, 45, 47, 48, 49, 52, 53, 54, 55, 56, 57, 58). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that he is not aware of his race, ethnicity, or gender having affected his ability to obtain financing or bonding. He stated that he understands that some people are “set in their ways.”
Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, was not aware of any circumstances in which race, ethnicity, or gender has ever affected a DBE’s ability to receive financing or bonding.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, did not feel that his race, ethnicity, or gender has affected his ability to obtain financing but he wasn’t sure. He felt that the economy affected his ability to obtain financing more so than race.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that her experience obtaining financing was okay and she did not believe that it was affected by her gender. She stated that generally if you have been in business for a long time and are in good standing it is easy to get financing.

Other interviewees reported no issues related to bonding or financing. (Interviewees # 1, 3, 4, 9, 26, 28, 29, 37, 38, 41, 45, 49, 54, 55, 56, 57, TA #1). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that obtaining bonding was not too difficult. Interviewee #1 did not identify any barriers to obtaining bonding. Interviewee #1 is currently looking into obtaining financing.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, was not aware of any specific barriers to DBEs obtaining financing or bonding.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that once a company has been in business a few years and has a relationship with financial institutions and “they know you” there are no problems obtaining financing. Interviewee #4 stated, however, if you are new to the business it would be more difficult to obtain financing. Interviewee #4 stated that he has not had any problems in terms of obtaining loans from a bank. Interviewee #4 does not have to obtain bonding for his work.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that 10 years ago it was difficult to obtain financing but now it has gotten easier. She has not had any issues obtaining bonding or insurance.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that he has had a good experience trying to obtain financing. His company has rarely needed bonding.

Interviewee #29, an African American male-owned electrical contractor, reported no issues related to financing or bonding. He has used only the standard bonding of $12,500 that is required as insurance under the law.

Interviewee # 37, an African American male owner of a SBA certified architecture firm, stated that he has not experienced any barriers while trying to obtain financing.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he has had an overall good experience obtaining financing and bonding with no problems to report.
Interviewee #41, an Asian-American male owner of a DBE/MBE-certified general contracting firm, stated that he felt the process to obtain bonding went smoothly.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that he had an okay experience obtaining financing. He stated that he was asked to supply a business plan and collateral in order to secure the financing he needed.

Interviewee #54, a Caucasian male owner of a general contracting firm, reported that they have not experienced any barriers in connection with obtaining bonding or financing, and noted that his firm will often team up with developers allowing them easier access to financing.

Interviewee #55, a Caucasian male owner of a construction services and program management firm, stated that because they are a large firm they have not had difficulty securing a line of credit.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, stated that obtaining bonding was relatively simple. He stated that “without any black marks on your record, you should not have any problems with obtaining bonding.”

Interviewee #57, a Caucasian male owner of a construction and landscape architecture firm, reported having an overall good experience obtaining financing.

TA #1, the President of the Latino Business Owners of America, stated that obtaining bonding is not as much of an issue as financing because in the last couple of years prime contractors are helping with bonding as a result of the problems that subcontractors faced due to the high costs of obtaining bonding.

Several interviewees had no experience with bonding or financing. (Interviewees #2, 8, 9, 10, 11, 12, 13, 14, 17, 18, 19, 24, 27, 36, 39, 42, 44, 47, 50). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he does not have to obtain bonding in his line of work. He stated that he does have to obtain insurance but insurance has not been a problem.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, does not have experience with financing or bonding.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has not had much of a need to obtain financing. Interviewee #17 stated she’s not a risk taker when it comes to money, just lots of risks otherwise. There was an issue when she first started the company, Interviewee #17 reported that it was difficult to get even a credit card in her name, but that was many, many years ago.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, has never had to obtain financing because all of her costs are labor costs, so she’s able to keep her overhead experience low.
Recommendations related to bonding and financing

One interviewee requested the implementation of training programs to assist with bonding and financing. Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that he would like to see training and assistance in receiving bonding. He stated that he has been unable to receive bonding even with using his property as collateral. He stated that the bonding process needs improvement from city to state.

Some interviewees recommended the Consortium relax bonding requirements for small businesses. Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that it would be beneficial if small businesses did not have such huge bonds to meet because it makes it difficult for them to bid on a project if they do not have the money to meet the bonding requirements, even though the costs of completing the project are significantly less than the bond itself.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, recommended that the Consortium increase assistance with bonding programs to $5,000,000.00.

B. SDCRAA anecdotes regarding experiences with financing, bonding, and insurance

The following anecdotes regarding experiences with financing, bonding, and insurance were obtained from interviews that the study team conducted in connection with the 2009 SDRCAA study.

Many interviewees reported that financing and bonding are barriers to success in the public and private sectors. Speaking generally about doing business in California, SDTA #3, representing a local chamber of commerce, indicated that obtaining financing is generally very difficult in San Diego, particularly in the current market. She also stated that operating expenses are very high in the state of California: “It’s expensive to do business in California. …” She listed workman’s compensation, living costs, and utility costs as some of the reasons why operating expenses are so high.

Interviewee #SD16, representing an African American male-owned firm, described financing as “a large barrier.” He continued, “It takes operating and working capital to be competitive. The money allows you to be visible. … If I had capital, I’d be better off.” Interviewee #SD 16 explained that he applied for a loan in the past but was denied.

Interviewee #SD9, representing a Hispanic American female-owned firm, reported that obtaining a loan is very challenging for small firms and that the process is becoming stricter. She said that when her firm tried to get a loan they had to approach several different banks.

Interviewee #SD20, representing an Asian American male-owned firm, explained that credit is extremely tight in the current market and particularly so for small firms that are not well established. Regarding credit for smaller firms, he asked rhetorically, “If I am a bank, would I loan money to [someone] with no experience?” Interviewee #SD 20 went on to explain that the process of obtaining financing is also time consuming and requires a great deal of effort.
Interviewee #SD36, representing an African American male-owned firm, indicated that obtaining loans is difficult so he never attempted to do so: “I never went to the bank [for a loan]. I didn’t even try because I know how that works. It just doesn’t work for me, so I went ahead and [financed my business] myself.”

Similarly, Interviewee #SD32, representing an African American male-owned firm, reported that financing is a substantial barrier that firms face, particularly those firms that are just starting out. He said, “You’d have to have a lot of cash in order to be able to get working, because most of these [banks] aren’t giving credit lines unless you’ve really established yourself.”

Interviewee #SD22, representing a Caucasian male-owned firm, said that financing is a significant barrier to working in the public and private sectors, particularly because profit margins are quite small.

Interviewee #SD28, representing a Caucasian female-owned firm, explained that financing is particularly problematic in the current market, because banks are not loaning money. She said, “[Financing] was hard before. I would say it’s even harder — if not impossible — to get financing and financial help nowadays.” Regarding bonding, Interviewee #SD28 reported that bonding can be a substantial barrier in her firm’s industry. She said that sometimes the bonding requirements actually exceed the value of a contract (e.g., a $7,000 contract requiring an $8,000 bond).

Interviewee #SD33, representing a Hispanic American male-owned firm, expressed concern about tight credit. He stated that it will be difficult for smaller companies to expand and purchase equipment, because lenders are making it more difficult to obtain loans.

SDTA #4, representing a local chamber of commerce, reported that access to capital is a significant barrier for small firms. She said that smaller firms tend to perceive the loan process as very difficult and that they are afraid to spend a great deal of time on it only to be rejected in the end.

Interviewee #SD5, representing an African American male-owned firm, stated that firms must have a good line of credit and a bond to be successful but that those things are difficult to obtain. With regard to bonding in particular, Interviewee #SD5 said, “Our bonding capacity is only half a million dollars. This doesn’t allow us to be very competitive.” He went on to explain that public agencies have large bonding requirements, which severely limit opportunities for smaller firms who do not have the bonding capacity to bid on that work.

Interviewee #SD21, representing a Caucasian male-owned firm, described the bonding process as “arduous.” He said that, in his experience, public agencies in California require contractors to bond the full value of projects and thus it can be quite expensive. Consistent with those comments, Interviewee #SD14, representing a Hispanic American male-owned firm, indicated that bonding is a substantial barrier to success. He said that bonds are more difficult to get — but are also more important to have — in construction compared to other sectors. With regard to the importance of bonding, he said, “Without a bond, you’ll never grow.”

Interviewee #SD31, representing a Caucasian male-owned firm, said that financing is a “very big barrier” in the current market. He indicated that it is very difficult to obtain loans, because banks are not lending money to contractors in most industries, his firm’s industry being an exception: “If you’re not in a sexy industry … don’t even bother walking in the door.” Interviewee #SD31 went on
to say that bonding is “probably the biggest issue” facing firms in San Diego. He explained that his firm does not bond — typically, the firm teams up with a third party that will bond on its behalf. He said, “I don’t have $20 million to put aside for surety to use against to give me a bond. I’ve had to turn down jobs because of bonding.”

Interviewee #SD38, representing a Hispanic male-owned firm, said, “Our biggest obstacle that we have seen is the bonding … it is really high. When you have jobs in the millions they want a certain percentage of bonding and that is money that is tough for us to put out.”

Interviewee #SD42, representing a Caucasian male-owned firm, reported that financing is the biggest barrier that firms face in San Diego: “The biggest barrier is capital — having money to do what needs to be done to make money.” He went on to explain that his firm had to get creative with financing: “I come from the spectrum of starting with little capital and putting together an organization. I have learned to creatively finance my previous businesses and now have the confidence to continue that.”

Interviewee #SD43, representing a Hispanic male-owned firm, stated that financing is difficult, particularly for small firms: “For a small company, if you don’t have the assets … financing is difficult.” She went on to say that it is particularly difficult for minority-owned firms to obtain financing. When asked why she thought that was the case, Interviewee #SD43 responded, “I don’t know … I don’t if they’re afraid that the people that [Hispanic-owned firms] hire aren’t legal. I think that can have something to do with it.” She explained that as a result of the difficulties associated with financing her firm only takes on jobs that they can afford to do with the capital that it has on hand.

Interviewee #SD44, representing a Hispanic male-owned firm, remarked that small firms (including MBE/WBE firms) have trouble competing with large firms because of capital restrictions: “[Minority- or woman-owned firms] aren’t going to have the buying power of the big boys ….”

Interviewee #SD45, representing a Caucasian male-owned firm, described bonding as a “big issue.” He stated, “[Sureties are] only matching you dollar for dollar. You have to hock anything you have [to obtain a bond]. For subcontractors, it’s probably impossible [to obtain a bond].”

Interviewee #SD47, representing an African American female-owned firm, said that her firm’s bonding capacity limits growth and success. She indicated that currently, her firm’s gross revenue substantially exceeds her firm’s bonding capacity.

SDTA #2, representing a Hispanic American trade organization, said “Working with the public agencies is all about bonding ability. If you don’t have any bonding capacity, you can’t do work.” He went on to explain that many minority and female-owned businesses simply do not have enough equity and assets to obtain bonds.

SDTA #7, representing a construction trade organization, indicated that most firms in the San Diego area are having trouble obtaining loans and bonds: “I would be surprised if [his organization’s members] aren’t having trouble with their bank, lines of credit, that sort of thing.” With regard to bonding specifically, SDTA #7 remarked, “Bonding has been tough for quite a while. It’s not let up. … “Those that have [bonds] can’t increase them as easily. … Getting a bond will be much tougher [with the recession].” However, SDTA #7 indicated that troubles with bonding are offset to some
degree for smaller firms, because prime contractors “almost always” bond for their subcontractors, particularly in the current market.

SDTA #9, representing a public works trade organization, said that bonding serves as a large barrier to being successful in the public sector: “Public works requires three bonds: full performance bond, bid bond, and labor and materials bond, all of which tie back to ownership assets. If you are capable … that is not enough to get a bond.” SDTA #9 said that he has not seen discrimination in bonding, only cases in which small firms do not have the assets to obtain bonding. He did say that the Airport is doing a good job in helping small firms with bonding.

SDTA #11, representing a veterans trade organization, indicated that, along with bonding, financing is the most substantial barrier facing small businesses in the San Diego area: “The biggest issues are financing and bonding.” He explained that financing problems stem from the fact that small businesses have less capital than larger, more established ones. SDTA #1, representing a local chamber of commerce, agreed that, compared to large firms, it is much more difficult for small firms in San Diego to obtain a bond and to raise capital for operation costs and equipment.

Several interviewees indicated that it is crucial to develop relationships with bankers in order to be successful. Interviewee #SD3, representing a Caucasian male-owned firm, said that financing and bonding are two of the most critical elements of a firm’s success. He indicated that a number of MBE and WBE firms fail because they do not develop financing and bonding relationships. Interviewee #SD3 went on to report that the bonding process is much more difficult in the current market than it was in the past.

Consistent with those comments, Interviewee #SD2, representing a Caucasian female-owned firm, reported that it is important for firms to have a relationship with a bonding company: “You have to have a relationship with the bonding company … they have to know your philosophy in life.”

Interviewee #SD43, representing a Hispanic male-owned firm, reported that bonding companies like to see that firms have experience working in the public sector before awarding them bonds, which makes bonding especially difficult for new firms. Interviewee #SD43 indicated that it is important to build and maintain relationships with bonding companies to ensure that the process goes smoothly on future projects.

Several interviewees indicated that insurance is more expensive in particular industries or in California. Interviewee #SD14, representing a Hispanic American male-owned firm, reported that construction companies are required to hold more insurance compared to other sectors.

Consistent with those comments, SDTA #11, representing a veterans trade organization, explained that the City of San Diego requires contractors to hold separate insurance policies for residential and commercial construction. He argued that those requirements make it difficult for small firms to compete with large firms that can afford those insurance policies more easily.

Interviewee #SD3, representing a Caucasian male-owned firm, indicated that insurance is quite expensive in construction. He reported that his firm pays approximately $40,000 per year in insurance premiums. Similarly, Interviewee #SD5, representing an African American male-owned firm, indicated that his firm’s insurance premiums are also very expensive (approximately $17,000 per year).
Interviewee #SD28, representing a Caucasian female-owned firm, said, “Insurance costs are extremely high. We shop them every six months. …” She went on to say that a number of insurance companies will not insure firms that work in her firm’s industry because it is so dangerous.

Interviewee #SD36, representing an African American male-owned firm, reported that his firm holds both liability and workmen’s compensation policies and that both are quite expensive: “Workmen’s comp and liability — they cost a lot of money. The higher your payroll, the higher the workmen’s comp.”

Interviewee #SD43, representing a Hispanic male-owned firm, explained that insurance costs are very high and insurance requirements are very stringent in the construction industry: “Right now we have general liability, we have workman’s comp. But then comes a case where you need a certain other [type of] insurance, and just the insurance is $500 extra for just that one job.”

SDTA #3, representing a local chamber of commerce, explained that insurance is expensive in California compared to other states and is thus a barrier for all local firms.

SDTA #9, representing a public works trade organization, said that many of his organization’s clients have stopped bidding on work with public agencies due to the insurance requirements: “Some of our clients have not bid [on contracts] because of increased level of insurance requirements on public contracts.”

Many interviewees reported that bonding, financing, or insurance are not barriers to pursuing work in the public and private sectors. Interviewee #SD11, representing a Caucasian male-owned firm, indicated that obtaining a loan is relatively easy, regardless of race, ethnicity, or gender. He described his own experience in obtaining a loan: “I just went to [a national bank chain]. They asked if I had a house, I said ‘Yes’ and they said ‘OK.’ They gave me the line of credit right then.” He continued, “Race and gender is not an issue in banking and bonding … [banks] are in business trying to get money, not turn you away because of what you look like.” However, Interviewee #SD11 acknowledged that there are likely a few lenders that are less willing to give loans to minority- and female-owned firms but that ultimately those lenders still approve the loans: “There are probably a few stubborn [lenders] out there, but why would [they] give up money because of the way someone looks?”

Interviewee #SD21, representing a Caucasian male-owned firm, reported that he is not aware of any barriers related to financing but that procuring equipment can be quite expensive in the construction industry. Similarly, Interviewee #SD24, representing a Caucasian male-owned firm, said that there are no barriers in construction associated with financing, bonding, or insurance.

Interviewee #SD5, representing an African American male-owned firm, indicated that obtaining a loan was relatively easy for his firm.

Interviewee #SD17, representing a Caucasian female-owned firm, reported that bonding is not a barrier to her firm’s success: “We are not bonded, although some jobs have asked that we are. We would consider getting bonded if it was necessary and made a difference in getting a job, but so far it hasn’t mattered.”
Interviewee #SD10, representing an African American male-owned firm, reported that financing is not necessary to be successful in his line of work: “If your house is in order you should be ok [without loans].” He indicated that he has maintained his operating expenses by relying on his personal savings. Similarly, Interviewee #SD18, representing a Caucasian female-owned firm, said that the firm has never experienced any substantial financing issues, because they rely on their long-standing business revenues rather than on loans.

Interviewee #SD41, representing a Caucasian male-owned firm, indicated that if a firm has good credit, obtaining financing is relatively easy: “If you have a good credit history and a good banking relationship I don’t think financing is too bad. Right now it is tough. Fortunately, we haven’t had an issue, even with the current economic conditions.”

Interviewee #SD46, representing an African American male-owned firm, said that insurance is not a barrier in his firm’s industry: “Insurance has not been a problem. We have to shop it on a yearly basis to try to look for the best price.”

**Recommendations related to bonding and financing**

Some interviewees suggested that public agencies should provide finance and bonding assistance for minority- and female-owned firms. Interviewee #SD3, representing a Caucasian male-owned firm, said that public agencies should relax bonding requirements for MBE and WBE firms, because, along with insurance, bonding is a substantial barrier to entry into the construction industry. Interviewee #SD3 also suggested that public agencies (and prime contractors) should grant a 5 percent price preference to MBE and WBE firms for contracts worth up to $100,000.

Interviewee #SD4, representing a Caucasian male-owned firm, recommended that public agencies should relax insurance requirements for subcontractors proportional to the size of their firm.

Interviewee #SD5, representing an African American male-owned firm, recommended that public agencies help MBE/WBE firms secure lines of credit from banks, obtain liability insurance at lower rates, and pay initial material costs. Regarding the latter point, he said: “Agencies should pay for materials and have them delivered to the job site. They should be supporting the general contractor in upfront costs of the job.”

**C. Caltrans anecdotes regarding experiences with financing, bonding and insurance**

The following anecdotes regarding experiences with financing, bonding, and insurance were obtained from interviews that the study team conducted in connection with the 2007 Caltrans study.

Many DBEs reported that bonding, financing and insurance is a barrier to pursuing work in the public and private sectors. CATA #1, an Asian American trade association, said that many of the association’s members do not get involved with public sector work because the bonding requirements are too high and unaffordable. This issue is something that CATA #1 said that the Association had raised with Caltrans “for years” but that Caltrans has not been able to address satisfactorily. CATA #1 said bonding puts restrictions on the amount of work a contractor can receive. If you are a small company and you do not have any property, you might only get a bond for $50,000 so this is the largest project you can receive. Even if you get a job, then you cannot bid any more jobs until you
finish that job. Caltrans might have a $25 million ramp. If you cannot get a bond for that amount, then you have to bid as a subcontractor. Usually the primes won’t require the subs to have a bond for work under $50,000 to $100,000, but if it is over this then the subs usually have to provide bonding. He feels that his members’ ethnicity affects their ability to get bonding because as minorities they don’t own a lot of assets and other property. Personal wealth is taken into consideration in getting a bond.

Interviewee #CT51, a Hispanic male-owned firm, stated that the majority of prime contractors require bonding from subcontractors, especially if the subcontractor is a major subcontractor, but that some prime contractors know subcontractors from their reputations do not require bonding. He said that bonding was a “real problem” and a “very difficult problem” for DBEs. For his business, bonding had not been a problem up until the last few years, when it became an issue because the company “had a couple of jobs that went south” and over which it is litigating right now.

Interviewee #CT7, a white female-owned firm, stated that the company had a “good relationship” with their bank. However, she did relay an experience where a loan officer was telling her that the bank would not refinance a relatively small loan because their books showed little year-end income, even though the company ran $500,000 in payroll through the bank each year. She was able to get the loan by going to someone higher up in the bank. She also stated that it is difficult for small companies to buy health insurance and noted that the per-employee price they pay for health coverage is higher than that paid by larger firms.

A DBE commercial roofing contractor, submitting written testimony in connection with the public hearings, stated: “We do have difficulty obtaining bonding for public works jobs due to our limited resources.” (Written testimony submitted 3/27/07).

A DBE and 8A company, submitting written testimony, stated most DBEs are excluded from multi-million dollar contracts (speaking specifically with respect to water authorities) because of lack of capital and bonding. (Written testimony submitted 3/26/07). A certified female DBE firm, submitting written testimony, stated she has had no problem trying to obtain insurance although she has never worked on a project requiring bonding which “might tell you how far excluded I am from being able to gain entry into some transportation projects.” (Written testimony submitted 3/8/07).

A few interviewees reported that their race, ethnicity or gender had affected their ability to obtain financing or bonding. Interviewee #CT33, a Hispanic female-owned firm, said that she had not thought about her gender affecting her ability to obtain financing or bonding, but that she would say yes. She continued, “I’d have to have some sort of proof and I don’t. I don’t have any idea. You sense it sometimes, but I have no proof of that. Hopefully, I’m wrong.”

Interviewee #CT10, an African American male-owned firm, stated that his race affected his ability to get financing and bonding “a long time ago,” but that now it has “opened up” so that he does not have any problems. He feels that this was a change that occurred gradually over time.

CATA #1, an Asian American trade association, did not think that there are racial barriers to obtaining bonding or insurance, but said that the association’s members have problems with obtaining financing because financial institutions “look at DBE firms more closely for some reason . . . .” CATA #11, a minority trade association, has a member that owns a credit union and he facilitates most of the financing for the other members. Ability to get financing depends on your credit. He said
that if you’ve been in business for a while, your credit is probably fine. Most young businesses, he stated, have bad credit. He believes race affects his members ability to get financing, especially if their credit is not good.

An white female-owned construction business certified as a DBE since 1981 and representative of the Women Construction Owners and Executives testified at a public hearing in San Diego: “I think minorities and women have a much harder time getting capital, getting bonding and getting insurance … in bonding … women are still asked to have their husbands sign at the bank, which floors me after 33 years” in business. (P.H. San Diego, 3/22/07).

Some interviewees feel their status as a DBE helped them in these areas. Interviewee #CT75, a white male-owned firm, simply cannot afford to bond his work. He feels DBEs are less affected by bonding issues because bond companies have DBE-type goals just like Caltrans. Interviewee #CT40, a white male-owned firm, knows that DBEs receive special rates on financing and bonding, but she does not have a lot of experience in the area. Interviewee #39, a Hispanic male-owned firm, also indicated that the company’s ability to get financing was related to its ability to get steel at competitive prices and stated that the company “wouldn’t have been able to get credit at all without the DBE program.”

Interviewee #CT39 stated that, with respect to financing, the company “do[es] pretty well by the bank.” He said that bonding is “sometimes” a problem because of the company’s small size. Interviewee #CT39 noted that sometimes a prime contractor will waive a bonding requirement for them because they are a small company and a DBE firm. Interviewee #CT39 said that he could not answer the question of whether the company’s being a DBE firm had affected its ability to get bonding and/or financing, as he had been at the company for only two (2) years.

A few interviewees were not sure whether their race affected their ability to obtain bonding, but suspected it might. Interviewee #CT49, an African American male-owned firm, stated that he did not know whether his race or gender ever affected his ability to get bonding or financing, but that it was something that possibly happened. He said it would be subtle if at all since no one ever said outright that his ability to get bonding or financing was impacted by his being African American.

Interviewee #CT51, a Hispanic male-owned firm, said that financing is a “tremendous” problem for DBEs, and one that is exacerbated by slowness in payment from government bureaucracies and/or prime contractors. He stated that he could not answer whether his race had ever affected his ability to get bonding or financing, since the person or entity denying a bond is “not going to tell you, ‘We are not bonding you because you are of a certain ethnicity or race or color or whatever [ ]’” but instead will “give a hundred other reasons why they do not give you the bond.”

Many DBEs did not feel that their race affected financing. Interviewee #CT46, an Asian American male-owned firm, stated that financing and bonding were issues that the company has to deal with, but he did not feel that the company had experienced any race-related or race-based barriers to its
obtaining financing or bonding. Instead, he said whether a company can get bonding or financing is determined by its financial stability, and just “like everything else, your buying capacity . . . is directly proportional to . . . your financials, and you’ve got to work your way up . . .”

Interviewee #CT48, an Asian American male-owned firm, stated that there were no problems, barriers, or obstacles — based on gender, race, or other considerations — with obtaining financing.

Interviewee #CT7, a white female-owned firm, feels her gender has never affected her ability to obtain financing or bonding. She relayed only one experience where the company had to obtain bonding — a design and build job for the Army Corps of Engineers where the company hired and supervised construction contractors. It had to provide a personal guarantee for this bonding, however, a newer, smaller company (as opposed to someone like them who had been in business for two decades) would “have a hardship in [getting] bonding” and that “for a small company it would be almost impossible unless they do a personal guarantee for the bonding.”

Some DBE interviewees reported no trouble with bonding or financing. Interviewee #CT31, an African American female-owned firm, indicated that the company does not have problems obtaining this insurance or financing generally because it has a solid track record that it has established over the past three decades. Interviewee #CT79, an African American male-owned firm, has not had any issues with financing or bonding. Interviewee #CT79 has not had any issues with financing or bonding. Interviewee #CT11, a Native American male-owned firm has not had any problems obtaining financing.

Many interviewees stated that financing was difficult for smaller companies with less assets and new companies with less history, and not due to race. Interviewee #CT49, an African American male-owned said that the company has to get bonding for its jobs and that, though bonding was an obstacle at the beginning when the company did not have a track record, it is not a problem now that the company is well established. He said that the same was true with respect to his company obtaining financing.

CATA #2, an African American business trade association, indicated that obtaining financing was not as big an issue for the association’s members as is obtaining bonding. He said that if a company has been in business, it generally has a line of credit, but that the difficulty is getting the business experience in the first place and building one’s business to the point where (s)he can put up its or other assets to secure financing.

Interviewee #CT81, a Hispanic male-owned firm, has had issues obtaining financing, but these problems have been those characteristic to small businesses in general and had nothing to do with his race. Interviewee #CT29, a Hispanic male-owned firm, believes a company needs to have been in business for three (3) years or more in order to satisfy the risk tolerance for banks. He cashed out his 401k in order to finance his business.

CATA #3, a Hispanic trade association, stated that he had had problems obtaining financing in the past and that now that he has sufficient financial resources to obtain loans, he does not have the work opportunities to make taking out these loans worthwhile. CATA #3 said that many young and/or fledgling companies have trouble with financing, and that the federal Department of Transportation’s program to guarantee loans through banks was a good program but that it had been “cut back considerably.” He also said that banks do not like (to make loans to) businesses with no
track record and/or financial history, but that, even though banks are less likely to take risks with people of color, if one has money (s)he can borrow money. Asked if his ability to get financing had been affected by his race, CATA #3 replied that he did not know and that he did not think so, but that perhaps it did in the past.

Interviewee #CT8, a Hispanic male-owned firm, stated that “[b]onding is always an issue” and that it is “99 percent harder on any small business . . . than it would be on a large business.” He did not think that any barriers to obtaining bonding or financing were attributable to his firm being a DBE, but instead to the size of his company and having trouble finding someone to put up the money for a bond.

Interviewee #CT46, an Asian American male-owned firm, stated that financing and bonding were issues that the company has to deal with, but he did not feel that the company had experienced any race-related or race-based barriers to its obtaining financing (which, according to Interviewee #CT46, the company really does not do) or bonding. Instead, said Interviewee #CT46, whether a company can get bonding or financing is determined by its financial stability, and just “like everything else, your buying capacity . . . is directly proportional to . . . your financials, and you’ve got to work your way up.”

Interviewee #CT64, a white male-owned firm, has not performed enough big jobs to get bonded hire than $500,000. He feels this is a “Catch 22.” He would like $1 million bonding capacity. He is working his way up slowly – if he can do ten (10) $100,000 jobs per year his capacity will go up.

A small African American owned construction company testified at a public hearing in San Diego that he did not feel there was equal access to capital, bonding, and insurance for DBE firms. He gets excited on jobs where primes offer to assist with bonding and insurance. “I think that certainly more effort needs to be put into the bonding and insurance. We had access to capital. That was not a problem for us, but bonding and insurance was.” (P.H. San Diego, 3/22/07).

A representative of BRIDGE, a Native American organization, testified at a public hearing in San Diego that “getting the insurance and bonding . . . it’s almost impossible in a lot of cases to get that. Because I am an Indian contractor . . . the only way that I can get the work is if I partner with another.” (P.H. San Diego, 3/22/07).

Interviewee #CT1, a Native American male-owned firm, does not need to obtain bonding in his type of business. He has not experienced any barriers in obtaining financing. He stated it is more difficult when you are new. When he first started in the 90’s he “couldn’t buy a pencil sharpener on credit.”

Interviewee #CT6, a white female-owned firm, stated the nature of the business is such that bonding and financing are not something that the company deals with. Interviewee #CT16, a white male-owned firm, stated “[w]e don’t really deal with that too much” because the company is “self-funded and . . . pretty cash flow positive.”

Several interviewees reported that Caltrans’ new insurance requirements presented a barrier to pursuing work. Interviewee #CT33, a Hispanic female-owned firm, stated the company has to carry professional liability insurance for its Caltrans work and all its other work as well. She said that it was “not cheap” and cost them $25,000 a year to carry insurance for $2 million.
CATÁ #7, a Filipino trade association, believes insurance requirements are overly stringent. He said Caltrans needs to make some sort of reasonable adjustment for projects that are smaller. Right now they require $1 or 2 million worth of insurance for both the sub and the prime on all projects.

CATÁ #10, an Asian American trade association, stated its members do not obtain bonding, but they do obtain insurance. He stated Caltrans insurance is very high. If the larger firm is doing a $10 million fee and the sub is going to only get $100,000 of the contract, the small firm may still have to obtain the same rate of insurance; if the fee is low, the insurance premium may take most of the profit. This is a barrier. He does not think race, gender, or ethnicity affects the ability to obtain insurance.

A white female-owned construction business certified as a DBE since 1981 and representative of the Women Construction Owners and Executives testified at a public hearing in San Diego that Caltrans recently increased its insurance requirements. She said “my insurance for the year is maybe fifty or a hundred thousand dollars cheaper than if I carry $5 million or $10 million. A small business can’t always — even if you have the money to buy it, you can’t — they will not give it to you.” (P.H. San Diego, 3/22/07).

A Hispanic female-owned consulting firm testified at a public hearing that the insurance requirements on construction contracts are “excessively high.” “Due to the contractual ‘flow-down’ provisions, subcontractors and specialty subcontractors, including DBEs, must meet the same insurance minimum thresholds which are prohibitive based not only of cost as well as history experience.” She stated that this is “cost prohibitive.” She further testified that contractors are “required to maintain the same level of insurance throughout the life of the project. On a number of contracts which are multiyear … that limits their ability to bid on any other work because they’ve already used bonding and their insurance on that one project.”

Recommendations related to bonding and financing

Interviewees suggested Caltrans should advertise, promote, and expand programs aimed at assisting small business obtain bonding, insurance, and financing. (CT Interviewees #64, #75, CATÁ #2). Very few interviewees were aware of any programs by Caltrans to assist with bonding, insurance, or financing. Interviewee #CT75, a white male-owned firm, feels Caltrans should provide bonding for the contractors who win the bids; otherwise, most small businesses are shut out from participating in Caltrans projects. CATÁ #2, an African American trade association, suggested Caltrans implement a system under which prime contractors cover bonding and insurance for their subcontractors. Interviewee #CT64, a white male-owned firm, suggests Caltrans make the engineers’ estimates tighter so bonding capacity is not unnecessarily taken up.

Interviewee #CT29, a Hispanic male-owned firm, believes that the mentor program is helpful for obtaining bonding because the bond capacity of the mentor can be used under most mentor programs. Furthermore, the bundling issue affects the ability for companies to be within reach of obtaining the projects as a prime because the jobs are so large, it is very difficult if not impossible to finance.

CATÁ #2, an African American trade association, stated that it was difficult for the Association’s members to get bonding and that he thought that prime contractors should do a better job in this area. He queried why, if a prime contractor has a bond, a subcontractor also needs one, and why,
even if the subcontractor is required to carry a bond, the sub’s bond needs to be in the same amount as the prime’s. CATA #2 indicated that obtaining financing was not as big an issue for the Association’s members as is obtaining bonding. He said that if a company has been in business, it generally has a line of credit, but that the difficulty is getting the business experience in the first place and building one’s business to the point where (s)he can put up its or other assets to secure financing. He said that the state bonding program is good but expensive, and that the Association had addressed the issue of bonding with Caltrans, along with the prompt payment issue. He said that bonding, financing, and payment issues are big issues now and were big issues when the program was in place. He also said that a company’s landing a contract helps it to better deal with these issues (e.g., a company that receives money on a contract can use some of this money to pay for a bond) but that a DBE program is needed in order for more businesses to get contracts.

CATA #10, an Asian American trade association, said the U.S. DOT used to have the transportation loan program as did the Small Business Administration Program. He stated financing is available but you lose a percentage of your profit.

X. The Effect of Race, Ethnicity, and Gender Upon a Firm’s Ability to Obtain or Engage in Business

A. Consortium anecdotes regarding the effect of race, ethnicity, and gender, if any, upon a firm’s ability to obtain or engage in business

Some businesses interviewed felt that race, ethnicity, or gender affected their ability to obtain or engage in business. (Interviewees #2, 4, 5, 10, 12, 13, 16, 17, 19, 20, 21, 22, 25, 26, 27, 29, 30, 31, 33, 34, 35, 36, 37, 38, 40, 43, 45, 46, 47, 50, 51, TA #2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that race or ethnicity may affect his business’s ability to obtain business because of the lack of financing or being unable to obtain financing.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he believes that race, ethnicity, or gender indirectly affects his ability to obtain or engage in business because he does not believe that prime contractors would contact him if his company was not certified as a DBE. He stated, “I know the only reason they did in the very beginning was because we were certified and at that time [the programs required between 10 percent to 15 percent DBE participation]; that is the only reason why they would call us.”

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he is aware of one situation in which the race, ethnicity, or gender of the owner of a business has affected the businesses’ ability to obtain or engage in business. Interviewee #5 stated that his company cannot receive DBE certification and cannot compete for certain jobs, though most of the employees are minorities, because the owner of the company is Caucasian.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that they had a feeling their race, ethnicity, or gender had affected their ability to obtain or engage in business. Interviewee #10 declined to elaborate further for purposes of the report.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he could not prove any instance in which his race, ethnicity, or gender has affected his ability to
obtain or engage in business; but, he stated that he has tried pursuits in the past that have left him feeling “that maybe that was a part of it” (e.g., race, ethnicity, or gender). He stated he was left feeling like he did not represent the local community. He stated that in other cases, “it has been the complete opposite” in that he has benefited the team, not so much due to his ethnicity, but due to the fact of where he grew up. He stated that he knew the local sensitivities, the local priorities, and he could relate to the locals.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, believes that his race and ethnicity affect his company’s ability to obtain or engage in business. He stated that he used to have a white male business partner and he seemed to always have a lot of work. Interviewee #13 stated that although the difference in the amount of work may be due to his marketing skills, he believes there is a “good ol’ boys” network at play.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that race, ethnicity, and gender has affected the business’ ability to obtain and engage in business. The DBE/MBE certification has given the company opportunities and the ability to participate in the work environment on a larger scale. Without the qualifications associated with Interviewee #16’s race, ethnicity, and gender, the company would just be another one of hundreds to choose from for large companies; the DBE/MBE status helps to differentiate the business.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that race, ethnicity, and gender has affected the business’ ability to obtain and engage in business, noting that this is the result of human nature. Interviewee #17 stated affirmatively that companies work with whom they are comfortable. Interviewee #17 reported that “we all have our paradigms, and it takes a long time to get over them.”

Interviewee #19, an MBE-certified African American male attorney, stated that there are always barriers to pursuing work. He stated that African American law firms are not treated the same as Caucasian law firms.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that if asked 14 years ago she would have said that her race, ethnicity, and gender have affected her ability to obtain and engage in business. She stated that today her company has relationships with many of the large firms that they work with and those large firms come from the same social network that she does. She stated that there is a certain hesitancy among companies to trust her business with large projects. She stated that she felt the Consortium has encouraged prime contractors to work with minority- and female-owned businesses, but it is dependent on the constituency. She stated that prime contractors should utilize firms that reflect the constituency of the municipality and should be sensitive to that need. She stated that in the private sector it is a challenge to obtain work and her firm is contacted when the prime contractor needs an African American firm.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, felt that her race and gender has probably affected her ability to obtain or engage in business with the Consortium and prime contractors. She did not feel as though this has been an issue in the (non-Consortium) public sector although it has been an issue in the private sector.
Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, felt that his race has played a positive role in helping him to obtain business with the Consortium, but that it has negatively impacted his ability to work with prime contractors.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, does feel sometimes that being a female in a male-dominated field has affected her ability to obtain or engage in business. She stated that her gender has affected her ability to obtain work with prime contractors approximately 50 percent of the time whereas in the public sector, depending on the job, her gender has affected her ability to obtain or engage in business approximately 30 percent of the time.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, did not believe race or gender has affected his ability to obtain or engage in work in an overt way, but stated that there is a tendency for a firm “to go with people who know your work.” He stated that “you have to break in to the inner circle. It is harder to do when you are a minority. It is hard to gain their confidence.”

Interviewee #29, an African American male-owned electrical contractor, stated that his race, ethnicity or gender has “absolutely” affected his ability to obtain or engage in business considering the fact that he has never worked with a huge firm on any large-scale projects. Interviewee #29 stated that with respect to pursuing work with the Consortium, the knowledge of the availability of contracts is not available to the public or on the website so he feels that it is a selective process and they select who they want based on friendships and relationships. He stated that relationships result in the contracts and that minorities are not able to develop relationships because they do not socialize with the majority firms; they are typically kept out of the inner circle. He stated that he has never worked in the public sector other than his single project with UCLA, so he does feel that there is a bias. He stated that typically the “worker bees” will be minorities and possibly one or two at the top, but there is indeed a bias as it relates to the awarding of contracts and the knowledge of projects. He stated that his race, ethnicity, or gender has positively affected his ability to obtain work in the private sector. He stated that even though companies and people feel that they can get over on him, he feels that it does allow him to keep his business afloat. He stated that people do hire him because of his race and that gets him in the door. He stated that once he gets a job it is proven that it will lead to more work either through the same person or a referral and that is what has sustained his business.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he does feel as though his race and ethnicity affect his ability to obtain and engage in business. He feels that this happens in instances in which he does not fit into the mainstream look of other investors or contractors even if he has done past business with them and they can vouch for his performance and his business’ quality of work. He does not feel that it has affected his ability to obtain work with the Consortium or with other prime contractors.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated both “yes” and “no” as to whether his race, ethnicity, or gender has affected his ability to obtain or engage in business. He stated that his business has been identified as a minority business even though he utilizes the best crew that he can assemble. He does not care if they are minorities: black, white, blue, or brown. He just uses the crew that can perform to the standards which he places on them. Interviewee #31 said he is the face of the business and as the face of the business there are some stereotypes and preconceived notions about the work that African Americans do. He stated
there is the thought that African American workers are lazy, overcharge, and cut corners. He feels that none of these examples characterized what he and his company have done on their completed jobs.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that her gender has “absolutely” affected her ability to obtain and engage in work with the Consortium and in the non-Consortium public sector and private sector.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, feels that her race and gender have affected her ability to obtain or engage in business. She feels that the Consortium has a bias against DBEs. She stated that she has experienced gender bias with prime contractors and in the public sector.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that her race, ethnicity, or gender has probably affected her ability to obtain or engage in business with prime contractors and in the private sector. Interviewee #35 stated that many times things are worked out ahead of an RFP even being presented to the public; she feels as though race is sometimes a factor.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she believes that her race and gender affect her ability to obtain or engage in business. She stated that she had a recent contract with Metro but then they called her and decided to take all the work back. She feels that when you are African American you get questioned a lot about your company’s price structure. She stated that with respect to law firms in the private sector, she believes that large non-African American law firms will not utilize her services, but will work with someone from their race instead (although it is not something someone would say to her face). She stated that if she knows that the law firm is not African American she will send a Caucasian employee to get the business.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that he felt that his race or ethnicity affects his ability to obtain or engage in business with the Consortium, with prime contractors, and in the private sector in general. He stated that it is common knowledge that prime contractors do not want to use DBEs. He stated that, in the private sector, if prime contractors do not have to use a minority firm, and they do not receive any incentive for using one, the prime contractors will not use minority firms but use their friends instead. He stated that his firm has been successful in the public sector generally though he did not get everything that he bid on. He stated that he works everyday to build his business and credibility.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that his race or ethnicity has affected his ability to obtain or engage in business across all sectors. He explained that there are very few Native Americans in the contracting business; he stated that the L.A. County MTA and other agencies then have a lot of curiosity about Indians. He stated that they want to see his identification, ask him how he got his identification, and ask him how he knew that he was an Indian.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, felt that his race or gender has affected his ability to obtain or engage in business with the Consortium, with prime contractors, and in the private sector (but not in the non-Consortium public sector). He stated that the only reason a prime contractor will contact him is if DBE
participation is required; it is only to help them make money. He stated that the Consortium should somehow put small businesses and DBEs in a position to make money too.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that it was possible that his race, ethnicity, or gender has affected his ability to obtain or engage in business with prime contractors and in the private sector. He did not believe these factors affected his ability to obtain or engage in work with the Consortium or in the public sector.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, does not feel as though her race, ethnicity, or gender have affected her ability to obtain or engage in business because they just do not give the offers anymore. This has been the case in the public and private sectors.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he believes his race has definitely affected his ability to obtain or engage in business with the Consortium (MTA and RTD), with prime contractors and in the private sector to a lesser extent. He stated that ever since Caucasian females became a protected class “it has been downhill.” He stated that he is competing with Caucasian females as minorities or Caucasian males using Caucasian females as “fronts” so that they can get the minority business.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that his race has probably affected his ability to obtain or engage in work with the Consortium, in the non-Consortium public sector, and with prime contractors, but stated that he could not prove it. He stated that in the private sector, when you do not get picked for a job but know that you are just as qualified as the competitor, you have to wonder if it is because you are African American.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that if he were Caucasian he would get more contracts. He stated that no one would help him to obtain bonding which he felt was also a factor in his ability to obtain or engage in business. He stated that when he needs to get an insurance claim approved he will send a Caucasian employee because the rate for which they will receive approval is higher than that of other employees. He stated that last year, in the public sector, a Caucasian-owned firm with no license and no insurance received a contract based on the fact that they were not minority owned. Interviewee #50 also cited his race and ethnicity as a barrier to pursuing work with the Consortium.

TA #2, the President of the Black Contractor’s Association, stated that the race, ethnicity, or gender of a business owner does affect the businesses’ ability to obtain or engage in business because prime contractors often have a lack of confidence in newcomers or others who they feel have not met certain prequalifications. Interviewee TA #2 stated that in general DBEs, women, and minorities are impacted by the lack of outreach utilization in the Consortium transportation industry. He stated that women have a particularly hard time with prime contractors working on public contracts.

Some interviewees felt their race, ethnicity, or gender had no effect on their ability to obtain or engage in business. (Interviewees #1, 3, 6, 7, 8, 11, 14, 15, 18, 22, 23, 28, 32, 39, 41, 42, 52, 53, 55, 56, 57, 58, TA #1). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, does not believe that his race, ethnicity, or gender has ever affected his firm’s ability to obtain or engage in business.
Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, was not aware of any circumstances in which the race, ethnicity, or gender of the owner has affected the businesses’ ability to obtain or engage in business.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company, was not aware of any incidents in which race, ethnicity, or gender of the owner of a business has affected the business’s ability to obtain or engage in business.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he does not think that the race, ethnicity, or gender of the owner of a business affects the businesses’ ability to obtain or engage in business. He stated that it is generally a positive because on government jobs there are goals for employing DBEs. In the private sector a business’ ability to obtain business is related to its competence; general contractors just want the job done. Therefore, being a minority is an asset. He stated that he has never seen a situation in which the race, ethnicity, or gender of the owner was a negative.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that her race, ethnicity, or gender has not affected her ability to obtain or engage in business with the Consortium or with non-Consortium public sector work, but it has sometimes affected her ability to engage in business in the private sector.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that his race, ethnicity, or gender has not affected his ability to obtain or engage with business with the Consortium or prime contractors. He felt it was hard to say whether it has affected his ability to engage in business in the non-Consortium public sector and the private sector.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, does not feel as though her race or gender has affected her ability to obtain or engage in business, but she does feel that there is a mental block toward small businesses.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, reported that only the quality of his work affected his ability to obtain or engage in business.

TA #1, the President of the Latino Business Owners of America, stated generally a businesses’ ability to obtain or engage in business is not based on race, ethnicity, or gender but on ability. He did state, however, that minorities have a harder time building relationships. TA #1 stated that this problem is generational. Non-minorities have more contacts than minorities. TA #1 stated he believes that this situation is somewhat different in Los Angeles because there are more mature minority firms there. He stated that in comparison, most minority firms in San Diego are still in their infancy.

A few interviewees did not know whether their race, ethnicity, and/or gender had an effect on their ability to obtain or engage in business. (Interviewees #9, 24, 44, 48, 49). Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, did not know whether his race, ethnicity, or gender has affected his business’ ability to obtain in or engage in business.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that she did not think her race, ethnicity, or gender has affected her ability
to obtain work with the Consortium, but sometimes a light bulb comes on and she thinks that maybe it is.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he does not believe that his race, ethnicity, or gender has affected his ability to obtain or engage in business, but stated that it is not something he would ever know because it is not obvious.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, did not feel as though his race, ethnicity, or gender had affected his ability to work with the Consortium or in the non-Consortium public sector. He was not sure whether it affected his ability to obtain work with prime contractors but stated that he could not prove anything.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, did not feel as though he has been shut out of opportunities with prime contractors, the Consortium, or other public sector entities. He did not know whether his race or ethnicity has ever shut him out of opportunities to obtain business.

Work environment for minorities and women

Some interviewees reported no differences in the work environment for minorities and women than for non-DBEs in the Consortium transportation industry. (Interviewees #3, 7, 8, 9, 11, 16, 18, 20, 22, 23, 37, 39, 48). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, did not know of any differences in the work environment for DBEs, women, and minorities in the Consortium transportation industry. From his perspective as a prime contractor, he noted that he did not care who showed up to work a job; gender and minority status had no impact on the job.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated in general there are no issues with the work environment for DBEs, women, and minorities in the Consortium transportation industry. He stated, in general, the private sector goes on competence. If the general contractor or owner thinks that a business is competent, they do not care about race, ethnicity, or gender. If, however, they think that you obtained the job by means other than competence, then it becomes an issue. However, if the DBEs know what they are doing, no one cares that the company is a DBE.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that there is no “significant distinction” as to the work environment for women, minorities, or DBEs. He spoke negatively about the DBE Program. He stated that if for some reason the state needs a quick turn-around on a project they will waive the DBE requirement. He stated that the DBE Program is arbitrary and as a result, he feels it is “worthless.” He stated that the DBE subcontractors that he has spoken with indicated to him that “nothing has ever come of their” DBE certification.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that among the transportation engineering firms, the work environment for women, minorities, and DBEs is not significantly different than that for non-DBEs; “there are a lot of good engineering firms out there.”
Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, declined to describe the work environment for DBEs, women, and minorities in the Consortium transportation market, but stated that her personal experience has been “great.”

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, noted that the work environment for DBEs, women, and minorities in the Consortium transportation industry is very inviting and that it is a positive work industry. In large part, diversity is being enforced and promoted on various projects. Interviewee #16 did state that people are generally chosen because of their abilities.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, noted that “she’s having a blast,” and that there are lots of opportunities for small businesses to do important things in the Consortium transportation industry.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that the work environment for women and minorities is very positive and very integrated; this has been very helpful for business. Interviewee #20 identified an African American female-owned business with a fleet of over 7,000 buses; she thought this was very impressive.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she has experienced normal work days.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, stated that the work environment for women and minorities is “okay.”

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he did not remember anything negative about the work environment for DBEs, women, and minorities in the Consortium transportation industry. He stated that, for the most part, the work environment is okay.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that she does not think the work environment in the transportation industry is different than anyone else's; she stated that work can be difficult and hard and that just comes with the territory.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that as far as he knows the Consortium work environment for DBEs and women-owned business is okay.

Some interviewees reported “inequalities” in the work environment for DBEs, women, and minorities when compared to the work environment for non-DBEs, non-women, and non-minorities. (Interviewees #14, 26, 33, 34, 40, 50, 51). Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that inequalities in the work environment often happen because the agencies with whom they work do not understand the industry. He stated that the ability to do good work is tied directly to the qualifications of the project manager and in the public sector, the project manager often does not have the required experience.
Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that the work environment for women and minorities is not easy, is sometimes hostile, and is very male-dominated.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that the work environment for women and minorities is “all over the map” in terms of how it affects women and minorities. She stated that it is dependent on the prime contractor and the circumstances of the project. She stated that in the final analysis, the work environment created by the prime contractor is usually based on trying to save money.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated there is generally a bias against women in the industry and an institutional bias against DBEs in particular.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, observed that DBEs are “kind of looked down upon.” He stated that the Consortium makes you feel like you are only there because you are a minority and you should be happy with any amount of money that you make; they want the DBEs to think that they are lucky to be there working.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that the work environment for women and minorities is very difficult; he stated that the work environment for Caucasian people is very easy.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated that he has come to the conclusion that small businesses cannot compete in the transportation industry.

Some interviewees reported an absence of minority and female-owned businesses in the Consortium transportation industry. (Interviewees #2, 10). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he rarely sees a minority business in the transportation industry. He thinks it stems from the small numbers of minorities in the engineering field in general and in the working world those numbers are even smaller.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that there are more men in their industry that they compete against, but her company is successful 60-70 percent of the time.

Some interviewees reported that “women and minorities” are still affected by who they are. (Interviewees #1, 4, 13, 17). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that people are still affected by who they are. He stated that he believes women who are aptly qualified for a job are still discriminated against and not given their full opportunity. He stated he had experience in a private sector company when “an extremely gifted” apprentice was sexually harassed “and left the field because of it.” Instead of the female taking action, she just left the trade. He stated that in contrast he has also seen some extremely talented women “living up to their full potential” and running crews in the field.
Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that the work environment in the industry for DBEs, women, and minorities is not easy because you have to sell yourself to the prime contractors and make sure that they are willing to put you on their team as a subcontractor. He said even if you are successful in getting on the team, you have to be lucky enough that the prime contractor actually wins the contract.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that while he could not comment on gender, he does have a Caucasian male assistant and sometimes he feels as though his assistant is able to better relate to his Caucasian male clients.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, described the work environment for DBEs, women, and minorities in the Consortium transportation industry as fine. Interviewee #17 has been in the industry for a long time and knows the people, and her company has earned its reputation. Interviewee #17 knows there are opportunities that she’s missed because she’s not the right ethnicity or not the right race, but she just moves on to other opportunities.

Some interviewees reported a difficulty in new DBEs’ ability to obtain contracts. (Interviewees #12, 30). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that most members of the Consortium (OCTA, L.A. County MTA, and SCRA) have done an excellent job of offering opportunities to DBEs, WBEs, and MBEs, and that support has allowed the industry to diversify and has forced large companies to increased participation by qualified firms. In some cases, it has opened up opportunities for new DBEs. The issue with the Consortium agencies is that some will introduce new DBEs although others will only use the “same old, same old” DBEs.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he can perform the work as well as audit and accounting processes, but he is not called to perform the work because he is a small business.

Other interviewees reported no knowledge as to the work environment for minorities and women in the Consortium transportation industry. (Interviewees #5, 6, 15, 21, 24, 52, 53, 55, 57, 58, TA #1). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he is not specifically aware of the work environment for DBEs, women, and minorities in the Consortium transportation industry. He does, however, know people who are DBE certified and they say that there are definite benefits to the certification. Interviewee #5 stated that he did work on one Metropolitan Transit project with a former company and the owner was minority (Asian) and the company was DBE certified. The certification was helpful to this owner because he received most of his work because of his certification.

Stereotypical attitudes

Some interviewees reported having experienced stereotyping “first-hand.” (Interviewees #12, 17, 19, 20, 25, 26, 28, 31, 33, 34, 40, 45, 46, 50, TA #2). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he had experienced stereotyping within the Consortium transportation industry. He stated that he had one situation where he was “tagged”
as a “rail engineer” without the understanding or wanting to understand that he does more than that; this happened in an interview with one of the Consortium agencies and his company did not receive the job. He stated that one of the key members of the panel called one of his friends to learn more information about Interviewee #12 and classified him on that basis.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that she has knowledge of stereotyping in the Consortium transportation industry, but that when this occurs the work is not worth it. Interviewee #17 immediately handles any reports of this kind of behavior when reported by her employees.

Interviewee #19, an MBE-certified African American male attorney, stated that he believes that his firm is not given high-profile cases because of stereotyping.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that she has experienced stereotyping in the Consortium transportation industry. She stated that typically women are called when the project calls for outreach; this is in her favor because that is her firm’s focus.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that he has heard of stereotyping within the Consortium transportation industry; he felt as though a firm’s DBE certification is like a negative label.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has heard about stereotyping in the industry and she has overheard male contractors make references about certain people that were stereotypical.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that stereotyping is a matter of perception; his company endures and they move on to the next bid.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, has experienced stereotyping. Although it was not in the Consortium transportation industry, he feels that he has dealt with it in the sense that when he arrives on a project with a diverse crew of the best men available, in his opinion, they look at him and expect less immediately. They assume that the quality of work will not be up to snuff whereas when he has worked on a project for a minority firm with all white men, and maybe he, and one other [minority], there is not the same feeling or expectation for failure.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that it can be very difficult to get out of the mold of the impressions that prime contractors have about DBEs. She stated that even when prime contractors have previously worked with a subcontractor, it is very difficult for them to understand that you may have the skills other than those utilized on prior jobs.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that she has experienced stereotyping in that because she is a small firm, she is presumed to be incompetent and incapable of doing the job.
Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that he has experienced stereotyping and there are always conflicts between the prime contractors and the subcontractors. He stated that even if the Consortium believes that he can do a certain job the prime contractor is not convinced.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that the Consortium always utilizes the same companies as opposed to opening opportunities to new companies and inviting fresh ideas.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he has experienced stereotyping “a little bit.” He stated that he has gone out on some little meetings to discuss a contract and he could see the meeting participant’s surprise when he walked into the room.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that he has the feeling that he is stereotyped any time that his face is shown. He stated that his appearance has been a factor in his inability to receive the quantity of work that he is capable of performing.

TA #2, the President of the Black Contractor’s Association, stated that he has experienced first-hand stereotyping of African Americans in the Consortium transportation. The stereotype is that they are “lazy” and “do not want to work.” Similarly there are stereotypes that Asian people do not do construction because they do computers, and Native Americans do not do construction because they have bingo. TA #2 stated that last year he approached a Hispanic foreman and asked the foreman why there were no African Americans working on the project. He recorded the response, “they’re lazy and they do not want to work.” TA #2 stated that he also went to another Caucasian foreman and asked the same question, why there were no African Americans on the job, and was told “they do not want to work.” TA #2 taped the comments and reported it to the local government. The job site was shut down that day. The next day TA #2 met with the owner, and the owner hired a couple of African Americans who were subsequently laid off after the job was completed. The company has not hired any other African Americans and they are still doing work for the City of San Diego. The City Attorney met with TA #2 and listened to the recording. TA #2 was told that the City would audit the company’s employee records. TA #2 later learned, however, that the audit was only a “desk audit” in which a questionnaire was completed. The company was also determined to be in compliance.

Some interviewees had heard of stereotyping but not experienced it. (Interviewees #15, 22, 49, 51). Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has heard of stereotyping in the Consortium transportation industry, but he noted that the majority of that conduct was in the early 1990s, much of which has gone by the wayside. Interviewee #15 has specifically informed his employees that kind of behavior is intolerable and not allowed.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she had heard of stereotyping.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that he had heard of stereotyping and was sure that it exists.
Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported having heard of stereotyping in the Consortium transportation industry.

Most interviewees reported never having heard of or experienced stereotyping in the Consortium transportation industry. (Interviewees #1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 18, 21, 23, 24, 27, 29, 30, 32, 36, 37, 38, 39, 41, 42, 44, 47, 48, 52, 53, 54, 55, 57, 58, TA #1). Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, has no experience of knowledge of stereotyping. Interviewee #18 stated that there is a lot of diversity in the Consortium transportation industry.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he has not heard of stereotyping nor does he pay attention to useless talk.

Offensive comments or behavior

Some interviewees reported having heard of or experienced offensive comments or behavior in the Consortium transportation industry. (Interviewee #1, 5, 13, 15, 17, 22, 26, 34, 38, 40, 46, 50, 51, 52, 55, TA #2). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that offensive comments and behavior “[are] alive and well” in the construction industry; he stated there were too many examples to count. He stated that he tries to make sure that it does not happen in his shop, but he is not aware of what happens when he is not around.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he has not specifically heard of any offensive comments in the Consortium transportation industry but he heard when he worked with an Asian owner on a project about 10 years ago that some people think companies use certification as a means “to get something.” He stated that he often heard others say that people who are minorities take advantage of their ethnicity to get a job.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he once worked with a project manager who “had loose lips” and made a negative comment about women. He stated that people are careful not to make racial comments around him.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has heard of offensive comments in the Consortium transportation industry, but he noted that the majority of that conduct was in the early 1990s, much of which has gone by the wayside.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, reported that she has heard of offensive comments about minorities in the transportation industry, but they were not directed towards her or her employees.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has heard of and experienced offensive comments in the transportation industry. However, she did not complain since she felt that it would not help; because they were a small company they could not afford to make waves.
Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that she had heard of offensive comments in the transportation industry related to race.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, reported having “the ‘n-word’ hurled at him” and has on several occasions been verbally accosted by a prime contractor’s employees.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated he had heard offensive comments in Orange County and with North Country Transit. He stated that he did complain to the appropriate officials but it did not change anything.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that he has not heard anything directly but he finds the fact that they are not receiving contracts offensive in and of itself.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, stated he has experienced offensive comments and behavior, including firms telling him he would get the work and then not utilizing his firm. He has also heard racist names being used.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, reported having heard of offensive comments or behavior in the Consortium transportation industry, but was unable to identify any specific examples.

Interviewee #55, a Caucasian male owner of a construction services and program management firm, had not heard offensive comments or behavior, but noted that this did happen many years ago.

TA #2, the President of the Black Contractor’s Association, stated that offensive comments or behavior in the Consortium transportation industry is commonplace. He stated that one African American working on a government project to demolish a high school in 2006 found a black doll with a noose around its neck wedged between a car. He also stated that another African American working on a project involving a waste-water plant complained about 10 years ago that his tires were being slashed and swastikas were drawn on a wall. TA #2 stated that the worker sued his employer, but he could not recall the result.

Most interviewees reported never having heard of or experienced offensive comments or behavior in the Consortium transportation industry. (Interviewees #2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14, 16, 19, 20, 21, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 36, 37, 38, 39, 41, 42, 44, 45, 47, 48, 49, 53, 54, 57, 58, TA #1). Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, has not heard of or experienced offensive comments or behavior in the Consortium transportation industry. He does not believe that people would be forthcoming with those types of feelings or comments in the sense that they would not be blatantly obvious that that was what was going on if that were the case.
Discrimination

Some interviewees reported the existence of discrimination in the transportation industry (Consortium and non-Consortium). (Interviewees #2, 4, 13, 14, 15, 17, 19, 22, 24, 25, 27, 30, 34, 37, 38, 40, 46, 47, 49, 50, 51, 52, 53, 55, 58, TA #1, 2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he experienced discrimination while employed by Caltrans five or six years ago. He stated that non-minorities were favored for promotion.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that although he has not specifically heard of any instances of discrimination in the industry, he is sure that there are such instances of discrimination in the industry, but it is so hard to prove.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he had never heard of or experienced “overt” discrimination, but it is hard to tell. He stated that there is much that could be discriminatory but everyone is “politically correct.” Interviewee #13 also stated that he has observed favoritism on the part of the agency favoring a male over a female counterpart.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he had “maybe” heard of discrimination in the Consortium transportation industry; for example, he has heard comments like “people do not like to work with women.” He stated that he does not know the basis for decisions (i.e. whether discrimination is involved) because he is not there when the decisions are made.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has heard of discrimination in the Consortium transportation industry, but he noted that the majority of that conduct was in the early 1990s, much of which has gone by the wayside.

Interviewee #19, an MBE-certified African American male attorney, stated that he has experienced subtle discrimination by the Consortium in that he is not given the quality or quantity of cases that he deserves; he stated that they are not assigned the high-value cases.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she has heard of discrimination in the transportation industry.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, reported that she has heard of discrimination in the Consortium transportation industry but not as far as contracts are concerned.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that he felt as though discrimination is always present. He believes that his inability to get “face time” with prime contractors is racially motivated. He stated that “white men do not want to sit down and talk with blacks; it is hard.”
Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that he has experienced discrimination in the transportation industry in being placed on a team and then “put to the side.”

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, feels as though there is a level of discrimination, but nothing that he can unequivocally prove simply because those types of things are not stated nor are they put in writing; rather they are manifest in actions and execution. Interviewee #30 has not complained about alleged discrimination because DBEs and small firms do not have the manpower nor the ability to expose them without concrete evidence.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that he has not observed any obvious discrimination but he is sure that it has happened. He stated that he would not know who to complain to about any such discrimination without jeopardizing future contracts.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he has experienced discrimination in the Consortium transportation industry. He stated that someone once made a comment about going back to the reservation. He did not complain and he has no confidence in anyone he would complain to; he stated that this has been going on ever since [Christopher] Columbus.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, reported that he had been called a racial slur and had been verbally accosted by a prime contractor’s employees.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he has heard of discrimination in the transportation industry, but “this has been going on for a few hundred years — nothing new.” He stated: “I have been dealing with it all my life.”

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he had “not really” heard of discrimination in the Consortium transportation industry, but stated “it is hard to put your finger on. It is just a part of life.”

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported that it was very possible that he had experienced discrimination in the Consortium transportation industry. He felt as though it may have happened, but he just did not recognize it.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, reported feeling discriminated against in terms of obtaining work with the Consortium, but stated that it was nothing that he could prove.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported having experienced discrimination in the Consortium transportation industry. He felt that because of his color he was told not to complain about his experience because he would suffer retaliation in terms of firms not utilizing him on future projects.
Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, reported having heard of discrimination in the Consortium transportation industry, but again, could not identify any specific examples.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, stated that he has heard of discrimination, but stated that it was nothing concrete.

Interviewee #55, a Caucasian male owner of a construction services and program management firm, stated that he believes that there is veiled discrimination in the transportation industry, but he does not know how to prove it. He feels that you can change situations by changing the requirements.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, had heard of discrimination in the Consortium transportation industry, but could not identify any particular incident.

TA #1, the President of the Latino Business Owners of America, stated that there is discrimination in the Consortium transportation industry in the form of participation of minority firms. He stated that the industry does not have to directly discriminate against minorities to impact their participation. TA #1 stated that the program does not encourage participation and the agencies do not follow the racial breakdown of their projects.

TA #2, the President of the Black Contractor’s Association, stated that there are lots of incidences of discrimination in the Consortium transportation industry. However, he stated that much of the discrimination is based on nepotism and discrimination regarding language. He was told 10 years ago by the owner of a project that the owner could not hire TA #2’s members because workers in the owner’s crew only spoke Spanish, TA #2’s members would not fit in because they did not speak Spanish, and it was a Spanish-only workforce. According to TA #2, the workers were working on a private public works project and the City of San Diego hired them to do some redevelopment.

Most interviewees reported never having heard of or experienced discrimination in the Consortium transportation industry. (Interviewees #1, 3, 5, 6, 7, 8, 9, 10, 12, 16, 18, 20, 21, 23, 25, 26, 28, 29, 31, 32, 33, 36, 39, 41, 42, 44, 45, 48, 54, 57). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he was unaware of any acts of discrimination in the Consortium transportation industry. The only “discrimination” that he was aware of are decisions made based upon ability or the fact that someone cannot do the job or the fact that you just do not like someone (for instance the annoying driller) not based on race or gender.

**Sexual harassment**

Some interviewees reported having heard of or experienced sexual harassment in the Consortium transportation industry. (Interviewees #1, 11, 14, 15, 17, 22, 24, 26, 49, 50, 55, 58, TA #2). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that he has seen sexual harassment on public sector projects. He stated he did not see how that would be different as between public and private sector because it is the same people doing the projects.
Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he had heard of sexual harassment in the Consortium transportation industry but declined to provide any examples.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has heard of sexual harassment in the Consortium transportation industry, but he noted that the majority of that conduct was in the early 1990s, much of which has gone by the wayside.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that she has heard of sexual harassment in the industry in the form of derogatory comments about females.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported having heard of sexual harassment in the Consortium transportation industry.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported having heard of sexual harassment in the Consortium transportation industry and stated that he is aware that it goes on.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, had heard of sexual harassment in the Consortium transportation industry but could not identify any particular incident.

TA #2, the President of the Black Contractor’s Association, stated that he has heard of one sexual harassment settlement approximately 10 years ago but has not heard a lot of other instances of sexual harassment in the Consortium transportation industry.

Most interviewees reported never having heard of or experienced sexual harassment in the Consortium transportation industry. (Interviewees #2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 16, 18, 19, 20, 21, 23, 27, 28, 29, 30, 31, 32, 33, 34, 37, 38, 39, 40, 42, 44, 45, 46, 47, 48, 50, 52, 53, 54, 57, TA #1). Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she has never heard of, or experienced sexual harassment in the Consortium transportation industry. Interviewee #11 stated that she did experience one incident of sexual harassment in the private sector seven (7) years ago.

**B. SDCRAA anecdotes regarding the effect of race, ethnicity, and gender upon a firm’s ability to obtain or engage in business**

The following anecdotes regarding the effect of race, ethnicity, and gender upon a firm’s ability to obtain or engage in business were obtained from interviews that the study team conducted in connection with BBC’s 2009 SDCRAA study.

**Perceptions regarding race, ethnicity, or gender effects**

Many interviewees reported that issues related to race, ethnicity, and gender hinder the ability of firms to obtain or engage in business. Interviewee #SD5, representing an African American male-owned firm, indicated that his race prevented him from joining a San Diego construction union: “Until 2002 blacks contractors could not get into the San Diego union. He continued, “I
tried to get into the union. I paid about $12 per month to stay on the list for about two years before I went into business. I was never accepted.”

Consistent with those comments, SDTA #13, a retired official from a local public agency, stated that although local unions do not openly discriminate, they practice favoritism with regard to membership and they prefer members who are Caucasian males. SDTA #13 described the local unions as being based on “a good ol’ boy system” and that union membership is “by invitation only.”

Interviewee #SD16, representing an African American male-owned firm, indicated that, based on previous research and anecdotal stories from other local firms, he believes that discrimination still exists in San Diego. He reported that discrimination generally takes place in the form of prime contractors discriminating against subcontractors on the basis of race, gender, or age. However, those beliefs notwithstanding, Interviewee #SD16 indicated that the Airport and other agencies have treated his firm quite well.

Interviewee #SD10, representing an African American male-owned firm, said that racial discrimination affects the way he markets his firm. Specifically, he tries not to mention that his firm is African American-owned. Regarding that strategy, he said: “If I come up I will become a target to those who do not want to see a black man succeed.”

Interviewee #SD2, representing a Caucasian female-owned firm, said that financing is much more difficult for a WBE firm compared to a male-owned firm, because most bankers are men. Interviewee #SD2 reported that particularly in the early years of her business, she had difficulty dealing with bankers and experienced gender discrimination: “[They would say] ‘bring your husband in to sign the paperwork.’”

Interviewee #SD28, representing a Caucasian female-owned firm, reported that she started her own firm, because the firm she worked for previously made clear to her its stance that “a woman should [not] be in management.”

When asked if his firm has been discriminated against based on the owner’s ethnicity, Interviewee #SD36, representing an African American male-owned firm, said: “To be honest with you, of course I have been discriminated against. They will give you the contract, but in order to keep it I have to put the white person out there to be the front man.” He continued, “Once they find out it is a black man behind the operation they will unfairly terminate the contract.” Interviewee #SD36 reported that, “The City and County don’t do this, but private [sector clients] do this all the time.”

Interviewee #SD45, representing a Caucasian male-owned firm, indicated that women do not perform adequately as laborers and are better suited for operating equipment: “Women are great equipment operators — that’s the best place for them to go. They make good wages, and it doesn’t require superhuman strength.”

Interviewee #SD46, representing an African American male-owned firm, reported that race is a substantial issue in his firm’s industry: “… whether it’s leasing a space, buying a car, [obtaining] a line of credit from supplies, [race is] a factor in everything we do.”

SDTA #2, representing a Hispanic American trade organization, observed that approximately 50 percent of all construction workers in San Diego are Hispanic Americans and yet the vast majority of
construction firms are owned by Caucasians: “For example, [take the construction of] Petco Park – over one half of the workforce is Latino and most of the owners are white.” SDTA #2 went on to say that even when constructions firms are Hispanic American-owned, those firms usually do not work as prime contractors.

SDTA #6, representing an Asian American trade organization, estimated that the Asian American population in San Diego is close to 12 percent. In contrast, she guessed that the percentage of contracts that go to Asian American-owned firms is less than 1 percent.

SDTA #4, representing a local chamber of commerce, said that there is not a level playing field for minority- and female-owned firms in San Diego, despite the fact that a large percentage of the population believes that there is. However, she indicated that she believes that society is making progress in limiting the effects of discrimination.

SDTA #8, representing an electrical workers trade organization, reported that across all construction sectors, women are severely underrepresented.

Several interviewees reported that issues related to race, ethnicity, and gender do not affect the ability of a firms to obtain or engage in business. SDTA #7, representing a construction trade organization, stated, “I do not think there is discrimination, and I’m not just saying that because of my position.” He continued, “… I think when the baby boom generation came in [racial discrimination] pretty well dissipated. That’s me and I think the next generation won’t even know what we’re talking about. We’re electing a black man president. You can’t tell me there’s a lot of prejudice deep seeded in the country when we’re electing Barack Obama now.” He went on to say that there is a group of organizations in San Diego who benefit from having the public believe that discrimination exists in the construction industry.

Interviewee #SD14, representing a Hispanic American male-owned firm, repeatedly mentioned that, given Proposition 209 and the state of the economy, race and gender do not play a role in winning contracts — it is all about being low bidder.

Interviewee #SD33, representing a Hispanic American male-owned firm, said that when his father started the firm 30 years ago he experienced discrimination, primarily because he did not know a great deal of English. However, the firm was able to remain competitive and grow because it provided a quality product. He went on to say that there are such a large number of Hispanic Americans (and other minorities) in his firm’s industry today that discriminating against them would be akin to discriminating against the entire industry — it would be too impractical.

Interviewee #SD34, representing a Caucasian male-owned firm, remarked that MBE/WBE firms do not need any help to be successful. He said, “If they are strong, they should be fine. They can learn from firms they worked with before starting their own businesses.”

Interviewee #SD40, representing a Caucasian male-owned firm, reported that, to his knowledge, there is no discrimination based on race or gender in San Diego. He said that he has no knowledge of firms being denied the opportunity to bid, contract awards, financing or any other opportunity based on race or gender.
Interviewee #SD33, representing a Hispanic American male-owned firm, said that he thinks the contracting industry in San Diego is “an even playing field” with regard to race and gender.

Interviewee #SD44, representing a Hispanic male-owned firm, speaking generally about the effect of MBE/WBE status on a firm’s success in his industry, remarked: “The people that are in our industry … are all very helpful to one another. It doesn’t matter … what your ethnicity is.” He went on to say, “I’ve had good experience in this business.”

SDTA #6, representing an Asian American trade organization, indicated that she is not aware of any acts of discrimination against minority- or female-owned firms, but that those firms would be unlikely to file formal complaints about discriminatory acts even if they occurred.

SDTA #12, representing a workforce trade organization, indicated that his organization’s members complain about hiring discrimination based on age but that he has not heard complaints about contracting discrimination based on race, ethnicity, or gender.

SDTA #13, a retired official from a local public agency, indicated that issues related to race, ethnicity, or gender do not make it more difficult to engage in business in San Diego — what matters is firm size: “People need to let go of [the idea that race, ethnicity, or gender affect success] and stop saying, ‘Oh, it’s because I’m black, or it’s because I’m a woman, or it’s because of this’ and just realize that small businesses have a disadvantage.”

Some interviewees reported that minority- and female-owned firms have been afforded a number of opportunities because of their race, ethnicity, or gender. SDTA #3, representing a local chamber of commerce, indicated that, in her view, MBE/WBE firms have a great deal of opportunity to succeed in the greater San Diego area. Regarding local opportunities for those firms, SDTA #3 said, “To me, there are so many resources out there that I think [MBE/WBE firms] actually have more opportunities [than majority-owned firms] at times.” She went on to say that race and gender typically do not play a role in the local marketplace, and what matters is each person’s work ethic, “I haven’t heard of any problems [related to race and gender].” She continued, “To me it’s not your gender, it’s not your race — it’s your work ethic and what you decide to be. Any opportunity we can give them to be successful is there. …” Speaking more generally, she indicated that racism and sexism are not as problematic as they were in the past. With regard to racism, she said, “We’ve come a long way.” With regard to sexism, she commented, “Twenty years ago … there was a different pay scale [for men and women], but I believe those days are gone.”

SDTA #7, representing a construction trade organization, expressed his belief that there are no barriers in construction specific to minority- or female-owned firms. He said, “We do all these nice things [i.e., agencies’ remedies], but cutting through all that, you got to train people to be contractors and [the] market will probably take care of its self. There isn’t a real barrier — that I can see anyway — for minorities getting to be a contractor.” He went on to explain that the determining factor for success in construction has nothing to do with race — it is about taking chances: “You got to be a young guy and want to run out and take a chance. … Does some African-American or Hispanic guy take that chance to quit that nice project manager job [they] got? … The first thing you got to have is the guts to do it.”

Interviewee #SD24, representing a Caucasian male-owned firm, indicated that he has not observed any manifestations of discrimination against minority- or female-owned firms, and he said that
instead DBE programs have afforded them a number of advantages: “If anything I think it’s the opposite [i.e., MBE/WBE firms are advantaged], because there are often DBE related requirements. Firms like that tend to be courted more than anything else.”

**Work environment**

Some interviewees indicated that the work environment for minorities and females working in San Diego is less favorable than it is for Caucasian males. Interviewee #SD2, representing a Caucasian female-owned firm, reported that it is difficult for her firm to develop relationships with prime contractors, precisely because her firm is female-owned. She said that there have been instances when she had to bring a male employee from her company to meetings with prime contractors so that they would treat her with more respect. She indicated that there is an aversion to women in the construction industry.

Interviewee #SD17, representing a Caucasian female-owned firm, reported that she has been the victim of gender discrimination on a number of occasions. She indicated that sometimes that discrimination has been subtle, but other times it has been blatant. Regarding subtle discrimination, Interviewee #SD17 said, “As a woman, I am aware of unspoken discrimination. For example, contractors will automatically call and ask for my husband Jeff to come to the job even though my name is on the company and I am the president.” Regarding blatant discrimination, Interviewee #SD17 indicted that some contractors have been quite audacious with her on the telephone: “One client called and said he would give our company a [contract], but only if I was hot.” She also said that her firm has worked on a project for which the foreman told her that he refuses to work with women.

Interviewee #SD20, representing an Asian American male-owned firm, indicated that an unfair work environment continues to exist from time to time for MBE and WBE firms. He gave an example of women contractors not commanding as much respect as their male counterparts.

Interviewee #SD21, representing a Caucasian male-owned firm, is aware of rampant, race-related graffiti being present on some of his work sites. He referred to the construction industry as a “jungle environment,” and as such he acknowledged that more could be done to help minority- and woman-owned contractors in the field. However, he also pointed out that those firms are making good progress in today’s construction industry. He said that many more MBE/WBE contractors have college degrees today than in decades past, and those contractors are either running construction companies themselves or are playing integral roles in someone else’s construction company. He said, “Things are evolving so that the playing field is much more [level].”

Interviewee #SD32, representing an African American male-owned firm, reported that many people in the construction industry are “not necessarily racist, but prejudiced in general and make [discriminatory] remarks.” He indicated that although such remarks are unpleasant, he does not think his firm has lost any work because of the owner’s race. With regard to women, Interviewee #SD32 said, “I think due to the nature of construction being dominated by males in general … it’s hard for women to come into an industry like this and be accepted as peers.”

Interviewee #SD34, representing a Caucasian male-owned firm, commented that women-owned firms encounter problems in the contracting industry because, “there are still men out there who think it’s a man’s world.” He noted that minority-owned firms also encounter difficulties.
Interviewee #SD34 reported that he has witnessed contractors making inappropriate comments toward both minorities and women on job sites.

Interviewee #SD39, representing a Hispanic female-owned firm, reported that the work environment is particularly unpleasant for Hispanics working in his firm’s industry: “Discrimination is going on with the drivers because they don’t speak very good English.”

Interviewee #SD47, representing an African American female-owned firm, stated that eight of her own employees were recently terminated for using the “N” word and making derogatory comments about her and her brother, the firm’s Operations Manager. She said that her firm has retained the services of a well-respected diversity consultant to address her firm’s race-related difficulties. Interviewee #SD47 also reported that the “N” word was directed at one of her employees on a work site in the private sector during a project on which her firm was working as a subcontractor.

SDTA #5, representing a government advisory commission on minority issues, indicated that public agencies in San Diego actively prevent minority- and female-owned firms from being successful: “San Diego creates barriers for people to get involved and does the same thing over and over until the good ol’ boy network can pretty much kill off small and black-owned or other ethnic-owned businesses. … There is no consequence for not doing outreach or supporting diversity in San Diego.” She went on to explain that racism is a substantial issue in San Diego but that the city makes an effort to hide those problems: “San Diego is bona fide racist — that is it! San Diego reports themselves as the finest city, but indicators of harsh racism are hidden.”

Stereotypical attitudes

Several interviewees indicated that MBE/WBE firms are sometimes victim to stereotypical attitudes on the part of prime contractors or agencies. SDTA #10, representing a supplier trade organization, said that some of the personnel at public agencies believe that MBE/WBE firms are less qualified than large, well-established firms and that their participation generates additional costs. SDTA #10 said that many of those people believe there are “no good MBEs out there.” He remarked, “These individuals should be open to accepting that there are, in fact, good [MBE/WBE] firms and that their utilization does not increase costs.”

Interviewee #SD21, representing a Caucasian male-owned firm, indicated that minority- and female-owned firms still face stereotypical attitudes in the construction industry but that the problem is relatively small. He said, “You’ll get an old inspector … they’re not necessarily too enthused when a woman project manager rolls in.”

Interviewee #SD20, representing an Asian American male-owned firm, reported being aware of prime contractors and agencies having stereotypical attitudes about minority- and female-owned firms but only in subtle, indirect ways.

Interviewee #SD28, representing a Caucasian female-owned firm, reported that she has often been victim to prime contractors having stereotypical attitudes against women in which “they don’t think you know anything because you’re a woman.” In describing how she deals with those situations, she said, “If I swallow my pride, I just give [the phone] to [a male member of the firm] and [he] tells them the same thing that I would tell them.”
Interviewee #SD43, representing a Hispanic male-owned firm, said that agencies and prime contractors sometimes assume that Hispanic-owned firms will hire illegal immigrants or cheap labor to complete the work.

Interviewee #SD46, representing an African American male-owned firm, indicated that sometimes subcontractors appear to question his firm’s ability to act as a prime contractor due to his minority status. He said that some subcontractors seem to wonder “Can this guy pay me? Is he for real?” He went on to say that when he goes on job walks, he gets the sense that other firms look at him and wonder, “Are there goals on this project?”

Interviewee #SD47, representing an African American female-owned firm, indicated that there is a stigma associated with being DBE certified that the firm is unqualified: “I’d heard so much about the stigma of these certifications … [Other firms in the industry] talk about how unqualified [DBE certified] firms were and how they couldn’t perform.” She went on to say that it is very difficult being an African American woman in the construction industry: “In this industry, if there is a white male with me, … they could be the driver … they’re going to get more respect than I will. If it’s a Black male, they’ll get more respect, too. If it’s a white female, they’re going to still be addressed and interacted with more than me. I’m always the low man on the totem pole.”

C. Caltrans anecdotes regarding the effect of race, ethnicity, and gender upon a firm’s ability to obtain or engage in business

The following anecdotes regarding the effect of race, ethnicity, and gender upon a firm’s ability to obtain or engage in business were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

Perceptions regarding race, ethnicity, or gender effects

Few minority or female-owned businesses feel that race, ethnicity, or gender hindered their ability to obtain or engage in business. CATA #1, an Asian American trade association, stated that there are “serious” but subtle personal barriers to getting work in both the private and public sectors and with all public agencies. These barriers were not obvious but instead existed deep in people’s minds and hearts. According to CATA #1, the problem is not so much that people do not like DBEs, but that non-DBE firms do not trust DBE firms because they do not know them.

Interviewee #CT44, a Middle-Eastern male-owned firm, feels there are barriers to pursuing work that he believes are due to his race. He has not experienced blatant discrimination, but he hears things like “we need someone with more experience” or what he views as other “sham” excuses. He feels that frequent change orders may be related to his race. He never files complaints because he cannot afford an attorney.

Interviewee #CT7, the Hispanic co-owner of a white female-owned firm, believes race affects his ability to engage in business in that he does not receive certain RFPs. Interviewee #CT7 spoke of the attitudes of some of the older engineers at Caltrans who were hesitant to accept women and people of color coming to work as Caltrans engineers. Interviewee #CT7, the white female-owner, stated that one time while working on a Caltrans project an engineer put a hand in front of her face when she was trying to explain something to the Caltrans project manager. Interviewee #CT7 feels that things
would change “once this kind of generation is gone” and more Hispanic and Asian engineers filled the ranks at Caltrans.

A female certified DBE firm submitting written testimony stated “there are not just difficulties in bidding projects as primes and subs, it is to the point where nothing short of an outright set-aside contract in conjunction with litigation is going to change the mindset and negative attitudes of the staff working in the transportation industry.” She stated that “based upon my gender or status as a certified DBE firm, however you want to put it, we are treated like an old shoe that ‘should not be at the table’ and ‘would not be at the table’ if there wasn’t a goal to meet or a client who specifically requested us.” She stated “no one is going to give a woman a large transportation project.” (Written testimony submitted 3/8/07).

CATA #11, a minority trade association, believes his race affects his ability to obtain or engage in business. “It happened yesterday … when I walk on a job site everyone wants to know what I’m doing there … if an older white guys walks onto a job he could walk all the way through it and no one would ask him anything … but once you get there and they know who you are then they aren’t going to say that.” “It’s just human nature … they already have an idea about certain people … you have to go in there and prove yourself right off the bat … show them you have some credibility and talk with some sort of sense and it gets smoothed over a lot.”

A white female-owned construction business certified as a DBE since 1981 and representative of the Women Construction Owners and Executives testified at a public hearing in San Diego “if you ask the question is there discrimination, I have to say yes, yes, yes. There are many, many difficulties and barriers to women and minorities. And I have to tell you that without any race-conscious measures, government agencies experience sharp declines in participation … when there are no goals on projects, it reverts back to the good ol’ boy group that’s always been there.” She further testified “construction is a traditionally male-dominated field, and we have had to climb many walls.” (P.H. San Diego, 3/22/07).

A WBE, submitting written testimony, stated that she worked for a competitor in San Diego for 16 years and the new owner told her they “didn’t want a woman in Management [because] they thought contractors like to deal with men, point blank.” She stated that she thought if she sued she was “sure if I did I would never work in construction again.” (Written testimony submitted 1/26/06).

A Hispanic woman-owned engineering firm, stated that without a DBE or similar program, DBEs do not have a chance to participate in State contracts. She went on to say, “Discrimination still exists in the heart and, thus, hard to prove, but I assure you, discrimination remains ALIVE AND WELL.” (Written testimony submitted 3/8/07).

A certified DBE, submitting written testimony, stated “Although discriminatory practices are prevalent in the contracting industry, it is practically impossible to prove that the discrimination is based solely on considerations of race, ethnicity, and/or gender.” (Written testimony submitted 4/12/07).

Some white male-owned firms feel that their race negatively affected their ability to engage in business. Interviewee #CT65, a white male-owned firm, believes that his race has affected his ability to engage in work with Caltrans. He feels that he has been intentionally discriminated against, especially when the trucking brokers came on board. Because there were not many white workers in
his industry when he was doing Caltrans work, he was looked down on and treated as though he was a minority. He thinks he is passed over by prime contractors who are looking for DBEs to fill a quota. As to other agencies and in the private sector, he does not think that he has been discriminated against on the basis of his race. Interviewee #CT26, a white male-owned engineering contractor, discussed an experience he had in 1991 when Caltrans awarded a job in Humboldt County to a DBE firm whose bid was higher than his ($42,000 compared to $28,000).

Some of these non-DBE firms feel they have lost work to DBEs. Interviewee #CT34 said, “I may be able to think of some instance where our biologists weren’t used because they had to use biologists from a DBE firm, but I can’t think of any examples. I mean, I think you’d be hard pressed to say that you’re at a disadvantage for being Anglo-Saxon.”

Some minority and female-owned businesses did not feel that race or gender affected their ability to engage in business (CT Interviewees #1, #6, #11, #29, #48, #81, CATA #7). CATA #7, a Filipino trade association, believes DBEs are able to compete fairly with small non-DBE businesses, but not large non-DBE or DBE businesses.

Interviewee #CT1, another Native American male-owned firm, does not think his race affects his ability to obtain or engage in business. He stated he thinks his gender may be an advantage “although it’s hard to say for sure, but I would assume some advantage,” however, he feels it is probably limited to the private sector.

Interviewee #CT6, a white female-owned firm, does not feel her gender has affected her ability to engage in business. Interviewee #CT67, a white female-owned firm, said that, though she worked in a male-dominated field, she did not ever feel discriminated against. Interviewee #CT32, an Asian American female-owned company, did not believe her race or gender affected her ability to obtain or engage in business in either sector.

Interviewee #CT79, another African American male-owned firm, does not feel his race has affected his ability to obtain work in the transportation industry. He noted that he has a very “white” sounding name and thinks this makes a difference in his attempts to secure contracts. However, a prime has never refused to work with him simply because he is African American.

Interviewee #CT29, a Hispanic male-owned firm, does not believe that his race has affected his ability to obtain business, but stated that his biggest hurdle is being an unknown.

An African American male-owned small printing business testified, at a public hearing in Los Angeles, that “the discrimination that continues today has nothing to do with race. It may very well have something to do with gender. I do think that women have an unfair advantage in this process” due to female fronts. He went on to state “I don’t believe there’s a lot of racism existing in these programs anymore … we got rid of the racist system, and now we’ve got a system of cronyism. And all of us are not cronies.” (P.H. Los Angeles, 4/4/07).

Some minority firms feel that their race helped them get business (Interviewee #CT46). Interviewee #CT46, an Asian American male-owned firm, did not think that his race had ever negatively affected his ability to obtain or engage in business with Caltrans or anyone else. In fact, said Interviewee #CT46, “it’s been just the opposite to be honest with you” because if there is a DBE requirement on Caltrans or other work, DBE firms are sought out for work.
Some minority or female-owned business were “not sure” whether their race, ethnicity, and/or gender affected their ability to engage in business, but suspected it had some impact. CATA #3, a Hispanic trade association, said it was “hard to say” whether or not race or gender had ever affected his members’ ability to get work. He stated that Hispanics were not well represented in Caltrans work, and that District 7 should focus on bringing in more Hispanics, both internally within Caltrans administration and staff and in Caltrans contracting and procurement practices, especially in the professional services arena. CATA #3 did not feel “militant enough” to press this issue with Caltrans or the District Director and that, outside of the above, he did not know about race affecting his members’ ability to get business.

Interviewee #CT31, an African American female-owned firm, answered, “I would never know that … things are really subtle now, and it is not overt anymore. It is pretty much you go into a meeting and you can kind of tell by body language whether you’re going to be accepted or not. Our biggest problem is getting our foot in the door, because once we get our foot in the door and we can show that we do a good job, then it is a marketing issue. But getting the foot in the door is tough.”

Interviewee #CT51, a Hispanic male-owned firm, stated that he could not answer whether his race had ever affected his ability to get work with Caltrans or anyone else. He said that, “hell yes,” there is prejudice in the world and that “anybody that thought there is not is lying . . . .” but that he could not answer whether this prejudice had affected him, and he chooses to believe that it has not. Interviewee #CT51 stated that it was difficult for anyone to break into the California transportation industry, especially minorities.

Some minority and female-owned business feel that race or gender did not affect their ability to engage in business in the public sector but did affect their ability to engage in business in the private sector. Both Interviewees #CT10 and #CT49, African American male-owned firms, stated that their race had never affected their ability to get business from Caltrans or other agencies, but that it had affected their ability to get work from prime contractors — mostly in the private sector. Interviewee #CT49, an African American male-owned firm, attributed this “discrimination” at least in part to there being so few African American contractors in the California transportation industry, stating that “because they do not see a lot of African Americans out there in the industry,… they do not have a way to gain confidence.”

CATA #2, an African American trade association, said that he did not think that race had affected his members’ ability to get work with Caltrans, but that it had affected their ability to get work for prime contractors and in the private sector. He also said that his race had affected his company’s ability to get business with local governments whose agencies and the contractors they hire “take on the flavor” of the local city or county. For example, said CATA #2, the City of Pasadena does not award many contracts to firms owned by people of color. He said that this latter issue was “still pervasive.”

Work environment

Some white male-owned firms viewed the industry as open and accepting. Interviewee #CT9, a white male-owned company said “I think it’s unlimited” and “I don’t see any barriers for any race, creed, color, or ethnic barriers in the [engineering] profession.”

Asked to describe the work environment for DBEs, women, and minorities in the California transportation industry, Interviewee #CT17, a white male-owned firm, said “I think the field is so
wide open now, the sky’s the limit with anybody that wants to work in this business. If they’re bright and they want to work hard, the sky’s the limit. There’s no limitation on a woman or any minority that I know of, certainly not in my firm.” Interviewee #CT17 stated also that he had never experienced any stereotyping, offensive comments, discrimination, sexual harassment, or complaints about other offensive behavior in the California transportation industry.

Interviewee #CT34, a white male-owned firm in business for 70 years, stated that he had seen things change over the course of his career to the point where now he did not see “any appreciable difference in the treatment of minority or female contractors or staff at all.” He stated also that “a high level of diversity in transportation work is just a given now,” but also noted that “that’s a product of where we are,” indicating that things might be different in other geographic areas. Interviewee #CT34 said that his company, being a company of 1500 people, sometimes has to deal with complaints about sexual harassment, discrimination, and other offensive behavior or comments internally, but he thought that this was “probably the same as it is with any industry” and said that the company is “very proactive about maintaining . . . [a] diverse, tolerant work environment.”

Interviewee #CT66, a white male-owned firm, replied that it “seems like sometimes [DBEs] have a little advantage” but also that he could not “really comment too much on that” and that he “d[id]n’t really know.” He stated that women drivers in his business were sometimes looked down upon because people think that truck driving is a man’s job. Interviewee #CT40, a white male-owned firm indicated that there is little trouble for women and minorities in the industry.

Interviewee #CT75, a white male-owned firm, believes that DBEs are treated no different than non-DBEs, except for the preference DBEs are afforded upfront. After that, everyone is treated the same.

Several interviewees mentioned that price, not race or gender, is the motivating factor for primes in selecting subcontractors. Interviewee #CT45, a white male-owned construction firm, stated that in the public sector general business factors affect the work environment for a firm, but not race or gender: “you have to know the business, the work you are quoting on, and you have to have financing and be strong enough to carry your payroll and equipment for a month or two.” He stated with “the business we are talking about, all you have to do is be low bidder and have a bid bond.”

Some DBE firms also feel that the work environment was generally good. Interviewee #CT39, a Hispanic male-owned firm, replied that “It’s not perfect, but we had the program there that helped us out . . . .” He went on to say that he thought there were “a few jobs” that the company could have received or “at least had a better shot at” if the DBE program had not been suspended. Interviewee #CT46, an Asian male-owned electrical construction company certified as a DBE with Caltrans, replied that he did not “see any difference if you were you a minority or not” and that he did not think that “conditions are any better or worse if you’re a minority.”

Interviewee #CT79, an African American male-owned firm who is not certified as a DBE with Caltrans, knows of a couple of certified entities that are doing relatively well with Caltrans. Interviewee #CT44, a Middle-Eastern male-owned firm, stated that his overall experience with the work environment for minorities in the California transportation industry has been good.

Interviewee #CT49, an African American male-owned company, emphasized the importance of opportunity. He viewed his success as an exception more than the rule because he had knowledge and experience from working in the industry for many years before starting his own business. In his
opinion, he was able to take advantage of opportunities not available to others, but most African Americans were not able to get the same kind of experience that he had and that created more opportunities for him than would have otherwise existed.

Some trade associations classified the work environment as positive while stressing the continued relevance and importance of government assistance programs. CATA #2, an African American trade association, feels that the work environment was for the most part good, but stated that the government needed to stay involved to make sure DBEs continue to be utilized. CATA #2 said that in his own experience, he found that prime contractors preferred working with firms owned by white women than ethnic minority-owned firms, such as his company. He said he had no experience with or knowledge of overt stereotyping, discrimination, or sexual harassment in the California transportation industry.

CATA #3, a Hispanic trade association, stated “there’s a lot of opportunity” for DBEs, people of color, and women in the California transportation industry, but that everyone needs to push harder for work.” According to him, “there’s a lot of work, and we need to get a piece of it.” He said that this would require the association’s members to be aggressive on both the marketing and advocacy fronts, and that this advocacy and marketing is critical for DBE firms because there is an “unequal playing field.” He also said that Caltrans needs to look at bringing in more Hispanics and African Americans on its jobs because they are the most underrepresented.

Some DBE firms feel that DBE firms were held to a higher standard than their non-DBE counterparts. Interviewee #CT33, a Hispanic female-owned company, used the word “tolerated” to describe the work environment for DBEs in the California transportation industry. She said that they were not “welcomed with open arms” and that she thought some firms viewed DBEs “as a necessary evil” because they would rather not share work with DBE firms but do so because “Caltrans has a certain percentage.” CATA #1, an Asian American trade association, described the work environment for DBEs as “very very tough” and said that DBE firms “have to be out there fighting all the time, as opposed to white [firms] . . . [that] just flow through.”

CATA #7, a Filipino trade association, states that DBEs are held to a higher standard; they are scrutinized more than non-DBEs. If they make a mistake, they are not given the benefit of the doubt. On the other hand, if they do good work they will continue to be utilized. CATA #7 would like Caltrans to set aside certain work for small businesses, regardless of race or ethnicity, since all small business face the same challenges. The governor has expressed an interest in encouraging all small businesses.

XI. Perceived General Barriers to Participation in the Public and Private Sectors

A. Consortium anecdotes regarding perceived general barriers to participation in the public and private sectors

Barriers to pursuing work with the Consortium

Some interviewees identified agency unwillingness to work with new companies, including DBEs, as a barrier to pursuing work with the Consortium. (Interviewees #12, 13, 16, 32, 47). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, identified
“closing the network to the point that new DBEs cannot come in” as a barrier to pursuing work with the Consortium. He stated that this has happened in some cases. He stated the Consortium could counter this by introducing a “mini goal” within the DBE goal to require that a portion of DBE participation be new DBE participation (i.e. DBEs who have not worked with the Consortium before).

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that for a long time he was unable to get any work from OCTA; he heard that OCTA does not like to work with new companies.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that there are barriers in pursuing work with the Consortium because there are problems with opportunities. Interviewee #16 noted that there are definite problems with “getting his foot in the door.” Interviewee #16 also noted there are issues associated with the timing of opportunities that create barriers for small business.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that small, start-up companies have a difficult time getting work. He stated that they need to be able to get a “piece of the work” to show that they can do the job.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that in the Consortium and in the non-Consortium public sector and private sector, small minority firms are not given a fair chance. He stated that small companies are blocked from getting contracts and the same people always get the contracts.

Other interviewees identified multiple miscellaneous barriers to pursuing work with the work with the Consortium. Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that there are no more barriers for DBEs in terms of pursuing work with the Consortium, other agencies, or the private sector than there are for any other entities. If a prime contractor has work and the DBE does good work, the prime contractor will use them. Interviewee #3 stated that the only barrier is that there are not enough DBEs.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, explained that the L.A. County MTA’s SBE Program has a net worth cap of $250,000 as compared to a cap of $750,000 in the federal program. He stated that he has prime contractors who would love to use his business, but are unable to and who have a problem fulfilling their SBE requirement due to the monetary threshold.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, identified “political challenges” as a barrier or obstacle to pursuing work with the Consortium. He stated that “people hold political grudges.” He stated that his company had challenges in the past with one member of the Consortium, and he does not know if it was because his company was a DBE or the representative of that member of the Consortium “wanted their friend in.” He stated that his company was “kicked to the side” to the point that the Board “took action.” He stated with respect to the Consortium agencies, there is a perception that a company can only do business with a given agency if “you are from that area.” In contrast, Interviewee #14 stated that in the private sector, you are the “same as everybody else. If you know your industry and have a good product and talent” then there is a possibility of work.
Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, felt there were barriers to pursuing work, but could not identify any.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that there are barriers to working with the Consortium (and in the non-Consortium public sector and the private sector), but declined to identify any specific barriers.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, reported that she receives very little work from Consortium member agencies. She stated that she has worked for L.A. County MTA for the past seven years but after her last project, they told her they would be using another firm with better rates. Interviewee #36 stated that the new company does not have better rates and is not a DBE, but they were permitted to negotiate a contract with L.A. County MTA. She thought it was unfair that this company could negotiate a better deal with L.A. County MTA while Interviewee #36's firm was not permitted to submit a new bid. She stated that she is on a certification list, but she does not believe that the available work is properly rotated among the certified companies.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that “the two transportation agencies in San Diego and Orange County have no goals or requirements to do business with [DBEs].” He identified this as a barrier.

Several interviewees indicated that there are no barriers to pursuing work with the Consortium. (Interviewees #4, 5, 6, 9, 22, 23, 24, 26, 28, 33, 38, 39, 40, 41, 42, 44, 45, 48, 49, 52, 53, 54, 55, 56, 57, 58, TA #2.) Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he has been in business for so long that the barriers have been eliminated.

Barriers to pursuing work with other non-Consortium public sector agencies

A couple of interviewees identified the absence of race-, ethnic-, and gender-based goals as a barrier to pursuing work with non-Consortium public sector agencies. (Interviewees #12, 46). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that when Caltrans went race-neutral a lot of the local agencies implementing federal projects no longer required strict compliance with DBE goals. He stated that on a recent contract, his company was the low bidder and the “highest DBE firm” (the prime contractor), but the agency awarded the contract to another company based on “preferences.” He stated that the individual on the selection panel was a former employee of the company that won the contract. He stated that also during that interview, the individual leading the interview told them that “DBE is not that important anymore.” To him, “it was like a slap in the face” because it was a federally-funded contract and the RFP clearly stated there was a 10 percent DBE goal.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that the absence of goals on projects in Santa Monica, San Diego, or Orange County Transit Agencies is a barrier to pursuing work.
Other interviewees identified multiple miscellaneous barriers to pursuing work with non-Consortium public sector agencies. Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that with respect to other agencies, sometimes large scale projects are so huge that even large scale prime contractors cannot handle it; they have to partner with another firm to handle the project. Interviewee #4 stated that it would be helpful if the owner agencies were able to break up huge projects into smaller ones and thereby create more opportunities for smaller firms to participate. For example, a county water authority is embarking on a project that will start in 2009 whereby they will raise the dam on one of the reservoirs; that is a huge project worth $600 million or more. It is so big that even the prime contractors who go after it pair up with other prime contractors. He explained that the problem is most prime contractors have enough in-house capabilities that they could do the work themselves or 95 percent of the work, and there is very little to subcontract which means that DBEs are left out. If projects that big could be broken up into smaller projects, Interviewee #4 stated that would help.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, stated that as for other agencies, permit fees are a barrier to pursuing work with the county government. The county shut down Interviewee #6’s company because of his failure to obtain a site plan for his property at a cost of $60,000 to $100,000.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that the way that non-Consortium agencies draft their RFPs is a barrier to pursuing work; the RFPs are “targeted.”

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he is a very small business and has not been successful on his attempts to work with prime contractors. He stated that he has the requisite licenses, experiences, etc., but there is no one to assist him in obtaining work. He stated that it would be great if someone could find a way to streamline and simplify the process in order to help out good contractors.

Several interviewees indicated that there are no barriers to pursuing work with non-Consortium public sector agencies. (Interviewees #2, 5, 22, 23, 24, 26, 28, 33, 38, 39, 40, 41, 42, 44, 45, 48, 49, 52, 53, 54, 55, 56, 57, 58). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he has not heard of any barriers or obstacles to pursuing work with other agencies; he believes that those with DBE certification have the benefit.

Barriers to pursuing work in the private sector

Several interviewees identified networking as a barrier to pursuing work in the private sector; some reported that in the private sector, receiving work is dependent on “who you know.” (Interviewees #2, 4, 5, 10, 12, 22, 31, 32, 33, TA #2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that in the private sector, the primary barrier is networking and marketing.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that in terms of private sector, the barrier is that the prime contractors do business with the same companies over and over; it is always “who they know.”
Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business, stated that although he has never seen any barriers or obstacles to pursuing work in the private sector, he did state that work is based on the relationship that you have with people. If his company does the job and the prime contractor likes what he does, they bring him back. Interviewee #5 stated that there are no issues about being a small business or DBE in the private sector.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that they do not know where the private sector work is or who the prime contractors are in order to solicit work.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that obtaining work in the private sector is dependent “on who you know” and it is very hard to get in to the network unless you have had prior experience. He stated obtaining work in the private sector is more based on luck than anything else.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that the tendency to team with friends is a barrier to pursuing work in the private sector.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he suspects that in the private sector the prime contractors already know who they are going to work with. He stated that in addition, unless you bid the project extremely low, you will not get the contract. He stated that he cannot figure out how some firms are able to bid so low unless they are not paying decent wages or payroll taxes. He indicated that the prime contractors now are frequently self performing, which cuts out a lot of subcontractors.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that there are the same obstacles to pursuing work in the private sector as there are with other agencies — contractors will only use those subcontractors with whom they are familiar and have a relationship.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that there are barriers to pursuing work in the private sector but occasionally you can approach the prime contractor, although they already have their team put together, and ask them to take another look at their team and consider working with your company.

TA #2 stated that private sector projects are pretty open. Owners choose contractors based on their comfort zone and feeling that the contractor is competent.

Other interviewees identified multiple miscellaneous barriers to pursuing work in the private sector. Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that obtaining financing is a barrier or obstacle to pursuing work in the private sector.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that the lack of regulation in the private sector could also be seen as a barrier because the evaluators are not always fair, but he stated that that occurs in the public sector as well.
Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that the private sector has no responsibility or goal requirement to utilize her firm; they will only utilize her firm if they have to. She stated that no matter how hard she tries to obtain work, and with all of her experience, she is still unable to obtain work in the private sector. She stated that the private sector firms have their own teams.

Interviewee #29, an African American male-owned electrical contractor, stated that there are few opportunities for small businesses and people want to hire “name brand” companies.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that her firm is not able to provide the same perks for her clients as are other firms; this may be a barrier to pursuing work in the private sector.

TA #1, the President of the Latino Business Owners of America, stated that there are barriers or obstacles to pursuing work in the private sector, but they are not as prevalent as in the public sector. He stated that it is more competitive in the private sector and the work is more spread out.

Several interviewees were unaware of any barriers to pursuing work in the private sector. (Interviewee #1, 6, 9, 23, 24, 26, 28, 38, 39, 40, 41, 42, 44, 45, 46, 49, 52, 53, 54, 55, 56, 57, 58). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that there are no barriers to pursuing work in the private sector. He stated that they try to get work, and if they do not get the work, they try to figure out why they did not get the work.

Some interviewees reported the impact that the unions have had, if any, upon their businesses. Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that unions have not had an impact on his business.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that the L.A. County Union has positively impacted her business because they hired her to do a project for them.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, did not identify any issues caused by unions.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, has not had any issue with the unions.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, stated that unions have directly impacted his ability to engage workers and get certain jobs because of Davis-Bacon wages and the use of non-union contractors. His company has a strong set of union card carrying members because Interviewee #15 couldn’t oppose the union.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, noted that unions do have an impact on a DBE’s ability to pursue, engage in, and obtain work. Davis-Bacon pay scales and rates are much better so union work is favored according to Interviewee #16. Interviewee #16 has not experienced any obstacles or barriers to work due to a union.
Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that she knows unions in the construction industry have had an impact on some companies, but not her company directly.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, had no experience with unions affecting her ability to work in any way in the industry.

Some interviewees relayed their experiences as, or with, suppliers and whether their experiences have been affected by their DBE certification. Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that she has not experienced any barriers regarding licensing agreements, pricing or distribution arrangements with manufacturers. She stated that she is able to obtain competitive prices for supplies and was not aware of a supplier giving a DBE firm less favorable pricing.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated he has experienced barriers regarding licensing agreements or distribution arrangements with manufacturers and distributors. He stated that it was clear discrimination in that certain distributors will refuse to quote prices to subcontractors. He is not able to obtain competitive prices for supplies all the time; he stated that sometimes the supplier refuses to quote. He was aware of situations when suppliers have given DBEs less favorable prices or treatment.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, does not feel as though he has had any issues with his suppliers. They have told him that business is slow for everyone right now. He feels he gets the same prices as everyone else gets from his supplier. Interviewee #31 is not aware of any suppliers giving DBEs less favorable prices or treating them unfairly, especially with the state of the economy and the industry, they are just trying to stay above water.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he has not had any negative experiences with the manufacturers of his cleaning products. He has been successful in negotiating good prices for his products; he is not aware of suppliers or wholesalers giving less favorable prices to DBEs.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she has not experienced any barriers regarding licensing agreements, pricing or distribution arrangements with manufacturer or distributors. She stated that she is able to obtain competitive pricing.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that he has been able to obtain competitive prices for his supplies and has not experienced any barriers regarding licensing agreements, pricing, or distribution arrangements. He is not aware of a supplier or wholesaler giving less favorable prices to DBEs and stated that if he was he would report it.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, had never experienced any barriers with respect to licensing or distribution agreements or pricing. She is able to obtain competitive prices for her supplies and was not aware of any manufacturer or wholesaler giving DBEs less favorable prices or fair treatment.
Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that for the most part his experience obtaining supplies has been okay and he purchases his petroleum products directly from the refineries. In the past he has been unable to obtain competitive supplies for his prices, but now he is able to. He was aware of refineries giving more favorable prices to Caucasian-owned companies.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, noted that sometimes the manufacturer will fill large orders first and his smaller business has to wait on supplies; this would hurt their business and their reputation. He was not aware of any suppliers or wholesalers giving less favorable prices to DBEs.

Good ol’ boy network

Several interviewees reported having been closed out of an opportunity because the prime contractor utilized a subcontractor within its own network (Interviewees #1, 2, 3, 4, 7, 8, 9, 12, 13, 14, 16, 17, 18, 20, 21, 22, 27, 30, 31, 32, 33, 34, 35, 36, 37, 38, 45, 46, 48, 49, 52, 56, 58, TA #1, 2). Many of these firms indicated that “it happens all the time.” Several firms, however, noted that this is due to the prime contractor’s comfort level with the subcontractor based on their past relationship. Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that he has been closed out of an opportunity because the prime contractor used a subcontractor in his own network; he stated that “it happens all the time.” He stated that when a prime contractor finds a subcontractor that he likes to work with, he will very rarely deviate from that. He stated that at his old company, they would have members of the company bid the contract under different names to ensure that someone within their own network would get the job.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he feels he has been closed out of an opportunity to be a subcontractor because the prime used a subcontractor within its own network. He says it happens all the time. He stated that this occurred about six months ago. There was a private warehouse design project that came up and Interviewee #2 approached the developer, submitted his company’s profile, and it never came to fruition. He stated that the contract was awarded to another structural engineer that the developer had worked with.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated businesses are often closed out of an opportunity to be a subcontractor because the prime used a subcontractor within its own network. He stated that it happens all the time. He stated that this firm is a DBE or not. He stated that prime contractors use a subcontractor with whom they have become comfortable. Interviewee #3 stated that the use of DBEs is not required in the private sector, so if you have a non-DBE who a prime contractor is experienced with and a DBE who it is not experienced with, the prime contractor might use the non-DBE.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he is sure there are occasions where his business has been closed out of an opportunity to be a subcontractor because the prime used a subcontractor within its own network, but there is no way to prove it. He did not know of any specific occasions or specific projects. Interviewee #4 stated he has done a fair amount of work on county water authority projects within the last five years, the list of projects that he has worked is more than a page long, so he has
the experience. But, he explained, certain prime contractors that go after these projects never call his company or invite his company to be on their team nor does he ever receive a courtesy call from those prime contractors requesting that he submit qualifications. Interviewee #4 stated that he wonders what the reason is, and he knows it is not because of his capabilities or lack of experience. He stated he does not know why he does not get this work other than that firms have a special relationship with other subcontractors.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he has known subcontractors who were cut out of a project because the general contractor did not have experience with them and chose to use a subcontractor within its own network. Interviewee #7 stated that this has happened as recently as the past few months on non-Consortium projects. Interviewee #7 stated that most contractors go with someone who is competent and the question is whether to take a risk on someone new who has no record.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that he has been closed out of an opportunity because the prime contractor used someone within its own network. In the private sector, his perception is that the prime contractor has a relationship with another subcontractor and will tend to use the other subcontractor irrespective of low bid. In the public sector, Interviewee #8 has had the strong feeling that the public agency staff would never select a small firm like his over a large firm because the staff-member could then have an opportunity to work for the large firm when they leave the public sector.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that his business has been closed out of an opportunity because the prime contractor used a subcontractor within his own network. He stated that it is usually understandable when that happens because it is due to friendships and past relationships. Interviewee #9 stated that some non-Consortium agencies do not like them but “it is a free country.”

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that it is “common” to be closed out of an opportunity because the prime contractor uses someone within their own network. He stated that there are some affiliations that you cannot break. The only way to break such affiliations is to build close ties with the ultimate client who can then advise the prime contractors as to who they should hire.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he has felt closed out of an opportunity because a prime contractor used a subcontractor within their own network. He stated that he has attended some procurements and found out that certain prime contractors are going to bid on large contracts. He stated that his business could help them but the prime contractor often has their standard team in place. He stated that he has felt “locked out” of opportunities to work with those prime contractors. Interviewee #13 stated that he does not feel as though he is part of a “network.”

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that his company has been closed out of opportunities because the prime used a subcontractor in its own network, but “it goes for everybody.” He stated that the Consortium agencies reward companies for having relationships with other companies.
Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that the business has been closed out of opportunities to be a subcontractor because a prime contractor used members of its own network.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, noted that she has been closed out of opportunities to subcontract because of a prime contractor favoring other subcontractors, but she indicated that this is the result of relationships. According to Interviewee #17, the key to success is the quality of her company’s work. Interviewee #17 notes that favoritism isn’t necessarily a bad thing.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, stated that the business has been closed out of opportunities because prime contractors use preferred providers, but noted that prime contractors have every right to do so — it is the nature of the work.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that her business has been closed out of an opportunity because the prime contractor utilized subcontractor in its own network. She stated that this goes back to relationships. Interviewee #20 stated that she understands why this happens, but does not feel that it is right.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that she has absolutely been closed out of opportunities because the prime contractor used a subcontractor within its own network. She stated that this is especially the case in the construction, transportation and engineering fields. She stated that she is in the marketing field and several of the prime contractors deal only with a few Caucasian-owned firms. She said this has been the consistent case for the past three years.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she sometimes feels as though she is closed out of bid opportunities because the prime contractor used a subcontractor within its own network. She stated that sometimes teams are put together long before a proposal is put out which forecloses opportunities.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that his firm has been closed out of an opportunity to bid because the prime contractor used a subcontractor within its own network. He noted that they are consultant and they get jobs by developing relationships; if they do not get there first they are shut out.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he has been closed out of an opportunity due to the “good ol’ boy” network and that it is difficult to break through.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that it is not easy to break through and be able to work with other agencies. He feels that since he is new and many companies do not know him, the other agencies continue to use companies and people that they already know and with whom they are familiar.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she realizes the dictates of competition, but teams are usually formed well before an RFP issues. She could not specify a specific instance, but she knew that it has happened.
Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that with respect to her work with other non-Consolidation public agencies, she has responded to multiple RFPs, but has not received any contracts or return phone calls.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that his firm has been closed out of opportunities because the prime contractor used a subcontractor within its own network.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she has been closed out of opportunities a couple of times because the prime contractor used a subcontractor within its own network.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that prime contractors utilize subcontractors within their own network all the time.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, reported that he has been closed out of an opportunity because a prime contractor used a subcontractor within its own network. He stated that when Caltrans stopped their mandatory requirements for DBE utilization, all of the prime contractors went back to using their own subcontractors. He stated that his work with L.A. County MTA dropped although L.A. County MTA used to have a good DBE and MBE Program. He stated that there used to be better opportunities when contractors were required to utilize DBEs and MBEs.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that over the years he has been closed out of opportunities because a prime contractor used a subcontractor within its own network; he stated that this has happened on more than one occasion.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that his firm has been closed out of a business opportunity because the prime contractor used a subcontractor within its own network but this happens in business. He indicated that this is the reason his firm considers networking to be part of his business growth strategy.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, stated that he has been closed out of an opportunity because the prime contractor used a subcontractor within their own network, but stated that this is a normal part of business for most firms.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that it was possible that his firm had been closed out of an opportunity because the prime contractor used a subcontractor within its own network, but he does not feel as though this has affected the success of his business as a whole.

TA #1, the President of the Latino Business Owners of America, stated that he is aware that businesses are often closed out of an opportunity to be a subcontractor because the prime used a subcontractor within its own network. He stated that this happens everyday and he things that it is more related to a level of comfort that the prime contractors have with subcontractors that they know in their own network.
TA #2, the President of the Black Contractor’s Association, stated that his members often feel closed out of an opportunity to be a subcontractor because the prime used a subcontractor within its own network. He stated that it happens all the time on public projects. TA #2 stated that he frequently hears this complaint, but could not provide any specific examples. TA #2 stated that in relation to other agencies, like the City of San Diego, there is a “good ol’ boy network” that prevents his members from obtaining work. TA #2 stated that last year, the City issued $400,000 in projects and TA #2’s members received only $5,200 worth of those contracts, and this year there is zero African American participation.

Other interviewees reported no knowledge of subcontractors being closed out of opportunities because prime contractors used subcontractors within their own network. (Interviewees #11, 25, 28, 29, 32, 42, 47, 53, 57). Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, did not know whether she had been closed out of an opportunity due to a “network” because she does not follow up with prime contractors if she loses the bid.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he does not know if he has been closed out of an opportunity. He stated he is trying to get to know people so that he can get in the door and get a contract.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, did not know whether he had been closed out of an opportunity because the prime contractor used a subcontractor within its own network.

Some interviewees reported the existence of a “good ol’ boy network” in the Consortium transportation industry. (Interviewees #1, 2, 3, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 26, 27, 28, 30, 31, 34, 37, 38, 45, 46, 48, 49, 54). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that there is a “good ol’ boy network” in existence. He stated that his contractors send their numbers out to people and get repeat work, but he would hope that if someone else had a better price that the prime contractor would use them instead. He stated that he knows for a fact other contractors in the field “help manipulate the environment to better themselves.”

Interviewee #2, an African American structural engineer, stated that he feels that there is a “good ol’ boy network” in the transportation industry because 95 percent of the firms who are offering the work are non-minorities and they get the contracts. He stated that it is difficult to pinpoint because many of these companies have been in business for years and are positioned to obtain business, but his company is new. Hence, he stated that it is difficult to tell whether they get more business because of a “good ol’ boy network” or because they have simply been in business longer.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that the “good ol’ boy network” exists on some level, but that it is really about offering projects to people or entities that the prime contractor has worked with. The prime contractor will often use the same people. This happens in the private sector as well. Interviewee #3 said companies will always have those companies that they want to work with and sometimes this is to the disadvantage of the DBE.
Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that there “could be” a “good ol’ boy network” within some agencies wherein the same firms are “connected” and repeatedly selected for work.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated there is “definitely” a “good ol’ boy network” in the Consortium transportation industry. He stated that he believes that the selection panels are influenced by the various agency boards.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he would guess there is a “good ol’ boy” network, but he does not have evidence of that.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that there is a little bit of a “good ol’ boy” network among the engineers, but it is not in the same sense as it is in “other industries where you actually use the term.”

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated there is a “good ol’ boy” network in the Consortium transportation industry, but had no specific incidents to report.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, said she knows there is a “good ol’ boy” network in the industry. At first, Interviewee #17 was intimidated, but she is not looked down upon any more; she said she has earned her reputation.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, confirmed that there is a “good ol’ boy” network in the industry, but stated that is how you become known and network. Interviewee #18 thinks the system can be used as a place to be identified as someone who does good work. She stated that there is value to having these friendships and relationships when the firms know what to expect of each other.

Interviewee #19, an MBE-certified African American male attorney, reported that he was aware of a “good ol’ boy” network, but did not have any specific examples as it relates to the transportation industry.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that there is a “good ol’ boy” network with the Consortium transportation industry. She indicated that she cannot even get an appointment to discuss construction related marketing material with some contractors.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that there is a “good ol’ boy” network in the Consortium transportation industry. She stated that there is a certain amount of work available and the “good ole’ boy” network tries to make sure that the work is spread among themselves. She feels as though they concentrate on their relationships to help them get the work.
Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that there are maybe six contractors that get work. He stated that they have a history and a trust and there are some individuals that get work all the time.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that the “good ol’ boy” network is alive and well and that it has a lot to do with relationships.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, definitely feels that there is a “good ol’ boy” network. He believes that it is extremely difficult to crack through the wall and get into the network.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated there is no doubt that there is a “good ol’ boy” network. He commented about the fact he is trying to crack the combination to get into this network. He hires all people: African American, Caucasian, Hispanic, Asian, it does not matter to him.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, reported that there is a group of firms that typically get all of the work and he noted that it is hard to crack open that door.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that the “good ol’ boy” network is alive and well.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that there is a “good ol’ boy network” within the Consortium transportation industry. He stated that when DBE utilization was mandatory, the prime contractors would go out and competitively seek DBE subcontractors; now that utilization is voluntary, the prime contractors use who they want on the project. He stated that the Minority Business Opportunity Center (“MBOC”) is a good organization that performs outreach to encourage prime contractors to work with minority-owned businesses on major projects.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that there is definitely a “good ol’ boy” network in the Consortium transportation industry. He also reported the existence of a “good ol’ woman” network.

Other interviewees reported the existence of a “good ol’ boy” network throughout the transportation industry (not limited to the Consortium). (Interviewees #5, 18, 25, 33, 35, 45, 47, 55, TA #1, 2). Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he could not specifically state that there is a “good ol’ boy” network in the Consortium transportation industry, but thought that the “good ol’ boy” network exists everywhere.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, confirmed that there is a “good ol’ boy network” in the industry, but stated that is how you become known and network. Interviewee #18 thinks the system can be used as a place to be identified as someone who does good work. She stated that there is value to having these friendships and relationships when they know what to expect of each other.
Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that there is a “good ol’ boy” network to some degree; she stated that all industry is like that.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that “of course” there is a “good ol’ boy” network in the transportation industry.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, reported that there is a “good ol’ boy” network everywhere in all industries. She stated that even when she is competitive and goes up against a non-minority company, she will receive various excuses as to why her firm did not receive the work, including that they need more experience or the other bid was just a bit lower.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she was aware of a “good ol’ boy” network and they use the same people on their contracts. She stated that she knows this from her own experience dealing with them.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he did not know about a “good ol’ boy” network, but identified a “buddy-buddy” system throughout the industry. He stated that private sector companies do enough to pass the rules; they will put out a solicitation to everyone, but know ahead of time which companies they are going to use. He stated that about eight or nine years ago he contacted a company about a security solicitation and told them that it sounded like from the solicitation that they intended to give the contract to the incumbent. He indicated to them that he was not planning on suing them, but he did not want to spend the money to respond to the RFP if they had a firm in mind already. He stated the firm finally told him that they planned to use the incumbent. He stated that now he is pretty good at looking at the RFP and determining whether it is geared to the incumbent.

Interviewee #55, a Caucasian male owner of a construction services and program management firm, stated that there is a “good ol’ boy” network in all construction.

TA #1, the President of the Latino Business Owners of America, stated there is a “good ol’ boy” network in every agency. He stated that it is the nature of the business. Agencies already know who they want to do business with. He stated that there must be more accountability in the industry.

TA #2, the President of the Black Contractor’s Association, stated that there is a “good ol’ boy” network in the transportation industry. He said that a large contractor’s association has a motto that states its members do business with its members. He also said a large engineering contractors association, which does a lot of Consortium jobs, has the same commitment to support each other.

Other interviewees reported no knowledge of a “good ol’ boy network” in the Consortium transportation industry. (Interviewees #4, 6, 7, 8, 9, 11, 29, 32, 36, 42, 52, 53, 57, 58).

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, did not have any thoughts on whether there is a “good ol’ boy network” in the industry.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, did not feel that there is a “good ol’ boy” network in the Consortium transportation industry.
Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that, to his knowledge, there is no “good ole boy” network in the Consortium transportation industry.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, does not believe that there is a “good ol’ boy” network in the Consortium transportation industry.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, does not believe there is a “good ol’ boy” network in the Consortium transportation industry.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she does not believe there is a “good ol’ boy” network in the Consortium transportation industry and stated that the “contracts people are fair.”

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, did not know whether there was a “good ol’ boy” network in the Consortium transportation industry; he stated that he is just trying to build his company.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she did not know whether there was a “good ol’ boy” network in the Consortium transportation industry, but stated that companies know who they like to work with and get them back when they can.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that he did not know or care whether there was a “good ol’ boy” network in the Consortium transportation industry.

**Bid shopping**

Several interviewees reported knowledge of or experience with bid shopping by prime contractors. (Interviewees #1, 2, 5, 7, 8, 11, 12, 14, 15, 16, 20, 22, 26, 28, 31, 32, 33, 37, 38, 42, 45, 46, 47, 52, 53, 54, 55, 56, TA #1, 2). Several interviewees relayed multiple instances of bid shopping having occurred. Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, identified a recent case of bid shopping on a nationwide contract and the prime contractor was requiring the subcontractor to accept a 20 percent discount on work performed; he stated that the subcontractor will agree to do this in order to keep getting work in the future. He said that it is extremely disheartening, but it happens all the time.

Interviewee #2, an African American male owned structural engineer, stated that he has experienced bid shopping within the past year. He stated that this occurs in the private sector. He said architects sometimes take proposals from engineers and shop the lowest bid to its preferred consultant. He stated that he is aware of the practice because other engineers sometimes disclose that the architects have shopped the bid to them and awarded the contract. He stated that he tested an architect by slashing his proposal by 50 percent but, even after lowering his price, Interviewee #2 did not get the job. The architect went to another engineer and negotiated the contract.
Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he cannot say that he has heard of instances of bid shopping, but knows that it happens all the time in the industry whether the subcontractor is a DBE or non-DBE. He stated that municipalities and private companies always take three bids in. Interviewee #5 stated that the prime contractors generally call him back and tell him what the lowest bid is, and ask if he wants to beat the price and he generally says “no.” Hence, he stated, price shopping happens all the time.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that bid shopping is “very prevalent” in the industry, whether or not the subcontractor is a DBE. In fact, interviewee #7 stated that the morning of this interview, he lost a bid on a project to someone else after the contractor shopped the bid.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that he has heard of bid shopping. He has suspected that it has happened on several occasions in the public sector, but none of those instances was with the Consortium. He stated that there is a law that on certain contracts the prime contractors must list the subcontractor’s bid to prevent “bid peddling,” but his contracts are too small to meet the threshold for this law.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she has experienced bid shopping in the private sector and people call her all the time to get pricing. She stated that there are strict rules, and she is selected because of low price.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he has been “on the other side” of bid shopping. He stated that he receives calls for bids and he tells his people not to spend a lot of time putting together a proposal, but rather just give them a number.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he has heard of “bid shopping.” He stated that another challenge is when the pricing portion of the bid requires the use of a formula that has very little do with the actual project. For example, he stated that a proposal for a marketing plan should be evaluated based on talent and price. However, the more talented the individuals, the more expensive the proposal. He stated that this requires the talented company to underbid the proposal. He stated that sometimes this causes his company to lose a proposal to a company who is less expensive, but has “no idea what they are doing.” He stated that these proposals should be evaluated by an experienced marketing planner with transportation experience as opposed to evaluation based on construction pricing.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has experienced and heard of bid shopping. Companies have asked for quotes and his pricing and then used that information to push preferred contractors’ pricing down. Interviewee #15 has had subcontractors call him and say, “How is my number?”

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that he has heard of and experienced bid shopping. Interviewee #16 notes that these games get played all the time.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he has experienced bid shopping; this is why he feels he did not get some contracts. He
believes that there have been instances where the prime contractor has taken his prices and then found someone to submit a lower bid, despite the quality of the project.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, was aware of bid shopping. She stated that it is prevalent in printing and is a standard part of the contract.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that within the past two years he has had contractors ask for his price, which they will then pass on to their own electrical company so that it knows it must come in under that number. He stated that other times contractors will request a price three days before a bid is due in order to verify the price of their chosen subcontractor. He stated that he no longer provides price quotes to these companies. He stated that his bid is protected only when the prime contractor is required to have 20 percent minority participation; then they will protect his quote.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, reported that he was aware of bid shopping.

TA #1, the President of the Latino Business Owners of America, stated that he has heard of bid shopping recently. He stated that generally prime contractors make subcontractors lower their prices until they finally bow out.

TA #2, the President of the Black Contractor’s Association, stated that he has heard of bid shopping. He stated that his members often suspect that the prime contractor provided their quote to another subcontractor to receive a lower quote. As a result, he stated that many subcontractors (whether DBE or non-DBE) call their numbers in five minutes before the bid time because they do not want their numbers shopped. He stated that if they trusted the prime they would send their numbers in a week or a day early. TA #2 could not provide the names of any specific projects in which bid shopping may have occurred.

Other interviewees reported no knowledge of or experience with bid shopping by prime contractors. (Interviewees #3, 4, 6, 9, 10, 17, 18, 19, 21, 25, 27, 29, 30, 34, 35, 36, 47, 49, 57, 58). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he had not heard of any bid shopping.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he has not directly experienced bid shopping, but does not know whether it has happened to others.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, has never heard of any bid shopping.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that he has not experienced bid shopping although sometimes their business will be told that their prices are too high and that is why the prime contractor stopped calling them.
Bid manipulation/different bid criteria

Several interviewees reported having experienced or heard of bid manipulation. (Interviewees #1, 2, 3, 4, 7, 8, 9, 13, 14, 15, 16, 20, 22, 26, 28, 31, 37, 45, 46, 47, 48, 53, 54, 55, TA #1, 2).

Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, stated that he has “absolutely” seen bid manipulation happen. He referenced the example of someone with the prime contractor’s firm bidding the project under a different name to ensure that one of the parties will win the contract.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has not heard of or experienced any bid-manipulation directly, but he knows that it clearly happens in the private sector. He stated that he knows for a fact that an architect will look at the low bid price and approach his preferred engineer and say “lower your price to this one and I’ll give you the job.” He stated that he has not seen this in the public sector.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that there is a lot of speculation about bid manipulation in the public sector. He could not give any examples, but heard of situations as recently as 2000 in which a prime contractor designated a particular DBE for bid and changed the DBE afterward. Interviewee #3 stated that a prime can always come up with a reason not to use a DBE. For instance, the prime might say that a DBE did not have enough manpower. Interviewee #3 stated that he has also heard of prime contractors satisfying the requirement to use a DBE at the bid stage and then the DBE would not get the work.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he has not heard of bid-manipulation, but was generally aware that general contractors often sent notices out to subcontractors asking for a price quote 24 hours before the bid was due. He stated that this last occurred four months ago, on a private sector project involving electrical work for a school district.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that he has perceived bid manipulation, but it is very difficult to prove; this experience was not with the Consortium. Interviewee #8 provided the example of a State of California RFP that indicated that qualifications came first, and price came second; he did not think this was true.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that bid manipulation “could happen,” but he does not have any proof. He stated that once in a while there will be an RFP where the price is supposed to be maintained in a sealed envelope until after the selection of the firm, but sometimes it will be “leaked out of ignorance” by the project manager; they will say “we opened it up and saw how low the other guys were so we picked them.” He noted, however, that this has not happened with a Consortium agency.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he has had the experience where non-Consortium agencies have found something that they liked in a proposal they received, and have then issued an addendum to the RFP based on what they saw and what they liked; he stated that this is not fair. Interviewee #13 stated that he has also been told by agencies to team up with another contractor to avoid competition.
Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that bid-manipulation is a “touchy situation,” but it “definitely” exists to some extent.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that he has heard of and experienced bid manipulation. Interviewee #16 noted that these types of things happen all the time.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she has heard of bid manipulation, but has not experienced it. She stated that when teams do not win a project they will complain of bid manipulation.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that when large companies shop around for bids, even if a minority-owned company has the lowest bid, if they want to use their own people they will use the term “lowest responsible bidder,” which allows them to award the contract to the firm that has not submitted the lowest bid.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, reported that he had experienced bid manipulation. He relayed one instance in which he bid a job at $13 million which was as low as he could go. The agency then informed him that they were going to award the contract to another bidder at $11 million. Interviewee #47 stated that he went back to his bid, and he removed all profit, overhead, and G&A and got his bid down to the pure cost which was around $11 million — he stated that he could not figure out how someone was able to bid the contract at $11 million. He followed up with a friend who was a friend of someone in the agency; this agency person informed him unofficially that the agency planned to amend the award to get it back up to $12 or $13 million.

TA #1, the President of the Latino Business Owners of America, stated that bid-manipulation happens everyday. He stated that prime contractors request price quotes from DBEs for bidding purposes, but they do not provide the DBEs with enough time to respond.

TA #2, the President of the Black Contractor’s Association, stated that he has heard of instances of bid-manipulation, primarily by calling DBE subcontractors to request a price quote the day before a bid is due so that the prime can say that it made a good-faith effort to use a DBE. TA #2 stated that this is commonplace and he hears about it periodically. TA #2 stated that he has in the past heard of occasions in which a prime contractor represents that it is going to use a DBE, but does not in fact use the DBE.

Several interviewees had never heard of or experienced bid manipulation. (Interviewee #5, 6, 10, 11, 13, 17, 18, 19, 21, 25, 27, 29, 30, 32, 33, 34, 35, 36, 38, 42, 49, 52, 56, 57, 58). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he has never heard of or experienced bid-manipulation because in San Diego most agencies follow-up. Interviewee #4 stated that sometimes he receives an email or call saying that his firm has been listed as someone who was contacted and the agency asks him whether it is true, and whether he submitted a bid. He stated that he is not sure whether the agencies follow-up every time, but once in a while he does receive follow-up and knows that someone is checking. Interviewee #4 also explained that when a prime contractor submits a proposal for a project the prime contractor is supposed to have letters of commitment from that subcontractor and
if the prime contractor wins the contract it is not easy to change the subcontractor. The prime must obtain prior approval first from the agency and provide reasons why it is changing the subcontractor.

**DBE fronts**

Several interviewees reported some knowledge of alleged “DBE fronts.” (Interviewees #2, 3, 4, 9, 10, 13, 16, 19, 20, 22, 25, 27, 28, 30, 31, 33, 34, 36, 37, 38, 42, 45, 46, 48, 49, 54, 55, 56, TA #2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he hears about DBE “fronts” “all the time.” Often times, he stated that the DBE is certified because the wife of the person who operates the business is listed as the owner. He stated that he has heard of DBE “fronts” as recently as a couple of years ago, but could not recall any specific projects.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that the downside of the DBE Program is that there are often businesses certified as woman-owned but women have no involvement in the actual operations. Interviewee #3 stated that he is aware of a drilling subcontractor in the environmental business commonly used and certified as a woman-owned business, but the female owner did know much about the area and was not a geologist. He stated “it was a scam.” This company obtained projects through the Consortium and the Consortium qualified them. Interviewee #3 stated that when he was employed at his previous firm, between 1990 and 1995, he thought that half to two-thirds of the subcontractors held their certification improperly. It was not always under the circumstances of a woman-named the proprietor.

Interviewee #3 also described other DBE “fronts” including an analytical laboratory that had a woman-owned business designation, and “sham” drillers on assessment projects. He recalled that the DBEs he felt were shams did work for the Consortium, but could not recall any projects that they worked on.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he has heard of DBE fronts. He was aware about 10 years ago of a business certified as a woman-owned business, but the wife who was owner was actually never involved in the business and the husband was running the show behind the scenes. Interviewee #4 stated that he is not aware whether the company obtained work through the Consortium, and could not recall any particular projects that they worked on.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, has heard of DBE fronts but has not “dealt with it much recently.” He stated that sometimes this happens with a WBE firm where the wife is supposedly in charge but that is rare. He could not think of any MBE fronts.

Interviewee #10, a DBE-certified African American female-owned accounting firm, had heard about DBE fronts in the news. She stated that the SBA newsletter reported an incident several months ago about a firm that was not a minority at all. She stated that it is her understanding from the SBA newsletter that the SBA now has to go and investigate firms to make sure that they are in fact qualified.
Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he has heard of DBE fronts and provided the example of a husband and wife team where the wife is the listed president, but the husband is really in charge of the company.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, has heard of DBE “fronts” posing as minority companies to get various contracts. Interviewee #16 stated that this often happens with suppliers and vendors where it is easier to write contracts around various industry standards and requirements for minority business use.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she had heard of DBE “fronts,” but it was her recollection that this occurred more in the 1980s and 1990s when the DBE Program had just begun.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that he had heard of DBE fronts a long time ago, but he did not have any first-hand experience with this.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, had heard of instances of business fronts where the minority or DBE does not truly own the company.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he has heard of DBE fronts, but he’s not sure about them.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he has heard of DBE fronts. He stated that the L.A. County MTA comes to your house and looks at what you have and they want to see that you are disadvantaged; he noted that he had experienced a DBE front though. There was an instance in which he observed a DBE front where the wife of the person running the business was listed as its primary owner. This was in order for their business to receive certification as a female-owned entity. He said the husband has been a bricklayer his whole life and his wife was able to get certification and they now qualify for projects that he could not get because they are competing for the same types of funds.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she has heard of DBE fronts. She provided the example of the wife being a nurse or a real estate agent and they open an engineering firm and the husband is an engineer; she stated that they do this to try to get business as a female/minority-owned firm.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, reported that he has heard of DBE “fronts.” He stated that this is usually in the form of a female-owned business that is actually run by the woman’s husband or someone else.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, reported that she had heard of DBE “fronts” about three or four years ago; she heard that men would list females or minorities, like a cousin, as the business owner in order to obtain work.
Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he was aware of a few DBE fronts in particular.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that he has heard of Caucasian women posing as a business owner in order to qualify for DBE certification.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, reported having worked at a firm in the past that he believes operated as a DBE but was a “front.” He stated that the firm reportedly had a female owner, but she was the owner in name only; her husband was actually the managing owner of the organization.

TA #2, the President of the Black Contractor’s Association, stated that he has heard of DBE “fronts” but could not say that he knew of a DBE front. He stated that he has sometimes seen teaming between a non-DBE and DBE firm to obtain projects.

Some interviewees reported that they had never heard of “DBE fronts.” (Interviewees #1, 5, 6, 7, 8, 12, 14, 15, 17, 18, 21, 26, 29, 32, 35, 47, 52, 53, 57, 58, TA #1).

**False DBE reporting**

Some interviewees reported experience with or knowledge of false DBE reporting. (Interviewees #3, 10, 19, 20, 22, 27, 28, 31, 35, 36, 37, 38, 45, 48, 49, 55, TA #1). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he had not heard of false DBE reporting but also relayed the following example: he stated that he has heard of situations as recently as 2000 in which a prime contractor designated a particular DBE for bid and changed the DBE afterward. Interviewee #3 stated that a prime can always come up with a reason not to use a DBE. For instance, the prime might say that a DBE did not have enough manpower. Interviewee #3 stated that he has also heard of prime contractors satisfying the requirement to use a DBE at the bid stage and then the DBE would not get the work.

Interviewee #10, a DBE-certified African American female-owned accounting firm, had heard of false DBE reporting. Interviewee #10 stated that other non-Consortium agencies have a team to ensure that prime contractors properly make a good faith effort to utilize DBE subcontractors. She stated that she has received a phone call from the team to ensure that she was a DBE and was contacted by the prime contractor.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she has heard of false DBE reporting. She noted that it had been a while, but she had heard of a company receiving 10 percent of the work and having it reported that they received 25 percent.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that in the 1990s their firm was a DBE on a rail project and the prime contractor inflated his firm’s hours for reporting purposes. He stated on another occasion, a prime contractor used their name without their permission to win work; they only found out about it by accident after receiving some mail.
Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, was aware of instances where prime contractors have falsely reported DBE participation in contracts.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, stated that on some non-Consortium projects she has submitted a bid, been listed as a subcontractor, but then does not receive any work.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, reported that a lot of contractors will bring on a DBE or MBE to buy something and then pay them 8 percent above the cost for their effort. For example, if the prime contractor needs the DBE to do 15 percent of the work and that is $250,000.00, the prime contractor will have the DBE purchase the materials from a designated supplier and will pay the bill and pay the DBE 8 percent for their effort; the DBE, however, is never physically on the job. He stated that passing work to buy the materials to a minority subcontractor in order to meet a goal is not the way the DBE Program was intended.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that he has heard of false DBE reporting as it relates to Caucasian female-owned firms being utilized on projects. He also reported an instance of a large company deciding not to use DBEs after they had included DBEs on their proposal. He stated that the company came up with a number of “thin-veiled” excuses to get out of using the DBEs.

TA #1, the President of the Latino Business Owners of America, stated that he has heard of false DBE reporting, but could not recall any specific details.

Most interviewees reported no knowledge of false DBE reporting. (Interviewees #2, 5, 6, 8, 9, 12, 13, 14, 15, 16, 17, 18, 21, 25, 26, 29, 30, 32, 34, 42, 46, 47, 52, 53, 54, 56, 57, 58, TA #2). Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, had never heard of or experienced false DBE reporting or prime contractors falsifying their good faith efforts to utilize DBEs. He stated “I’m not saying it does not happen but I haven’t heard of it.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he has not experienced or heard of false DBE reporting, but he is “not in a position to know.”

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, was not sure if he had heard of false DBE reporting.

A few interviewees reported that they had no direct knowledge of false DBE reporting, but were “sure” that it has happened. (Interviewee #1, 4, 7, 33). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, had never heard of false DBE reporting or of prime contractors falsifying their good faith efforts to utilize DBEs although he is “sure that it happens.”
Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he has never heard of any false DBE reporting, but he is sure that it has probably happened.

Interviewee #7, a non-DBE Caucasian male-owner of a solar hydrogen fuel cell sales and installation company in the San Diego area, stated that he does not specifically know of any false DBE reporting, however, he is sure that it happens.

**Good faith efforts**

Many interviewees reported perceptions of instances where prime contractors did not use genuine good faith efforts to locate qualified and available DBE subcontractors. (Interviewees #3, 4, 7, 8, 11, 12, 13, 16, 18, 20, 21, 22, 26, 27, 28, 30, 31, 33, 37, 38, 45, 46, 47, 48, 49, 54, 55, TA #1, 2). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, recalled situations in 2000 where it was rumored that a prime falsified its “good faith efforts” to utilize DBEs. He stated that the prime simply explained that it could not find a DBE.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he does not think that prime contractors really make an effort to falsify their “good faith efforts” to utilize DBEs. His impression is that most prime contractors are just going through the motions when it comes to good faith efforts. They have to do it so they advertise and send faxes or emails or letters. Interviewee #4 stated that he does not think that they are doing it in an earnest way because often he receives a RFP with very little time on the clock left, and there is no way his firm can put together a proposal in two days or so. For example, recently he received a RFP on a fairly large project for a public agency and the prime wanted a proposal in two days; his firm could not put it together.

Interviewee #7 stated that he is generally aware that prime contractors falsify their “good faith efforts” to utilize DBEs. This often occurs when the prime contractors wait until twenty-four hours before a bid is due to notify DBEs of the bid.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that he has heard of prime contractors falsifying their good faith efforts to utilize DBEs, but not on Consortium projects.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that people do falsify their good faith efforts and they are just trying to satisfy the requisite criteria.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he did not have evidence to show that a prime contractor had ever falsified his good faith efforts. But, he stated that on one contract he did not think the prime contractor who won had met the DBE goal or satisfied the good faith efforts.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he receives a lot of inquiries from prime contractors doing business with the City of Los Angeles asking whether he is interested in participating on a project; he stated that he always responds that they are interested, but he “never” gets a response from the prime contractor.
Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, thinks that good faith efforts are “the biggest joke out there.” Interviewee #16 receives faxes all the time from companies seeking to certify that they have sought out minority businesses as subcontractors and meeting good faith effort standards. A lot of times Interviewee #16 receives these faxes for services totally unrelated to his business or sometimes a day before a bid is due — the company cannot even put a bid together in that short amount of time. “These companies are trying to bypass the system and use a loophole.”

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, reported that she has heard recently about prime contractors falsifying their good faith efforts, and that this practice is ongoing.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that prime contractors will go through the effort, but already have a firm in mind. He stated that they have been helped and hurt by this, and he believes that it is the way the system works.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he feels that this has happened to him where he’s received information about an opportunity, but did not hear back primarily because the prime contractor was reaching out to DBEs only because of the good faith effort requirement, which wasn’t enough to actually get the contract awarded to him. It was simply an attempt to get his information to be included in a report as a “good faith effort.”

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, said that often prime contractors will send him information to bid on projects for plumbing and drainage, but he is a masonry contractor. He stated that the prime contractors are just going through the step of showing a so-called good faith effort, but they are not really trying to get a subcontractor.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she perceives prime contractors do falsify their good faith efforts. She stated that she came close to fighting a company’s claim of good faith efforts a couple of times, but she did not want to spend the time trying to prove it. She wanted instead to put forth her effort at finding new business.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has heard of contractors falsifying their good faith efforts, but that it is just the nature of the business and it is not going to change during his lifetime.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, indicated that he believes all prime contractors falsify their “good faith efforts” to utilize DBEs.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he has received telephone calls and faxes asking him to be a subcontractor; he sends in information, but never hears back from them. He stated that within the past six to eight months, he has provided information to four companies, but has not heard back from any of them. He stated these companies may then tell the government they solicited DBEs but could not find anyone. He also indicated that prime contractors can have someone within their own company fill out the paperwork to become a DBE, and then they can award the jobs to them.
Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that he has heard of contractors falsifying their good faith efforts to utilize DBEs; he believes that this was reported, but nothing was done to rectify the situation.

Interviewee #55, a Caucasian male owner of a construction services and program management firm, reported that he has heard all the time about prime contractors falsifying their good faith efforts to utilize DBEs.

TA #1, the President of the Latino Business Owners of America, stated he believes that prime contractors do falsify their “good faith efforts” to utilize DBEs. He stated that they put in a little effort and simply say there was no response and then use a non-DBE. He stated that there is no way for the agency to go back and find out if the prime contractor actually requested any price quotes from DBEs. He stated that there is no monitoring of the prime contractor’s “good faith efforts” and whatever the prime contractor reports is accepted by the agency. He stated that he last heard of this occurring this year.

TA #2, the President of the Black Contractor’s Association, stated that prime contractors often falsify their “good faith efforts” to utilize DBEs by providing only a 24 hour notice of an invitation to bid so that they can have a file letter indicating that they made a good-faith effort to use a DBE. Subcontractors then have very little time, if any, to submit the quote. TA #2 also stated that he has heard members say that they have seen their names on bids, but were not used or the member was substituted.

Other interviewees reported that they had never heard of or experienced a prime contractor falsifying its good faith efforts. (Interviewee #2, 6, 14, 15, 17, 19, 25, 29, 32, 34, 36, 42, 52, 53, 56, 57). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has not heard of or experienced prime contractors falsifying their “good faith efforts” to utilize DBEs.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, has never heard of any prime contractors falsifying their “good faith efforts” to utilize DBEs.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that he has not heard of a prime contractor falsifying their good faith efforts to utilize DBEs. Interviewee #14 stated however that no one audits contracts to determine what was proposed as far as DBE participation (and, presumably actual participation).

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has been approached by companies regarding “good faith efforts.” Interviewee #17 gets a lot of requests that she thinks are for the purpose of making good faith efforts because the company is listed in certain directories as being a contractor rather than a professional services firm.

Interviewee #36, an African American female-owned DBE/MBE/WBE/CBE-certified shorthand reporter, stated that she could not say for sure whether she was aware of prime contractors falsifying their good faith efforts, but noted that prime contractors use the firms that they want to use.
Recommendations related to good faith efforts

Some interviewees recommended the Consortium more closely monitor DBE utilization and good faith efforts. (Interviewees #15, 16, 22, 24, 26, 36, 37, 40, 45). Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, stated that more stringently enforced good faith efforts rules would help with compliance. He felt this is largely non-existent.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, thinks that good faith efforts should only be considered when the efforts are made in the relevant service industry and with enough time for bids to actually be completed. Otherwise, good faith efforts are completely meaningless.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that the Consortium should be more consistent in its visits to work sites.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that the Consortium needs to monitor the amount of the contract that is supposed to go to a DBE and the percentage that actually does. She stated that prime contractors need to be held accountable and show that monies set aside for DBEs are actually used for DBEs. She stated the Consortium should also monitor prime contractors’ use of “best efforts.”

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, stated that the Consortium should hold prime contractors more accountable for using DBEs on their contracts thus preventing them from using DBEs to meet bid requirements and then not using them when they are awarded the contract.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that the Consortium should perform an audit to make sure DBEs are getting the work that they are supposed to get.

Interviewee #37, an African American male owner of a SBA certified architecture firm, recommended stated that the Consortium should monitor DBE utilization to ensure that the process is fair and business deals are not made because of relationships. He stated that the Consortium should not make small businesses and firms always compromise to get a piece of the pie. He stated that there must be some kind of oversight to make sure the process is what it is intended to be.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that the Consortium should have a system in place to monitor the worksites and the business relationship between the prime contractor and the DBE. He stated that the DBEs should not be doing 25 percent of the work when the contract only reflects them doing 10 percent of the work. He stated that in order to avoid disputes later, all levels should meet at the beginning of the project and come to an understanding so that they are all on the same page when the project begins. He stated that the agency should stay involved in each project and there should be a mediator. This is so that no one will suffer, especially the DBE; he stated that the DBE cannot roll through problems.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, recommended that the Consortium monitor prime contractors and make sure that
they are utilizing DBEs when required. She stated that the Consortium should take into consideration that DBEs are DBEs for a reason and they need to be given an opportunity to showcase their abilities to give them the ability to graduate from their DBE status. “They need to make prime contractors use the DBEs. DBEs should be referred to the prime contractors that are shortlisted for projects. [DBEs] need to be informed more than three days before a bid is due. The only letters they receive are about renewing their certifications, but nothing more than just that. . . There is no way to ensure you get the work after you are solicited. You wonder if [they] wanted to use you in the first place or did they have someone else in mind from the beginning.” She stated that firms are not being compliant.

B. SDCRAA anecdotes regarding perceived general barriers to participation in the public and private sectors

The following anecdotes regarding perceived general barriers to participation in the public and private sectors were obtained from interviews that the study team conducted in connection with BBC’s 2009 SDRCAA study.

Good ol’ boy network

1. Obstacle to pursuing or obtaining business

Several interviewees reported that a substantial barrier to obtaining work in the public and private sectors is the preexisting relationships between agencies and particular prime contractors or between prime contractors and particular subcontractors. Interviewee #SD20, representing an Asian American male-owned firm, reported that the good ol’ boy network still affects his business, primarily in the private sector: “In the private sector, [issues related to a good ol’ boy network are] still happening!” He went on to say that those problems do not exist to the same degree in the public sector because the work is more varied, which generates opportunities for different firms.

Interviewee #SD16, representing an African American male-owned firm, indicated that the good ol’ boy network causes problems for his firm: “The good ol’ boys network still exists and it is wrong.”

Interviewee #SD34, representing a Caucasian male-owned firm, indicated that many potential clients have existing relationships with competing firms in his industry and that it is difficult to convince them to make a change, even when his firm can offer better prices.

When asked if her firm has ever experienced exclusion from the good ol’ boy network, Interviewee #SD43, representing a Hispanic male-owned firm, stated, “Definitely.” She explained, “When we send bids … we’ll see the same names coming up over and over again [as the winning prime and subcontractors].” She went on to say that her firm as attempted to get more subcontracting work but has not been successful because large prime contractors tend to only use firms with whom they have worked in the past: “I think most of the big construction companies have their established subs that they go to …. They usually go with the [subcontractors] they already know.”

SDTA #1, representing a local chamber of commerce, indicated that networks of large contractors certainly present a challenge to all small firms in San Diego, including those that are minority- and female-owned.
SDTA #2, representing an Hispanic American trade organization, reported that public agencies favor certain contractors over others: “[Public agencies] have their favorites in contracting.” He went on to say that the good ol’ boy network in San Diego motivated the founding of his organization: “I have been questioned by other majority-serving chambers as to why we don’t join [them]. My answer to them is simply. ‘We created our own business network because we couldn’t play in yours.”

SDTA #5, representing a government advisory commission on minority issues, indicated that the good ol’ boy network has been detrimental to small firms in San Diego, including minority- and female-owned ones: “I have seen how the good ol’ boy network is an issue in doing business in San Diego and how the community can kill off small businesses through various means.”

A number of interviewees reported that networking is particularly difficult for small firms.

Interviewee #SD20, representing an Asian American male-owned firm, said that the biggest problem for small firms is their inability to network with local agencies and prime contractors. He stressed that the more local connections a small firm has, the better off it will be.

Interviewee #SD14, representing a Hispanic American male-owned firm, asserted that in order to establish their names, less established firms have to work with a number of large, better established firms, which can be difficult. He remarked, “That’s why I didn’t change the name of [my] company [after buying it from his uncle], because it was established when I took it over.”

SDTA #6, representing an Asian American trade organization, said that many of the organization’s members do not know how to market their businesses effectively. She reported that some of the organization’s members quit after one or two marketing events, because they do not understand that the crux of marketing is developing relationships.

Interviewee #SD5, representing an African American male-owned firm, said that marketing is particularly difficult for small firms, because trade associations that are supposed to help them market do not do a good job of it. He indicated that those organizations do not address the marketing needs of small firms: “They are not catering to the small businesses that need help.”

Interviewee #SD17, representing a Caucasian female-owned firm, indicated that advertising effectively is difficult for her firm: “Knowing when and where to advertise is difficult. It has been a hit-and-miss experiment for us.”

Interviewee #SD30, representing an African American male-owned firm, explained that networking is crucial to being successful in the contracting industry. He said that finding out about work is relatively easy, but “the obstacle is getting [the work],” and that is when having a well-established network of clients and contractors helps. Regarding the importance of having relationships with other contractors, he said, “A lot of general contractors go with [subcontractors] who they’re familiar with, who they know, who they’ve done business with before. They do … good faith efforts, but they still fall right back into lock step and go with [subcontractors] they know …” Interviewee #SD30 indicated that there are a few prime contractors with whom he has been able to build relationships.

Interviewee #SD43, representing a Hispanic male-owned firm, indicated that marketing and learning about work can be expensive and is a barrier to success for new firms: “It’s just difficult getting your name out there. It seems like every time you want to put your name out there, it costs some kind of money to do it.”
Some interviewees reported having issues with the San Diego chapter of the AGC. Interviewee #SD2, representing a Caucasian female-owned firm, reported being threatened at a trade meeting because she previously criticized the AGC. She said that a man who was also attending the meeting took her aside and said, “What are you saying about the AGC? You better be careful!” Interviewee #SD2 said that she did not report the incident, because she was afraid that if she did, members of the AGC would not do business with her.

Related to those comments, Interviewee #SD3, representing a Caucasian male-owned firm, reported that he had previously been a member of the AGC, but left the organization because he was uncomfortable with how it conducted business. Interviewee #SD# said that he was later blackballed by the AGC. He said that a supplier recently called him and told him that they would not sell him materials, and Interviewee #SD3 attributed that refusal to his icy relationship with the AGC.

Interviewee #SD47, representing an African American female-owned firm, stated that colleagues have advised her to “stay away from the AGC — they don’t mean you any good … When you pursue your insurance or bonding, look at the AGC directory and make sure [the insurance broker or surety company] is not affiliated [with the AGC].” Interviewee #SD47 indicated that she has followed that advice since the inception her firm.

SDTA #11, representing a veterans trade organization, indicated that a network of large contracting companies in the San Diego area makes it difficult for smaller firms to compete. He said that the AGC in particular perpetuates the problems of a good ol’ boy network: “[The AGC] are the big boys, and they don’t want anyone [else] in the dance.”

A few interviewees reported that problems with good ol’ boy networks have been addressed, either by agencies or by the current market. Interviewee #SD14, representing a Hispanic American male-owned firm, said there used to be a good ol’ boys network that made it difficult for small firms and MBE/WBE firms to compete for contracts, particularly in the private sector. However, because of the slow economy, agencies and prime contractors no longer rely exclusively on those contractors and instead try to find the lowest bid, some of which happen to come from minority- and female-owned firms.

Interviewee #SD33, representing a Hispanic American male-owned firm, stated, “There’s going to be a good ol’ boy network] anywhere. He indicated that his firm has experienced exclusion from the good ol’ boy network, but “not so much in municipal work.” He said that his firm has encountered that exclusion primarily in the private sector.

SDTA #10, representing a supplier trade organization, stated that some of the organization’s members have experienced exclusion from the good ol’ boy network, but that his organization works to help mitigate its impacts.

Some MBE/WBE firms reported being part of the good ol’ boy network. Interviewee #SD28, representing a Caucasian female-owned firm, said that the good ol’ boy network exists, and a number of small firms in San Diego are excluded from it. However, she reported that because of her existing relationships in the industry, her firm is included in the network. She added, “We’ve broken a lot of barriers, because [firms in the good ol’ boy network] found that we could do the work.”
Interviewee #SD32, representing an African American male-owned firm, stated that not only is there a good ol’ boy network in San Diego but that his firm is part of the network: “We’re one of the good ol’ boys.” He said that his firm is part of the network because it has marketed itself effectively and built a reputation for performing well.

Interviewee #SD18, representing a Caucasian female-owned firm, indicated that the good ol’ boy network exists in San Diego, but that her firm is well accepted within the network, because it began as a Caucasian male-owned business and continues to be thought of as such.

A few interviewees said that they were unaware of the existence of a good ol’ boy network. SDTA #7, representing a construction trade organization, indicated that there is no good ol’ boy network in San Diego. He said, “You got to work your way in — there is some of that. But a lot of it is design, bid, build . . . . There is no ‘Casper is a demo contractor and he’s 10 percent high, but we really like him because we had a drink with him the other night so I think we’ll let him do [the work].”

Similarly, Interviewee #SD22, representing a Caucasian male-owned firm, indicated that he had no direct knowledge of the existence of a good ol’ boy network in the San Diego area but he wondered aloud how a competing firm recently won a contract with the Airport without Interviewee #SD22’s firm even hearing about the opportunity. He said, “I wonder why the Airport didn’t ask us directly — we’ve been in the business for so many years.”

Interviewee #SD21, representing a Caucasian male-owned firm, reported that he had no knowledge of the existence of a good ol’ boy network in the San Diego area.

Interviewee #SD19, representing a Caucasian male-owned firm, indicated that there used to be a good ol’ boy network in San Diego that made it difficult for small firms to compete for projects, but that those problems have dissipated: “When I first started in this industry there was a lot of good ol’ boy networking going on, but even now this is still not a woman’s firm but I feel like most firms have at least one woman and are getting more transparent [in their subcontracting procedures].”

2. **DBE prime contractors prefer to use DBE subcontractors**

Several interviewees explained that MBE/WBE prime contractors are more likely to use other MBE/WBE firms as subcontractors. Interviewee #SD20, representing an Asian American male-owned firm, said that his firm actively tries to use other minority- and female-owned firms when selecting subcontractors: “We strive to give opportunities to MBE and WBE firms, because we were like them before.” He made clear though that DBE status is never the sole consideration.

Interviewee #SD5, representing an African American male-owned firm, indicated that he tends to use the same subcontractors across projects: “I know people. I have been in the construction industry since the 1980s.” He went on to report that the majority of his subcontractors are African American- and Hispanic American-owned firms. Similarly, Interviewee #SD16, representing an African American male-owned firm, reported that most of the subcontractors that his firm uses are Hispanic American-owned firms.
3. Natural and unavoidable

Some interviewees indicated that agencies or prime contractors using firms with whom they have preexisting relationships is natural and unavoidable. SDTA #1, representing a local chamber of commerce, reported that it is natural that local public agencies are more comfortable using large, well-established contractors.

Interviewee #SD30, representing an African American male-owned firm, said that a good ol’ boy network exists in San Diego, but he indicated that it is natural and understandable and that it is not “exclusive to one race.” He said, “I think you do need to be a part of it [to be successful].”

Similarly, SDTA #9, representing a public works trade organization, said that pre-existing relationships between prime contractors and subcontractors is the most important factor in subcontractors getting work: “Some primes might have sub opportunities and [our organization] will then post the opportunity or work to get the appropriate team together. But putting together a team is mostly about relationships and trust.” He went on to say that it is difficult for small firms to develop those relationships because of their size: “Small businesses are at a disadvantage of developing relationships because of their size. They don’t have the staff to allocate for business development and relationship development.”

Bid shopping and manipulation

Many interviewees reported that bid shopping is a barrier to being successful in the public and private sectors. Interviewee #SD5, representing an African American male-owned firm, said that a problem with the bidding system is that there are a number of prime contractors that do not want certain subcontractors to win contracts. He explained that the prime contractor will disclose subcontractor’s bids to other subcontractors that they want to use. He said, “[There are times when] I know I have a low bid and can do the job. But what the companies do is shop the bid.”

Interviewee #SD2, representing a Caucasian female-owned firm, said that she is staunch about giving her lowest bid at the time of bid, but prime contractors still try to shop it. She reported that her firm has lost some good jobs “because [we] won’t play the game.” She indicated that bid shopping occurs most often when listing laws are not being enforced: “When there are no laws or they are not enforced, that’s when you have a problem … . When the primes have one or two days to list, that’s when they bid shop.”

Interviewee #SD4, representing a Caucasian male-owned firm, reported that subcontractors submit their bids quite late, because they are afraid that the prime contractor will shop their bid. Similarly, he said that suppliers submit their quotes late to subcontractors, because they are afraid that the subcontractor will shop their quote. Interviewee #SD4 noted that his firm never shops bids, because they do not want to develop a bad reputation among subcontractors.

Interviewee #SD14, representing a Hispanic American male-owned firm, reported that bid shopping occurs “all the time,” particularly in the private sector. He said that he often receives solicitations for bids from prime contractors that have no intention of using him. Instead, they shop his bid around until they can find a contractor that they want to use that will match his price. He explained, “If you bid a private sector job … they’ll call up somebody else and chop your [bid] up.”
Interviewee #SD20, representing an Asian American male-owned firm, reported that bid shopping occurs most often in the private sector, because it is much more price driven than the public sector. He said that because the public sector is more focused on the qualifications of contractors, bid shopping is less common. Consistent with those comments, Interviewee #SD6, representing a Caucasian male-owned firm, said that prime contractors are not required to list their bids in the private sector and as a result prime contractors shop bids more often.

Interviewee #SD17, representing a Caucasian female-owned firm, reported that it is very important for a firm to offer competitive prices in order to be successful: “We have been locked out [of bid processes] because we were not the lowest bid, but we were the lowest hourly rate.” She went on to say that, because of the pressure for firms to be low bidder, bid shopping occasionally takes place: “Certain companies are sneaky and they will call pretending to be inquiring about prices for a job. That doesn’t happen often, but it does happen.” She went on to say that as a result of bid shopping, her firm generally does not share bid information with other firms: “We keep our mouth closed. We don’t share bid information because we know people like [a specific firm in the area] shop bids.”

Interviewee #SD28, representing a Caucasian female-owned firm, reported that she knows that prime contractors have faxed her firm’s bids to other firms. She explained that one prime contractor mistakenly faxed one of her firm’s bids back to her, because he thought he was sending it to another firm. However, she said that she does not think that bid shopping occurs all that often.

Interviewee #SD30, representing an African American male-owned firm, indicated that it is well known in the industry that bid shopping takes place. He said that subcontractors do their best to prevent prime contractors from shopping their bids: “The training I had is that when you submit your estimate or your proposal you want to submit it … shortly before the deadline, even if you [have] it ready a day or two before the deadline.”

Interviewee #SD31, representing a Caucasian male-owned firm, stated that bid shopping occurs “no matter who you are — the big boys will do it to each other!” However, he went on to explain the likelihood of bid shopping decreases as a firm becomes bigger and builds its reputation.

Interviewee #SD32, representing an African American male-owned firm, reported that his firm often shops bids to find the best deal: “We shop everything.” Interviewee #32 explained that although his firm shops bids, it does not manipulate them.

Interviewee #SD33, representing a Hispanic American male-owned firm, indicated that bid shopping occurs regularly, and that his firm does not submit bids to certain firms because they shop bids: “[We do] not bid to certain contractors because they use our numbers. Some generals get [our] numbers and shop around or use the numbers themselves.”

Interviewee #SD44, representing a Hispanic male-owned firm, indicated that he is aware of bid manipulation taking place to some degree. He provided an example of certain public sector contracts requiring supplies made from particular, large manufacturers (e.g., Ingersoll Rand), forcing prime contractors to buy products from those firms. Interviewee #SD44 said that he did not know why certain contracts are specified in that way.
Interviewee #SD45, representing a Caucasian male-owned firm, said his firm has frequently been victim to bid shopping: “Many times they have solicited our bid only to go shopping with it.” He went on to say that bid shopping is less common on federally funded projects.

Interviewee #SD47, representing an African American female-owned firm, indicated that bid shopping occurs so frequently in the construction industry that it is almost an accepted practiced: “Our prices used to get shopped — I’ve heard that’s just the way the industry works. Construction is a shrewd, cutthroat, hard knock type of industry, and that’s the way business is done. [Prime contractors] get your prices, they shop around and play around with them …”

SDTA #9, representing a public works trade organization, said that his organization’s clients often complain about bid shopping, but that his organization is unable to verify its occurrence: “We hear about [bid shopping] all the time but are unsure if this is actually taking place.”

A few interviewees reported that bid shopping is not a significant issue in the construction industry. SDTA #7, representing a construction trade organization, indicated that bid shopping is not an issue in the construction industry. He explained, “[Prime contractors] don’t do this calling back and forth too much saying ‘Hey, if you lower your bid [by] 10 percent we’ll give [the contract] to you.’ [Bid shopping] used to be a big deal, but now the listing law took care of that to a certain extent. … I’m sure [bid shopping] happens still, but not as much — it just seems like there has been a cultural change.”

Interviewee #SD21, representing a Caucasian male-owned firm, reported having no knowledge of bid shopping taking place in the construction industry.

Experience and expertise

The majority of interviewees cited a firm’s experience and expertise as a barrier to being successful in the public and private sectors. SDTA #7, representing a construction trade organization, reported that experience and expertise are substantial barriers to being successful. He explained, “You actually have to learn to build something to be a contractor. … Politicians don’t believe that — they just believe you can just take someone, and they can somehow magically get … bonding and all that stuff.” He continued, “There’s a perception among our political leaders that you can take people out of the general population, put them through some technical assistance, and they can be contractors. If you’re taking someone out of the general population and trying to get them to build a sidewalk around the Airport, it’s not like selling hot dogs — it’s much more complicated.” SDTA #7 added that it is becoming increasingly common for contractors to earn college degrees. He said, “You can’t run these businesses for the most part without some academic background.”

Interviewee #SD14, representing a Hispanic American male-owned firm, explained that a firm’s experience is crucial to its success. He said that firms have to know what they are doing when they take on a contract, and they also have to establish their brand, because according to Interviewee #SD14, “Construction is about trust.”

Interviewee #SD21, representing a Caucasian male-owned firm, also indicated that experience and expertise are crucial to being a successful firm. He argued that firms have to be qualified to remain competitive. Otherwise, they put themselves in the position of having to deal with “uncontrollable risk.”
Interviewee #SD20, representing an Asian American male-owned firm, indicated that it is more difficult for less established, small firms to compete for and win federally-funded projects in the engineering industry, because those contracts tend to be awarded on a qualification-based selection process. In other words, firms have to be deemed qualified in order to win contracts rather than simply submitting the lowest bid.

Interviewee #SD22, representing a Caucasian male-owned firm, reported that experience is definitely a barrier to staying competitive in his firm’s industry. He indicated that people have to know what they are doing to be successful: “[success takes] a little bit of smarts [and] lots of perseverance.”

Interviewee #SD28, representing a Caucasian female-owned firm, said that people need to take classes to learn how to work in her firm’s industry, so expertise can be a barrier to success.

Interviewee #SD24, representing a Caucasian male-owned firm said that in order to remain competitive, firms have to be experienced with good reputations, have a history of quality work, and hire excellent, experienced personnel.

Interviewee #SD26, representing a Caucasian male-owned firm, stated that many contractors go out of business, because they do not know anything about running a business. They assume that contractors make a great deal of money without considering overhead costs. When asked how one learns to run a business successfully, Interviewee #SD26 replied, “Surround yourself with smart people.”

Interviewee #SD43, representing a Hispanic male-owned firm, indicated that many public agencies require firms to have experience working for their agencies before awarding contracts, which is a difficult requirement for new firms to meet: “They require the company to have the experience — [that is] to say [they] have worked … in the past in public works …. [But] it’s very hard to even get the first job and get your foot in the door.”

**Personnel**

Some interviewees indicated that finding good personnel is a barrier to being successful in the public and private sectors. Interviewee #SD20, representing an Asian American male-owned firm, explained that finding good employees is difficult in the engineering industry, particularly for a less established firm. He said, “Why would a good engineer come work for you if you just started a company? Why wouldn’t they work for a firm that’s been around for thirty years? [Less established firms] are definitely at a disadvantage.”

Interviewee #SD24, representing a Caucasian male-owned firm, reported that the recession in the 1990s and a “post-baby boomer dip” undermined the development of a pool of experienced personnel in the environmental services industry. He went on to say that to remain competitive, firms need good personnel who have 10 years or more of experience.

Interviewee #SD19, representing a Caucasian male-owned firm, reported that her firm’s most substantial barrier is related to “management of the firm — keeping employees happy with benefits and pay.”
Interviewee #SD29, representing an African American male-owned firm, indicated that it is difficult to find good employees who are willing to work for his firm, even in the current economy: “It’s hard to get good people.” He said that it is particularly difficult to find people who have experience in his firm’s industry.

Interviewee #SD32, representing an African American male-owned firm, indicated that although his firm has no trouble finding experienced personnel in the current market, in stronger economic times it is difficult to find personnel with the necessary experience working on government projects. He said that it is crucial for a firm’s employees to have experience dealing with the paperwork and bureaucracy associated with government work.

Interviewee #SD37, representing a Caucasian male-owned firm, said that to remain competitive in the marketplace, firms have to establish an exceptional staff: “It’s a people business. You have to have the proper people in place. Estimators need to know how to estimate, project managers need to know how to manage, foreman need to have a sense of how to control their men without being overbearing and get the most out of them.”

Interviewee #SD41, representing a Caucasian male-owned firm, said that it is difficult to find good personnel in construction: “Finding personnel is the biggest hurdle these days. In construction, there is not an abundance of kids who want to get into the industry and get dirty. They are now playing on computers. They want to show up with a laptop, not a shovel. It is hard to find good, young people to start at the bottom and work their way up both in the field and in the office.”

Interviewee #SD44, representing a Hispanic male-owned firm, indicated that good personnel can be difficult to find: “To get a competent employee that is trustworthy … you probably have to go through some people ….”

Interviewee #SD45, representing a Caucasian male-owned firm said that finding good personal is “the toughest part [of a firm being being successful].” He explained that the current state of the economy and the lack of work in San Diego have forced skilled workers to leave the area.

Interviewee #SD46, representing an African American male-owned firm, indicated that it is difficult for small firms to attract good personnel: “Most smaller companies do not have the kind of revenue to keep [skilled personnel] on board or even to hire them.” He went on to say that good personnel is crucial to a firm’s success: “Personnel is one of the keys to being competitive and also advancing.”

Other interviewees indicated that personnel issues are not a barrier to being a successful firm. Interviewee #SD21, representing a Caucasian male-owned firm, said that he was not aware of any barriers related to personnel and labor in the construction industry. He said that “prevailing wage” laws in California make it relatively easy for construction firms to attract good employees without those wages being unreasonably high.

Interviewee #SD16, representing an African American male-owned firm, indicated that finding qualified personnel is not an issue for his firm — a much larger issue for his firm is finding capital to pay those employees: “If I had the cash flow I could do very well.”

Interviewee #SD28, representing a Caucasian female-owned firm, said that in the current market, it is relatively easy to find good labor. He explained that in the past, other firms would actively try to
steal their employees but with the slowdown in the economy, there are plenty of people available for work.

Interviewee #SD43, representing a Hispanic male-owned firm, said that finding personnel is not difficult for her firm, because of her firm’s contacts and because there are “a lot of people without work” in the current economy.

**Learning about work**

Several interviewees indicated that it is difficult to learn about available projects. Interviewee #SD2, representing a Caucasian female-owned firm, reported that it is hard to find out about available projects from most public agencies. She said that she has tried to get her firm on agency lists, but that the process is too time consuming. However, she acknowledged that agencies try to let contractors know about available projects.

SDTA #6, representing an Asian American trade association, reported that her organization struggles with disseminating information about available projects to their membership. It is her feeling that public agencies are not in close enough contact with her organization and do not reach out to them with information about work opportunities.

SDTA #11, representing a veterans trade organization, said that disadvantaged businesses do not learn about available contracts soon enough. He said, “I don’t think [agencies are] getting RFIs (Requests for Interest) out fast enough.” He said that disseminating RFIs earlier would help disadvantaged businesses compete more effectively for contract awards.

SDTA #2, representing a Hispanic American trade organization, indicated that his membership learns about available projects through on-line listings and by word-of-mouth. However, he went on to say that small businesses need to be educated on how to find out about available projects and on how to be competitive.

SDTA #1, representing a local chamber of commerce, indicated that learning about work is particularly difficult for small firms: “For many of the smaller firms, it’s ... a challenge to be fully aware of the opportunities that are out there.” He went on to say that those firms also need assistance in trying to “maneuver around the opportunities and requirements for ... public work.”

**DBE fronts**

A number of interviewees reported having direct knowledge of MBE/WBE frauds or fronts, including supply brokers. Interviewee #SD4, representing a Caucasian male-owned firm, reported having knowledge of a female-owned firm that serves only as a supply broker. That is, according to Interviewee #SD4, if a prime contractor has trouble meeting DBE goals, they fulfill them last minute by using a supply broker, because prime contractors are not required to list supplier information during the bidding process. The supply broker marks up the costs of goods for the project, allowing the prime contractor to meet DBE goals.

Similarly, Interviewee #SD6, representing a Caucasian male-owned firm, indicated that there are quite a few firms listed as minority- or female-owned that are actually supply brokers — they do not
actually do any work, but rather provide goods at marked up prices so that prime contractors can meet DBE goals.

Interviewee #SD11, representing a Caucasian male-owned firm, spoke of a minority-owned firm that wins contracts but does not actually do any work or provide any goods — it is only included on contracts when the prime contractor needs to meet DBE goals. He said, “A lot of material brokers sprung up with the DBE program. It is hard to figure out who is a desk and who is a real business …. There are illegitimate businesses making money off of [DBE goals] … There are a lot of fronts going on.” He went on to remark that, “Using [supply brokers] make you look better on the contract but all they are doing is marking up the contract.”

Interviewee #SD28, representing a Caucasian female-owned firm, reported that one of her firm’s largest competitors lists itself as a DBE firm, but it is neither minority- or woman-owned. She indicated that it is a mystery to her how the firm is DBE certified.

Interviewee #SD35, representing an Asian American male-owned firm, indicated having direct knowledge of DBE fronts and frauds: “Usually, [a] firm would say they were woman-owned or minority [-owned], but really, their wife was fronting or they would say their great grandma was from Mexico.”

Interviewee #SD41, representing a Caucasian male-owned firm, reported that his firm uses MBE/WBE fronts quite frequently to fulfill participation goals, because there are not enough MBE/WBE firms in San Diego to fulfill them legitimately: “There are a lot of [fronts and frauds] out there … It is a niche for them to fill, and a great opportunity.” He went to say, “I often thought about putting my wife on the head title holder of this company. We could all put of our wives on it because, especially in the government contracting, there are all types of set asides.”

SDTA #10, a supplier trade organization, noted that he has encountered several MBE/WBE fronts in the past decade. He stated that self-certification is dangerous and that people will try to take advantage of the system in the absence of a thorough review and agency scrutiny.

SDTA #7, representing a construction trade organization, indicated that the Black Contractors Association perpetuates DBE frauds: “The Black Contractors Association will never give us a list of black contractors, but my guess is there’s three or four, maybe five, that are real. There’s a whole bunch of members, but they are all white contractors. …” SDTA #7 also said that when MBE/WBE contract goals have been in place in other parts of the country, prime contractors often paid MBE/WBE subcontractors even though those subcontractors did not do any work, just so the prime contractors could meet agency goals: “… when we had quotas we would just find a minority …. Typically though, [the minority contractor] wasn’t actually doing anything. We would just do the work and give that person a percentage of it.”

Similarly, SDTA #5, representing a government advisory commission on minority issues, said that the Black Contractors Association in San Diego is a front: “The Black Contractors Association is a front. [They are] pimping the system.” She went on to say that particular contractors have “had it out against the Black Contractors Association … for their fraudulent behavior.”

A few interviewees reported having no direct knowledge of MBE/WBE frauds or fronts but nonetheless suspect that they exist. Interviewee #SD6, representing a Caucasian male-owned firm,
wondered, “What percentage of [SBEs] are nothing more than a front for larger companies that are not [SBEs]?” He said that he suspects that 85 percent of SBEs are just a front for larger companies.

Interviwe #SD40, representing a Caucasian male-owned firm, indicated that he has no direct knowledge of MBE/WBE fronts but is confident that they exist: “I am sure [MBE/WBE fronts] are out there. You wouldn’t be asking if the perception wasn’t out there [that they exist]. However we haven’t ever dealt with this.” He continued, “Unfortunately the perception of fronts and frauds places a negative stigma on the DBE program.”

SDTA #1, representing a local chamber of commerce, said that he is aware of MBE/WBE frauds and fronts, but that he is not aware of any that do business in San Diego.

Several interviewees reported having no knowledge of MBE/WBE frauds or fronts (e.g., Interviewee #SD20, Interviewee #SD21, and SDTA #2).

False DBE reporting

Some interviewees reported knowledge of false reporting as it relates to MBE/WBE participation. Interviewee #SD14, representing a Hispanic American male-owned firm, indicated that, in the past, agencies or prime contractors would call MBE/WBE firms for bids and list them as subcontractors even if they did not ultimately use them. However, Interviewee #SD14 made clear that false reporting does not occur anymore, because DBE goals are no longer mandatory deeming the practice unnecessary.

Interviewee #SD20, representing an Asian American male-owned firm, described a situation in which a prime contractor used his firm’s resume as part of their proposal for a large public project and got “short listed.” A few weeks later, Interviewee #SD20 heard that the prime contractor won the contract, but when he contacted the prime contractor to discuss his firm’s role in the work, the prime contractor told him that it decided not to use his firm after all. Of similar situations Interviewee #SD20 said, “It happens, it still happens.”

Interviewee #SD16, representing an African American male-owned firm, indicated that he received an offer from a North Carolina-based prime contractor that would pay his firm 3 percent of the contract without having to do any work — the prime contractor was only interested in his MBE status. Interviewee #SD16 turned down the offer.

Interviewee #SD45, representing a Caucasian male-owned firm that is DVBE certified, described an experience in which a prime contractor solicited a bid from his firm to which his firm responded. Interviewee #SD45 later learned that the prime contractor erased information from the bid and reused it on other projects without Interviewee #SD45’s knowledge or permission. Interviewee #SD45 also became aware that the prime contractor made fraudulent payments to his firm to make it appear as if his firm was involved on the other projects.

Interviewee #SD46, representing an African American male-owned firm, indicated that his firm often receives bid solicitations as part of good faith efforts on the day the bid is due, a practice that violates USDOT code: “[Sending solicitations the day that a bid is due] is actually not legitimate. [Prime contractors] are manipulating the dates on their paperwork … because [solicitations to MBE/WBE firms are] supposed to be [sent] two weeks prior [to the the bid due date].”
SDTA #2, representing a Hispanic American trade organization said that false reporting occurs often with good faith efforts.

**Price discrimination by suppliers**

Some interviewees reported awareness of price discrimination by suppliers. Interviewee #SD2, representing a Caucasian female-owned firm, said that her firm was discriminated against a few years ago by a supplier. She said that the supplier would not do business with her firm because it was woman-owned.

Interviewee #SD16, representing an African American male-owned firm, said that it is difficult to disentangle price discrimination based on race and gender from receiving worse prices as a result of being a smaller firm: “The cost of paint is measured by volume of purchase. Therefore, smaller businesses feel the impact. Institutionally the smaller business is the minority-owned business. This type of discrimination is hard to prove.”

Interviewee #SD28, representing a Caucasian female-owned firm, described a situation in which a supplier refused to continue to supply materials to her, because one of its larger competitors threatened to stop using the supplier if it continued to work with her firm.

Interviewee #SD45, representing a Caucasian male-owned firm, indicated that he has experienced price discrimination by suppliers due to the small size of his firm: “If you’re not a large user, they’ll sometimes jack up the price or won’t provide a bid at all.”

Interviewee #SD47, representing an African American female-owned firm, reported that her firm cannot establish accounts with suppliers due to her ethnicity and stereotypical attitudes: “We still can’t get account like everybody else.” She went on to say that the situation is made even more difficult, because some large projects require her firm to use certain suppliers that do not treat her firm well: “[On certain projects], the vendor is built in … they know we have to use them.”

A few interviewees reported that suppliers quote different prices to different firms, but that the practice has nothing to do with race or gender. Interviewee #SD30, representing an African American male-owned firm, indicated that “bigger firms get a bigger discount” because of the quantity that those firms buy. Interviewee #SD30 said that price differences between firms have nothing to do with race or gender.

Interviewee #SD31, representing a Caucasian male-owned firm, indicated that several factors determine supplier prices. First, firms with a reputation of doing quality work get better prices from suppliers than firms with bad or no reputation. Second, large firms get better prices than small firms, because they tend to buy in larger quantities.

**Good faith efforts**

Many interviewees reported that some prime contractors do not use genuine good faith efforts to locate qualified and available DBE subcontractors. Interviewee #SD16, representing an African American male-owned firm, characterized good faith efforts as “a numbers game for the prime contractors.” He said that prime contractors often solicit his firm for bids with no intent of using it in order to fulfill good faith efforts. His firm has received solicitations for industries in which they have
never done work and for projects that are not even remotely near its geographic location. Interviewee #SD16 said that he is able to recognize when his firm receives a bid solicitation only because the prime contractor is trying to fulfill good faith efforts: “I know that if I am requested to bid on a project at the twelfth hour with no access to plans — this is a strong indicator that something is not right.”

Interviewee #SD30, representing an African American male-owned firm, said that he is aware of prime contractors abusing the good faith efforts process. He said that some prime contractors solicit disadvantaged firms for bids with no intention of actually using them, only to fulfill good faith efforts. He stated that good faith efforts cannot be effective if “[prime contractors] are not sincere about them.” He went on to say that he does not support the idea of subcontractor goals: “I’m not for quotas or mandatory [requirements] … I think that’s a bad thing — I would like to think that that wouldn’t … be necessary.’

Interviewee #SD31, representing a Caucasian male-owned firm that is DVBE certified, stated that his firm receives bid solicitations on a daily basis from large firms that leave him with “ridiculously” short amounts of time to respond. He indicated that firms send those solicitations with no intention of considering his firm for work — instead, they are only interested in fulfilling good faith efforts: “It’s obvious to me that they’re just going through the motions.”

Interviewee #SD43, representing a Hispanic male-owned firm, indicated that in her experience many prime contractors are not genuine about fulfilling good faith efforts. Instead, she thinks that those firms just make sure that they contact enough MBE/WBE firms to fulfill good faith efforts but have no intention of actually using them. She said, “I think they’re just trying to meet the requirements most of the time.”

Interviewee #SD46, representing an African American male-owned firm, indicated that some prime contractors will mislead MBE/WBE firms into thinking that they will be included as part of a bid when in fact those prime contractors are only interested in fulfilling good faith efforts and have no intention of including the MBE/WBE firms. Interviewee #SD46 said, “… large firms, especially for government projects, they solicit [minority-owned firms] to put a package together, and they lead you on … saying you’re a part of the bid package, and once the job is awarded you find out you’re not a part of [the bid package].”

Interviewee #SD47, representing an African American female-owned firm, commented that a number of MBE/WBE firms, particularly new ones, have the misconception that prime contractors contact them because they are interested in working with them. She indicated that often they are only interested in fulfilling good faith efforts: “When you’re a subcontractor and you’re new to the game, you’re naïve. You get all these faxes from all these companies that want you to bid. You get silly and think, ‘Look at all these people that want to work with us.’ No, they don’t want to work with you. You’re on a list … They go into these databases, they don’t know who you are and don’t care. They want to document that they faxed you a bid invitation so they can show they outreached to a minority or woman-owned firm.”

SDTA #6, representing an Asian American trade organization, said that she does not believe that DBE goals and good faith efforts are effective and that prime contractors abuse the program. As an example, she said that several large companies have faxed her information about projects to distribute to her membership, and then considered that information to fulfill their good faith efforts.
SDTA #2, representing a Hispanic American trade organization stated, “Good faith efforts are a joke.”

Similarly, SDTA #9, representing a public works trade organization, said that there are circumstances in which prime contractors will contact his organization when they are looking for SBE- or DBE-certified subcontractors, and that the practice can sometimes be problematic as it relates to good faith efforts: “The problem with this is that those prime contractors then use their phone call as good faith efforts that are submitted on public contracts, and they really haven’t tried [to find SBE or DBE firms].” SDTA #9 indicated that there needs to be more oversight for MBE/WBE programs and good faith efforts to be effective: “[Our organization] has been getting notices on work that is not done by subs, so they are being used to get the contract but are not getting the dollars or the work committed to them. There needs to be oversight. …” However, SDTA #9 went on to say that those agencies that do not have MBE/WBE programs have poor participation among minority- and female-owned firms: “Overall, those agencies that don’t have goals or programs are struggling in their diversity numbers. If the goal isn’t supported by a public agency, their numbers are going to reflect that commitment and they will not be impressive.”

Interviewee #SD14, representing a Hispanic American male-owned firm, stated that no remedies would be effective for increasing MBE/WBE participation until mandatory goals are reinstated. Regarding good faith efforts in particular, he said, “You [have to] do away with the good faith efforts.” He believes that good faith efforts should only play a role on smaller contracts (i.e., contracts with only a few pieces), because for those contracts prime contractors might have a difficult time finding MBE/WBE firms that are available for the type of work that they require.

Interviewee #SD43, representing a Hispanic male-owned firm, indicated that in her experience many prime contractors are not genuine about fulfilling good faith efforts. Instead, she thinks that those firms just make sure that they contact enough MBE/WBE firms to fulfill good faith efforts but have no intention of actually using them. She said, “I think they’re just trying to meet the requirements most of the time.”

Interviewee #SD45, representing a Caucasian male-owned firm that is DVBE certified, stated he frequently receives bid solicitations one or two days before bids are due or for work that is outside a reasonable geographic area. Regarding such practices, Interviewee #SD45 said, “That’s the game [some prime contractors] play to meet the requirements. They say ‘We solicited them, I informed them.’”

A number of majority-owned firms indicated that they do not support DBE goals or good faith efforts, because it is too difficult to find minority- or female-owned firms who are available for or interested in the work. SDTA #7, representing a construction trade organization, stated that DBE goals and good faith efforts do not generally work, because agencies do not spend enough time carefully considering the availability of minority and female contractors. With regard to African American contractors specifically, SDTA #7 indicated that the small African American population in San Diego does not justify race-conscious goals for that group. He said, “… there is just a small black population in San Diego. What is it — five to six percent or something? So every time we get into these squabbles with city council it’s because they want 10 percent of the contracts given to blacks. Well it’s just not going to happen. They aren’t [in the construction industry].” In describing his organization’s position on DBE goals, SDTA #7 said, “… I think in general we are going to fight
situations where [agencies are] trying to disguise a quota and bring it in …” With regard to good faith efforts, he stated that they involve, “just pushing paper, everybody knows that … that’s just political cover, it always has been.”

Interviewee #SD11, representing a Caucasian male-owned firm, reported that taking the effort to fulfill good faith efforts is not problematic but getting results is difficult. He said, “We do 90 percent of our work [ourselves], so it is hard to find subs to do this type of work.” In describing his firm’s position on DBE goals and good faith efforts, Interviewee #SD11 said, “If the DBE program is race neutral then I don’t have a problem.”

Interviewee #SD7, representing a Caucasian male-owned firm, described several problems with the good faith efforts process. He said that there is no indication of experience level when firms fill out MBE/WBE paperwork, so there are a number of firms that are not qualified to do the necessary work. He also complained that many of the minority- and female-owned firms that he solicits for bids are not receptive to his solicitations — they will say “Quit bugging me” or some will not even know why he is soliciting them to bid on a project. Interviewee #SD7 indicated that the process can be frustrating: “It’s like beating your head against a wall.”

Interviewee #SD4, representing a Caucasian male-owned firm, reported that the number of usable bids that he receives from soliciting MBE/WBE firms for bids is very low, making it difficult to fulfill good faith efforts. He estimated that of the MBE/WBE firms that he solicits for bids, only 15 percent will typically respond, 35 percent of which will be out of business by the time he follows up with them.

Interviewee #SD21, representing a Caucasian male-owned firm, stated that blanket, one-size-fits-all goals are not very effective, because different industries have different availability rates of MBE/WBE firms. He said that DBE goals should be tailored to fit different sectors of construction work based on the number of DBEs available to do work within each sector (e.g., higher percentage goals should apply to those sectors with a larger number of available DBEs). With regard to the difficulty of fulfilling good faith efforts, Interviewee #SD21 said, “It is easier to meet or exceed a [DBE] goal than it is to meet or exceed the requirements of documentation and solicitation of good faith efforts.”

Interviewee #SD11, representing a Caucasian male-owned firm, reported that their disapproval of DBE programs stems from public agencies only being concerned with MBE/WBE participation numbers: “… if you didn’t use the DBE guy, [public agencies throw] your bid out because you were supposed to use them. The public agency is only looking for numbers, they never policed the program. …” He went on to say that it is very difficult to find MBE and WBE firms in his firm’s industry that are certified and are capable of completing the work that his firm requires.

Interviewee #SD41, representing a Caucasian male-owned firm, said that his firm has experience little success in finding MBE/WBE firms to participate on contracts: “Our success in finding DBEs has been absolutely terrible. They don’t exist or they can’t bid the scope of work. No one will turn a bid in. It is really hard to find [MBE/WBE firms]!”

Some majority-owned firms indicated that they do not support DBE goals or good faith efforts, because the process is too costly or time consuming. Interviewee #SD7, representing a Caucasian male-owned firm, reported that DBE programs require much more than good faith efforts. He said that if his firm receives interest from an MBE or WBE firm, then they have to “hold their hand”
through the process, which can be quite costly and time consuming. The process includes: copying the plans and specifications for the MBE/WBE firm, walking the firm through the plans, and ensuring that the firm has all the addendums to the project. He went on to say that “99.9 percent of the time,” the MBE/WBE firm does not even bid on the project, so his firm might as well “take that cost and flush it down the toilet.”

Interviewee #SD6, representing a Caucasian male-owned firm, reported that his firm spends an average of $200,000 per year to fulfill good faith efforts (including Disadvantaged Veterans Business Enterprise goals). He said that his firm spends anywhere between $5,000 and $10,000 on good faith efforts for each job on which they bid, and they win perhaps one out of every 15 of those jobs. Interviewee #SD6 referred to good faith efforts as an “abomination of cost.”

Interviewee #SD24, representing a Caucasian male-owned firm, indicated that DBE goals and good faith efforts are a frustrating aspect of competing for public sector work: “It’s frustrating when [DBE goals and good faith efforts] make the process longer and more expensive. Public work is already more expensive [than private work]. When you add another layer … that can be a frustration, particularly if some agencies have some fairly onerous requirements.” He added, “Obviously the fewer requirements there are, the easier it is for us. …”

Interviewee #SD41, representing a Caucasian male-owned firm, said that DBE Programs are ineffective: “[The DBE program] is not working. I don’t see the benefit. There has to be a better way.” He continued, “[The DBE program] makes it tougher to do business. I am a firm believer that if you work hard and are honest, you are going to do well in life. I am not out to give anyone help for no reason. The not working for it I have a problem with. If you are a hard worker you will be profitable.”

Two majority-owned firms reported having their bids thrown out, because of reasons related to DBE goals and good faith efforts. Interviewee #SD3, representing a Caucasian male-owned firm, stated that his firm bid on a project in which they failed to meet the 15 percent DBE goal but fulfilled their good faith efforts. Nonetheless, the awarding agency tried to throw out their bid. Interviewee #SD3 reported that his firm had to hire a $300 per hour attorney to fight the decision (which they ultimately won).

Interviewee #SD4, representing a Caucasian male-owned firm, reported that his firm bid on a project on which there was an addendum that extended the bid deadline by one week. Although his firm advertised for MBE/WBE subcontractors for the first three weeks, they did not advertise during the final week. The awarding agency found that the firm did not fulfill their good faith efforts, and their bid was thrown out. Interviewee #SD4’s firm contested the decision but were unsuccessful.

Some interviewees indicated that they support DBE goals and good faith efforts. Interviewee #SD20, representing an Asian American male-owned firm, indicated that DBE goals and good faith efforts are beneficial to minority- and female-owned firms: “Those [measures] are really helpful.”

Interviewee #SD27, representing a Caucasian male-owned firm, indicated that his firm supports DBE goals and good faith efforts. He said that if society has operated in a way that has disadvantaged certain minority groups, then it should take steps to try and right those wrongs. However, Interviewee #SD27 went on to say that he can appreciate the fact that there are some people who believe that giving preferential treatment to minorities and women is unfair.
Interviewee #SD28, representing a Caucasian female-owned firm, reported that good faith efforts help DBE firms be considered for contract opportunities: “I really think [good faith efforts] help a lot of companies get their foot in the door and … to compete with [larger firms].” She went on to say that a number of prime contractors would not have used her firm if not for DBE goals, and now the firm has strong, working relationships with a number of prime contractors.

Interviewee #SD40, representing a Caucasian male-owned firm, indicated that he supports DBE programs and does not think that they should be eliminated, particularly the Airport’s program: “Don’t remove the program. I think the Airport has taken a lot of time to see what fits the community.” Interviewee #SD40 went on to note that his firm implements internal MBE/WBE participation goals. However, Interviewee #SD40 said that he does not believe that mandatory set-asides are fair: “I personally don’t believe in [race- or gender-based set asides]. I think you need the best qualified firms to do the work. I have a hard time ethically saying that a certain amount of work should be set aside for a certain type of firm. Let’s get the best firms to do the work.”

SDTA #6, representing an Asian American trade organization, indicated the DBE goals are helpful to minority- and female-owned firms. She said, “If you … are not as conscientious as the Airport then [race- and gender-based] targets are important.”

SDTA #1, representing a local chamber of commerce, stated that his organization supports DBE goals and good faith efforts, because they give agencies concrete targets. He referred to them as “good policy.”

SDTA #3, representing a local chamber of commerce, said that her organization also supports DBE goals and good faith efforts. She said that they encourage a strong work force, and they encourage people to “get in there and start.”

SDTA #13, a retired official from a local public agency, indicated that DBE goals are useful, because they provide agencies information about which remedies have been effective and which have not. She also said that the goals provide an opportunity for minority and female-owned firms to interact directly with prime contractors.

Interviewee #SD35, representing an Asian American male-owned firm, reported that DBE goals have been very beneficial to his firm, especially before Proposition 209: “Because we were DBE and federally-funded contracts needed minority participation, they would call us to bid.”

Interviewee #SD37, representing a Caucasian male-owned firm, indicated that he does not oppose good faith efforts and does not consider goals to be a problem: “I think any required percentage they want to set for MBE/WBE is fine. Otherwise, the big contractors would take over and there would be no work left for the small contractors.”

Double standards in performance

A few interviewees reported that prime contractors and agencies hold MBE/WBE firms to an unfair standard of performance. Interviewee #SD20, representing an Asian American male-owned firm, said that he has often heard from other firms that when something goes wrong on a project, the scrutiny is much worse for minority- and female-owned firms than it is for majority-owned firms. Regarding those accounts, he said, “I see some truth in it.”
Interviewee #SD28, representing a Caucasian female-owned firm, indicated that small firms (including MBE/WBE firms) are held to more stringent standards than larger, more-established firms. She said that double standards were especially a problem for her firm when it was just starting: “In the beginning, I really felt like we had to go the extra mile to prove ourselves, because [prime contractors] didn’t think we could do the job. I don’t feel it as much anymore — maybe it’s because we’re proving ourselves. …”

Interviewee #SD2, representing a Caucasian female-owned firm, reported that WBE firms have to complete projects better and faster than majority-owned firms in order to receive the same recognition.

Interviewee #SD34, representing a Caucasian male-owned firm, said that MBE/WBE firms “… need to do double the amount of work [and] get it done the first time [without] being given a second chance” in order to receive the same amount of recognition as majority-owned firms.

Similarly, Interviewee #SD29, representing an African American male-owned firm, reported that DBE firms have to work “twice as hard” as majority-owned firms to win the same number of contracts and to receive the same recognition. He went on to say that DBE firms also have to have lower prices than majority-owned firms to remain competitive.

Interviewee #SD30, representing an African American male-owned firm, said that smaller firms are held to different standards than larger firms, but he indicated that the practice is to be expected: “If you’re a small or minority firm … [prime contractors] would probably would watch you a little more carefully or inspect your work a little more closely just because it’s their first time dealing with you.”

Related to those comments, Interviewee #SD31, representing a Caucasian male-owned firm, said that although small, MBE/WBE firms are not held to different standards than large, majority-owned firms, initially MBE/WBE firms might have to answer more questions about their competence and their ability to do the work.

Interviewee #SD43, representing a Hispanic male-owned firm, indicated that double standards exist in the construction industry such that small firms (including MBE/WBEs) have to accomplish more to receive the same amount of recognition as majority-owned firms: “[Small firms] just [can] expect to do more or to go way beyond in order to be able to get the job with the same client again.”

SDTA #1, representing a local chamber of commerce, indicated that although he does not have any direct knowledge about prime contractors and agencies holding MBE/WBE firms to different standards than majority-owned firms, he said, “I don’t doubt that it happens …”

Unfair contract denials

Several interviewees reported having knowledge of unfair contract denials as a result of race, ethnicity, or gender. SDTA #10, representing a supplier trade organization, stated he was aware of a situation in which a minority-owned firm initially won a contract, but that the awarding entity terminated the contract when it found out that the firm was minority-owned. SDTA #10 said, “Prime contractors can say they tried to work with an MBE, [but] too often they are unfairly treated and dismissed.”
Similarly, Interviewee #SD20, representing an Asian American male-owned firm, said that he suspects that unfair contract denials occur, but that the discrimination is too subtle to be perceived: “All [prime contractors] have to do is find some reason [to deny a contract].”

SDTA #13, a retired official from a local public agency, indicated that unfair contract denials occur as a result of discrimination on the part of prime contractors, but that it would be difficult for anyone to prove: “… when you look at the contractors, the prime contractors, no one is going to admit that they excluded a person because of their color or gender. It is going to be very hard to prove that discrimination has occurred.”

Some interviewees reported having no knowledge of unfair contract denials as a result of race, ethnicity, or gender. Interviewee #SD2, representing a Caucasian female-owned firm, and Interviewee #SD21, representing a Caucasian male-owned firm, both reported having no knowledge of unfair contract denials.

Recommendations related to good faith efforts

A few interviewees recommended that public agencies do a better job of enforcing MBE/WBE utilization. Interviewee #SD10, representing an African American male-owned firm, stated that public agencies should make prime contractors prove that they are utilizing MBE/WBE subcontractors that they list during the bidding process: “Every public sector job should be audited during and after construction. If you use an MBE — prove it! This should be done during and after the contract.”

Interviewee #SD16, representing an African American male-owned firm, expressed a similar sentiment: “A challenge to the certification program is to ensure that if the prime uses the certified sub on a bid that they use them on the job. Public agencies should continue reporting and further their checks and balances of programs.”

Similarly, SDTA #5, representing a government advisory commission on minority issues, indicated that more information about which firms receive awards would improve DBE/ACDBE programs: “I want to know what the history and who is doing the work. How do you know you are winning the game if you don’t know the score?”

C. Caltrans anecdotes regarding perceived general barriers to participation in the public and private sectors

The following anecdotes regarding perceived general barriers to participation in the public and private sectors were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

Good ol’ boy network

1. Obstacle to pursuing or obtaining business

A substantial barrier reported by interviewees, both DBE and non-DBE, in obtaining work in the public and private sectors was the perceived inability to “break into the market” due to the pre-existing relationships among prime and subcontractors. In this respect, most interviewees
reported the existence of a “good ol’ boy network” in the California Transportation industry. Many interviewees viewed this as an obstacle to the pursuing or obtaining work. (CT Interviewees #6, #7, #8, #10, #29, #31, #32, #33, #39, #44, #51, #65, #66, #79, CATA #1, #2, #3). These interviewees expressed feeling closed out of opportunities because certain prime contractors use subcontractors within their own network and, therefore, do not solicit or accept bids from others. Others either did not believe there was a good ol’ boy network or did not see it as an obstacle to receiving work (CT Interviewees #1, #34, #45, #46, #48, #50, #73). Some interviewees thought the good ol’ boy network was more prevalent in the private than the public sector, others thought it occurred in both sectors.

Interviewees reported they are “quite often” (Interviewee #CT6), “frequently” (Interviewee #CT8), “quite a bit” (Interviewee #CT10) and “a lot of times” (Interviewee #CT51) shut out of a job because the prime contractor already has a preferred subcontractor. Interviewee #CT17, a white male-owned firm, stated that because of a “good old boys club” the same group of firms gets all of the Caltrans work in his area. Interviewee #CT40, a white male-owned firm, stated that the company is in the “good ol’ boy network” because the company “has been around forever.” Interviewee #CT51, a Hispanic male-owned firm, could not say or know whether he was shut out because he was not the prime contractor’s buddy or because of any prejudice or discrimination.

Interviewee #CT7, a white female-owned business, reported that she never received an RFP from certain cities. She stated it was not necessarily because they are a DBE firm, but because they are not “in the good old boy system.” She stated that it is hard to maintain relationships with project managers at large prime contractors (in order to get what DBE or small business work is available) because these people often move from one firm to another and those firms already have particular subs in their own network that they use.

A white female-owned professional services provider in the construction management field testified at a public hearing in Los Angeles that “There’s still very much an old boy network, I’m sorry to say. And if you’re not an old boy, you’re not in that network.” According to this DBE, “there’s a lot of information that you don’t get.” At the “golf course meetings, the information . . . flows.” She believes the DBE Program “allows us to have an equal playing field.” (P.H. Los Angeles, 3/29/07).

Interviewee #CT13, a Pakistani male-owned firm, found it “very difficult to break in” and get work from prime contractors on Caltrans projects, mainly because the prime contractors always use the same subs and “don’t see any reason of cultivating relationships [with and] providing jobs to new DBE firms when they got nothing to gain financially in doing that.” CATA #10, an Asian American trade association, stated that some of the small firms have a good relationship with some larger firms and in that case the larger firms will use those small firms no matter what. Without goals, he believes, primes will use the firms with whom they have the best relationship or who they think will give them the lowest cost.

According to CATA #11, a minority trade association, the primes working for Caltrans have been working for Caltrans for many years. Most of them have bought all their equipment and their own plants. If they need a supplier or a subcontractor they use the same one they have always used so “they don’t have to think or worry or try something new.” CATA #1, an Asian American trade association, said that it is difficult to get on a Caltrans job as a subcontractor, because you have to know the primes and it takes years to build these relationships. He also said that generally primes already have their teams formed and are not looking for new and different DBE firms.
An African American DBE trucking company who testified at a public hearing in San Diego would like Caltrans to encourage primes to use different DBEs. Caltrans should tell them to “use so many of these guys, just don’t put us with all your friends. Because it’s a network system out there, and if you’re not a part of that network system, you’re not going to get it.” (P.H. San Diego, 3/22/07).

An African American DBE consulting firm testified at a public hearing in San Diego that the “number one thing” that “puts DBEs at a disadvantage is access to decision makers.” The project engineers tell the large prime contractors about opportunities early on “maybe they go out to drinks every once in a while … or see each other on the golf course.” (P.H. San Diego, 3/22/07).

A representative of BRIDGE, a Native American organization, testified at a public hearing in San Diego that “As for barriers that I can see for Native American companies … for all disadvantaged companies is to be able to work with the prime contractor for them to really take you serious. Because they have a good ol’ boy system, and it doesn’t matter if it’s a white company, a white woman company, it’s still there. And unless you can have a connection with the prime, it’s hard to get that work.” (P.H. San Diego, 3/22/07).

Interviewee #CT11, a Native American male-owned firm, is familiar with the “good ol’ boy” network, but perceives that it is more of an issue with smaller agencies, e.g., the cities, than Caltrans. These smaller agencies say that it has to do with which companies they are comfortable working. Caltrans is “fairly good about being very stringent in their standards.”

A DBE commercial roofing contractor, stated: “We have BEEN treated fairly by most prime contractors we currently have business contact with. (Written testimony submitted 3/27/07).

A woman business owner stated, “Attending pre-bid meetings tends to be fruitless. The primes appear to know the firms they will work with before the meetings begin. Their attendance appears to meet a pre-bid requirement only.” She stated she was told by a business counselor, and “it is my perception and his too, that it doesn’t make sense to call oneself disadvantaged. It is tantamount to calling myself a loser before I even make it out of the gate.” (Written testimony submitted 4/15/07).

2. DBE prime contractors prefer to use DBE subcontractors

Some DBE firms explained that they were more likely to use their DBE friends as subcontractors on their projects. CATA #11, a minority trade association, reports that his DBE members tend to use DBE subcontractors. “People tend to use people that they are comfortable with.” “A DBE contractor would tend to gravitate toward the DBE contractor … they talk the same language, they understand each other’s philosophy.” Very rarely, he said, would a DBE subcontract to a majority-owned contractor.

A white female-owned professional services provider in the construction management field testified at the Los Angeles public hearing and reported “we make every effort to include colleagues or small businesses. And we make an effort to make sure they have work on our team because we know what that’s like.” (P.H. Los Angeles, 3/29/07).

Interviewee #CT69, a white male-owned trucking company, stated that there is a network of Hispanic business owners that pass the work to each other. The dispatchers are Hispanic and
therefore more likely to call the Hispanic truckers. As a white male, he feels it has been more difficult to get work because of this network.

CATA #2, an African American trade association, indicated that neither he nor his association’s members had experience soliciting bids from or utilizing DBEs on Caltrans projects because, he said, they are “almost always” subcontractors on work for Caltrans. He stated that for work for other agencies, the Association’s members almost always use other DBE firms as subcontractors (or whoever has the expertise if there is no goal). He also stated that in the private sector his company and other of the association’s members try to use other DBE firms if they can but also use non-DBE firms in situations where other DBE firms are unavailable to do the work. He gave as an example his company’s using non-DBE firms to haul its products because there are no DBE firms that own trucks to haul the products. According to CATA #2, people like to work with people that look like them or with whom they are comfortable. The association’s members subcontract work to other DBE or “non-majority” firms, and the association encourages small firms to team and work together because it gives them more financial and equipment strength and thus allows them to land bigger contracts.

3. Natural and unavoidable

Some interviewees feel that selecting business partners based on relationships was natural and unavoidable. Interviewee #CT79, an African American male-owned firm, stated that networks are a fact of life and that people will always want to work with the people with whom they have built relationships. Interviewee #CT66, a white male-owned firm, said that it “occasionally” happens that he is closed out of an opportunity to work because there is a good ol’ boy network in place, but said that “it . . . works both ways too” and he sometime receives work because of a relationship.

Interviewee #CT46, an Asian American male-owned firm, said that “every contractor has . . . the people that they’re comfortable working with.” He did not feel that prime contractors chose not to use certain subcontractors because those subcontractors were DBEs but rather because the prime contractor went with someone “in the comfort zone of . . . their own personnel.” CATA #7, a Filipino trade association, stated that firms prefer to work with companies with which they have worked in the past, but that once you establish a relationship with the firm, you get more work. He did not believe the network is race-based, but rather relationship based.

Interviewee #CT45, white male-owned firm, stated that “other than mandatory pre-bids,” he did not see a good ol’ boy network: “All you have to do is be low bidder and have a bid bond.” CATA #2, an African American trade association, stated that the association’s members were often closed out of opportunities to work as subcontractors because prime contractors use someone within their own network. He stated that it is understandable that a company would want to use a firm that it has used before and knows can do good work. The problem, said CATA #2, is that prime contractors’ past experiences are almost always with white male-owned firms. The DBE program gives DBE firms a chance to “get into the arena” and show their skills to and develop relationships with prime contractors.

Interviewee #CT1, a Native American male-owned firm, is familiar with the good ol’ boy network but does not believe it affects his ability to obtain or engage in business. When a prime contractor contacts a subcontractor about a Caltrans job, he assumes “that they have some kind of history with a subcontractor.”
Bid shopping

Many interviewees reported that they had experienced bid shopping by prime contractors. Interviewee #CT1, a Native American male-owned firm, said he does have a lot of pressure to lower his prices. He said that with the first subcontract he did for Caltrans, the prime contractor “basically said here are the prices, take it or leave it.”

Interviewee #CT8, a Hispanic male-owned firm, indicated that bid shopping is something that “happens frequently,” usually after prime contractors are awarded a contract. Interviewee #CT16, a white male-owned firm, stated the company had experiences with bid shopping by prime contractors after a contract had been awarded, but that these experiences had been in other states (in California, Caltrans purchases the product directly from the company).

Interviewee #CT33, a Hispanic female-owned firm, stated that bid shopping was something that “happens a lot,” that the company “get[s] cut down sometimes[,]” and that this often happens without the company even being asked. She said that this cutting down usually happens after the prime contractor is awarded the contract or during negotiations. Interviewee #CT33 also said that there were times when she had “called their bluff” and had the primes tell her they were going to use someone else, only to come back months later saying that they wanted to use her company after all.

Interviewee #CT34, a white male-owned firm, had no experience with or knowledge of bid shopping. He attributed the lack of bid shopping to the way that services are contracted out in his Caltrans district, saying that typically selections are made on the basis of qualifications and that the actual bid is not prepared until after the firm has already been selected.

Interviewee #CT49, an African American male-owned firm, said that bid shopping was something that happens, “frequently” particularly on larger jobs and for Caltrans. He also said that because of the practice or threat of bid shopping, firms bidding as subcontractors on larger jobs sometimes are forced to submit bids that are higher than they otherwise would be, since these subs can expect to be bid-shopped by the prime.

Interviewee #CT81, a Hispanic male-owned firm, feels primes do shop DBE bids around to their construction buddies because there’s no way that a big company could undercut his bid without knowing what it was. However, he doesn’t feel that DBE bids are being shopped around because of the DBE’s race, but rather because the primes get used to working with the same people. The large contractor gets used to working with a large electrical company, and they want to keep it that way. He is not being passed over for jobs because of his race, but it is just hard to break into these personal relationships companies have built with each other.

CATA #1, an Asian American trade association, stated that he had heard about bid shopping from the association’s members but had no personal experience with it. He said that the association had been talking with Caltrans about bid-shopping as well, and that Caltrans had taken a strong stance and made “good progress” in this area. CATA #2, an African American trade association, said that though he had never been bid-shopped, a lot of the association’s members had, especially on construction contracts and usually after the prime is awarded the contract (when the primes also try to substitute their subcontractors and tell Caltrans that the sub originally listed did not want to do the work). CATA #2 said that bid shopping, though it still happens, was a bigger problem in the 1990s than it is today (namely because Caltrans had stopped allowing a 10-day turnaround or review
period after awarding its contracts to primes) and was something that the association had addressed with Caltrans through discussions on the Small Business Council.

A Hispanic female-owned consulting firm explained, at a public hearing in Los Angeles, that contractors sometimes bid shop out the DBEs number to “to their own subsidiary companies to bid against DBEs” so that they can “justifiably deny participation” based on price. (P.H. Los Angeles, 4/4/07).

**Bid manipulation/different bid criteria**

**Very few interviewees reported they had experienced bid manipulation.** Some interviewees had heard of the practice but had no personal experience. Interviewee #CT33, a Hispanic female-owned firm, described a situation where her company submitted two RFPs on a job (she did not know if Caltrans funding was involved), one for urban design and streetscape. She feels that her company had the best chance of getting the streetscape job, since it had won the previous streetscape job four years earlier. But, according to Interviewee #CT33, the two proposals were combined after they had been submitted separately, and the company did not get the streetscape job. Interviewee #CT33 said that had she known the two proposals would be combined, she would have pursued a different strategy.

Interviewee #CT46, an Asian American male-owned firm, relayed an experience where his company bid as a prime but then lost the bid and was given as the reason that the company had not correctly satisfied the job’s DBE requirement. Interviewee #CT46 stated that this job was then re-bid, but he did not know whether or not the awarding of the job to his firm was protested only so that the job could be re-bid. Interviewee #CT46 did say that it was a common practice for agencies and districts to re-bid their jobs “multiple times just to get the price down.” He did not think that this re-bidding had anything to do with “the minority status or requirements[,]” but that it is “just their technique.” He also stated that he had “[n]o proof on it [this practice of re-bidding,]” but did feel “that’s what they do all the time.”

Interviewee #CT65, a white male-owned firm, has knowledge of bid manipulation and kickbacks, especially on Caltrans work where brokers and truckers have been involved.

CATA #1, an Asian American trade association, said that bid manipulation was not so much a problem compared to prime contractors wanting to substitute their subcontractors after being awarded a contract. CATA #1 said that the association had addressed this issue with Caltrans for the past decade, and that though Caltrans had made efforts and “some progress” to mitigate this problem, there is “still a long way to go.”

A small African American owned construction company located in Chula Vista testified at a public hearing in San Diego, that two years ago he attempted get a contract on the South Bay toll road. The DBE requirement was in the double digits. Over the holiday, he put a team together, which included the required number of DBEs, and prepared the bid. When the solicitation came out the requirements had changed. He had to put a whole new team together. The company was not ultimately selected. He stated that the bid was not opened like it normally is but rather, he had to inquire as to whether he got the job. “After being treated the way we were treated in the bid, after them knowing that we were going to be bidding on it and then changing the specifications, and the specifications were changed to that extent that … it was very difficult.” (P.H. San Diego, 3/22/07).
DBE Fronts

Only a few interviewees reported direct knowledge of “fronts.” Most interviewees reported no knowledge of “fronts.” Some of these interviewees stated that while they had no direct knowledge, they suspected that they occurred. CATA #7 believes it is hard to monitor in the consulting realm since the president does not need to be the architect or engineer. Companies can put up a minority president who has very little control.

Interviewee #CT75, a white male-owned firm, has seen WBE and MBE shams. Some so-called “women” owned businesses are in fact fully operated by the husband or two friends decide to put the business in her name and file for certification with the understanding that the female friend will take no part in the business. Another example is where two individuals join in an informal partnership in which the minority will file for certification and the white man will be the actual person in charge. According to Interviewee #CT75, everyone knows this sort of thing happens, and that it happens a lot.

Some viewed fronts as undermining the DBE program. Interviewee #CT29, a Hispanic male-owned firm, said that fronts injure the DBE Program. And that because of fronts prime contractors may question whether he is also a “sham.” He stated that in California, the “responsible managing employee” designation allows this to happen because it allows companies to use other companies’ licenses to bid on work.

Some interviewees thought Caltrans did an adequate job policing for fronts and saw the existence of fronts declining. Interviewee #CT51, a Hispanic male-owned firm, stated that there were “a lot” of DBE fronts at the beginning of Caltrans’ DBE Program and certification process, but that Caltrans had done a “very good job of investigating those people” and now does a better job of policing DBE fronts.

CATA #1, an Asian American trade association, encountered fronts “quite a bit” in the past, especially in the construction field. He gave an example of concrete mixture firms that would set up DBE firms to get their subcontracts and that would use these DBE subs as brokers to get supplies. He thought that the government had cracked down “quite strongly” on DBE fronts, but he said that they still surface. CATA #2, an African American trade association, said DBE fronts were more common in the 1990s than today, and thought the practice had gone more underground since then (in part because some people in San Diego went to jail over this).

Interviewee #CT75, white male-owned firm, does not believe that Caltrans, or any state agency, can prevent sham DBEs. He stated that the state has no formal mechanism by which they can verify that the individual requesting certification will be an active leader of the company. However, Interviewee #CT75 believes that it the end it does not matter since the only time DBE status is going to help is when the bids are close, which is not often. Interviewee #CT75 doesn’t think there is any formal reporting mechanism for DBE shams and questioned whether they were even against the law. Interviewee #CT76 does not believe fronts have been a problem in the last five years, and since the suspension of the goals he says there is no real money in the schemes.

Many interviewees reported that female fronts are more common than minority fronts and that these fronts most often occur in the context of an owner putting the business in his wife’s name. Interviewee #CT6, a white female-owned firm, said that he knew of DBE ‘fronts’ (several of
them large companies) where wives were given 51 percent or more ownership of a company that their husbands actually owned and ran. Interviewee #CT31, an African American female-owned firm, said it is not at all uncommon to go to meetings with WBEs and “never see the woman.” Interviewee #CT33, a Hispanic female-owned firm, knew of “a couple of women owned businesses where the woman is not really involved.”

**Some interviewees had knowledge of minority fronts.** Interviewee #CT69, a white male-owned firm, reported that non-certified companies will take racial minority employees, help them start their own company, and get them certified. The newly certified DBE will use the non-certified company’s equipment, manpower, etc., and in return the non-certified company gets to bid jobs as a DBE. The two companies split the money. He says minority status automatically gets you more money. CATA #3, a Hispanic trade association, said “I think they’re around . . . .” He said some DBE fronts eventually become legitimate, meaning, for example, that the person who nominally runs a business actually learns it. “We wonder sometimes about certain ones, but it’s hard to know. It’s really up to the agencies to do their homework.”

An African American male-owned small printing business stated, at a public hearing in Los Angeles, “if you go back 15 years ago … most of the small business in this country … were managed, owned, operated by men. If you fast-forward … today those businesses are run by women … in most cases … women are the wives of the men that ran them before.” (P.H. Los Angeles, 4/4/07).

**False DBE reporting**

Very few interviewees reported they had experienced or heard of false DBE reporting by prime contractors. Very few interviewees reported any knowledge of this practice. Interviewee #CT40, a white male-owned firm, thought it would be difficult to get away with false reporting on a public works contract. Interviewee #CT33, a Hispanic female-owned firm, had no knowledge of false reported stating “[y]ou don’t question that.”

CATA #10, an Asian American trade association, stated his firm has been named as a subcontractor on a contract but after the prime is awarded the contract they do not hear anything. That happened pre-Caltrans race-neutral program.

**Good faith efforts**

Many DBEs report that prime contractors sometimes do not actually engage in genuine “good faith efforts” to utilize DBEs. Interviewee #CT8, a Hispanic male-owned firm, stated that prime firms often falsify their good faith efforts to utilize DBE firms: “The people who are seeking out the DBEs generally could care less about a DBE.” According to Interviewee #CT8, “the DBE program is a good program, but I think a lot of people bypass it just simply [by] doing their good faith effort and things of that nature and really don’t take much interest in the DBEs themselves … the good faith effort is what it’s all about, instead of actually using a DBE.”

According to Interviewee #CT8, “basically all they do is meet their good faith efforts and never have any intentions of using us.” He estimated that his company winds up working on only about 25 percent of the Caltrans jobs for which it is contacted to submit a bid. For bids for which the company is solicited on work for other public entities, Interviewee #CT8 estimated that the percentage was even lower and stated that his company did not “get as many of” these jobs as they
did the ones for Caltrans work. Further, noted Interviewee #CT8, the company is usually trying to meet a DVBE goal as opposed to a MBE or WBE goal, and that the amount of work that the company subcontracts out varies but typically is between anywhere from 5 percent to 25 percent of the total contract amount.

Interviewee #CT67, a white female-owned firm, had not heard of prime contractors falsifying their good faith efforts to utilize DBEs, but she questioned the sincerity of many firms when undertaking these efforts and whether they in fact are made in good faith. Similarly, Interviewee #CT75, a white male-owned business, had no personal knowledge of primes falsifying their good faith efforts, but he sometimes hears about it happening.

According to CATA #1, an Asian American trade association, prime contractors do not “falsify” their good faith efforts to use DBE firms, but they undertake these efforts in a rather “strategic manner” and use good faith efforts as a loophole to get around using DBEs. For example, said CATA #1, prime contractors will sometimes put out a request for solicitations and give firms only 24 hours to respond. He mentioned another instance (on a water project in San Diego in winter 2006) where his firm submitted a bid to a prime but never heard back. He said that two or three months later his firm got an email from the agency saying that the prime could not certify his firm as a DBE.

A small African American owned construction company testified at a public hearing in San Diego and stated “I think that a lot of prime contractors are disingenuous when it comes to really being forthright and really soliciting participation from these companies … you do have contractors that do make a good faith effort … I know with Caltrans, San Diego, they have this annual event where they recognize contractors that have done an exceptional job, so there are those that do. But my feeling is that probably the vast majority of large prime contractors do not make a good faith effort.” He noted that there are “a ton of resources” designed to help prime contractors locate qualified DBEs. He listed Caltrans website, “lots of associations, the Black Contractor Association, the National Multi-Cultural Association, women in construction associations.” Prime contractors should utilize these sources as part of their good faith. “Why as a small business can I do it and a lot of the large primes contractors seem not to be able to?” (P.H. San Diego, 3/22/07).

A DBE consulting firm testified at a public hearing in San Diego, “We used to call good faith efforts ‘good fake efforts’ because all you have to do is program the numbers into the fax machine, hit, you know, fax blast.” He recalls a project at the Oakland Airport where the prime had an “incentivized contract to include small and local businesses.” The way the contract was structured if the prime did not use these businesses it was penalized, the more it used the more it earned. “They hired local consultants; they went out and talked to the people, because the last thing they wanted was to lose money.” A representative from a minority trade association, who testified at a public hearing in Sacramento agreed: “I believe that there needs to be some specific compliance, or if you will, chief or incentive penalties or financial incentives to get them engaged in the process of working with small business contractors.” (P.H. San Diego, 3/22/07).

A Hispanic female-owned consulting firm testified at a public hearing in Los Angeles that “lack of consistent and proper review of good faith efforts, pre and post-award” is a barrier. “While many agencies have instituted a proactive review of good faith efforts, some agencies only review the good faith effort requirements if there is a complaint filed.” (P.H. Los Angeles, 4/4/07).
A DBE and 8A company submitting written testimony stated they have received hundreds of phone calls regarding an invitation to bid over the past few years within one to two days of a bid deadline, which has made it impossible to bid. (Written testimony submitted 3/26/07).

A certified DBE, submitting written testimony, stated that when the race-conscious goals were in effect, “Many prime consultants/contractors considered good-faith outreach requirements and DBE participation goals as a ‘burden and a nuisance’ and devised creative ways to circumvent those requirements.” (Written testimony submitted 4/12/07).

Some DBEs believed prime contractors were falsifying their good faith efforts because they were contacted for work outside their specialty or at the last minute. A minority female-owned business testified at a public hearing in San Bernardino that the company has been solicited from prime contractors “very little” since receiving certification. “I think the two letters that I’ve received from prime contractors looking for a disadvantaged business have been something that I don’t do. It has nothing to do with me at all. They sent me a letter. So I can’t understand … why they would send me something for construction workers … to me for a security guard?” (P. H. San Bernardino, 3/20/07).

One DBE stated that primes comply with good faith efforts. Interviewee #CT34, a white male-owned firm, stated that he was not aware of any prime contractors falsifying their good faith efforts and that going through the good faith efforts requirement is “a pretty standard way of doing business here locally”, and “kind of an accepted part of the way things operate.”

Some non-DBEs expressed frustration over good faith efforts because DBEs are difficult to find and the process is costly. Interviewee #CT76, a white male-owned firm, is not personally aware of people falsifying their DBE utilization, but he stated he was sure it does happen. According to Interviewee #CT76, some of the good faith effort requirements are almost impossible to comply with, so falsifying one’s efforts is almost a necessity. CATA #2, an African American trade association, stated that most prime contractors now have staff and/or departments that handle their good faith efforts compliance.

Some noted that DBE availability was an issue. Interviewee #CT9, a white male-owned business, stated that it is “hard to give away that much work” on City contracts where the DBE goal is 25 percent, and that sometimes the company is not awarded a contract because they did not meet the DBE goal on a previous project. The interviewee stated also that when working for the City of Los Angeles, his division spends more time tracking the accounting and making sure that DBE goals are satisfied than it does actually doing the work. Interviewee #CT9 spoke specifically of a current contract where 20-30 percent of the cost is going to administration, and he called it “a waste.”

Interviewee #CT46, an Asian American male-owned business, stated that it sometimes is hard to meet DBE goals because it is difficult to find DBE firms in one’s area that do certain specialty work. According to Interviewee #CT46, many firms are unable and/or unwilling to travel a long distance just to work as a subcontractor on a project because “[l]ogistically, it’s a nightmare.”

Interviewee #CT40, a white male-owned business, noted that sometimes it’s difficult for his company to meet DBE goals because they can only use contractors that are certified by the union; there are few DBE union contractors. Elimination of DBE requirements has made it much easier for Interviewee
40’s company to enter into subcontracts. Interviewee #CT40 does not have any experience with DBE utilization in the private sector: “They don’t follow the same rules that public sector does.”

But, Interviewee #CT17, a white male-owned business, stated also that many DBE firms are “very limited” in how much they can help (because of their size), and that “it’s also difficult to get the percentages of time that they need to satisfy the State requirements” — i.e., that “getting them [the DBE subcontractors] enough time” can be “difficult at times.”

Other firms felt it was not difficult to find DBE. Interviewee #CT10, an African American male-owned business, stated that when he uses the Caltrans DBE list, that he has had no problems finding qualified DBEs or meeting DBE goals, and that his experiences utilizing and working with DBEs had been favorable. Interviewee #CT49, an African American male-owned business, said that he never had any problems finding DBEs or meeting project DBE goals.

Interviewee #CT51, a Hispanic male-owned business, said that he never encountered a DBE goal in the private sector; that, even though it was hard to find DBE firms to perform certain specialty work (he gave the example of electric welding and said that if there are DBE firms that do this work, they are probably so busy that you cannot get them to work on your contract), the company never had any problems meeting DBE goals; and that the company usually tries to subcontract out upwards of 40 percent of the work on a job. He also said that the easiest way to deal with the percentage issue is to lay out in the specifications a certain percentage of the work that must be subcontracted out.

Some felt Caltrans needed to do a better job enforcing good faith efforts. According to CATA #2, an Asian American trade association, Caltrans’ “biggest problem” is that it accepts too much good faith, which, he said, is the basis upon which upwards of 85 percent of Caltrans contracts are awarded. He said that no one polices prime contractors’ good faith efforts and that Caltrans needs to be more proactive in challenging their good faith efforts. CATA #2 stated that the Association had addressed this issue with Caltrans “all the time” and that Caltrans’ response was that it was doing all it could but lacked adequate resources. He also stated that nowadays, since the Caltrans DBE program has been suspended, prime contractors do not even use good faith efforts but instead just award contracts based on the lowest bid. He said that before primes at least gave the appearance of trying, and that “if [the DBE program] wasn’t working under [a] race-conscious system, you know it’s not working under [a] race-neutral [one].”

Some DBEs stated that there is “no way of knowing” whether a prime contractor is falsifying his or her good faith effort on a particular project. Interviewee #CT31, an African American female-owned firm, stated that when you do not get on a project team, there is no reason to pursue the matter further because no one is going to help you. According to Interviewee #CT31, it would be a waste of resources to do investigative work as to good faith efforts. Interviewee #CT49, an African American male-owned firm, stated that there is “really no way of knowing” whether prime contractors falsify their good faith efforts to utilize DBEs. Interviewee #CT51, a Hispanic male-owned firm, had no evidence but believes it happens on Caltrans projects and others. CATA #2, an African American trade association, said he had no proof that prime contractors were falsifying their good faith efforts to utilize DBEs, but that Caltrans was not verifying whether or not primes make these efforts and should do a better job of doing so.
Some DBE interviewees stated that DBEs are sometimes listed on the bid and then their work is cut or they are never used. CATA #3, a Hispanic trade association, stated that he did not know about any prime contractors falsifying their good faith efforts to utilize DBEs, but that sometimes contractors put DBE firms on a bid list just to play a minor role and thereby try to “minimize [the DBEs’] work,” and that he had heard about situations (he mentioned one particular one out of state) where prime contractors just give subcontractors a check without actually doing any work. CATA #7, a Filipino trade association, believes this is prevalent. He has also seen situations where the prime wins the project and never calls the DBE whose quote he used in the bid. Interviewee #CT29, an African American male-owned firm, believes companies do not care whether the DBEs are real or not, just that they have satisfied the requirements. As for falsifications, Interviewee #CT29 stated that he has heard of a contractor taking the certifications obtained from his good faith efforts from a prior job and inserting them into future jobs without the knowledge of the DBE.

A small DBE information technology consulting firm who testified at the Los Angeles public hearing stated: “In our experience, what has happened is that we will be invited to formally bid on a project with a prime, and then once the prime has won the work … they then will call us and cut back on our hours, saying that they have budget constraints and therefore are not able to keep … what was initially proposed.” She recalled an example: “I was on the District 59 contract that just ended. It was three years on call, and that team was successful. I was a subconsultant on that team. I never placed a single person, never got a dollar out of that contract.” (P.H. Los Angeles, 3/29/07).

A female-owned DBE blueprinting company testifying at Los Angeles public hearing stated that “there are some situations where we were invited because of our WBE and SBE status. The really sad news is some of those – in a lot of cases, we haven’t actually seen the work. They use your name and then you don’t get the work. So it would be nice if there was some enforcement … some kind of monitoring system down the line a year later.” This has happened to her five (5) times in the last year. (P.H. Los Angeles, 3/29/07).

**Recommendations related to good faith efforts**

Several interviewees recommended Caltrans track and monitor DBE utilization through final payment and provide sufficient staff and systems resources to oversee compliance (CT Interviewees #6, #8, CATA #1, #2). Caltrans should go behind good faith efforts to see that qualified and capable DBE firms were contacted and that DBEs included in the bids end up being utilized. The monitoring process should include participation by the contract manager, including reviewing substitution decisions by primes and auditing utilization goals on every contract. The monitoring process should also provide for subcontractor reporting (for example, notifying the subcontractors when payment is made to the prime or notifying the subcontract that it has been listed as a participant in a contract and allowing for response via a form).

CATA #2, an African American trade association, stated Caltrans should do a better job with contract compliance and making sure that DBE firms listed on bids are actually used for the work. According to CATA #2, Caltrans needs to do a better job of monitoring and enforcing prime contractors’ good faith efforts. CATA #1, an Asian American trade association, would like Caltrans to hold project manages and proposal reviewers more accountable for enforcing the DBE requirements. Caltrans should increase the staff in its civil rights department (in part to help firms that cannot get
on the internet to look for contracts). Caltrans should implement a program and project goals for microbusinesses.

Interviewee #CT6, a white female-owned firm, stated that Caltrans needs to re-evaluate its DBE program. Though speaking with respect to small business certification specifically, Interviewee #CT6 conveyed that more needs to be done than simply placing firms on a list, since being on a list does not necessarily mean that a firm will receive business, as reflected by the company's experience with Caltrans after receiving small business certification at the urging of a Caltrans employee.

Interviewee #CT8, a Hispanic male-owned firm, would like Caltrans to go behind the good faith efforts requirement and “make sure that if they have a DBE out there that’s willing to do the work and put out good prices for it, that they don’t get bypassed by the good faith effort.”

A representative of the Black Business Association of San Diego (an organization with 37 members) testified at a public hearing in San Diego that “we have many opportunities to bid on contracts . . . but as an end result the actual person that’s working on the job is not the minority contractor. So one of the things I would recommend or suggest is that there can be something implemented as far as language, front-end, and back-end monitoring just to confirm that the actual worker in the end is a minority contractor.” (P.H. San Diego, 3/22/07).

A representative of the Women Construction Owners and Executives testified at a public hearing in San Diego that pursuant to certain “listing laws” contractors are supposed to name all the subcontractors on the job at the time the contract is let. “Those don’t always go down as far as they need to. And it’s really a way to discriminate and eliminate and bid shop after a prime contract gets the job, with the listing law at the time of bid, and they show the amount of hours you’re going to work or the amount of work you’re going to do.” (P.H. San Diego, 3/22/07).

D. Telephone interview anecdotes regarding perceived general barriers to participation in the public and private sectors

The following anecdotes regarding perceived general barriers to participation in the public and private sectors were obtained from telephone interviews that the study team conducted in connection with BBC’s availability analysis of Southern California firms.

Several telephone interview respondents indicated that experience is necessary to be successful in the public sector. Many respondents — both majority-owned and MBE/WBE — indicated that public sector work requires a great deal of experience in the transportation contracting industry. For example, a minority-owned firm said, “You have to have plenty of knowledge and you need a great background with what people have taught you [to be successful in the public sector].”

Some telephone interview respondents indicated that public agencies award contracts to the same small group of firms. Both MBE/WBE and majority-owned firms said that there is a network of large firms that win a disproportionate amount of public sector work. For example, a minority-owned firm remarked, “[Public agencies] seem to use the same people over and over.”
A few telephone interview respondents — representing both MBE/WBE and majority-owned firms — reported that unions can make it difficult to work in the public sector. Those respondents indicated that many projects require union membership. For example, a majority-owned firm reported, “We have had to turn down contracts because the general contractor asks if we are union and we say ‘No,’ then we are turned down.”

Several MBE/WBE telephone interview respondents suggested that networking is difficult. Many of those respondents indicated that it is difficult to break into the transportation industry. For example, a WBE firm in San Diego said, “San Diego is a very small connected network of people and everybody knows each other and there is a very established community of people who have been doing the same work for many years and it’s difficult to get [into that network].”

Some majority-owned telephone interview respondents indicated that there is too much emphasis on minority- or gender-status. Those respondents indicated that there should be more emphasis on quality of work rather than on DBE status. For example, a majority-owned firm stated that often, MBE/DBE firms offer inferior products or services: “Agencies like our products and services, but the process often awards [contracts] to ‘disadvantaged’ companies. These companies either [provide] inferior products or fail to pay their bills. I believe the procurement system in place is flawed.”

XII. Experiences Working with the Consortium

A. Consortium anecdotes regarding experience working with the Consortium

The following anecdotes regarding working with the consortium were obtained from interviews that the study team conducted in connection with BBC’s 2009 Consortium study.

Consortium officials and staff

Most interviewees reported positive experiences with Consortium officials and staff. (Interviewees #2, 3, 7, 9, 10, 11, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, 36, 37, 38, 42, 44, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55, 57). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he had experience with Consortium officials and staff when he worked with SANDAG. He stated that he had a very good and positive experience.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he has had good experiences with the Consortium officials and staff.

Interviewee #7, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company, stated that he has had experience with the Consortium officials and staff in the context of advising SANDAG on alternative energy sources and not necessarily in the construction industry. He stated that this experience was “fine.”

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, reported that L.A. County MTA is rigorous in maintaining standards (e.g. pre-proposal meetings) and they know all of the rules. He stated that OCTA is a bit more informal, but he has no complaints.
Interviewee #10, a DBE-certified African American female-owned accounting firm, reported having a positive experience with Consortium officials and staff.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that the Consortium officials and staff are “really nice and very easy to work with.”

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, stated that his experience with Consortium officials and staff has been positive.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has had positive experiences with Consortium officials and staff.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, had very limited experience with Consortium officials and staff, but stated that he had no problems.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that at the level that she deals with she has had a good experience working with Consortium officials and staff.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that the Consortium officials and staff are good people, but he emphasized that other people actually influence the results or events.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he has not run into any officials from the L.A. County MTA because he has not had any L.A. County MTA projects under his license. He had a project where he worked on an MTA project on the south side. He said he is fine with the L.A. County MTA staff when he has gone down to the L.A. County MTA’s offices.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that so far he has had a positive experience working with the Consortium officials and staff.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, reported that she has had an excellent experience working with the Consortium member agencies and their officials and staff.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that the Consortium official and staff have always been nice and encouraging in her interactions with them.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has not had any problems with consortium officials or staff. He stated that for the most part, they were polite and informative.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, reported that he has had an “excellent” experience working with Consortium officials.
Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, stated that he had had an excellent experience in his interactions with Consortium officials and staff.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that Consortium officials and staff have been very courteous in their interactions with her.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, stated that he gets along with the L.A. County MTA officials and staff.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he has had an “okay” experience working with Consortium officials and staff, but noted he has not won any contracts with the Consortium.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, reported having had an excellent experience working with Consortium officials and staff.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, reported that the Consortium staff has been polite and responsive.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, stated that he has had a positive experience working with Consortium officials and staff, although sometimes they are slow to respond. He noted that they are polite and professional.

Some interviewees reported mixed or negative perceptions of Consortium officials and staff. (Interviewees #8, 12, 13, 14, 15, 18, 34, 40, 51, TA #1). Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that in his experience Consortium officials and staff are bureaucratic, “superficial,” and “only partially accurate.”

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that Consortium officials and staff are quite professional in what they do, but in many cases they are influenced by members of the agency board.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that the Consortium officials and staff are good and very professional although sometimes they are “slow.”

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that his experience with Consortium officials and staff is “all over the place … some are very good and some are horrible.” He stated that a lot of contracts extend over a period of years and they have endured staffing turnover five times in some instances.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, stated that sometimes he receives a mediocre response from Consortium staff and officials. Interviewee #15 reported that the officials are offensive when problems arise. Interviewee #15 said he often has to go over various project managers’ heads because he feels there are issues of incompetence.
Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, thinks that her interactions and the staff were superb with OCTA, good with SANDAG, but with LA County MTA some personnel she felt had issues of incompetence.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, stated that she felt the Consortium officials and staff are not approachable. She believes it is a bureaucratic system that cannot be penetrated.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that dealing with Consortium staff has at times been rather frustrating because of the limitations they would put on things.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported having had an average experience working with Consortium officials and staff.

TA #1, the President of the Latino Business Owners of America, stated that he has had experiences with Consortium officials and staff. He stated that the agencies have set forth a good, well-intentioned mandate to reach out to DBEs. The programs, however, have not been successful for most of his members. He stated that members are not motivated to participate because they do not acquire work. He also stated that he feels there are issues as to staff accountability.

Some interviewees reported having had no experience working with Consortium officials and staff. (Interviewees #1, 4, 5, 6, 29, 43, 56, 58, TA #2). TA #2, the President of the Black Contractor’s Association, stated that he has not had any experiences with Consortium officials and staff and has not heard about any such experiences by his members. He does state that the Consortium officials and staff he feels have never reached out to the Association.

Some interviewees reported that the Consortium websites are “straightforward” and “helpful.” (Interviewees #3, 4, 5, 11, 12, 13, 15, 17, 18, 21, 22, 24, 25, 27, 28, 30, 32, 36, 37, 38, 47, 48, 49, 52, 53, 54, 55, 58). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that he has found the individual websites useful.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he has used the Consortium websites. The websites are straightforward, helpful, and provide useful information.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he has looked at SANDAG’s website as recently as four months ago and reviewed the list of jobs on the site. He stated that he has not solicited any proposals from them. Interviewee #5 stated that he did find the website useful. He was looking to see the kinds of projects available in the area that his company might qualify for or to try to get involved with teams.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she likes OCTA’s website and noted the automatic bid notification feature.
Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the Consortium websites are “good.” He stated that the websites provide information about business opportunities and are “quite useful” in that regard. Some of the websites are automated and CAMM NET is “number one.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that Consortium websites are “fine.”

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, stated that OCTA’s website is good, but she has not used L.A. County MTA’s website.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, reported having no problem with the Consortium websites.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, found the Consortium websites to be user-friendly.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that the Consortium websites are generally good and that the IBAC website and contract look-aheads are good.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated that Metro’s website was productive.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he has been on at least one Consortium website and it was a pleasant experience; he was able to get what he needed.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that he found the Consortium websites easy to navigate.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she and her staff have been able to more efficiently navigate the Consortium’s websites; so far it has worked out well.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that his staff reviews the Consortium websites for upcoming RFPs. He also stated that he uses the websites from time to time.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that the Consortium websites are okay.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that the use, navigation, and content of the Consortium websites is excellent.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, does not use the Consortium websites but he believes that the information on the websites is adequate.
Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, stated that the Consortium websites have been okay when they have used them.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, reported no problems with the Consortium websites.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, stated that he has used the OCTA and the SANDAG websites and had no complaints to report.

Some interviewees had mixed perceptions on whether the Consortium websites were helpful. (Interviewees 10, 20, 31, 33, 40, 43, 45, 50, 51, TA #1). Interviewee #10, a DBE-certified African American female-owned accounting firm, stated the Consortium websites are “okay.” Interviewee #10 stated that the website does have a section showing which contracts have been awarded and to whom, but she said this is never updated. She recommended keeping this section updated and expanding it for task order work type work too.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that the Consortium websites are okay, but depend upon the agency.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated it should be easier to find the scope of work on the websites. He stated that they should have a tab with each field and with each dollar amount and qualifications and scope of work. He stated that it should be searchable.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, reported that she has had a “fair” experience working with some of the Consortium websites and noted that she had a difficult time navigating the L.A. Metro website.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, stated that he has had some difficulty locating the Consortium websites.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that his employees go on the Consortium websites every once and while. He stated that they are okay, but are not very user-friendly.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that the Consortium websites are not easy to navigate.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, indicated that he has had a relatively easy time working with the Consortium websites, but noted that sometimes they are too big to find what he is looking for.

Interviewee #51, a DBE-certified African American male owner of a construction management and contracting firm, reported that the Consortium websites are average in terms of the information available, the accessibility, and the ease of navigation.

Interviewee #54, a Caucasian male owner of a general contracting firm, did not have any complaints or issues related to the Consortium websites.
TA #1, the President of the Latino Business Owners of America, stated that the Consortium website is not helpful because it does not do any good to advertise projects that DBEs really cannot obtain.

Other interviewees reported no experience with, or comment on, the Consortium websites. (Interviewees #1, 2, 6, 7, 8, 9, 14, 16, 23, 29, 34, 42, 44, 46, 57, TA #2). Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, had never been on any of the Consortium agencies’ websites and was not aware of their existence.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that she does not visit the Consortium websites that often.

**DBE directory**

Many interviewees were not aware of a DBE directory or were not aware of how to locate it. (Interviewees #1, 2, 3, 5, 6, 7, 9, 13, 16, 18, 19, 21, 23, 26, 28, 29, 32, 34, 36, 42, 43, 44, 47, 49, 51, 52, 53, 54, 56, 57, TA #2). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, was not aware of a DBE directory but noted that he does receive calls from contractors to bid jobs. He said most of them are way outside the scope of their capability although some of the work is within their expertise.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, has no experience with the Consortium directory of DBEs and was not aware of it.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, was aware of a DBE directory for L. A. County MTA. He was not sure whether OCTA had such a directory, but he had not looked.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, was not aware of a Consortium DBE directory, but stated that she uses the City of Los Angeles’ directory.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, was not aware of a Consortium DBE directory, but did not feel that she had any need for one.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, was not aware of the DBE directory, but was sure that it exists.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, had no knowledge of a DBE directory and stated that he would not use it anyway because he would never utilize a firm just because they were a DBE.

Interviewee TA #2 stated that he is not aware of any Consortium directory of DBEs. He stated that there used to a directory of DBEs published by the Port Authority, but he has not seen one lately.
Some interviewees were aware of a DBE directory maintained by the Consortium or other public agency. (Interviewees #4, 8, 10, 11, 14, 15, 17, 20, 22, 24, 25, 27, 30, 31, 37, 38, 40, 45, 46, 48, 50, 55, 58). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, has heard that the Consortium has a directory of DBEs, but he has never looked at it.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, was aware of a directory of DBEs that was provided to him in the context of bidding on projects for the State of California. He spoke with a DBE and they told him that if he hired them it would be the first time ever. Interviewee #8 was also told by a project manager (on a non-Consortium public sector project) that he could “get around” the DBE requirement by buying stationary from the DBE.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, was familiar with both a federal and state list of DBEs.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that some Consortium members maintain lists of DBEs, but he is removed from that process.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that she thinks that the directory should be a “one stop shop.” It should be easy for the agencies and easy for prime contractors to view and select potential partners from the DBE directories.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, stated that she is aware of a Consortium directory of DBEs and she finds it helpful.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, stated that she is aware of a Consortium DBE directory, but does not use it that often.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that the L.A. County MTA’s DBE directory is good.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, has never used the DBE directory, but believes that one exists. He receives a lot of calls from the Blue Book.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that he is aware of the DBE Directory, but does not utilize it too much. He stated that he reviews it just to see who is on the lists.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, had heard of the DBE directory, but did not know where to find it.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that there was a DBE directory at one time, but she does not know the last time it was updated and she cannot locate hers.
Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, stated that the Consortium DBE directory is excellent.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that the DBE directory is pretty easy to use.

Some interviewees had issues with the DBE directory. (Interviewees #10, 12, 17, TA #1).

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that some of the Consortium agencies have a directory of DBEs, and she feels it is helpful but not up to date. Interviewee #10 tried to use the DBE directory, but some of the letters that she sent to DBEs were returned with incorrect addresses and contact information. Interviewee #10 recommended bringing the directory up to date.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that each individual member of the Consortium has a directory of DBEs, but sometimes these are outdated.

TA #1, the President of the Latino Business Owners of America, stated that the Consortium directory of DBEs is outdated and unhelpful.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, recommended that the new California centralized database be changed or revised to reflect more accurately what jobs certain companies qualify for. Interviewee #17 found that there were problems with the way in which her company was listed.

B. Caltrans anecdotes regarding the DBE directory

The following anecdotes regarding the DBE directory were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

Experience with the DBE directory

Several of the interviewees were familiar with Caltrans’ list of qualified DBEs and had experience using Caltrans’ list (Interviewee #CT1, # CT 7, # CT 9, # CT 10, # CT 17, # CT 33, # CT 34, # CT 46, # CT 49, # CT 51, and # CT 76). Interviewee #CT9, a white male-owned business, stated that he was aware of the list of DBEs that Caltrans provides and posts on its website, but that he “want[s] to hire qualified DBEs based upon personal knowledge and personal friendships . . . just as I want to hire my doctor or dentist.” Thus, Interviewee #CT9 generally tries to avoid what he calls “the yellow pages approach.” Interviewee #CT46, an Asian American male-owned business, noted that the municipalities for whom he works “get their [DBE] list from Caltrans” and “tell you to go to Caltrans’ website to . . . find DBE subs.” Interviewee #CT46 also stated that the company advertises for the majority of jobs on which it uses subcontractors, and that such advertising is in industry/trade papers and via faxes to the firms on Caltrans’ DBE list, which Interviewee #CT46 said the company uses “all the time,” and which he felt was a “very good resource.”

Interviewee #CT29, a Hispanic male-owned business, stated that he knows that Caltrans provides a directory of ready, willing, and able DBE contractors, because “I always check that to make sure I’m still on it.” Interviewee #CT33, a Latina, female-owned business, also had experience using the
Interviewee #CT34, a white male-owned business, said that the firm’s marketing business development staff has access to the listing of Caltrans-certified DBE firms and that they would “regularly consult that list if in fact [the company] were attempting to find a DBE subconsultant.” But, according to Interviewee #CT34, the company does not use the list too much because they already have “a regular network of DBE firms” that they “regularly” contract with for particular tasks. Interviewee #CT46, an Asian American male-owned business, described the Caltrans DBE list as a “very good” resource. Interviewee #CT46 said that other agencies often referred him to the Caltrans list.

Interviewee #CT49, an African American male-owned business, noted he was aware of Caltrans’ DBE list/database and said that in the past Caltrans offered (at least indirect) assistance to contractors looking to locate DBE firms but that he did not know whether this practice continues. Interviewee #CT51, a Hispanic male-owned business, also said that what resources Caltrans provides in the way of locating DBE firms are “good” and “workable,” and that “[w]hatever they can do to continuously improve is better.” Interviewee #CT76, a white male-owned business, is aware of lots of online listings of ready, willing, and able DBEs. Interviewee #CT76 thinks Caltrans also provides directories for DBEs, but he hasn’t personally used any of them.

Interviewee #CT7, a white female-owned business, thought the Caltrans DBE list “is a good list” and “isn’t a problem,” and stated that “if any of the prime firms say they have a problem finding DBEs or minority- or women-owned subs, they’re lying.” But Interviewee #CT7 suggested Caltrans should verify that firms on the DBE list are actually certified in their listed areas of specialization, noting he had seen firms that actually provide drafting services listed as engineering firms.

Several of the interviewees were not familiar with Caltrans’ list of qualified DBEs and did not have experience using Caltrans’ list. Interviewee #CT32, an Asian American female-owned business, stated also that she found out by “word of mouth” about other DBEs to whom her firm subcontracts work, and that she did not have any experience with using Caltrans’ resources for this purpose.

Interviewee #CT40, a white male-owned business, doesn’t have knowledge of how to locate qualified DBEs because they use the same companies all the time. Interviewee #CT50, a male-owned business, doesn’t know of any resources provided by Caltrans regarding how to locate qualified DBEs.

Interviewee #CT48, an Asian American male-owned business, was not aware of any resources provided by Caltrans for locating DBE firms. Interviewee #CT64, a white male-owned business, is not aware of how to locate qualified DBEs. He is not sure whether Caltrans maintains a list. Interviewee #CT67, a white, female-owned business, and Interviewee #CT68, a white male-owned business, was not familiar with any resources provided by Caltrans for locating DBE firms. Interviewee #CT75, a white male-owned business and Interviewee #CT11, an Indian, male-owned business, do not know of any listing of DBEs.
Recommendation regarding the DBE directory

Several of the interviewees had recommendations and general observations regarding Caltrans’ listings of DBEs. To find out what primes have expressed an interest in a particular RFP, Interviewee #CT29, a Hispanic male-owned business, suggests that he could call for the list of attendees at the mandatory meeting. For federal projects, the government will release names on the webpage, but he does not believe that California does this.

Interviewee #CT8, a white female-owned business, indicated that the company does not rely on the Caltrans’ DBE database, but, instead, uses a company that locates subcontractors based on the criteria that his firm gives them. Interviewee #CT72, a white male-owned business, recalls an instance when he was bidding for a project with a DBE requirement. Interviewee #CT72 went through all the Caltrans directories of DBEs, as well as other publications, but could not find any DBEs that worked in his specialized field. The lists provided by Caltrans were seriously out of date, because many of the firms Interviewee #CT72 called were no longer in business.

Interviewee #CT81, a Hispanic male-owned business, finds DBEs from whom to solicit bids through his personal contacts.

Interviewee #CT40, a white male-owned business, usually uses the lists of DBE companies and sends out a lot of requests for quotes, but it is her experience that about one third (1/3) of the companies are either out of business or have nothing to do with the actual needs for the project.

CATA #1, an Asian American trade association, said that the resources provided by Caltrans for locating DBEs were “a little on the short side” and that Caltrans needs more staff in its civil rights department. CATA #3, a Hispanic trade association, said it would be good if Caltrans would publish a directory of DBE firms like that provided by the Metropolitan Transportation Authority, which he described as a “very good” and a “good resource."

CATA #10, an Asian American trade association, believes Caltrans should list the SIC code so they can know who does what on the DBE list.

XIII. Participation in and Awareness of Race-, Ethnic-, and Gender-Neutral Programs or Measures

A. Consortium anecdotes regarding participation in and awareness of race-, ethnic-, and gender-neutral programs or measures

Outreach programs

Several interviewees had participated in or were otherwise aware of race-, ethnic-, and gender-neutral programs provided by the Consortium. (Interviewees #4, 5, 6, 9, 10, 11, 12, 13, 15, 17, 18, 20, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35, 36, 38, 39, 40, 42, 44, 45, 46, 47, 48, 50, 52, 55, TA #1). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that locally SANDAG does outreach efforts in conjunction with Caltrans to assist businesses by increasing their opportunities and skills to participate in Consortium projects. These are networking events with prime contractors. He has participated in some of these networking events. He sometimes found them helpful and sometimes not because the same prime contractors usually attend who already know you and what you can do.
Occasionally there are new firms enabling him to establish new contacts and relationships. Interviewee #4 stated that the last SANDAG event occurred last year. Interviewee #4 also recalled that he received notice this year from the Orange County Transportation Authority about a networking event but was unable to attend. Interviewee #4 suggested that these outreach efforts should continue. Interviewee #4 stated that he has not had any direct experience with programs that assist with bonding, insurance and financing, but had seen announcements from the agencies regarding such programs. He stated that he has never seen any educational or training programs or other programs on how to do business with the Consortium.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that SANDAG, CCDC (Center City Development Corporation), Port of San Diego and some other agencies had a networking event about three months ago at the Convention Center to assist businesses by increasing their opportunities and skills to participate in Consortium projects, but he was unable to attend. The purpose of the event was to meet people and help with the certification process. He also recalled a similar networking event in Los Angeles recently, but could not recall specifics. These events are advertised. Interviewee #5 is also on a mailing list with the CCDC so his company receives information about RFPs, jobs, training seminars, certification process, etc. through the CCDC.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, recalled receiving information about outreach efforts by the Consortium to assist businesses by increasing their opportunities and skills to participate in Consortium projects many years ago, but did not recall anything about the program.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that the L.A. County MTA offers outreach programs. He stated that 20 years ago they had a program to assist DBEs with accounting. He did not know whether they still had such a program, but stated that it was very helpful. Interviewee #9 was not aware of programs to assist with bonding, insurance, or financing. He stated that L.A. County MTA has a program on “how to do business” with the Consortium.

Interviewee #10, a DBE-certified African American female-owned accounting firm, stated that the Consortium has a vendor fair, but that was the only outreach that she was aware of. She stated that the Consortium does ask whether small businesses need assistance with financing, bonding, or insurance; but she stated that from a CPA standpoint, the business must meet those requirements anyway and she does not feel that it is up to the Consortium to assist on that. Interviewee #10 stated that some of the Consortium members have information online on “how to do business” with the Consortium, but stated that basically you sign up on the vendor list and then receive an automated email.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that she was aware of emails regarding different education opportunities and training manuals on how to write a proposal and obtain insurance. She noted, however, that these programs all cost money.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the outreach effort by L.A. County MTA is “the most impressive” in terms of “embracing and
facilitating participation.” He stated that L.A. County MTA has been holding a networking period for pre-proposal meetings which is helpful and provides for prequalification updates. He stated that they assist the smaller firms with their paperwork and connect with the bigger firms. He stated that the only problem is that most of the teams are set by that point, but that is not an L.A. County MTA “fault, it is just a reality.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that L.A. County MTA or the SBA may offer programs regarding bonding and financing.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has taken advantage of outreach programs regarding the completion of paperwork associated with Consortium work. He also has knowledge of programs assisting with monetary issues, but he has never actually used these programs. Interviewee #15 is also aware of educational and training programs, some even offered by other prime contractors. Interviewee #15 has also attended and participated in Consortium-agency sponsored vendor fairs.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has knowledge of and exposure to a lot of the Consortium’s outreach efforts and efforts to assist businesses. Interviewee #17’s company has taken advantage of many of these opportunities.

Interviewee #17 is also aware of programs that assist with bonding, insurance, and financing, but she hasn’t attended these programs because her company is a professional services firm.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, is aware of outreach efforts by the Consortium to assist businesses by increasing visibility. Often she does not go to programs because she does not think that she can get work at those types of events. She does know of programs to assist with bonding, insurance, and financing.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, had knowledge of Consortium outreach efforts, but stated that programs to assist with bonding, financing and insurance are not very helpful. She had knowledge of educational and training programs and of programs on how to do business with the Consortium.

Interviewee #24, an African American female owner of a DBE/MBE/WBE-certified private investigating firm, was aware of programs offered on how to do business with the Consortium.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, was aware of outreach programs offered by the Consortium, including programs on how to do business with the Consortium.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, was aware of outreach efforts by the Consortium (including MTA and El Camino). She had heard of or otherwise participated in educational and training programs and programs on how to do business with the Consortium.
Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, was aware of outreach efforts by the Consortium including programs to assist with bonding, insurance, and financing, educational and training programs, and programs on how to do business with the Consortium.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, was aware of outreach efforts offered by the Consortium including programs to assist with bonding, insurance, and financing.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, was aware of outreach efforts offered by Caltrans and the L.A. County MTA, including educational and training programs and programs on how to do business with the Consortium. He has participated in a program with Caltrans in the past.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, believed the Consortium offered outreach programs, but had not participated in any.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated that his company had participated in a “meet the buyers” workshop and other educational programs offered by the Consortium. He had not participated in any programs on how to do business with the Consortium, but stated that he was going to start taking advantage of such programs.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that the Consortium has expended significant effort in outreach programs. She noted that Caltrans, in comparison, has done nothing in terms of outreach and they “do not try anything new.” She stated that there are always seminars available to assist with bonding, insurance, and financing. She was also aware of educational and training programs and programs on how to do business with the Consortium.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, was aware of an annual business conference, but felt it was a “waste.” She was also aware of a program on how to do business with the Consortium, but had a similar negative perception.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, was familiar with outreach efforts with TBAC — Transportation Business Advisory Counsel (an organization established under state law for Metro vendors). She was aware of programs to assist with bonding, insurance, and financing and with programs on how to do business with the Consortium.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, stated that she had participated in two workshops provided by Metro. She attended fairs that provided information regarding programs to assist with bonding, insurance, and financing. She was aware of programs on how to do business with the Consortium, but she had not attended any such programs.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that the Consortium offers a lot of outreach efforts, but he
has always been suspicious of them and considered them to be shams. He was aware of programs on how to do business with the Consortium.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, reported having heard “vaguely” about programs on how to do business with the Consortium, but she did not know anything about it.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, was aware of programs to assist with bonding, insurance and financing having been offered in the past but nothing recent. He was aware of one or two educational and training programs offered by L.A. County MTA as well as programs on how to do business with the Consortium.

Interviewee #42, a DBE/MBE/SBE-certified African American female owner of a commercial printing company, stated that she had met people in the outreach department. She was aware of educational and training programs and programs on how to do business with the Consortium.

Interviewee #44, a DBE/MBE/SBE-certified African American male owner of a financial planning services firm, had experience with Consortium outreach efforts including educational and training programs and programs on how to do business with the Consortium.

Interviewee #45, a DBE/MBE/WBE/SBE-certified African American female owner of a diversity consulting firm, stated that she had heard of Consortium outreach efforts through Consortium personnel. She had heard of programs to assist with bonding, insurance and financing, educational and training programs (through Caltrans), and programs on how to do business with the Consortium. She stated that she participated in such a class with Metro.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, was aware of outreach programs offered by Metro.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that he had participated a long time ago in a program on how to do business with the Consortium. He was not aware of any other outreach programs.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, was aware of outreach efforts offered by the Consortium. He has participated in programs to assist with financing and bonding and on how to do business with the Consortium. He was aware of other educational and training programs, but had not participated in them.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that he was recruited by an outreach program. He stated that there is such a “tall doorstep that it makes it extremely difficult to put your hand down to pull people up with you.” He was aware of programs to assist with bonding and financing and other educational training programs. He was not aware of programs on how to do business with the Consortium.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, was aware of Consortium programs to assist businesses with bonding, insurance, and financing. He was not aware of other outreach efforts offered by the Consortium.
Interviewee #55, a Caucasian male owner of a construction services and program management firm, was aware of outreach programs to assist with bonding, financing and insurance, and had knowledge of programs on how to do business with the Consortium.

TA #1, the President of the Latino Business Owners of America, stated that agencies in Los Angeles are more active with outreach efforts to assist businesses by increasing their opportunities and skills to participate in Consortium projects. He stated that they provide workshops and other activities from certification instruction to payroll. He stated that San Diego’s agencies are not as good in developing outreach efforts. He stated that educational outreach is helpful, but if you do not address the way that businesses are doing business it is futile. TA #1 stated that he has heard of a few programs that assist with bonding, insurance, and financing and believes that these programs are generally good. He also stated that he has heard of a few educational/training programs. TA #1 also stated that he is aware of a few workshops sponsored by different agencies on how to do business with the Consortium, but believes that these programs will be futile unless Consortium agencies make a real effort to include DBEs on their projects.

Several interviewees were not aware of any race-, ethnic-, or gender-neutral programs sponsored by the Consortium aimed at increasing small or disadvantaged business participation by increasing their opportunities and skills. (Interviewees #1, 2, 3, 5, 6, 7, 8, 14, 19, 21, 29, 41, 49, 51, 53, 54, 57, 58, TA #2). Other interviewees had very limited knowledge of such programs. (Interviewees #16, 22, 23, 37, 39, 43, 56). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, was not aware of any outreach or training programs offered by the Consortium or other agencies.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he has no knowledge of outreach efforts by the Consortium to assist business by increasing their opportunities and skills to participate in Consortium projects. He stated that he is aware of Caltrans networking conventions which take place at the end of October. Interviewee #2 also stated that he has not participated in these conventions in the past, but plans to attend if any similar convention is held in Southern California. Interviewee #2 also stated that he has no experience with or knowledge of any efforts to assist with bonding, insurance, and financing, efforts to implement any educational/training programs, or with programs on how to do business with the Consortium.

Interviewee #7, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company, stated that he has no knowledge of any outreach efforts by the Consortium to assist businesses by increasing their opportunities and skills to participate in Consortium projects. Interviewee #7 stated he has not had any experience with programs that assist with bonding, insurance, and financing, but believed that there are such programs. He stated that he is unaware of any educational/training program efforts. Interviewee #7 also stated that he is not aware of any programs offered by the Consortium on how to do business with the Consortium, but P-TAC (an organization funded by veterans) offers programs about how to do business with the Consortium. The program is sponsored by the Water Authority.

Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated he was not aware of outreach efforts by the Consortium to increase business opportunities, but he expects that that might occur. He stated that prime contractors have in the past offered to assist him with bonding, but he has never pursued that.
Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, did not have knowledge of any outreach efforts by the Consortium to assist businesses by increasing their opportunities and skills to participate in Consortium projects. He did not have any knowledge of programs or efforts to assist with bonding, insurance, financing, educational or training programs. Interviewee #14 noted that L.A. County MTA does publish a newsletter.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, has no experience with various outreach efforts by the Consortium entities or others, except for a small business program through the City of L.A. and L.A. County MTA’s programs that provide small business assistance with bonding, insurance, and financing.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, had no experience with outreach efforts by the Consortium, but was aware of programs to assist with bonding, insurance and financing, educational and training programs, and programs on how to do business with the Consortium.

Interviewee #23, an African American male owner of a DBE/MBE-certified trucking subcontractor, had seen flyers offering educational and training programs, but had never participated in any.

Interviewee #37, an African American male owner of a SBA-certified architecture firm, stated that he had heard of some business conferences, but never attended any of the conferences. He stated that he was not aware of any programs to assist with bonding, insurance, or financing or educational and training programs. He stated that he had heard of seminars on how to do business with the Consortium, but had not participated in these seminars.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, reported that she is vaguely aware of outreach efforts offered by other agencies in order to increase participation of DBEs and small businesses in doing work with the Consortium.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that he had seen a flyer advertising a program on how to do business with the Consortium, but he did not attend the program.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, reported that in the past the Consortium offered outreach efforts to assist small businesses, but he stated that these programs no longer exist.

Interviewee #56, a Caucasian male owner of a small electrical contracting firm, was generally aware of programs to assist with bonding, insurance and financing and other educational and training programs (although it was not clear who offered these programs).

TA #2, the President of the Black Contractor’s Association, stated that he is not aware of any outreach efforts by the Consortium to assist businesses by increasing their opportunities and skills to participate in Consortium projects. He stated that he is aware that the Metro Waster Water Treatment Plant may have such a program. TA #2 stated that he has not heard of any programs relating to how to do business with the Consortium.
Some interviewees were aware of or had participated in outreach programs offered by non-Consortium agencies. (Interviewees #2, 3, 4, 5, 7, 9, 11, 12, 13, 15, 16, 17, 23, 25, 26, 30, 31, 33, 36, 38, 50, 54, TA #1, 2). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he is aware of outreach efforts by the City of San Diego to increase participation of DBEs and small businesses in doing work with the Consortium. He stated that the City sends out emails inviting businesses to attend target events where business owners can learn about on-going projects and pair up with prime contractors. He stated that he last heard of one of these events one year ago. He stated that he attended the event, and it was somewhat helpful, but he thinks that it still comes down to networking with prime contractors.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, was generally aware that some of the agencies have seminars on how to do business with the government entity. For instance, the Metropolitan Water District has a program, but he has never attended a session. The objective of the program is to find out about projects well in advance of when they become public. Interviewee #3 is aware of efforts by the federal government to increase participation of DBEs and small businesses. The Navy Facility Engineering Command has done work to increase participation of DBEs and small businesses. The work involved is all environmental work relating to the base realignment closure. They also developed mentoring programs. The Command also has a mini-racks program in the $5,000 to $10,000 range which was DBE directed, but the program experienced limited success because many of the participating DBEs he believed were DBE fronts.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, was aware of several outreach efforts by others (than Consortium) to increase participation of DBEs and small businesses. For instance, the Path to Partnership program sponsored by the County Water Authority and the State of California Department of General Services, is normally held in September or October of every year. He was also aware that the Minority Supplier Council in San Diego has a similar outreach event once a year. He said there are generally at least three networking events each year in San Diego and some of the individual agencies, such as the Port, may have their own networking event for particular projects.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he is aware of outreach efforts by others (than Consortium) to increase participation of DBEs and small businesses. For instance, he receives the Hispanic News every month and the newspaper advertises different programs including certification programs, but his company does not qualify.

Interviewee #7, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company, stated that he is aware of outreach efforts by others (than Consortium) to increase participation of DBEs and small businesses in doing work with Consortium. He stated that an organization called Elite SDVOB provides outreach programs. They generally hold a monthly meeting which members of the Port Authority and PG&E attend. He stated that PTAC also puts on a lot of programs relating to bonding, the Water District, and the Airport.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that L.A. County
has held trade shows in the past with booths where DBEs can come to meet prime contractors; he had knowledge of them doing this at least a couple of years ago.

Interviewee #11, an SBE-certified Caucasian female-owned ergonomic prime consultant in the Los Angeles area stated that she uses the free services offered by the small business development center “all the time.”

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he has seen programs to assist with bonding, insurance, and financing, but they do not rely on that. He stated that most of the training programs that he has seen are held by non-Consortium agencies like L.A. County. He was not aware of an outreach program re: “how to do business with the Consortium” although he noted the information may be available on the Consortium websites.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that he is aware of workshops on how to fill out a proposal, but he felt these are not offered by Consortium agencies. Interviewee #13 also stated there are a lot of private companies that “promise to find work” or market for companies for a fee.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, is aware that Caltrans, the City of Los Angeles, and L.A. Public Works have created outreach efforts to increase participation of DBEs and small business doing work with the contractors.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, is only aware of outreach efforts from the SBA with regard to increased participation of DBEs and small business in doing work with the Consortium.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, stated that she is aware of the Governor’s initiative for small business to increase participation with the Consortium agencies.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, was aware of the State offering outreach efforts to increase participation of DBEs and small business doing work with the Consortium.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, was aware of an organization called MBOC, or the Minority Business Outreach Counsel, that has an outreach program component.

Interviewee #26, a Hispanic female-owned DBE/WBE/WDBE-certified art consulting firm, was aware of El Camino’s outreach programs aimed at increasing participation of DBEs doing work with the Consortium.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, participated in an outreach program offered by Caltrans in the past. He was also aware of outreach efforts by MWD and LAUSD with the intent of doing business with DBEs and granting them contracts for working with their entities.
Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, was aware of outreach programs offered by other agencies, but believes that the participants are hand-picked.

Interviewee #36, an African American female-owned DBE/MBE/WBE/SBE/CBE-certified shorthand reporter, was aware of outreach efforts offered by Southern California Edison.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, was aware of outreach efforts offered through his organization, NCAIED.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, was aware of outreach efforts by Caltrans and the Department of Defense’s Air Force.

Interviewee #54, a Caucasian male owner of a general contracting firm, noted that his own firm offers construction training programs in order to increase opportunities for DBEs and other small businesses.

TA #1, the President of the Latino Business Owners of America, stated that he is aware of sporadic outreach efforts by others (than Consortium) to increase participation of DBEs and small businesses in doing work with Consortium. He stated that occasionally an agency will put on a workshop on how to do business and how to get certified.

TA #2, the President of the Black Contractor’s Association, stated that he is aware of a bonding assistance program offered by the Regional Airport Authority. Interviewee TA #2 stated that he is not otherwise familiar with any Consortium programs to assist with bonding, insurance, and financing. Interviewee TA #2 also stated that the San Diego Community College District has a partnership or collaboration with the COC (Contractors Opportunity Committee) to offer educational/training programs, but the program is not offered by the Consortium.

Other interviewees were not aware of outreach efforts by non-Consortium agencies. (Interviewees #6, 8, 9, 10, 14, 19, 20, 21, 24, 27, 28, 29, 32, 34, 35, 37, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 51, 52, 53, 55, 56, 57, 58, TA #2). Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, was not aware of outreach efforts by other agencies except to the extent that they require prime contractors to reach out to DBEs to work on projects.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, was not aware of outreach efforts by non-Consortium agencies. She stated that she wanted to know how to do business with large private institutions, but cannot figure out how to break into that market.

Simplification and streamlining of the bid process

Some interviewees were familiar with Consortium efforts to streamline the bid process. (Interviewees #4, 12, 18, 22, 24, 32, 33, 38, 42, 44, 46, 48). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that last year he heard of efforts to simplify and streamline the bidding process, but is not sure what is
involved. Interviewee #4 stated that he could not recall what he heard. Interviewee #4 thinks that a more simplified and streamlined approach would be helpful.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the OCTA “stands out as the agency” that tries to streamline the bidding process through their online system. He stated that they have an online system to request bids from consulting engineers for specific small tasks; this is helpful because you do not have to waste a lot of time putting together a bid, but the process is not transparent and you have no idea how the decision is made.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, has some knowledge of efforts to streamline and simplify the bidding process, but it depends on each individual project.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, had knowledge of Consortium efforts to simplify and streamline the bidding process, but he stated that he is waiting for it to happen.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she has heard of efforts by the Consortium to streamline the bidding process.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that at the onset of the project L.A. County MTA will include the bidding aspects.

Most interviewees had no knowledge of or experience with Consortium efforts to streamline the bidding process. (Interviewees #1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 14, 17, 19, 20, 21, 23, 25, 26, 27, 28, 29, 30, 31, 34, 35, 36, 37, 39, 40, 41, 43, 45, 47, 49, 50, 51, 52, 54, 55, 56, 57, 58, TA #1, 2). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, was not specifically aware of efforts by the Consortium to simplify and streamline the bidding process but did recall that he had read something about it on one of the websites.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, did not know whether the Consortium has done anything lately to streamline the bidding process. He recalled complaining in the past about the Consortium requirement to have documents notarized. He is “pretty sure” that they have ended the notary requirement.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated the he had “very little” experience with the Consortium efforts to streamline the bidding process.

Interviewee #29, an African American male-owned electrical contractor, was not aware of efforts to simplify or streamline the Consortium bidding process and stated that the process is extremely difficult to understand or to qualify to place a bid.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, indicated that the bidding process is not streamlined.
Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has no knowledge of Consortium efforts to simplify and streamline the bidding process. He stated that he wishes it could happen because it would save his firm a lot of time and stress. He stated that he knows he is not going to get every contract, but the sooner he knows whether he will be awarded the contract or will not be awarded the contract he can move on to the next bid.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, was not aware of Consortium efforts to streamline the bidding process but thought that it would be a great idea to implement such a process. He stated that this would help cut back on unnecessary paperwork.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, was not aware of Consortium efforts to streamline and simplify the bidding process, but stated that he wished that they would.

TA #1, the President of the Latino Business Owners of America, stated that he has not heard of any Consortium efforts to simplify and streamline the bidding process, and added he believed that it would make no difference.

TA #2, the President of the Black Contractor’s Association, stated that he has not heard of any efforts by the Consortium to simply and streamline the bidding process.

Segmenting larger contracts into smaller contracts

Some interviewees reported knowledge of Consortium efforts to segment larger contracts into smaller ones. (Interviewees #3, 5, 9, 13, 14, 18, 20, 22, 24, 33, TA #1). Interviewee #3 was aware that in and around 2000 the Consortium tried to segment larger contracts into smaller contracts to promote opportunities for small contractors. He stated that the Consortium tried to divide the projects up internally instead of giving the entire project to one prime contractor. He said this did not help because the principal work is still done by a limited number of big contracting firms.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business, stated that he recently read something that he may have received from SANDAG regarding Consortium efforts to segment larger contracts into smaller contracts to promote opportunities for small contractors. He stated that many of the agencies are trying to break larger jobs up to bring smaller corporations in. Interviewee #5 stated that this is a good idea. Interviewee #5 stated that he has also heard of another program in which the agencies try to pull resources from the area where a project is being completed. If the contractors are located in particular zip codes, they could receive work on the project. Interviewee #5 stated that he has read about these programs on a number of governmental agency websites.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that he likes when the Consortium segments larger contracts into smaller contracts and “as far as he can tell” the Consortium does try to do this. He stated that when the Consortium does lump a contract together they usually provide a reason for doing so at the pre-proposal meeting.
Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, stated that L.A. County MTA has “work benches” for prequalification of companies, but he has not received any business from being on a work bench.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that Consortium efforts to segment larger contracts into smaller ones is done for the purpose of controlling workload and not give opportunities to smaller businesses.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, stated she knows that recent projects are being segmented to make more opportunities available for small business — she felt that this was positive.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, was aware of Consortium efforts to segment larger contracts into smaller ones and promote opportunities for smaller contractors. She stated that personally this has been helpful.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, had experience with Consortium efforts to segment larger contracts into smaller ones, and she noted that she helped to write some of the policies.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that she has heard of Consortium efforts to segment larger projects into smaller ones, but she has not seen it in her business.

TA #1, the President of the Latino Business Owners of America, stated that he is aware that the City of San Diego attempted about five years ago to segment larger contracts into smaller contracts to promote opportunities for small contractors. He stated that segmenting these larger contracts into smaller ones is a key element, but in general thought it might be unhelpful because agencies need to make these contracts realistic for small business owners to participate. The contracts should be more realistic in terms of the scope of services to be provided by small business owners.

Most interviewees reported having no knowledge of or experience with Consortium efforts to segment larger contracts into smaller ones. (Interviewees #1, 2, 4, 6, 7, 8, 10, 11, 12, 16, 17, 19, 21, 23, 25, 26, 27, 28, 29, 31, 32, 34, 35, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, TA #2). Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, has not heard of any efforts to segment larger contracts into smaller contracts to promote opportunities for small contractors, but expressed a wish for more agencies to do that.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, did not have much experience with the Consortium agencies segmenting larger contracts into smaller ones. He stated that some people “could say that the on-calls are an attempt to do that” but most of the on-calls — 60-70 percent — translate to no business and create a waste of their time.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, would very much like to see the Consortium segment larger contracts into smaller contracts, but does not know of such efforts.
Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, has seen Caltrans segment large contracts into smaller contracts, and she would like to see the same happen with the Consortium agencies.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that he had no knowledge of Consortium efforts to segment larger contracts into smaller ones, but stated that the Metropolitan Water District of Southern California does unbundle contracts.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that he was not aware of Consortium efforts to segment larger projects into smaller ones, and sometimes it is the other way — contracts continue to be large and unbundled.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, would like a system in which the Consortium allowed bidding with small businesses where it was actually competitive by making it exclusive to small businesses.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, indicated that the Consortium does not segment larger contracts into smaller ones.

Interviewee #35, an African American female-owned WMBE/MBE-certified management consulting firm, had no experience with the Consortium segmenting large contracts to smaller ones, but believes it would be helpful.

Interviewee # 37, an African American male owner of a SBA certified architecture firm, stated that he had never heard of Consortium efforts to segment larger contracts into smaller contracts to promote opportunities for small contractors. He stated that he wishes that there was such an effort because of his firm’s discipline.

Interviewee #39, an Asian-American female-owned 8(a)-certified architectural firm, stated that in her opinion large firms monopolize the contracts.

Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, had no knowledge of Consortium efforts to segment larger contracts into smaller ones, but stated that would be fantastic positioning for smaller firms to bid on industry specific contracts.

Interviewee #46, a DBE/SBA/8(a)-certified African American male owner of an energy marketing firm, was not aware of Consortium efforts to segment large contracts into smaller ones, and he stated that they need to do so.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, had no experience with or knowledge of Consortium efforts to segment larger contracts into smaller ones but felt that the Consortium should make this a priority.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that the Consortium has not been proactive in trying to segment larger projects into smaller ones.
Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, was not aware of Consortium efforts to segment larger contracts into smaller ones, and said he believes that they should do so.

Interviewee #52, a DVBE-certified Caucasian male-owner of a solar contracting firm, had no knowledge of Consortium efforts to segment larger contracts into smaller ones, and stated that he wished that they would do that in the future.

TA #2, the President of the Black Contractor’s Association, stated that he has not heard of any Consortium efforts to segment larger contracts into smaller contracts to promote opportunities for small contractors.

**Monitor DBE utilization**

*Most interviewees were not aware of Consortium efforts to monitor DBE utilization throughout a project. (Interviewees #1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 15, 17, 19, 22, 23, 25, 26, 27, 28, 29, 30, 32, 34, 36, 37, 39, 41, 44, 45, 46, 49, 51, 52, 53, 54, 56, 57, 58, TA #1, 2).* Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, had no knowledge as to whether the Consortium visits worksites to monitor DBE utilization.

Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, stated that he does not know whether the Consortium visits work sites to monitor DBE utilization throughout the project.

Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, stated that it is not his experience nor has he ever heard of the Consortium visiting work sites to monitor DBE utilization throughout the project.

Interviewee #4, a DBE-certified Asian-Pacific American male owner of a geotechnical engineering firm in the San Diego area, stated that he has never heard of the Consortium visiting work sites to monitor DBE utilization throughout the project.

Interviewee #5, an employee at a non-DBE Caucasian male-owned electrical engineering business in the San Diego area, stated that he visited Consortium work sites while working for a different employer 10 years ago, however, he could not say whether the Consortium visited work sites to monitor DBE utilization throughout the project.

Interviewee #6, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company in the San Diego area, had no knowledge whether the Consortium visits work sites to monitor DBE utilization throughout the project.

Interviewee #7, a Caucasian male co-owner of a non-DBE Native American and Caucasian owned recycling and materials supplying company, stated that, in his experience, the Consortium does not visit work sites to monitor DBE utilization throughout the project.

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, did not believe he had ever seen the Consortium visit a worksite to monitor DBE utilization.
Interviewee #10, a DBE-certified African American female-owned accounting firm, did not know whether the Consortium visits worksites to monitor DBE utilization.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, stated that he did not know whether the Consortium visits work sites to monitor DBE utilization.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that he does not have experience with the Consortium visiting worksites to monitor DBE utilization.

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, did not have experience with the Consortium visiting work sites to monitor DBE utilization.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has seen the Consortium conduct labor compliance interviews, but has not experienced visits to work sites to monitor DBE utilization throughout a project.

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, is unaware of the Consortium visiting work sites to monitor utilization — she has only seen the agencies actually involved at the point of proposal, not midstream, but she has seen review and auditing of contracts.

Interviewee #22, an African American female owner of a DBE/MBE-certified planning engineering firm, was not aware of the Consortium visiting work sites to monitor DBE utilization but she knows that they are supposed to.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, was not aware of Consortium efforts to monitor work sites, but stated that the prime contractors should be required to prepare reports on their DBE utilization.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that he is not aware of Consortium visits to work sites in order for them to monitor utilization of DBEs on projects, and he feels that this is something lacking in the Consortium.

Interviewee #37, an African American male owner of a SBA certified architecture firm, stated that he has never known of the Consortium visiting work sites to monitor DBE utilization. He stated that he thinks it would be a good follow-up.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, was not aware of Consortium efforts to monitor DBE utilization. He stated that this is especially problematic when a prime contractor has subcontracted work to a DBE, but then does not give them the work.

TA #1, the President of the Latino Business Owners of America, stated that he has never heard of the Consortium visiting work sites to monitor DBE utilization.

TA #2, the President of the Black Contractor’s Association, has no information whether the Consortium visits work sites to monitor DBE utilization throughout a project.
A few interviewees were aware of some Consortium efforts to monitor DBE utilization on work sites. (Interviewees #14, 18, 20, 21, 33, 38, 40, 42, 48, 50, 55). Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, stated that the Consortium does not visit work sites to monitor DBE utilization although procurement will sometimes “keep track” of DBE utilization.

Interviewee #18, a Caucasian female owner of a DBE/WBE-certified transit planning firm, experienced a field visit regarding DBE utilization. L.A. County MTA performed field visits twice in the last decade.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, stated that the Consortium does visit work sites to monitor DBE utilization and she knows that it is hit or miss. She could not speak to how successful this is.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that on her one contract with L.A. County MTA, L.A. County MTA monitored compliance.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, stated that the Consortium rarely visits worksites to monitor DBE utilization.

Interviewee #40, an African American male-owned DBE/MBE/SBE-certified maintenance and supply firm, had experience with the Consortium visiting worksites to monitor DBE utilization, but stated that they should do it more often.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that she had experienced a visit from the Consortium.

**Recommendations related to remedies**

Several interviewees recommended expansion of outreach efforts to encourage small business participation including: increased advertising and the coordination and notification of work opportunities as between prime contractors and subcontractors. (Interviewees #1, 15, 16, 20, 21, 23, 25, 28, 30, 42, 51, TA #1, 2). Interviewee #1, a non-DBE Hispanic American male owner of an electrical contracting firm in the San Diego area, suggested blanket advertising of the DBE Program to contractors and offer assistance to small businesses; he stated that that would increase his desire to do work with the Consortium.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, has noticed a significant difference in outreach, and this will continue to help him out tremendously as he continues to bid as a prime contractor.

Interviewee #16, a Hispanic American male owner of a value-added supply and system integration firm, suggested that there are more efforts to bring small and large businesses together, to monitor those efforts, and that such efforts are not just entertained for the purpose of checking a box for a particular bid requirement.
Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, recommended that the Consortium continue with due diligence for small companies to have opportunities and to not just look to the low bid but to quality as well.

Interviewee #21, an African American female owner of a DBE/MBE/SDB/Hubzone/8(a)-certified marketing and communications firm, stated that most agencies and private companies fail to make appropriate outreach efforts to DBEs. She stated that in order to solve the problem, the agencies and private companies must incorporate a small business set-aside for DBEs similar to the federal government’s 8(a) Program.

Interviewee #23, an African American male-owner of a DBE/MBE-certified trucking subcontractor, recommended improved outreach to African American-owned businesses. He believes that other minority-owned businesses are being utilized to the exclusion of African American-owned businesses.

Interviewee #25, an African American male-owned DBE/MBE/SBE-certified civil engineer, stated that there needs to be more partnering between small firms and prime contractors. He stated that there should be more face time with prime contractors in addition to the L.A. County MTA Vendor Fairs.

Interviewee #28, an African American male owner of a DBE/MBE/SBA-certified heavy steel product distribution and supply firm, stated the L.A. County MTA needs to increase awareness and advertising about bidding opportunities, RFPs, and education programs related to bonding and financing.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that there should be a greater push for more outreach to smaller businesses so that they can participate in the bidding process.

Interviewee #42, a DBE/WMBE/SBE-certified African American female owner of a commercial printing company, stated that the L.A. County MTA should offer more DBE outreach programs.

TA #2, the President of the Black Contractor’s Association, stated that Caltrans has representatives who provide information about prime contractors who have expressed an interest in a particular RFP; he recommended that the Consortium provide this information. TA #2 also recommended holding workshops in collaboration with the Black Contractors Association and having the Consortium officials and staff introduce themselves and make themselves known so that people know what they do.

Several interviewees recommended changes to simplify and streamline the bidding process including the provision of more information at the initial stage of the process and the simplification of paperwork. (Interviewees #9, 11, 13, 14, 17, 20, 29, 33, 34, 55, 58).

Interviewee #9, an Asian-Pacific American male-owned transportation engineering and planning consultant firm and graduate of the DBE Program in the Los Angeles area, stated that usually the first question they ask the Consortium is whether a given project is federally-funded and whether the DBE goals are a firm requirement. He stated that sometimes the answer to that question is unknown even during the pre-proposal meeting; he stated that more knowledge on the part of the agency would be helpful. He stated this information affects the way teams are formed. Interviewee #9 recommended that the agencies provide more information with respect to whether a project is
federally-funded; he stated that federal funding provides them with a “hint” as to whether the contract has a “hard DBE goal” as opposed to a “soft DBE goal” on those contracts without federal funding.

Interviewee #11, an SBE-certified Caucasian female ergonomic prime consultant, recommended making the RFP process easier including requiring “less paperwork.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, noted that “a lot of times” Consortium responses to questions about a particular RFP come too close to the due date of the proposal and raise additional questions that could impact the proposal. He stated that he understands the cut-off for receipt of additional questions but noted that it could affect an individual’s ability to respond to a proposal. Interviewee #13 stated that some RFPs have page limitations which can be detrimental. Interviewee #13 also stated that some RFPs do not provide evaluation weighting information.

Interviewee #14, a Latin American male owner of a DBE-certified marketing firm, recommended that the people drafting the RFPs should be more qualified in the particular field. He stated that often the RFPs are written for engineering companies and then modified or tailored for communications projects but they retain qualifications that are “ridiculous” and not applicable (e.g. an insurance requirement).

Interviewee #17, a Subcontinent Asian American female owner of a MBE/DBE/WBE-certified engineering management firm, reported that her recommendations deal more with the delivery side of the process. Interviewee #17 stated that there is a disconnect between prime consultants and agency managers. Interviewee #17 recommended that agencies do a better job of “in-reach” to hold personnel accountable with regard to the commitments made during the proposal and planning stages of job and team formation.

Interviewee #20, an African American female owner of a DBE/MBE/WBE/SBA-certified community outreach firm, recommended that the Consortium cut down on the amount of paperwork associated with the bidding process. She stated that there are a lot of redundant forms that ask questions regarding, for example, lobbying, childcare facilities, etc. which often must be resubmitted twenty (20) times a year. She stated that there should be one form that captures all of the information so that they only have to go through the process once a year.

Interviewee #29, an African American male-owned electrical contractor, recommended that the Consortium make the process small business-friendly. He suggested streamlining efforts to make it easier to understand the proposals as well as the qualifications for the proposals and making them obtainable goals. He would like the certification process to be simplified. He stated that if the government really wanted to help small businesses they would have a checks and balances system in place for businesses who are supposed to get a percentage of the dollars to actually get the dollars.

Interviewee #33, a Caucasian female-owned DBE/WBE/SBA-certified management consultant, recommended that the Consortium reduce the number of addendums to the RFPs which would simplify the process.

Interviewee #34, a Hispanic female-owned DBE/MBE/WBE-certified transit and labor consultant, recommended eliminating bureaucratic hurdles in the bidding process.
Interviewee #55, a representative from a Caucasian male-owned large construction services and program management firm, stated that the Consortium should re-write the parameters in the proposals.

Interviewee #58, a Caucasian male owner of an engineering consulting firm, indicated that it may take a Consortium member agency one year to put together an RFP, but when it is released they will request a response within two weeks. He noted that sometimes the deadlines conflict with national holidays, and he offered that the agencies could be more considerate of the timing.

Several interviewees recommended that the Consortium unbundle, and segment larger contracts into smaller ones in order to increase opportunities for small businesses. (Interviewees #2, 15, 30, 31, 32, 38, 43, 50, 53). Interviewee #2, a DBE-certified African American male structural engineer in the San Diego area, recommended that the Consortium break larger contracts into smaller ones.

Interviewee #15, a Hispanic American male owner of a MBE-certified engineering and construction company, recommended that the bidding process reflect the breaking down of contracts into smaller segments. Interviewee #15 noted that the bidding process and the contracts are, themselves, too big. He said that he would like to see contracts broken down into more management segments so that companies his size can bid on more projects.

Interviewee #30, an Asian male MBE/SBE-certified owner of a construction management firm, stated that the Consortium should divide larger contracts and split them down into smaller contracts so that the smaller firms can become more competitive for contracts; this will also do a better job of ensuring more minority and small business participation in becoming prime contractors and dealing directly with the Consortium.

Interviewee #31, an African American male-owned DBE/MBE/SBE-certified masonry subcontractor, stated that he thinks it would be a great idea for small businesses to be able to negotiate directly with the Consortium as it relates to the bidding process. Also he thinks that there should be some sort of system in place that breaks down the requirements of projects so that a $10 million project which might have $200,000 worth of masonry can be bid out in smaller portions (which is what he would want to bid on). He stated that he can never be the prime contractor on that type of project or be able to bond for a $10 million project but if he’s bidding on a $200,000 project he becomes more competitive.

Interviewee #32, an African American male owned DBE-certified distributor of cleaning products, stated the Consortium should enable smaller companies to obtain smaller contracts so that they can establish a track record with a prime contractor which could lead them to getting larger contracts.

Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that the structures of the contracts should be unbundled allowing more specialized bidding. This will allow bidders to bid within their own scope of work; he stated that some of the RFPs have you locked in a crazy perimeter of work. He also said they should make it fair and closely monitor the “good ol’ boy” network.
Interviewee #43, a DBE/MBE/SBE-certified African American male owner of a security firm, stated that the Consortium should develop a system that allows small businesses to be truly competitive on the bidding process; this would include some form of segmenting larger contracts into smaller ones.

Interviewee #50, a MBE/SBE-certified Chinese American male owner of an accounting firm, stated that the awarding entity should unbundle the contract so that smaller businesses have an opportunity to bid. He stated the Consortium should stop consolidating the contracts into one large all-inclusive contract that may, due to the scope of work and price, diminish the chance of a small business to be awarded the contract.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, stated that some of the Consortium projects are too large and they are always awarded to the larger firms. He recommended that the Consortium make the contracts smaller so that a firm can realistically go after it and do the job.

Some interviewees recommended the Consortium take efforts to encourage growth of small businesses. (Interviewees #3, 27, 47, 55, TA #1). Interviewee #3, a non-DBE Caucasian male-owner of an environmental services company in the San Diego area, made the following recommendations for improvement to the Consortium DBE Program: spend an adequate amount of money to encourage participation. For instance, spend money to allow prime contractors to mentor and work with DBEs who may be less experienced.

Interviewee #27, a Chinese American male owner of a DBE/MBE-certified structural engineering firm, stated that it has been more difficult to obtain business since the passage of Proposition 209. He stated that as a result he has been forced to market in other areas. He stated that since his firm is not a small business, nor a large one, he needs another stream of dependable work. He said that the Consortium should help small businesses become larger businesses so that they do not remain stagnated in the small business category.

Interviewee #47, a DBE/MBE/8(a)-certified African American male owner of a security firm, stated that small businesses should have the same opportunities as larger companies and the Consortium should give small companies a chance so that they can grow. He stated that if they continue to give all of the jobs to the large companies the small companies will never have the opportunity to compete. He stated that L.A. County MTA will not award a contract to a small company if it deems it to have insufficient experience or annual revenue; and, he stated the L.A. County MTA will automatically assume that to be the case if it is a small business as all of them are placed in the same category. He stated that this is a bad business model. He stated that jobs are hard to finance and it seems as though the rules are set in place to eliminate businesses as opposed to assisting them. He indicated that he has pursued the same contract year after year, but it always goes to the incumbent; it has become a waste of time and money.

Interviewee #55, a Caucasian male owner of a construction services and program management firm, recommended that the Consortium find a way that comports with Proposition 209 to enable small and minority-owned firms to obtain work.

TA #1, the President of the Latino Business Owners of America, stated the agencies should also work to create stepping stones to grow small businesses. Further, he stated that the Consortium needs to change the perception that there is no gain to doing business with Consortium agencies and that the
agencies are open to working with small businesses. TA #1 recommended that the agencies should go back to the drawing board and change the way that they do business. He stated that the contracts should be realistic in terms of the scope of work made available to DBEs. He also suggested that the agencies focus more on growing small businesses. He stated that unless the agencies help grow small businesses, all of the project supplies, for instance, will be imported.

Some interviewees recommended relaxation of the participation goals in certain instances and expansion of other opportunities for small businesses. (Interviewee TA#1, #1, 53). TA #1, the President of the Latino Business Owners of America, recommended that the Consortium make realistic participation goals for small businesses. The allocation of contract dollars has to be realistic in terms of availability of DBEs. If there is no availability of DBEs in a particular area, the program should be focusing on creating availability. Additionally, the agencies often want to deal exclusively with one vendor who can supply multiple products, which excludes smaller vendors. The agencies should alter their practice of hiring a one source vendor to include smaller vendors.

Interviewee #53, a Caucasian male owner of a traffic, transportation, and engineering consulting firm, stated that he does not believe that any group should be forced to use a particular group because of their size, race, or gender; rather, everything should be left up to a firm’s work history.

Recommendations related to DBE programs

Some interviewees recommended that the Consortium avoid eliminating race-conscious participation goals. (Interviewees #12, 13, 19, 48, 49). Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that the Consortium should be “consistent” in its implementation of the DBE Program and “not do what Caltrans did . . .” He stated that Caltrans “went race-neutral” and left the local agencies to “do whatever they please . . . and to ignore DBE participation, if necessary, because they have something lined up for someone.” He stated that they had a direct experience with a local panel who told them that DBE was not that important. He stated that the Consortium should continue equal treatment of all DBEs. He stated that Caltrans did not take demographics into effect and the fact that there are more Hispanic Americans in the southern California area. He stated that limiting the DBE Program to certain races would be a “mistake.”

Interviewee #13, an Asian-Pacific American male owner of a DBE/SBA/SBE-certified engineering consulting firm, noted that many projects today do not have a DBE requirement, but rather just encourage participation. He stated that in many instances that is reasonable because there are not DBEs that do that kind of work. Interviewee #13 stated that opportunities for DBEs are shrinking and many states have done away with the DBE Program altogether, which is “bad” for his ability to get work. Interviewee #13 stated that he understands why states are curtailing the DBE Program, but he does see value to the DBE Program too. He stated that in the “big picture,” he does not know whether the DBE Program is good or bad, but it has certainly helped his company to survive. He stated that his company has done some great work for the Consortium so both he and the Consortium have benefited.

Interviewee #19, an MBE-certified African American male attorney, stated “the playing field should be leveled” where the minority law firms can fairly compete for business and for more desirable business.
Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, recommended that the Consortium bring back the requirement for the utilization of DBE and MBE firms that was in existence before Proposition 209. He stated that once the Consortium eliminated the requirements in favor of goals, his telephone stopped ringing for new work. He stated that the L.A. County MTA had one of the strongest programs, and he hopes that they would return to that in the future.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, stated that Consortium contracts should no longer be race-neutral and should require utilization of minority-owned firms.

One interviewee recommended that the Consortium should be sure to update its programs to keep them current with the state of business operations. (Interviewee #54).

Some interviewees offered mixed perceptions regarding continuing the Consortium DBE Program. Interviewee #8, a Caucasian male owner of an environmental consulting firm in the San Diego area, stated that he “resents” the DBE Program and having to comply with it. He stated that on non-Consortium projects a DBE requirement will sometimes be the deciding factor as to whether he decides to bid on the project. Interviewee #8 stated that the DBE Program is a time-consuming added requirement.

Interviewee #12, a Hispanic male owner of a DBE/MBE-certified civil engineering firm, stated that based on his experience with LA County MTA and OCTA, he did not have any recommendations for improving the DBE Program “provided that it continues to exist.” He stated that the Caltrans process has led to some confusion and disadvantage.

Some interviewees recommended that the Consortium return to mandatory DBE goals. Interviewee #38, a Native American male-owned DBE/MBE/SBE-certified closed circuit television and surveillance security business, stated that the Consortium should return to the time when the goals were mandatory and were strictly enforced. He stated that they should level the playing field where public money is spent as it relates to small businesses involvement. He recommended making the project distribution fair by allowing all qualifying firms to become part of the bidding process.

Interviewee #48, a DBE/MBE-certified African American male owner of an electrical contracting firm, indicated that prior to the passage of Proposition 209, 85 percent of his business was attributable to his DBE certification; now it is less than 1 percent. He stated that he would like the certification to mean something.

Interviewee #49, a MBE/SCRPC-certified African American male owner of a job training firm, recommended that the Consortium have an initiative based on ethnic status. He feels as though this would help fight discrimination.

B. SDCRAA anecdotes regarding participation in and awareness of race-, ethnic-, and gender-neutral programs or measures

The following anecdotes regarding participation in and awareness of race-, ethnic-, and gender-neutral programs or measures were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.
Outreach programs

Many interviewees had positive or neutral opinions about public agencies hosting outreach programs. Interviewee #SD20, representing an Asian American male-owned firm, stated that agency outreach programs are very useful for minority- and female-owned firms. He went on to say that the Airport does a good job with such programs. Interviewee #SD21, representing a Caucasian male-owned firm, said that he believes that agency outreach programs are helpful to small firms (including MBEs/WBEs).

Interviewee #SD25, representing a Caucasian male-owned firm, said that networking opportunities are crucial for small firms in order to establish themselves. He went on to say that the networking events that the Airport has hosted have been very useful.

Interviewee #SD28, representing a Caucasian female-owned firm, indicated that she thinks that outreach programs are one of the most effective remedies that agencies can implement. She said that it gives small firms an opportunity to network with and learn about prime contractors in the area and vice versa.

Interviewee #SD30, representing an African American male-owned firm, indicated that he supports agency outreach events, particularly if the prime contractors that are invited to those events have “a proven track record of actually using [MBE/WBE] firms.”

Interviewee #SD31, representing a Caucasian male-owned firm, indicated that outreach events are quite beneficial to small firms that are trying to develop relationships and make contacts with public agencies and prime contractors: “It’s all about access, and anything that gives me access [to the decision makers] is good.”

Interviewee #SD43, representing a Hispanic male-owned firm, reported that the Small Business Administration has helpful programs in place for small businesses, particularly as it relates to learning about work: “… [As a result of the SBA’s efforts] we see a lot of the jobs that maybe we wouldn’t see through E-Bid board or … Bluebook … and they’re small, more local jobs. And what they’ll do — maybe two or three times a week sometimes — they’ll send us emails just [listing] all the small jobs and requesting subs.”

SDTA #3, representing a local chamber of commerce, indicated that outreach events are very helpful for MBE and WBE firms, and that she is aware of the Airport having hosted such events in the past. She said that if public agencies informed her organization about outreach events, then her organization would disseminate that information to its members: “If they let us know, we’ll email [that information] out.”

SDTA #11, representing a veterans trade organization, said that agency outreach is very useful in helping disadvantaged firms and indicated that the Airport is doing its part in hosting such events: “The Airport is the only one trying to do anything.” He continued, “The people running the Airport and the outreach programs are wanting to help. …”

SDTA #7, representing a construction trade organization, stated that the Airport does a good job with its outreach programs. He explained that such programs “allow everyone to see what’s available and what kind of project it is and what kind of subcontracting opportunities there will be.” He added
that advance notice about projects does not substantially help contractors in the public sector but does help in the private sector.

SDTA #6, representing an Asian American trade organization, indicated that outreach programs would be very helpful for small firms (including MBEs/WBEs). She went on to list a number of things that an agency should do in order to have a successful outreach program, including: informing organizations about the types of projects for which they need vendors, identify ways in which they can better assist small firms, and host an event for small firms to inform them about what projects are available.

SDTA #4, representing a local chamber of commerce, stated that informational workshops are some of the most useful tools to increase awareness of contracting opportunities. She said that she would like to see representatives from the Airport attend those workshops to provide insight to potential bidders.

SDTA #2, representing a Hispanic American trade organization, indicated that his organization has entered into agreements with various public agencies to host outreach events. Those events are intended to increase contracting opportunities for small and emerging firms.

SDTA #9, representing a public works trade organization, discussed local public agencies’ outreach events for small and disadvantaged businesses. Overall, he indicated that whereas some outreach efforts are disappointing, others have been quite effective: “The best [agency outreach events] give access to decision makers, and the ones that don’t work [have] one per year and no follow up information. Unsuccessful efforts include connecting businesses with those who don’t have [the] ability to make decisions.”

Other interviewees had negative opinions about public agencies hosting outreach programs. Interviewee #SD2, representing a Caucasian female-owned firm, indicated that outreach programs are not very effective: “There is not any substance to outreach events.” She said that local agencies should list all of their available contracts in one, centralized location: “There needs to be a clearinghouse.”

Consistent with those comments, SDTA #9, representing a public works trade organization, said, “No matter how good the agency is, it is hard for subs and small businesses to get all information and opportunities from them.” He said that he would like his organization and other, similar organizations to act as a clearing house for public agencies to make it easier for local small business to learn about available work.

Interviewee #SD14, representing a Hispanic American male-owned firm, said that he has attended a number of events hosted by different public agencies and believes that they are not effective, because without mandatory goals agencies are only concerned with finding the low bidder — networking cannot change that.

Interviewee #SD34, representing a Caucasian male-owned firm, indicated that he does not consider agency outreach as important to the success of his firm: “[Agency outreach] doesn’t matter — it’s not how I get business.”
Interviewee #SD43, representing a Hispanic male-owned firm, reported that she has attended outreach events at the Airport and that the Airport staff provided a great deal of information, but that they were not very helpful on an individual basis: “For example, they had different people speaking about different things all at one time …. But they didn’t give you enough information as to where you felt like you can actually be part of it or get started …. It was just … general information about different subjects.”

Interviewee #SD43 went on to say that she has noticed that most of the people attending the Airport’s events know each other. That is, the prime contractors that attend the events seem to have developed relationships with the Airport staff.

Interviewee #SD46, representing an African American male-owned firm, indicated that outreach events do not help MBE/WBE firms get contracts: “[Outreach events] look good on the outside, but actually gaining a project from those … [the potential] is nil.” He continued, “The bad part is that if you have a business starting out, or a business that is trying to maintain, they are hopeful when they attend those gatherings, but it’s a lot of talk, it’s a lot of hype. You don’t even hear back from those vendors.”

SDTA #1, representing a local chamber of commerce, said that outreach programs could be effective in principle, but in practice the marketing of those events have been quite poor. He said, “My impression would be that turn out would be relatively low [for such events].” He went on to say that agencies need to make sure that they get the attention of those companies that would most benefit from outreach programs, and try to ensure that those companies attend the events.

SDTA #10, representing a supplier trade organization, stated that public agencies are too focused on outreach and not focused enough on tangible results.

**Educational, training, and technical skills programs**

Several interviewees had positive or neutral opinions about educational, training, and technical skills programs aimed at small firms. Interviewee #SD21, representing a Caucasian male-owned firm, stated that technical assistance programs are very helpful to minority- and female-owned firms. However, he would like to see unions “expand their training horizons.” That is, he believes that unions should establish broader training programs for their members rather than leaving it up to individual agencies.

Interviewee #SD5, representing an African American male-owned firm, stated that a large construction firm hosts a 14-week training seminar at the Airport that he described as being very helpful. In addition, Interviewee #SD5 attends seminars with various public agencies to gather information and develop relationships with members of the certification and bonding communities.

Interviewee #SD14, representing a Hispanic American male-owned firm, indicated that technical assistance programs would be helpful for firms that are just starting out, particularly in making new contacts. He went on to say that on-the-job training programs would also be helpful for those firms, but that such programs are not very practical in the current economy.

Interviewee #SD19, representing a Caucasian male-owned firm, indicated that although technical assistance programs would not help her firm (because it is well-established and she has a great deal of
experience), they would be particularly useful for less established firms: “If you are just starting out, this might be good.”

Interviewee #SD33, representing a Hispanic American male-owned firm, indicated that technical assistance is necessary for small firms, because they may find contracting specifications and procedures overwhelming. He said, “If [public agencies] break it down and walk through it, it is helpful.”

Interviewee #SD40, representing a Caucasian male-owned firm, reported that his firm offers free classes to small firms that teach them a broad range of business skills, including scheduling, bidding, and project management.

Interviewee #SD47, representing an African American female-owned firm, stated that technical assistance and training programs are vital to the success of small firms, because they cannot afford internal training programs: “People don’t have any money for training ….”

SDTA #1, representing a local chamber of commerce, indicated that he supports the idea of technical assistance programs and on-the-job training programs, but expressed concern about firms actually attending them. He also said that he is unaware of public agencies in San Diego implementing such programs.

SDTA #7, representing a construction trade organization, said that his organization hosts construction training classes that members and nonmembers are welcome to attend. He said, “I think we are the main training facility for this area and probably part of LA too.

SDTA #10, representing a supplier trade organization, stated that he and his staff spend at least 25 percent of their time providing technical assistance to suppliers.

Other interviewees had negative opinions about educational, training, and technical skills programs aimed at small firms. Interviewee #SD2, representing a Caucasian female-owned firm, reported that public agencies spend a lot of money on technical assistance, but most of that assistance is at a very basic level. She said that classes at that level can hurt small firms more than they can help. She said that technical programs can be improved if “actual contractors that do actual work” teach the classes.

SDTA #10, representing a supplier trade organization, reported that not all technical programs are useful: “There are tons of technical assistance programs, but not all are good or useful.” He went on to say that public agencies do not do a good job of identifying the useful programs and eliminating the bad ones: “There seems to be a willingness to simply perpetuate the programs with a focus on systems and processes, but with no attention given to the bottom line or a return.”

Interviewee #SD20, representing an Asian American male-owned firm, said about his own firm: “We don’t really need [technical assistance].” He also indicated that technical assistance programs would be a great deal of work for public agencies, rendering them impractical.

Interviewee #SD10, representing an African American male-owned firm, stated that the resources spent on technical assistance programs are better spent in other areas: “I am too jaded in this industry
and this city to think that technical assistance works. I need help making sure I am getting the work that is promised to me.”

SDTA #11, representing a veterans trade organization, indicated that he did not think that technical assistance programs were particularly useful. One pitfall that SDTA #11 pointed out about those programs was that they were too short to be productive, “When you’re going to talk about bonding, don’t give it a 15 minute time frame.” He also said that he would prefer if agencies spent time educating their own procurement people on the needs of local small businesses.

SDTA #5, representing a government advisory commission on minority issues, reported that she considers a particular trade association’s mentoring program to be a complete failure: “The … mentoring program … is a failure I believe. It is nice that they have it, but when you have a program that is seven years old and graduated only four people I don’t know how you consider that a success.”

**Assistance with financing, bonding, and insurance**

Many airport interviewees had positive or neutral opinions about programs aimed at assisting small firms with financing, bonding, and insurance. Interviewee #SD14, representing a Hispanic American male-owned firm, said that finance and bonding programs would be very useful for MBE and WBE firms, particularly for small firms that are not well established. However, he indicated that he has never heard of any such programs being implemented in San Diego and would not know how to get information about them.

Interviewee #SD21, representing a Caucasian male-owned firm, indicated that programs aimed at providing financing and bonding assistance would be very helpful to MBE/WBE firms. He said that he is aware of a bond guarantee program through the Small Business Association (SBA), but did not share any opinions about it. He noted that bond waivers are not a reasonable expectation for public agency work.

Interviewee #SD20, representing an Asian American male-owned firm, indicated that financing and bonding programs would definitely help small firms (including MBE/WBE firms). With regard to financing, Interviewee #SD20 said that he would also like to see some sort of program or policy by which the prime contractor is required to pay its sub contractors in a timely fashion.

Interviewee #SD30, representing an African American male-owned firm, reported that financial assistance would be very helpful to small firms, including MBE/WBE firms. Regarding the importance of a firm having its finances in order, he said, “A large firm — particularly in the public sector — wants to see that you are handling your financials properly.” He went on to suggest that public agencies should help small firms by lending them money upfront for startup costs on projects.

Interviewee #SD31, representing a Caucasian male-owned firm, said that bonding is absolutely the biggest hurdle that firms face in construction and any programs that help firms with bonding would be beneficial. Specifically, he indicated his preference for bond waivers rather than bond guarantees: “Bond waivers are better than bond guarantees, because in the end you still have to find someone … to put up the money [with bond guarantees].”

Interviewee #SD47, representing an African American female-owned firm, said that trade associations, particularly those representing minority- and female-owned firms, should spend more
time developing relationships with financial institutions and surety companies on behalf of their members: “Instead of forming alliances with people who don’t mean minority contractors any good, [trade associations should] form those alliances with surety companies, insurance companies, CPA’s, accountants and bookkeepers.”

Interviewee #SD47 went on to say that current bonding programs can be helpful but are inaccessible to most of the firms that need them: “I had to go all the way to Washington [to get bonding assistance … the average person will give up — I think [finane and bonding programs] are designed that way.”

SDTA #8, representing an electrical workers trade organization, indicated that the Airport’s bonding program is a “wonderful” program. She said that bonding is one of the biggest obstacles for small firms that are not well established. She also said that her organization’s members value the Airport’s bonding program — they believe that it significantly helps their employees.

SDTA #6, representing an Asian American trade organization, reported that it would be particularly helpful if the Airport developed programs to assist small firms with bonding. She went on to say that her organization would like to provide members with bonding assistance, but that they currently do not have the capacity to do so.

SDTA #11, representing a veterans trade organization, indicated that programs aimed at assisting small firms with financing and bonding are worthwhile programs. He noted that some bonding assistance is currently available for small firms through the Small Business Administration, but that many firms are not aware of it. He said that for financing and bonding programs to be effective, financial institutions and disadvantaged businesses need to be educated on them.

SDTA #3, representing a local chamber of commerce, indicated that financing programs would certainly be useful to minority- and female-owned firms, particularly given the current state of the economy and how difficult financing can be for a new business. She said, “the first three years when you start a business [are] your most difficult. …” She said finance programs would encourage businesses to open and to compete. SDTA #3 indicated that bonding assistance would also be beneficial to MBE/WBE firms.

SDTA #7, representing a construction trade organization, said that financing assistance would certainly be helpful for small firms (including MBE/WBE firms), but that he does not think that banks would agree to such arrangements, because “they don’t care what color [the contractors are] — they just look at the numbers.”

SDTA #1, representing a local chamber of commerce, stated that both financing and bonding assistance would be very helpful to minority- and female-owned firms as well as to other small firms in San Diego.

**One Interviewee reported that the SBA’s bonding program is not helpful.** Interviewee #SD2, representing a Caucasian female-owned firm, indicated that the SBA’s bonding assistance is not very useful for small firms: When asked why not, she replied, “There is so much BS to it.”
Simplification and streamlining of the bid process

A few interviewees reported that they would like to see public agencies simplify and streamline their bid processes. Interviewee #SD28, representing a Caucasian female-owned firm, indicated that changes in bid procedures would help all firms, not just small firms or DBE firms. He thinks that public agencies in San Diego need to work together to make their bid procedures more consistent and uniform.

Similarly, Interviewee #SD31, representing a Caucasian male-owned firm, said that in principle streamlining bid procedures would be helpful, but it would be difficult to do in practice because “every agency’s [bid] procedures are different.” Interviewee #SD31 said that it would be helpful to make bid procedures uniform across agencies if they were “put together by competent people.”

SDTA #11, representing a veterans trade organization, said that there was too much paperwork and hassle associated with bidding on public sector projects, particularly with the Airport. He indicated that he supported measures to simplify the bid process.

SDTA #1, representing a local chamber of commerce, indicated that streamlining the bid process would be very useful in helping firms better understand available bid opportunities. Similarly, Interviewee #SD21, representing a Caucasian male-owned firm, said that streamlining the bid process would be very helpful to minority- and female-owned firms.

Other interviewees expressed concerns about how bid processes would be simplified and whether it would be beneficial. Interviewee #SD14, representing a Hispanic American male-owned firm, indicated that he does not want to see any changes in bid procedures: “I think you have to keep the bidding procedures like they are.” He said that he believes that the bid process as it is ensures that available contracts go to qualified contractors.

Interviewee #SD30, representing an African American male-owned firm, indicated that he would be hesitant to simplify bid procedures. He would rather see more outreach and training related to bid procedures rather than seeing them change in any way. He went on to say that that he would like see agencies’ estimating procedures become more transparent to bidders: “One process I would like to see changed is … the engineer’s estimate …. I really don’t think it’s accurate, and I think it handcuffs … the prime from the get go.”

Interviewee #SD32, representing an African American male-owned firm, said that streamlining bid procedures could be problematic, because certain aspects of them are necessary to ensure that the best contractors win projects: “I think certain requirements are necessary in order to … [separate] the good contractors from the bad contractors.”

Interviewee #SD20, representing an Asian American male-owned firm, stated that, in theory, streamlined bid procedures would help small, less established firms, but he thinks that all aspects of the current bid process seems necessary. He expressed concerns about what the agencies would eliminate.

SDTA #3, representing a local chamber of commerce, reported that she preferred that public agencies provide more information to potential bidders about the current bid procedures rather than change those procedures in any way.
Segmenting larger contracts into smaller contracts

Many interviewees reported that segmenting large contracts into smaller pieces would help smaller firms. Interviewee #SD2, representing a Caucasian female-owned firm, reported that breaking contracts down into smaller pieces is important to helping minority- and female-owned firms: “Breaking up jobs would be a good thing.” She went on to say that having large contracts does not save public agencies money, as many of them think: “You pay so much for different levels of construction managers [on large contracts] … You also get more competition with smaller jobs.” Interviewee #SD2 said that although many local firms prefer smaller contracts, public contracts appear to be getting larger.

Consistent with those comments, Interviewee #SD21, representing a Caucasian male-owned firm, reported that although breaking up contracts would be helpful to small firms (including MBE/WBEs), The Airport has been moving away from that measure. He said, “The Airport has gone just the opposite way [recently]. They’ve been lumping [contracts] together.”

Interviewee #SD20, representing an Asian American male-owned firm, agreed that breaking up large contracts into smaller pieces would help minority- and female-owned firms: “That would help [DBEs and small firms].”

Interviewee #SD16, representing an African American male-owned firm, indicated that breaking up large contracts would greatly help his firm: “Let’s put it like this, babies can’t eat meat, right? Well businesses like mine can’t take million dollar contracts.” He said that the main issue for small firms is that they lack the capital to take on bigger projects.

Interviewee #SD28, representing a Caucasian female-owned firm, reported that segmenting large contracts into smaller pieces would help both prime contractors and subcontractors in San Diego: “The Airport was going to have … contracts in big units, and that would have meant companies from out of state that were … specialized in [that type of work] would be coming in to do them, and it would have been less work for the people here in San Diego, but [the Airport] broke [the contracts apart] ….”

Interviewee #SD30, representing an African American male-owned firm, said that “without a doubt” public agencies should break up large contracts into smaller pieces to make them accessible to small firms. He gave the example of a new federal courthouse that is going up in the city: “It’s easily $10 million — just the electrical — but they would list that $10 million job as a small business [opportunity]. Come on now — I think they [must] look at me as a tiny business, not a small business.”

Interviewee #SD31, representing a Caucasian male-owned firm, indicated that he supports breaking up large contacts into smaller pieces: “The smaller the [contract] pieces, the easier it is to qualify for a particular piece. In other words, someone might be willing to give me a $2 million job, but are they going to give me a $50 million job?”

Interviewee #SD40, representing a Caucasian male-owned firm, reported that his subcontracts work out in small pieces to allow small firms the opportunity to bid on them. He indicated that segmenting contracts in that way creates more work for his firm, but that it is important to allow small, local firms the opportunity to compete: “We are creating work for the local community. What
we do is try to create work that fits the local market. We will package work so smaller companies can compete, so they can get the insurance and the bonding. The benefit is that we get to keep as much work local as possible and grow the companies in our local market.”

Interviewee #SD40 continued, “For DBEs, I think the biggest challenge is that if the work is not packaged in the right way disadvantaged firms are forced to be excluded. I think that we need to know what the requirements are and not set the bar so high so they can participate. It is sometimes more work for general contractors, but the benefit goes to the client.”

Interviewee #SD43, representing a Hispanic male-owned firm, stated that segmenting large contracts into smaller pieces would go a long way in encouraging MBE/WBE participation because it would (1) make those contracts more affordable for small firms; and (2) make it so multiple small firms could participate on one project rather than having it go to a single large firm.

Interviewee #SD47, representing an African American female-owned firm, indicated that the construction industry’s standard for “small” contracts is about $30 million, an amount that precludes most small firms and MBE/WBE firms from competing for them. She indicated that there needs to be more small contracting opportunities but that they do not exist because bundling contracts together is “easier for [agencies].”

SDTA #2, representing a Hispanic American trade organization, stated that breaking up large contracts would greatly benefit minority- and female-owned firms. He said, “We should be [breaking up large contracts so] most contractors [can] compete, instead of having one Goliath get all of the profits.”

SDTA #6, representing an Asian American trade organization, reported that her organization’s membership would strongly prefer that public agencies break large contracts into smaller pieces. She explained that an appropriate project size for her membership could be as low as $10,000.

SDTA #7, representing a construction trade organization, reported that breaking up large contracts would definitely help small firms. However, he pointed out that breaking up large contracts involves a great deal of coordination and planning on the part of the agency.

SDTA #5, representing a government advisory commission on minority issues, indicated that she played a role in segmenting large contracts when she used to work for a government agency and that those efforts were quite beneficial to small firms, particularly minority- and female-owned ones: “We had one man who provided all of our paper needs because of the way the contract was bundled. With such a large contract, the only way to do it was to have one large company fill the request. You get the same person every time. [After segmenting the contract], we ended up with people who did cups and another did bathrooms — smaller companies were able to work for [the agency]. Breaking up the RFP was successful and resulted in a more diverse pool of people doing business with us.”

Interviewee #SD38, representing a Hispanic male-owned firm, indicated that he supports efforts to segment large contracts into smaller pieces: “I like the idea of breaking up larger contracts for smaller jobs. I think that is a smart way of doing it. It will also keep people on their toes and keep general contractors on top of the job. Also, your bracket for the workers grows.”
A few interviewees expressed concern that breaking up large contracts would result in public agencies losing “economy of scale.” Interviewee #SD14, representing a Hispanic American male-owned firm, said that breaking up large contracts into smaller pieces would help small firms, particularly with bonding. “For small businesses that can’t bond $20 million contracts, [they] could bond $4 or $5 million contracts.” However, he expressed concerns about agencies’ and prime contractors’ willingness to break up contracts, because it is cheaper for them to award one large contract than several smaller ones.

SDTA #1, representing a local chamber of commerce, expressed a similar concern. Although he agreed that breaking up large contracts would be helpful to MBE/WBE firms, he reported that agencies would be reluctant to do it, because they would lose “economy of scale.”

SDTA #3, representing a local chamber of commerce, also expressed concerns about losing “economy of scale” if public agencies were to break up large contracts into smaller pieces. She went on to say that large contractors effectively break up contracts on their own anyway by subbing out pieces of a project.

**Price/Evaluation preferences**

A few airport interviewees indicated that they supported price or evaluation preferences for MBE/WBE firms. Interviewee #SD14, representing a Hispanic American male-owned firm, stated that price preferences would definitely be helpful for MBE and WBE firms, but that he was only familiar with those programs as they relate to small business enterprises.

Similarly, Interviewee #SD20, representing an Asian American male-owned firm, and SDTA #2, representing a Hispanic American trade organization, both indicated that price and evaluation preferences would definitely be helpful to minority- and female-owned firms.

Interviewee #SD32, representing an African American male-owned firm, remarked that price and evaluation preferences seem to be a “good deal” for DBE firms, but not necessarily a good deal for the majority-owned firms that have to compete with them.

Other airport interviewees said that they did not support price or evaluation preferences for MBE/WBE firms. SDTA #11, representing a veterans trade organization, stated that price preferences generally do not work and that agencies should be concerned with best value and not lowest price.

SDTA #1, representing a local chamber of commerce, said that price and evaluation preferences sound helpful for MBE and WBE firms, but he is concerned that majority-owned firms may feel disadvantaged or discriminated against.

SDTA #3, representing a local chamber of commerce, indicated that she did not support the idea of price and evaluation preferences, “I don’t like crutches where you bid other people out of business … [Agencies] should go with the best quality work.”
Recommendations related to remedies

Some interviewees recommended that public agencies engage in more outreach efforts. Interviewee #SD4, representing a Caucasian male-owned firm, suggested that public agencies should have an open forum for MBE and WBE firms and ask them, “How can I help you?” Particular to the Airport, Interviewee #SD4 said that he would like to see Airport inspectors be more helpful and less combative with regard to MBE/WBE regulations.

Interviewee #SD16, representing an African American male-owned firm, stated that public agencies need to reach out more to minority- and female-owned firms: “Reaching out to those who have been outside of the playing field for so long because of race, age or gender is important. Public agencies should be more aggressive about attacking social ills and we could be more effective in developing a remedy.”

Interviewee #SD30, representing an African American male-owned firm, stated that small firms are not as big a part of the San Diego contracting industry as they should be: “I don’t think it’s a level playing field, because small businesses or the new start up guys are not necessarily in the loop.” He said to improve the situation, public agencies need to focus on disseminating more information to small firms and need to do more outreach to help small firms be aware of work opportunities.

Interviewee #SD43, representing a Hispanic male-owned firm, suggested that the Airport should allow small firms to interview one-on-one with Airport staff, because she thinks that the Airport’s current outreach events are inaccessible to small firms: “When there’s so many people [at outreach events] and it’s so overwhelming, they’re not taking your company into consideration in particular. It’s very difficult.”

SDTA #3, representing a local chamber of commerce, suggested that public agencies should do more to ensure that potential bidders are informed about available projects and remedial programs. Particular to the Airport, SDTA #3 recommended that their website be thorough and inviting to potential bidders, and that representatives from the Airport speak at events that local chambers host.

SDTA #9, representing a public works trade organization, said that public agencies need to do more to encourage the participation of small firms: “We have 65,000 small businesses in California. We should be asking the question, ‘How [can] local agencies work better … to help small business and themselves?’ There should be a cooperation of public agencies on bidding, outreach, and communication to recruit these businesses.”

Several interviewees recommended that public agencies institute education programs, both for potential bidders and for their staff. Interviewee #SD11, representing a Caucasian male-owned firm, suggested that public agencies should be involved in educating and training those in the community that are interested in entering the construction industry. He cited the success that a local organization has had in developing an apprenticeship program and training “willing workers to be subcontractors.”

Interviewee #SD16, representing an African American male-owned firm, indicated that public agencies could provide more information and more learning opportunities to minority- and female-owned firms related to “how to do business.”
Interviewee #SD30, representing an African American male-owned firm, stated that he would like to see education programs expand to include training beyond the classroom: “[The agencies] offer a lot of classes and seminars … [but] you really need more hands-on mentoring.”

SDTA #7, representing a construction trade organization, stated that the target of most remedial programs is wrong. He said that rather than focusing on discrimination among contractors, public agencies should focus on educating people and getting them into the industry: “Almost their entire emphasis should be on getting people into the trade, getting people through construction tech. and into the universities. …”

SDTA #8, representing an electrical workers trade organization, reported that public agencies need to enforce apprenticeship laws — that is, they need to ensure that there are apprentices working on every project. She explained that most contractors move up in the construction industry through the trades, and in order to see a greater representation of minorities and females in the construction industry, public agencies have to foster education and apprenticeships.

SDTA #4, representing a local chamber of commerce, stated that MBE/WBE firms still need help with basic industry knowledge that is generally passed down from one generation to another. SDTA #4 also said that MBE/WBE firms also need improved access to information about bid opportunities and that language barriers continue to be an issue.

SDTA #11, representing a veterans trade organization, recommended that public agencies use more programs to educate MBE and WBE firms about bidding procedures and to educate their own staff about the needs of small firms in San Diego.

Regarding education and technical assistance programs, SDTA #9, representing a public works trade organization, said, “I view technical assistance as something that is one-on-one. Asking the questions, what do you need help with? Based on this definition there is not enough technical assistance being provided by public agencies. Technical assistance is limited with public agencies, because people at the public works are not able to give inside information. Additionally, they are busy and there are not enough people for one-on-one [interactions].”

A few interviewees suggested that public agencies should segment large contracts into smaller pieces. Interviewee #SD4, representing a Caucasian male-owned firm, suggested that public agencies should segment large projects into smaller pieces in order to help small firms be more competitive. He said, “Take a small project and break it up into smaller pieces. Even a small structural metal subcontract of $5 million is still too large for small subcontractors.”

SDTA #2, representing a Hispanic American trade organization, stated that public agencies should segment large contracts to allow small firms to compete against larger ones. He went on to say that the way contracts are presently sized, “large businesses can crush the small businesses.”

Recommendations related to DBE programs

Some interviewees recommended that mandatory DBE goals should be in place. Interviewee #SD14, representing a Hispanic American male-owned firm, stated that mandatory DBE goals need to be in place and need to be enforced: “Make [the goals mandatory]. Then everyone’s got the same
playing field.” He went on to say that good faith efforts should be eliminated, particularly for larger contracts that have more subcontracting opportunities.

Interviewee #SD2, representing a Caucasian female-owned firm, said that the Airport “should set aside contracts for small businesses.”

Interviewee #SD31, representing a Caucasian male-owned firm, recommended that public agencies transition from using subcontractor goals to using mandatory quotas, assuming that there are enough competent firms available for the work: “If there were enough competent firms, I would say [quotas] might be something to consider.”

SDTA #11, representing a veterans trade organization, recommended that mandatory goals should be reinstated, but said that all disadvantaged firms (e.g., African American-owned, Asian-American owned, female-owned, and veteran-owned) should have the same goal: “Make it all equal [for disadvantaged firms].”

SDTA #4, representing a local chamber of commerce, indicated that mandatory DBE goals are necessary and should be reinstated, because the playing field is not yet equal for minority- and female-owned firms.

Other interviewees recommended that DBE goals and good faith efforts should be eliminated altogether. Interviewee #SD11, representing a Caucasian male-owned firm, indicated that DBE programs should be eliminated: “Do away with regulations. Make it an open market. The small guy just can’t handle all of the paperwork. They should do away with regulations. Primes should advertise and they should choose the most qualified, lowest bidder for the project.” He went on to ask rhetorically, “Can we close the DBE department? It doesn’t work.”

Interviewee #SD6, representing a Caucasian male-owned firm, said that the Airport should maintain a Small Business Enterprise Program but eliminate its DBE program, at least how it is presently structured. He suggested that the Airport could keep DBE goals, but make them voluntary and eliminate good faith efforts. As an alternative to mandatory goals, Interviewee #SD6 suggested that prime contractors receive a monetary credit for using MBE or WBE subcontractors.

Interviewee #SD7, representing a Caucasian male-owned firm, indicated that race and gender should not play a role in contracting procedures: “If you are qualified to do a job your experience level should stand on its own, no matter the color of your skin.

SDTA #12, representing a workforce trade organization, said that minorities and women do not need preferential treatment — they need encouragement and the opportunity to acquire additional skills.

Some interviewees recommended that public agencies pay more attention to issues related to minority- and female-owned firms. SDTA #5, representing a government advisory commission on minority issues, said that the City of San Diego and its public agencies do not focus enough on diversity issues and helping MBE and WBE firms: “I have seen what happens when there is a lack of focus … to have diversity. This is what is happening in the City [of San Diego] which I am sure is spilling into other agencies throughout San Diego. I have not seen a commitment to data collection or outreach in any seriousness throughout the City which I am sure is the same here at the Airport.”
She continued, “Currently, there is no will or interest to accomplish a successful DBE program. When it comes from the top it will work.”

SDTA #1, representing a local chamber of commerce, said that more needs to be done to help minority- and female-owned firms, but he was careful to say that assistance should not be limited to only those firms but should include other small firms in San Diego as well. He recommended that public agencies keep the issues of all local, small firms front and center, and that those issues “shouldn’t just be a box to fill out on the side.”

**One Interviewee suggested that public agencies should offer monetary incentives to prime contractors to work with MBE/WBE firms.** Interviewee #SD7, representing a Caucasian male-owned firm, stated that financial incentives would encourage prime contractors to use their own resources to help MBE/WBE firms get through the bid process. He suggested that prime contractors should receive a small percentage of MBE/WBE subcontractors’ contract values.

**One Interviewee suggested that public agencies should institute limits on how long a particular firm can be awarded a contract.** SDTA #2, representing a Hispanic American trade organization, said, “There should be a limit on the amount of time you can do business with the public. For example, you can’t do business longer than ten years in a row.” He explained that without such limits, contracts transfer from one generation of a firm to the next. He described that practice as discriminatory: “This is general institutional racism and discrimination.”

**Several interviewees offered non-specific recommendations about how public agencies can improve their contracting procedures and DBE programs.** Interviewee #SD21, representing a Caucasian male-owned firm, said that he is not familiar enough with DBE programs to know if there are certain components that are particularly helpful to MBE/WBE firms. He said that he is much more concerned about whether a subcontractor can help him complete a job rather than about the subcontractor’s DBE status, “I’m absolutely a dollar driven guy. If somebody can walk in and help me make money, that’s what’s important to me.”

SDTA #8, representing an electrical workers trade organization, said that any program that helps small firms (including MBE and WBE firms) is a good use of tax dollars.

SDTA #11, representing a veterans trade organization, indicated that remedial program work as well for MBE/WBE firms as they do for Disadvantaged Veterans Business Enterprise (DVBE) firms, with the caveat that the work ethic of veterans far exceeds that of minorities and women. He said, “If it works for service disabled veterans, it will probably work for minorities [and women], with the exception of one thing … the work ethic [of service disabled veterans is better].”

Related to those comments, Interviewee #SD31, representing a Caucasian male-owned firm that is DVBE certified, indicated that he supports the use of remedial programs for disadvantaged firms. However, he went on to say that DVBE firms deserve those preferences more than MBE/WBE firms: “Quite frankly, compared to the other minority categories, we feel we earned it — not born into it.” With regard to MBE/WBE firms benefitting from evaluation preferences in particular, Interviewee #SD31 said, “I don’t think they’ve earned it.”

Interviewee #SD43, representing a Hispanic male-owned firm, indicated that in order to encourage MBE/WBE participation, prime contractors should be required to use subcontractors that they have
not used in the past, which would give opportunities to new firms: “I just think bigger companies should be able to try out different [subcontractors] and not just stick with the ones they usually do. I think it should be some kind of requirement where they have to try new, small companies just so we can get an opportunity to show what we can do.”

SDTA #7, representing a construction trade organization, indicated that a major problem with existing remedies is that they are more political than they are practical. Regarding those politics, he said, “A politician doesn’t care about who is getting contracts or not. They just want to create a program that they can tell people that they are [addressing minority and gender issues]. The results never are good. They don’t care about [minority and gender issues] — they just want to create the program.”

SDTA #3, representing a local chamber of commerce, indicated that she was unfamiliar with the term “DBE” and thus had no knowledge regarding the certification process.

C. Caltrans anecdotes regarding participation in and awareness of race-, ethnic-, and gender-neutral programs or measures

The following anecdotes regarding participation in and awareness of race-, ethnic-, and gender-neutral programs or measures were obtained from interviews that the study team conducted in connection with BBC’s 2007 Caltrans study.

Educational, training, technical skills

Most interviewees were not aware of any Caltrans programs aimed at educating, training, or improving the technical skills of small or disadvantaged business owners. Several interviewees thought such programs would be helpful. Interviewee #CT44, a Middle Eastern male-owned firm, does not know about any educational/training programs to increase opportunities for small businesses to participate in Caltrans projects. He wishes Caltrans offered such programs. Interviewee #CT16, a white male-owned firm, attended a program in San Diego put on by Caltrans in conjunction with the Federal Highway Administration (FHWA) for professional development, and he feels that it was “a really good conference.” CATA #3, a Hispanic trade association, said that there were some promising educational and training programs coming out of District 7 (he said he did not know about others), including a high school mentor program to promote careers in the construction and professional services fields.

Some interviewees had experience with non-Caltrans training programs. Interviewee #CT79, an African American male-owned firm, said the City of Los Angeles sponsored a training session for contractors at the mayor’s office. Since Interviewee #CT79 is well-known and respected in his field, he was asked to recommend additional contractors to participate. The program was called “Business Boot Camp,” and Interviewee #CT79 served as a mentor. The Los Angeles United School District also provided some training on the DBE certification process. He found these programs to be very helpful, and wishes there were more.

CATA #10, an Asian American trade association, stated he did go to a few educational/training programs but that they need improvement, particularly with regard to the selection process, preparation of the RFP, and training on how to prepare for auditing.
Assistance with financing, bonding, and insurance

Very few interviewees are aware of any programs aimed at assisting small businesses obtain bonding, insurance, or financing, and even fewer have participated in such programs. Many of the DBEs interviewed believed that such a program would be helpful, but some interviewees were not interested in such a program. Interviewee #CT40, a white male-owned firm, stated that when the DBE program was in existence, his company had to provide some programs that assisted with bonding, insurance, financing, and educational programs — none of which he agreed with: “If you’re gonna be in business, you should know how to do that stuff.” CATA #2, an African American trade association, said that the State of California had programs to assist with bonding and insurance and that, though prime contractors are supposed to help subcontractors get financing, he had never seen it because some DBE firms do not want this kind of help and/or prime contractors do not want to give it.

Interviewee #CT49, an African American male-owned firm, said that Caltrans “at one time” helped out with bonding, insurance, and financing. Interviewee #CT48 an Asian American male-owned firm, stated that he receives information on programs to assist businesses with bonding, insurance, and financing, but he said that he could not remember if this information was from Caltrans or some other agency.

CATA #3, an Asian American trade association, said that he had not heard of Caltrans offering any programs to assist with bonding, insurance, and/or financing, but he again mentioned the U.S. Department of Transportation’s loan guarantee program and suggested it as something Caltrans may wish to consider replicating.

Interviewee #CT9, a white male-owned firm, stated that he was aware of Caltrans’ outreach efforts through various liaison committees, but that attending a seminar and being selected for a project “are two different things[,]” and that outreach and training “won’t be the whole solution . . .” Interviewee #CT9 stated that he had attended Caltrans-sponsored seminars for specifications, cost-estimating, and seismic research (the latter were coordinated with local universities), and that these programs had been “very rewarding.”

The remaining interviewees had no knowledge of programs sponsored by Caltrans to assist with bonding, insurance or financing.

Efforts to segment larger contracts into smaller contracts

Most interviewees were not aware of efforts by Caltrans to segment larger contracts into smaller pieces to promote opportunities for small and mid-sized firms to act as primes. However, many interviewees would be in favor of this effort. Interviewee #CT81, a Hispanic male-owned firm, does not have any knowledge of Caltrans efforts to segment larger contracts into smaller ones, but that would be “great.” Interviewee #CT1, a Native American male-owned firm, does not think Caltrans needs to streamline the bidding process because it is okay as it is. He thought it would be a “good idea [and] . . . a wonderful thing” for Caltrans to segment larger contracts into smaller contracts. Interviewee #CT13, a Pakistani male-owned firm, had no knowledge of or experience with Caltrans trying to break up larger contracts, but he said that this is something that Caltrans should do.
Interviewee #CT7, a white female-owned business, has had no experience with or knowledge of Caltrans trying to segment larger contracts into smaller ones, but suggested if Caltrans is going to do so, it should “exclude the big boys [from bidding] and then allow the big boys to compete [only] if there aren’t any qualified GM medium or small size firms that are submitting them [bids].”

Interviewee #CT75, a white male-owned firm, has not heard of any efforts by Caltrans to break up large contracts into smaller projects in order to provide small businesses an opportunity to participate. He thinks it would be “stupid” to do so, as there are plenty of opportunities for smaller businesses, provided, of course, they can afford the bonding requirements.

Some interviewees were aware of this effort by Caltrans. Interviewee #CT45, a white male-owned firm, stated that Caltrans does segment some large contracts into smaller ones, but “they don’t do enough of it.” Interviewee #CT50, a white male-owned firm, has heard that Caltrans is making efforts to segment larger contracts into smaller contracts. He feels this is a good idea because certain sections of a project would have to be divided up and handled by specific groups within a large firm anyways.

CATA #1, an Asian American trade association, said that he had heard from Caltrans’ director and others about a commitment to segment more of Caltrans’ larger contracts to promote opportunities for small businesses and that he understood that District 4 and District 7 had been doing this, but also that he and the Association’s members wanted to see this commitment become a formalized policy.

Interviewee #CT11, a Native American male-owned firm, is aware that recently, District 7 broke what could have been one or two very large contracts into three or four. Interviewee #CT11 knows that one of the contracts did go to a smaller business and that there is an effort to go that route, which he thinks is “outstanding.”

CATA #10, an Asian American trade association, stated he has seen some effort to segment contracts but it is easier for Caltrans to manage one large project than many smaller projects and Caltrans thinks it is more cost effective although he disagrees with this because small firms are more competitive than larger firms.

Recommendations related to remedies

Several interviewees suggested that Caltrans should increase its outreach efforts, such as training programs and job fairs. Interviewees suggested Caltrans host industry-specific job fairs. This would allow vendors and contractors to use their time and money more efficiently by attending and marketing at only those events where others in their field are likely to be. Caltrans should encourage older, more established DBE businesses to attend DBE gatherings, as well as foster introductions between large and small contractors.

Interviewees said Caltrans should continue and further develop educational workshops on how to do business with Caltrans or how to submit bids. Caltrans should conduct targeted programs such as how to obtain certification, how to fill out bid forms, and how to navigate the Caltrans website. Caltrans could design programs to teach DBEs and small businesses how to compete in the private sector, including workshops on how to estimate costs and how to market effectively.
Interviewee #CT34, a white male-owned firm, recommended sponsoring “large-scale contracting workshops that deal with the consulting sector as a whole,” to have “targeted days or targeted workshops that are geared specifically toward the various disadvantaged business categories.” Interviewee #CT34 noted that, currently, Caltrans’ outreach “seems to be very project-oriented, as opposed to need-oriented,” and he suggested that Caltrans’ focusing its outreach on specific firms and/or specific services might be a better way of “getting the word out in terms of what the opportunities were.”

Interviewee #CT79, an African American male-owned firm, suggested increasing the number of training programs. CATA #1, an Asian American trade association, would like Caltrans to offer education and training programs for small firms on how to use its software for design work so that these firms can better compete for Caltrans jobs. CATA #11, a minority trade association, would like Caltrans to facilitate meetings between general contractors and minority firms. His members often make business connections at their meetings. CATA #3, a Hispanic trade association, would like Caltrans to expand upon its outreach efforts, especially in the professional services area, and begin hosting and/or sponsoring quarterly mixers where Caltrans staff and officials, prime contractors, small businesses, and DBE firms can all come together to get to know each other and learn about upcoming work opportunities. Caltrans should also offer workshops on how to prepare and submit proposals that meet Caltrans’ needs. In order to ensure clarity in the bid documents, Caltrans should have a panel of DBE firm and small business representatives review Caltrans’ current RFPs and recommend improvements.

Interviewee #CT44, a Middle Eastern male-owned firm, recommends that Caltrans focus on improving its methods of communication with contractors. He wishes that Caltrans advertised bidding opportunities more prominently and were otherwise engaged in efforts to make sure small businesses knew about them. CATA #1, an Asian American trade association, suggested Caltrans implement an “e-blast” system (like it used to have with “fax-blast”) for advertising its jobs.

Interviewee #CT67, a white female-owned firm, recommended that Caltrans do a better job of outreach and notification.

An African American consulting firm suggested, at a public hearing in San Diego, that the project managers and engineers attend the procurement fairs and roundtables. “You’ll do the procurement fairs, but you go out . . . and you don’t have the participants or the projects managers going. The next level is where you would have the project engineers at these events, you know, very, very much roundtables.” He would also like to see more “informal meeting, either going out to lunch or in the office where it’s one-on-one time or they are a member of the AGC and they are a member of an advisory committee . . . its’ you and eight people and . . . the public agency basically asking every question they want to.” (P.H. San Diego, 3/22/07).

A representative of BRIDGE, a Native American organization, stated, at a public hearing in San Diego, that DBE firms “don’t market themselves correctly. They are not selling themselves to the primes correctly. And that needs to be looked at.” (P.H. San Diego, 3/22/07). A white male-owned consulting firm testified, at a public hearing in Los Angeles, “you need to market yourself because being on the list is only the first step. You have to take an active role in knocking on doors like you would in any business and show your wares and discuss your expertise because that’s what’s going to get you the work.” (P.H. Los Angeles, 4/4/07).
Some trade associations suggested Caltrans develop a formal partnership in order to reduce duplicative efforts and enhance the effectiveness of Caltrans' program. They point out the officials and administrators working for Caltrans appear to have many connections with area trade associations, but there is no formal line of communication that holds a specific office or official responsible for maintaining these relationships and utilizing their expertise. These associations suggested this formal relationship could include convening quarterly meetings in which Caltrans offers an open invitation to trade associations to discuss all entities' programs and outreach. This partnership, they recommended could also coordinate the certification process between the trade associations and Caltrans to reduce redundancy. They suggested Caltrans could advertise and encourage businesses to attend events hosted by trade organizations, as well as inform vendors and contractors of the variety of trade organizations and their individual missions.

Many businesses suggested breaking larger contracts into smaller pieces so that small businesses or DBEs could participate as primes (Interviewees #CT1, # CT7, # CT8, # CT11, # CT12, # CT64, CATA #1, #2, #7). Interviewee #CT51, a Hispanic male-owned firm, pointed to the importance of increasing work opportunities for DBEs, stating, “I think the one thing that I have said before is the more that they increase the participation in the contract, the more people are going to have an opportunity to work.” Interviewee #CT12, an African American male-owned firm, suggests that smaller jobs would make Caltrans more “accessible” to small companies.

Interviewee #CT1, a Native American male-owned firm, stated that he is unable to take on contracts that are more than a couple hundred thousand dollars a year.

Interviewee #CT8, a Hispanic male-owned firm, is not aware of anything Caltrans had done to simplify or streamline the bidding process (which Interviewee #CT8 feels was “pretty easy” already) or to segment its larger contracts so as give more opportunities to smaller businesses, though he said, “I’ve often thought of why they didn’t do that [break their contracts].”

Interviewee #CT29, a Hispanic male-owned firm, stated that Caltrans should not waste people’s time if the incumbent is going to be selected anyway, and his suggestion is for Caltrans to allow companies to be more upfront about whether the opportunity is really there. Also, the bundling of projects makes the projects out of reach for small entities, and so Caltrans should break them down into smaller projects.

Interviewee #CT51, a Hispanic male-owned firm, thought it would “be good” if Caltrans were to break up its larger contracts, although he did not know how Caltrans would go about breaking up a highway project, and he wondered if breaking up contracts would drive up costs. He said that Caltrans would be better off increasing the participation of DBEs on its contracts than trying to break its jobs down into smaller bidding contracts.

CATA #1, an Asian American trade association, suggested that Caltrans set aside a certain number or percentage of its contracts for segmenting. Caltrans should break down more contracts to provide more opportunities for small businesses to work as prime contractors.

Some Interviewees recommend Caltrans should make drawings and bid papers more accessible and more affordable by developing an electronic format (available through the internet or on cd rom). These interviewees said the goal should be to reduce the cost burden placed on contractors while maintaining an effective and fair bidding process. Some of the issues these interviewees say to
consider include 1) whether the number of copies required to bid can be reduced; 2) whether answers to some of the information required at the initial bid (i.e. bonding) can be postponed until the contractor moves a step closer to successfully winning the bid; and 3) whether the standard forms and process are appropriate for distinct procurement categories.

Some interviewees suggested that Caltrans foster a program that focuses on development of small businesses, which might limit bidding on selected small contracts to those registered as a small business with Caltrans (CT Interviewees #49, #63). The purpose of this program would be to reduce the perception of large, national contractors being awarded small Caltrans contracts. Alternatively, interviewees suggested Caltrans initiate a preference for small businesses that operates similarly to its local preference allowance. Interviewee #CT49, an African American male-owned firm, recommended to improve Caltrans DBE program that Caltrans (as he understood some other agencies had done) implement a preference and/or percentage requirement for small business utilization on its project, and he said that doing so would be a “very good thing” for businesses that are just starting out.

Interviewee #CT65, a white male-owned firm, sees large contractors always getting bids because smaller companies are not receiving subcontractor opportunities. Interviewee #CT65 stated that most small business are becoming disadvantaged because they cannot get work, as they are so small, or the work is being done in-house. No small contractors can afford the insurance and bonding requirements that are as large as those required by Caltrans, so there is no point in even bidding for work. He notes that while women and minority owned business continue to get special privileges, the single, one-man companies are becoming an “endangered species” when they’ve been the mainstay of the industry.

Some interviewees suggested promptly informing all bidding contractors of the name of the company that won the contract. This would afford them the opportunity to raise any issues or problems as to the bid process and contract in a timely manner. Knowledge of successful bidders also encourages other companies to seek them out as potential partners in future contracts. Interviewees suggest informing contractors of the reasons behind their loss of the contract to promote review and growth. A Hispanic female-owned consulting firm stated, at a public hearing in Los Angeles, “firms have listed DBEs to meet contract-specific goals without notifying the respective DBEs that they were named in the bid or proposal.” (P.H. Los Angeles, 4/4/07).

Recommendations related to DBE programs

Some interviewees recommended that Caltrans eliminate its DBE program altogether. Interviewee #CT17, a white male-owned firm, stated: “I’d like to see [Caltrans’ DBE program] abolished myself.” He believes the “status quo” should change, but not so much with respect to DBEs as with respect to the Caltrans bidding process (how Caltrans selects and awards bids), which he said frustrates him as a taxpayer.

Interviewee #CT17 suggested Caltrans needs to look beyond ownership and “get more in the business of finding out how many minorities [a] firm has working for them instead of a business that could be owned by a woman . . . [but] not have any minorities at all working there.” Interviewee #CT17 stated that his firm has “more Hispanic, Asian, and Middle Eastern [people] working here than probably whites,” and expressed frustration that the DBE program is focused only on ownership. According to Interviewee #CT17, if the goal of the DBE program is to increase the
number of people of color working in the transportation industry, then the program does not accomplish this goal by looking only at a firm’s ownership.

Interviewee #CT40, a white male-owned firm, would like the DBE program disbanded in its entirety. She thinks there should only be some sort of emerging small business program rather than DBE categorizations. She has spoken to several contractors, and notes that the process for getting certified as a DBE is entirely too difficult and there is too much paperwork. She notes that one subcontractor who was a DBE did not even go through with recertification because the process was so daunting.

Interviewee #CT69, a white male-owned firm, believes the DBE program should be terminated altogether. He feels that is the only way he has a fighting chance of getting work. The suspension of the DBE program last year flooded his business with work. Interviewee #CT76, a white male-owned firm, is in favor of eliminating the program and feels the preferential treatment given to DBEs is unfair, as well as completely unnecessary.

**Some interviewees suggested a time limitation be placed on the DBE program.** Interviewee #CT9, a white male-owned firm, stated that, fundamentally, he was not sure if he agrees with the DBE program. He did state that it should be “a time dependent function,” such that a business should be accorded DBE status for only a limited period of time. According to Interviewee #CT9, “it’s fine for you to have a DBE certification for a period of time,” but that “after five years you need to be on your own, or your business should shut down.”

Some businesses suggested that Caltrans should reinstitute the race- and gender-conscious goals. CATA #10, an Asian American trade association thinks “throughout the state there are many, many available, willing, and capable DBE firms but if Caltrans does not send the message to the big firms, they are not willing to team up with the small firms. But if Caltrans has the top commitment and sends the message to the larger firms [requirement of 10 percent goal or higher (“which would be better”)] . . . if that message is there then you will see a big improvement on DBE participation.”

CATA #3, a Hispanic trade association, is in favor of making the program “race-conscious.” CATA #2, an African American trade association, said that the impact of not having any goals or preferences for firms owned by people of color and women can be seen in California by looking at the data from the awarding of public sector contracts in the pre-209 and post-209 eras, and that California was unique in this regard. According to CATA #2, a DBE program is needed because “without a program, the primes are just not going to do the right thing. They’re just not.”

Interviewee #CT31, an African American female-owned firm, stated: “Well, the heart of it is [that] if there are those firms that exist, if they do not continue to exist, then there will not be firms that can be contracted. And there will not be new firms coming up behind them. So if Caltrans is not making an effort to ensure that WMBEs not only have access to but actually are awarded contracts there will not be a Caltrans DBE program because there will not be any [DBEs]. I mean, bottom line is if you are without a contract you are not going to be in business. I do not care what business you are in. If you do not have the work and if you do not get paid, you are not going to be in business.”

Interviewee #CT39, a Hispanic male-owned firm, recommended that the DBE program be reinstated because, according to him, “small companies like us . . . without the DBE, we wouldn’t even exist. It might be new companies want to start up; they’d find it hard.” Interviewee #CT67, a white female-
owned firm, said that dropping the DBE program would be an “insult” because it would show that Caltrans is not concerned about small businesses. She recommended Caltrans: keep the program; develop a good mentor-protégé program; do more outreach to, among other things, spread awareness of the program and work opportunities; and do a better job of communicating with small businesses and DBE firms.

CATA #1, an Asian American trade association, stated Caltrans should increase the DBE goals on its project. A small African American owned construction company who reported falsification of good faith efforts stated “my personal feeling is that it shouldn’t be a goal. It should be a requirement.” (P.H. San Diego, 3/22/07).

Some interviewees suggested setting aside certain projects for DBEs. CATA #3, a Hispanic trade association, would like Caltrans to earmark a certain number or percentage of small contracts for DBEs each year. Interviewee #CT32, an Asian American female-owned firm, suggested that Caltrans could improve its DBE program by setting aside small dollar values for DBEs, so that DBEs can start relationships with other businesses and “see how the business relationship works out with that initial project and then grow from there.” She said that she did not think that “just setting goals with these large businesses really works or is effective” and that she thinks Caltrans “need[s] to really go directly to the DBEs.”

Interviewee #CT32, an Asian American female-owned firm, said that “just like [in] the federal sector . . ., DBEs can get a large business to be a sub for them,” and she felt that this arrangement would be a “win-win for everybody.”

Interviewee #CT7, a white female-owned business, suggested that Caltrans keep an on-call list and award jobs to DBEs by rotation, as the MTA does. He stated that Caltrans “needs to create a bridge from DBEs to primes” because when a firm loses its DBE status due to its exceeding the net worth threshold, “you’re still too small to be a prime unless you have a specific area of specialty that nobody else offers.” She noted that such niche firms were more common in the biology and environmental reconnaissance fields but stated that “in engineering that’s really hard to have and there’s no bridge there from being a DBE to being a prime because there’s so much emphasis placed on size.”

Interviewee #CT13, a Pakistani male-owned firm, recommended Caltrans subdivide its projects into smaller ones that can be handled by DBE firms. This way, suggested Interviewee #CT13, the DBE firms could deal directly with Caltrans instead of “being at the mercy of some big prime” to be part of the team: “Why does it always have to be that we are at the mercy of some prime to benefit from DBE status when Caltrans can have those benefits directly, rather than going through all these extensive programs of mentoring and certification . . . [and] awareness . . . ?” According to Interviewee #CT13, Caltrans does not need “all these mentoring programs and stuff like that” but instead needs to simply make sure that DBE firms — and not the same ones over and over again — are used.

Interviewee #CT13 recommends Caltrans require prime contractors to rotate the DBE subcontractors they use on different projects, so that different DBE firms would have the opportunity to work for these primes (instead of the same firms getting all the work).
Some interviewees suggested Caltrans advertise and promote the DBE program. As part of this effort, Interviewees said Caltrans should inform businesses of the Caltrans contractor directories and encourage prime contractors to use the directories to find quality DBEs and small businesses. They stated Caltrans should keep the directories current and accurate and provide methods whereby vendors and contractors can easily submit updated information. Interviewees suggest Caltrans could collaborate with trade organizations to create a comprehensive directory.

CATA #3, a Hispanic trade association, would like Caltrans to publish and publicize a comprehensive directory listing DBEs categorically, both alphabetically and by the services they provide. Interviewee #CT68, a white male-owned firm, recommended making contractors and vendors more aware of the DBE program.

Some interviewees suggested greater communication and notification of opportunities to work with Caltrans. CATA #11, a minority trade association, believes the main barrier in his members pursuing Caltrans work is lack of knowledge. He would like Caltrans to publicize all their projects in a very open manner and provide a complete description of the scope of work (not just a one liner like "ramp widening"). He would like Caltrans to tell contractors where to pick up the plans and who they can go to with questions.

Interviewee #CT46, an Asian American male-owned firm, said that “the important issue is communication.” He stressed that it is important for Caltrans to make available to businesses someone with whom they can talk in person and suggested that Caltrans could create liaison or outreach officers that would be assigned to different categories or alphabetical groupings of companies.

D. Telephone interview anecdotes regarding participation in and awareness of race-, ethnic-, and gender-neutral programs or measures

The following anecdotes regarding participation in and awareness of race-, ethnic-, and gender-neutral programs or measures were obtained from telephone interviews that the study team conducted in connection with BBC’s availability analysis of Southern California firms.

Some telephone interview respondents also recommended that public agencies should segment large contracts into smaller entities. Both MBE/WBE and majority-owned firms indicated that smaller contract elements would benefit small firms. For example, a minority-owned firm said, “[Public agencies] should be able to make the bids smaller so us small guys can bid on them.”