

Council Of Asian American Business Associations

1167 Mission Street, 4th Floor
San Francisco, California 94103
(415) 928-5910

December 8, 2008

San Francisco Municipal Transportation Agency
1 South Van Ness Avenue
San Francisco, CA 94103

Attention: Mr. Nathaniel P. Ford
Executive Director

Ladies and Gentlemen:

Central Subway Project

This letter is a request for information with regard to the way your Agency plans to comply with the terms of its Department of Transportation (DOT) grant of federal dollars for construction of the proposed Central Subway project in San Francisco, California. The terms of that grant include compliance with the 49 Code of Federal Regulations (CFR), Part 26 in general, and more specifically, 49 CFR, Part 26.51.

It is our understanding that SFMTA has implemented a race-neutral DBE program, pending the completion of its disparity study, and the acceptance of the study's conclusions by DOT.

Part 26.51 lists a number of Race Neutral Measures that recipients agree to perform, as a condition of their grant. While the list can be added to by the recipient, the recipient agrees to perform, at a minimum, the nine listed race neutral measures.

- 1) Unbundling large contracts to make them more accessible to small businesses.
To Date: REFUSED
- 2) Providing assistance with bonding and financing.
To Date: ONLY PROVIDING ASSISTANCE IN BONDING. NO FINANCING PROGRAM IN PLACE
- 3) Providing technical assistance and other services.
To Date: PROVIDING SEMINARS UNDER THE BUSINESS WORKS PROGRAM
- 4) Providing lists of DBE's and Other Small Bidders (OSB) to primes
To Date: MADE REFERENCE TO WEB-BASED DIRECTORY
- 5) Implementing a supportive service program with training in book keeping and accounting for DBEs and OSBs.
To Date: NOT DONE
- 6) Help DBEs and OSBs increase opportunities to participate in a variety of work and significant projects.
To Date: NOT DONE
- 7) Establish a program to assist new, start-up firms, in fields which DBE participation has historically been low.
To Date: NOT DONE
- 8) Ensure distribution of your DBE directory.
To Date: MADE REFERENCE TO WEB-BASED DIRECTORY
- 9) Assisting DBEs and OSBs to develop the viability to utilize modern technology and conduct business via electronic media.
To Date: NO TRAINING CENTER ESTABLISHED

SFMTA

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During the last six months or so, we have had discussions with the staff in charge of the Central Subway project regarding unbundling of the project to no avail. It is our understanding that a Program Management/Construction Management (PM/CM) contract is being awarded to a joint-venture as a single contract on the order of \$ 150 million. In addition, the solicitation of the final design contract is imminent, and it appears that it will be advertised in one contract.

If the requirements of the 49 CFR, Part 26.51(b)(1) are not met, we believe it would be prudent for SFMTA to terminate the award of the PM/CM contract, and withdraw the proposed advertisement for the solicitation of the final design until a program fully meeting the 9 items as listed under Part 26.51-b is implemented.

Item b-1 of 49 CFR, Part 26.51 suggests the unbundling of large contracts to make them more accessible to small businesses. Unbundling the contract not only makes business sense to accommodate the small businesses based in San Francisco, but also meets the requirements. This is a win-win solution.

Small businesses are the engines of the economy and must be supported in order for them to lead us out of this current deep recession.

We are prepared to meet with you and/or the Board of Directors to further discuss the issues and review the resolution with you. If you have any questions, please contact us. I can be reached at (415) 788-8627.

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Eddy T. Lau, Chair
CAABA Marketing and R & D Committee

cc: SFMTA Board of Directors
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CAABA