

Greetings, Honorable Chairman Payne and other committee members:

My name is Gnandesikan Ramanujam. I go by one name "Ram" (like Prince and Madonna). I am the president and CEO of Somat Engineering, Inc. (Somat), a Detroit, Michigan, headquartered small, minority, disadvantaged engineering consulting business. I use the word "business" deliberately because in business both parties must get some benefit, and because "business" depends on "relationships". Business does not, and cannot, co-exist with an attitude of entitlement.

We have been in business since 1986, and we currently provide geotechnical, environmental, civil and structural engineering, construction inspection, material testing and project/program management services. Our focus is on aging infrastructure in our older urban areas, and we have offices in Detroit, Michigan; Cleveland, Ohio; Baltimore, Maryland; and Washington, DC. Our staff level fluctuates between 60 and 100 individuals due to the seasonality of construction work.

Somat did NOT have the Disadvantaged Business Enterprise (DBE) certification for about the first ten years of our existence. We provided services primarily to local municipalities as a subconsultant to local, mainstream engineering consultants. Quality and delivery have been Somat's trademark, and we earned repeat business, as well as some new business via word-of-mouth referrals. We employed between 10 to 20 people up to that point, working on small local projects which had modest budgets.

In the mid 1990s, one of our clients told us about the Department of Transportation (DOT) DBE program and encouraged us to apply for it. We had not worked on any State DOT projects at that time, but our client pushed us to get certified explaining it would help them, as well as us, if Somat got DBE certified.

In 1995, we worked on our first DOT funded bridge project, the Baldwin Road Bridge over I-75 in Auburn Hills, Michigan. After that, our DOT work really took off thanks to a robust DBE program and our continued emphasis on quality and delivery. Within a few years, in 2004, Somat was nationally recognized by the Federal Highway Administration (FHWA) as the DBE Firm of the Year, and I received the award from then Transportation Secretary Norman Mineta in Washington, DC. In 2013, we also received the Historically Underutilized Business (HUB) Firm of the Year from the Conference of Minority Transportation Officials (COMTO) in Jacksonville, Florida. Today, our annual revenue from DOT work runs in six figure dollar amounts for highway and bridge related engineering and construction inspection & material testing work.

We have done similarly well in the aviation sector and have worked on multiple major and smaller airports in Michigan and Ohio, again, thanks to a robust DBE/SBE (small business enterprise) program advocated by the Federal Aviation Administration (FAA). I am pleased to say that the Wayne County Airport Authority (WCAA) in Romulus,

Michigan is currently soliciting Request for Proposals (RFP's) for consulting engineering services at Detroit Metropolitan Wayne County Airport that includes a Mentor/Protege provision in the solicitations aimed at increasing DBE/MBE/SBE participation. I say this because in the 25+ years that Somat has provided professional services to the WCAA, this is the 1st time this provision has been included in the RFP's.

I take pride in saying our work has been the best testimonial for our technical competence:

- Somat works for multiple national consulting engineering firms in MI, OH, MD and DC on water/wastewater, highway, aviation, energy, and education projects, with all of them being for repeat customers.
- Somat has worked on several signature private sector projects like the new Detroit Lions football stadium; the new Detroit Tigers baseball stadium; the new Little Caesars Arena (LCA) Entertainment Complex for the Detroit Red Wings and Detroit Pistons; the new Henry Ford Hospital complex in West Bloomfield, Michigan; and multiple automotive suppliers. There is little to no tolerance for shoddy work in the private sector and pay is tied to delivery and quality of services provided.
- Somat has provided expert review services, as well as expert witness services, to national firms, private owners, and agencies in multiple states in the Midwest, and even in Russia for a General Motors plant in St. Petersburg.

Interestingly, and sadly, despite our success over the past 35 years, we find the playing field is still not level for DBE/MBE/SBE firms unless the owners and the agencies promote that concept.

In our own case, the prime consultant that strongly, and repeatedly, pushed Somat to get the DBE certification, waited until we were DBE certified before offering us the opportunity to be on their team. I understand they would have been unable to get the credit for DBE participation if we were not certified, but my point is that the quality of our work would not have been any different whether we were certified as a DBE or not. The fact that the Federal Highway Administration (FHWA) implemented a robust DBE program is the only reason that particular prime consultant gave Somat a chance on that first project in 1995. Without such a program, I have no doubt that Somat would not be doing highway and bridge work today.

Another concrete example of how DBE firms face the challenge of a non-level playing field comes to mind: in 2008, Somat lost our DBE certification because the size standards for small engineering businesses had not been adjusted for inflation. The reaction from our prime consultants was akin to a spigot being turned off. Even though there was not another DBE firm providing geotechnical engineering services (with our

quality), the prime consultants removed Somat from their project teams, gave the work to other majority owned geotechnical companies, and tried to meet their DBE commitments by giving other disciplines of design work such as survey, maintenance of traffic, etc., to DBE firms. In some cases, the prime firms submitted good faith effort documentation to the agency to show they were unable to find a DBE to do the work.

This clearly indicated two facts to me: first, the prime firms were pleased with the quality of our work. They were not taking Somat on their team solely because of our lack of the DBE certification. Second, despite being satisfied with our work quality the prime firms gravitated to a non-minority firm when we lost our DBE certification. When a prime consultant chooses a non-DBE, non-minority firm instead of a non-DBE minority firm (despite a long working relationship, expert level work, national recognition etc.), that is a clear indicator the playing field is definitely uphill.

Moreover, when we temporarily lost our DBE certification, other prime consultants stopped taking Somat on their teams for DOT work. I spoke with the leaders of at least seven national and large regional firms about being shut-out. All of them were professional, honest and apologetic. They explained that the only reason they stopped teaming with Somat was our lack of the DBE certification, and they would resume doing business with us if we were to get the DBE certification back.

Our revenue dropped below the federal small business size standard (annual revenue of four and a half million dollars at that time), and we obtained our DBE certification, again. Thankfully, the small business administration adjusted the small business standard after that, and we continue to be DBE certified.

Having been in this business for over thirty years, I have personally experienced situations that definitely felt discriminatory to me. They are hurtful to recall, even now. The way I have handled such instances is to be practical, determine whether this is a client we want to continue to work for, swallow my pride and accept the bad with the good. Life will throw lemons at us, and we have learned how to make lemonade. The alternative is to forget the dream, close the business and work for somebody else. I will mention a few examples of my personal experience with discrimination:

1. We did a fair amount of business as a subconsultant to a large consulting engineering firm in Michigan for the Department of Transportation. As we gained experience, developed some relationships at the agency, and gained confidence, we started pursuing some smaller projects as a prime consultant. We were even successful in winning a prime contract and getting the best of this consultant in the process after declining to be their subconsultant on that pursuit. They were not pleased, and let us know very clearly that if we were to stray from the DBE lane and compete as a prime consultant, they would not work with us. Subsequently, they declined to be our

subconsultant for a proposal we were well positioned to win and in fact, did win. It is the prerogative of a business to decide who they do business with. However, in this instance, I felt we were being schooled and put in our place as a minority owned firm for daring to dream that merit, quality and delivery of professional engineering services is what matters. One's socio-economic status or race should not determine one's dream nor the outcome for that matter.

2. Even the most basic of business functions can be, and is, a challenge. Banking is one example. We struggled to get a line of credit from a bank when we opened for business, and frequently used personal credit cards and short-term personal loans to make payroll. However, after 35 years in business, we find that banking is still a challenge. Despite never having missed payroll, paying payroll taxes in a timely manner, never filing for bankruptcy, having managed our line of credit responsibly, having the requisite insurance coverages, using our personal home equity line of credit, etc., I still have to provide a personal guarantee to the bank that allows them to take anything and everything in my name or in my wife's name should we default on a loan or the line of credit. In speaking to other non-minority companies of our size, I have not found a single firm that requires their major shareholders to give a personal guarantee to their bank. This puts tremendous pressure on me, and impacts every action and reaction of mine. Someone who is not in my shoes cannot understand my situation.

3. About twelve years ago, I received an email from a senior level management person with a company we do business with. The subject line was innocuous. When I opened the email, it consisted of several racist and sexist jokes. I was one of many recipients, and I was the only minority recipient. I felt that I was included by mistake. While I knew this person somewhat well through professional dealings, we did not have the relationship to share such jokes. Neither the sender nor I ever brought this email up, later. I would not have guessed that this person or many of the other recipients would be enjoying such dark, discriminatory, humor behind our backs. Thoughts lead to actions, and I wonder how much influence this attitude has on the teaming decisions of such leaders. Considering the difficulty of being selected for a prime consultant's team when there is no DBE goal, such an attitude clearly has a lot of bearing on who gets the call to be on the team.

Coming now to the Federal Railroad Administration (FRA), and to the railroad industry more particularly, this is our experience:

Zero! Zilch! Nada!

Yes, it is true, and it is troubling, that in 35 years of being in business successfully, Somat has not worked for the railroad industry, nor have we worked on any FRA funded project.

This begs the questions, "Is Somat interested in railroad work and did Somat pursue railroad opportunities?" I shall attempt to answer both these legitimate questions.

To the first question, yes, Somat is definitely interested in railroad related engineering and construction inspection, material testing and project/program management work. We are passionate about, and are in the business of, infrastructure consulting and engineering. Railroads are an integral part of infrastructure.

Moreover, having grown up in Africa and in India during my younger days, I have observed how passenger rail benefits the lower economic classes of society who do not have the means to own their own cars, or purchase their own plane tickets. After coming to the United States, I saw with my own eyes the even starker disparity here. Therefore, I have an interest in railroad work from a social, humanitarian and moral angle, as well. Equity in transportation is a civil right.

To be clear, it is not as though Somat has not done any work related to railroads in our thirty-five years in business. We have worked on multiple railroad grade crossing improvement projects, grade separation projects and some light rail projects. The key point to note is that all of Somat's work for these projects was performed for either State agency, County government or local municipality contracts, primarily as a part of their roadway/highway programs. Not a single railroad project Somat has worked on was performed for the railroad industry or for FRA funded contracts.

Coming to the second question, has Somat pursued railroad work? The short answer is, "Not vigorously." Let me explain.

As I stated in the beginning, business depends on relationships and relationships are developed over time if, and that is a big IF, there is an opportunity to make a personal connection. There is no question of relationship when there is no personal connection.

This really translates to the age-old question of the chicken or the egg - getting selected to be on a team versus having the necessary experience to be selected. Why would the railroad industry take a chance on an engineering firm that has never designed tracks, signals, or structures before? Having said that, how will Somat and other DBE firms ever gain the necessary experience to be selected?

Consider the following:

- Somat works for several national and international infrastructure engineering and consulting firms for other modes of transportation, and for other sectors of infrastructure such as water/wastewater, energy etc.. These firms are involved with railroads, but they have never taken us on their teams for railroad work.

There is no incentive, and so, they do not want to risk losing a contract because of having an inexperienced DBE subconsultant on their team.

- Somat has worked on railroad crossings, grade separations, bus stations, transit centers, major utilities, and multiple large and complex buildings. Our skills are pertinent, and transferable, to structures and infrastructure related to the railroad industry. However, we cannot show past experience working for the railroad industry or on FRA projects.
- Somat has experienced, first hand, the instantaneous change in the reception we get due to the loss of the DBE certification. When such is the case, even with a robust DBE program, it is not difficult to fathom the reception we see in the railroad industry in the absence of a DBE program.
- At Somat, we have asked the larger firms and looked at RFPs and RFQs from the railroad industry to try and branch out. However, running a small, disadvantaged business takes a lot of time and when you factor in - cash flow issues, line of credit issues, staffing issues, etc., that disproportionately impacts minority DBEs. Time is the one resource that cannot be replenished, and we do not have the luxury of wasting it on pie-in-the-sky pursuits which is what the railroad industry is for us, without a DBE program by the FRA.

There is a bias that is not favorable to minority DBE firms, able and looking to do quality work in the railroad industry. It may be unintentional (in some cases), but it is present, it is subtle, and it is systemic. The experience of this bias cannot be explained because it takes one to know one. The experience of enjoying a rare, fine, wine cannot be explained in a million words. One has to actually taste the wine. However, we can infer or conclude there is a bias against minorities in the railroad sector based on actual data. What percentage of railroad work goes to minority owned companies, compared to the percentage for highway, transit, aviation or maritime work that goes to minority owned firms? Anecdotally, the numbers are not even close and speak louder than I could ever shout.

At this juncture, I must state that Administrator Amit Bose is doing all that is possible to help minorities and DBEs, given that he inherited this situation. In 2015, Congress mandated that FRA perform a disparity study in the FAST Act Bill. This was put on hold indefinitely by the Trump administration. Administrator Bose has picked it back up and is currently executing the disparity study. In addition, the administrator has been responsive to organizations such as the Conference of Minority Transportation Officials (COMTO) that work hard to level the playing field. However, he cannot do this by himself. He needs help.

I strongly plead to you, Chairman Payne and to your committee, to set right this inequity. Other transportation modes within the US DOT all have robust DBE programs,

and have given opportunities to DBE firms. It is imperative, and only fair, that the FRA also have a DBE program.

I end as I began - in business both parties must benefit. The DBE program is not an entitlement program. **The DBE firms must deliver the goods.** Firms that do not deliver will drop off or will be dropped off. Prime consultants and the industry will still have options such as Good Faith Efforts to ensure they are not saddled with non-performing DBE companies.

On behalf of the DBE community, I am requesting you to open the door. It is up to DBEs to earn our seat at the table, but absent the opportunity to even make the interview cut, we will be destined to languish forever outside the door.

I will be more than happy to answer any questions. Thank you for your time.

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