

FY 2017 - FY 2019

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY
FOR**

City of Durham - Transit



FORMERLY DURHAM AREA TRANSIT AUTHORITY

DURHAM, NC

NOVEMBER 2017

(RECALCULATED-11-7-17)

(RECALCULATED: DECEMBER 17, 2018)

METHODOLOGY for Establishing the FY 2017 – FY 2019 Overall Disadvantaged Business Enterprise (DBE) Goal for:

GoDurham Transit-City of Durham
Durham NC

In fulfillment of the requirements of 49 CFR Part 26, GoDurham Transit (Formerly DATA) has developed a proposed Overall Goal for FY2017-2019 FTA projects. The methodology used in establishing this goal is described herein.

I. Detailed Methodology: Specific Steps

A. Amount of Goal

GoDurham’s FY 2017-2019 overall goals for the Federal financial assistance it will expend in USDOT-assisted contracts are shown below: **(PLEASE NOTE: GoDurham Transit does NOT have any subrecipient/sub-grantees. Therefore, the goal development is based ONLY on federal funds estimated to be expended by GoDurham Transit).**

| | Go Durham Transit | |
|----------------------------|--------------------|--|
| Overall Goal: | 5.5% | |
| Race-Neutral: | 0.0% | |
| Race-Conscious: | 5.5% | |
| Total Dollars | \$6,321,834 | |
| DBE Goal in Dollars | \$347,700 | |

B. Determination of the Market Area of the study

The normal market area was determined through consultation with transit staff and an assessment of the area from where the substantial majority of previous bidders came, and the area where the substantial majority of dollars were spent. The market area is the Durham-Chapel Hill MSA, which also includes the City of Raleigh, i.e. Wake County, according to the U.S. Census.

Table 1: Go-Durham Market Area

| County | | |
|---------|--------|------|
| Chatham | Durham | Wake |
| Orange | Person | |

SOURCE: The DCHC MPO; and Ken Weeden & Assoc.

C. Determination of relevant NAICS codes

Below is a list of Activities and NAICS codes that correspond to the GoDurham FY 2016 expenditures. *(These historic figures were used to estimate/project both the budget, and NAICS codes for estimated federal expenditures for FY 2017-2019).*

Table 2: FY 2016 Expenditures – Go Durham Transit

| ACTIVITY | NAICS | Dollars |
|--|--------------|--------------------|
| Glass & Glazing Contractors | 238150 | \$40,474.00 |
| Plumbing, Heating & AC | 238220 | \$49,309.00 |
| Automotive Parts & Accessories | 441310 | \$1,293,533.00 |
| Tire Dealers | 441320 | \$256,405.00 |
| Office Supplies | 453210 | \$51,363.00 |
| Wireless Telecommunication | 517210 | \$92,659.00 |
| Data Processing, Hosting | 518210 | \$86,085.00 |
| Architectural & Landscaping | 541320 | \$65,745.00 |
| Computer Related Services | 541519 | \$49,103.00 |
| Concrete/Foundation & Structural Contractors | 238110 | \$38,625.00 |
| Landscaping Services | 561730 | \$22,600.00 |
| Total | | \$2,045,901 |

SOURCE: The DCHC MPO

To estimate the projected dollars for FY 2017 – FY 2019 multiplied FY 2016 expenditures by three percent.

Table 3: FY 2017 – FY 2019 GoDurham Projected Expenditures

| Fiscal Year | Projected Dollars |
|--------------------|--------------------------|
| FY 2017 | \$2,107,278 |
| FY 2018 | \$2,107,278 |
| FY 2019 | \$2,107,278 |
| Total | \$6,321,834 |

D. Determination of Relative Availability of DBEs in Market Area, Compared to all Firms: (See Table 1, above for Area Counties)

**Table 3: DBEs—GoDurham
by Relevant NAICS Codes—FY 2017 - FY 2019**

| Activity | NAICS CODES | DBE Firms | All Firms | % of DBE Firms Available | NAICS Dollars | Weighted Total Availability |
|--|-------------|-----------|-----------|--------------------------|--------------------|-----------------------------|
| Glass & Glazing Contractors | 238150 | 0 | 28 | 0.0% | \$125,065 | \$0 |
| Plumbing, Heating & AC | 238220 | 2 | 467 | 0.4% | \$152,365 | \$653 |
| Automotive Parts & Accessories | 441310 | 5 | 141 | 3.5% | \$3,997,017 | \$141,738 |
| Tire Dealers | 441320 | 0 | 115 | 0.0% | \$792,291 | \$0 |
| Office Supplies | 453210 | 4 | 36 | 11.1% | \$158,712 | \$17,635 |
| Wireless Telecommunication | 517210 | 0 | 81 | 0.0% | \$286,316 | \$0 |
| Data Processing, Hosting | 518210 | 59 | 129 | 45.7% | \$266,003 | \$121,660 |
| Architectural & Landscaping | 541320 | 7 | 48 | 14.6% | \$203,152 | \$29,626 |
| Computer Related Services | 541519 | 5 | 68 | 7.4% | \$151,728 | \$11,156 |
| Concrete/Foundation & Structural Contractors | 238110 | 14 | 78 | 17.9% | \$119,351 | \$21,422 |
| Landscaping Services | 561730 | 17 | 555 | 3.1% | \$69,834 | \$2,139 |
| Weighted Step 1 Goal = | | | | | \$6,321,834 | \$346,029 |
| DBE Goal = | | | | | | 5.5% |

SOURCES:

1. 2015 County Business Patterns, U.S. Census Bureau.
2. North Carolina UCP DBE Directory, November 2017.

NOTE: The County Business Patterns data were used as the source to determine the denominator, or the number of all firms in the market area. The DBE directories listed above were used to determine the numerator, or the number of DBE firms in the market area.

E. Determination of the “Weighted” DBE Base Figure

The Step 1 DBE Base Figure was derived by using a weighting process by which the percentage of dollars spent on various activities (represented by NAICS codes) were multiplied by the percentage of relevant DBE firms to all relevant firms as indicated in Table 3 above.

The Step 1 DBE Base Figure for GoDurham for FY 2017 - FY 2019 is **5.5%**.

II. Adjustments to the DBE Base Figure

After the DBE Base Figure has been developed, the regulations (49 CFR Part 26) require that:

“...additional evidence in the sponsor’s jurisdiction be considered to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal” (26:45(d)).

A. Adjustment Factors to Consider

The regulations further state that there are several types of evidence that must be considered when adjusting the base figure. These include:

“(i) The current capacity of DBEs to perform work in your USDOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.

The historical overall DBE goals accomplished at GoDurham in recent years were examined relative to the above consideration. Notice the annual DBE percent accomplishment indicated in Table 4 below:

**Table 4: GoDurham
DBE Accomplishment**

| Report Period | DBE Goal | DBE Percent Achieved | Over/ Under |
|----------------------|-----------------|-----------------------------|--------------------|
| FY 2014-1 | 8.0% | 1.0% | -7.0% |
| FY 2014-2 | 8.0% | 1.0% | -7.0% |
| FY 2015-1 | 8.0% | 2.0% | -6.0% |
| FY 2015-2 | 8.0% | 2.0% | -6.0% |
| FY 2016-1 | 8.0% | 1.0% | -7.0% |
| FY 2016-2 | 8.0% | 1.0% | -7.0% |
| Median | 8.0% | 1.0% | -7.0% |

The median DBE accomplishment for the period as shown above for GoDurham is 1.0% compared to the Step 1 Base Figure for GoDurham of **5.5%** derived using the methodology detailed above.

B. Consultations

Before establishing the overall goal this year, GoDurham consulted with minority, women's and general contractor groups, community organizations, and other officials or organizations to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and GoDurham's efforts to establish a level playing field for the participation of DBEs. As part of GoDurham's consultation a public hearing was held on September 27, 2017 at the Durham Station.

C. Adjustment to Step 1 DBE Base Figures: GoDurham - FY 2017-FY 2019

GoDurham has, in recent history, consistently under-achieved its annual/triennial DBE goal, with an attainment of **1%**. However, the Step 1 calculation indicates a more robust availability, i.e. **5.5%**. The previous attainment therefore will not be considered as an indication of "capacity" for adjustment purposes at this time. GoDurham will *not* adjust the Step 1 base figure as calculated above in Section D, Table 3. The calculated base figure for fiscal years 2017 – 2019 (**5.5%**), is hereby proposed as the overall triennial DBE goal: **5.5%**.

III. Process

GoDurham will normally submit its overall goal to the FTA on August 1 of each goal year.

Before establishing the overall goal this year, the GoDurham consulted with minority, women's and general contractor groups, community organizations, and other officials or organizations to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and GoDurham's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, GoDurham published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for review and comment during normal business hours at GoDurham administrative office for 30 days following the date of the notice. The notice was published on the GoDurham's website. The notice included addresses (including offices) to which comments could be sent and addresses where the proposal could be reviewed. This process was used to establish the goals for FY 2017 to FY 2019.

The GoDurham's overall goal submission to the FTA will include a summary of information and comments received during this public participation process and our responses.

The GoDurham will begin using the overall goal on October 1 of each goal year, unless the GoDurham has received other instructions from DOT/FTA (or, if the goal is established

on a project basis) by the time of the first solicitation for a DOT/FTA-assisted contract for the projects.

IV. Breakout of Estimated Race-Conscious/Race-Neutral Participation

GoDurham will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. GoDurham will use a combination of the following race-neutral means to increase DBE participation:

1. *Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small businesses participation (e.g., unbundling large contracts to make them more accessible to small businesses, encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);*
2. *Disseminating information communications on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists for bidders, ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors).*

GoDurham proposes a race-conscious goal of **5.5%** and a race-neutral goal of **0.0%**, for a total of **5.5%**. The reason for this breakout is that the historic goals from previous years show that the median amount by which the past DBE goal was *under-achieved* is **7.0%** (see **Table 4**). Consistent under-attainment is an indication of the need for race-conscious goals.

If it becomes necessary, however, GoDurham will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (26.51(f)) and it will track and report race-neutral and race-conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation on a prime contract exceeding a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

VI. Contract Goals

As stated above, GoDurham will use contract goals to meet any portion of the overall goal that GoDurham does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of the overall goal that is not projected to be met through the use of race-neutral means.

GoDurham will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. GoDurham need not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such

contract (e.g., type and location of work, availability of DBEs to perform the particular type of work).

GoDurham will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.

Appendix A: Resource Listing

A. Resource Documents:

1. 2017 County Business Patterns, U.S. Census Bureau.
2. U.S Census
3. North Carolina UCP DBE Directory, November 2017.
4. Uniform Report of DBE Commitments/Awards and Payments