

GRTC Transit System FFY2020-FFY2022 Amended Disadvantaged Business Enterprise (DBE) Goal Methodology

Introduction

This document details the methodology used by Greater Richmond Transit System (GRTC) to establish its overall Disadvantaged Business Enterprise (DBE) Goal for Federal Transit Administration (FTA) assisted contracts for the three-year Federal Fiscal Year (FFY) goal period of 2020- 2022 (October 1, 2020 – September 30, 2022).

GRTC is a recipient of U.S. Department of Transportation (USDOT), Federal Transit Administration (FTA) funding. As a condition of receiving this assistance, GRTC must comply with FTA’s DBE requirements. In accordance with Title 49 CFR Part 26; Participation by DBE’s in USDOT programs, GRTC is required to develop and submit a triennial Overall DBE Goal for its FTA assisted projects.

Projected FTA-Assisted Contracts FFY20-FFY22

Table 1 represents GRTC’s FTA-assisted contracts considered in preparing the goal methodology. It is anticipated that the contracts listed in this table will be awarded during the triennial period, fiscal years 2020–2022. The project name and estimated project costs are included in this table.

Table 1

Project	FY20	FY21	FY22	Total
Preventive Maintenance (Parts)	8,011,042	8,131,208	8,253,176	24,395,425
Computer Hardware	833,020	300,000	300,000	1,433,020
Computer Software	1,646,518	900,000	909,000	3,455,518
Transit Enhancements (Bus Stop Amenities Program)	375,000	150,000	150,000	675,000
Shop Equipment	252,510	20,000	20,000	292,510
Facility Interior Painting	250,000	150,000		400,000
Downtown Transfer Center A&E Services		2,979,154		2,979,154
Downtown Trasfer Center Construction			3,956,250	3,956,250
Park & Ride (BRT)		1,000,000		1,000,000
Demolition (Church Property)	1,018,200	3,000,000	7,500,000	11,518,200
Facility Paving Project	1,248,750			1,248,750
Southside Transfer Center			500,000	500,000
Security/Surveillance	200,000	129,000	129,000	458,000
Total FTA Funded Projects- Section 5307	13,835,040	16,759,362	21,717,426	52,311,827

The information provided in Table 2 displays the categories of work and related North American Industry Classification System (NAICS) Code for purposes of weighting the categories of work based on staff cost estimates.

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Table 2

NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
423120	Preventive Maintenance (Parts)	\$24,395,425.00	46.63%
541512	Computer Hardware	\$1,433,020.00	2.74%
511210	Computer Software	\$3,455,518.00	6.61%
811310	Shop Equipment	\$292,510.00	0.56%
339950	Transit Enhancements	\$675,000.00	1.29%
238320	Painting Contractors	\$400,000.00	0.76%
238990	Paving	\$1,248,750.00	2.39%
238910	Demolition/Church	\$11,518,200.00	22.02%
541310	Architectual Services/DTWN Transfer Plaza	2,979,154.00	5.69%
236220	Construction DTWN Transfer Plaza	\$3,956,250.00	7.56%
812930	Park & Ride/BRT	\$1,000,000.00	1.91%
531190	Southside Transfer Plaza	\$500,000.00	0.96%
423610	Security Surveillance	\$458,000.00	0.88%
Total FTA-Assisted Contract Funds		\$52,311,827.00	100.00%

Defining GRTC's Market Area

GRTC's local market area for contracts is the state of Virginia where most of the contract dollars are expended, however some of our non- professional procurements such as fareboxes, and vehicle parts are from bidders within the US.

Goal Setting Methodology

The overall goal is developed by a two-step method set forth within the federal regulations as defined in 49 CFR Part 26.45.

Step 1: Establishing the Base Figure

GRTC followed the prescribed federal methodology to determine a base figure. GRTC looked at the availability of ready and willing DBE firms in each category code and looked at ALL ready and willing firms in each category code. This information was gathered through the Virginia Unified Certification Program (VAUCP) DBE Database of Certified Firms and the 2016 U.S. Census Bureau County Business Patterns Database. To ensure a comparable, GRTC used the same NAICS codes when compiling this information.

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The base figure is derived by dividing the number of ready, willing and able DBE firms identified in each work category by the number of ALL firms identified in each work category (relative availability) as shown in Table 3.

Ready, willing and able DBE's
(data source = VAUCP)

All firms ready, willing and able
(data source = CBP, includes DBEs and non -DBEs)

=Base Figure of 9.64% $\frac{1042 \text{ DBE's}}{10813 \text{ Total Businesses}}$

Table 3

NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
423120	Preventive Maintenance (Parts)	0	249	0.00%
541512	Computer Hardware	303	4510	6.72%
511210	Computer Software	18	270	6.67%
811310	Shop Equipment	13	489	2.66%
339950	Transit Enhancements	9	119	7.56%
238320	Painting Contractors	69	949	7.27%
238990	Paving	134	1216	11.02%
238910	Demolition/Church	152	864	17.59%
541310	Architectual Services/DTWN Transfer Plaza	49	482	10.17%
236220	Construction DTWN Transfer Plaza	213	985	21.62%
812930	Park & Ride/BRT	13	245	5.31%
531190	Southside Transfer Plaza	1	152	0.66%
423610	Security Surveillance	68	283	24.03%
Combined Totals		1042	10813	9.64%

GRTC then weighted the base figure considering the overall portion of funds and the availability of DBEs represented by each NAICS code. The result of the weighted base figure calculation is 8% as shown in Table 4 below.

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Table 4

NAICS Code	Description of Work	Weight	x	Availability of DBEs	Weighted Base Figure
423120	Preventive Maintenance	0.46635	x	0.00000	
541512	Computer Hardware	0.02739	x	0.06718	0.0018
511210	Computer Software	0.06606	x	0.06667	0.0044
811310	Shop Equipment	0.00559	x	0.02658	0.0001
339950	Transit Enhancements	0.01290	x	0.07563	0.0010
238320	Painting Contractors	0.00765	x	0.07271	0.0006
238990	Paving	0.02387	x	0.11020	0.0026
238910	Demolition/Church	0.22018	x	0.17593	0.0387
541310	Architectural Services/DTN	0.05695	x	0.10166	0.0058
236220	Construction DTWN	0.07563	x	0.21624	0.0164
812930	Park & Ride/BRT	0.01912	x	0.05306	0.0010
531190	Southside Transfer Plaza	0.00956	x	0.00658	0.0001
423610	Security Surveillance	0.00876	x	0.24028	0.0021
				Total	0.0746
				Expressed as a % (*100)	7.46%
				Rounded, Weighted Base Figure:	7.5%

Step 2: Adjusting the Base Figure

In accordance with the guidance on DBE goal setting, adjustment to the step 1 Base Figure must be considered, but not required, to make it as precise as possible. To determine whether this adjustment is needed or not, GRTC examined the following available evidence in accordance to 49 CFR 26.45(d):

- Past DBE goal achievement in GRTC’s contracting opportunities.
- Similarity between GRTC’s contract opportunities this year to the contract opportunities in recent years
- Findings in the Disparity Study for the Commonwealth of Virginia Final Report 2010 that analyzed Minority and Women Owned Business Enterprises (M/WBE’s) utilization and availability.

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Table 5

DBE Three Year Past Participation		
FY	Annual DBE Goal	DBE % Achieved
2016	7.9	2%
2017	5.5	10%
2018	5.5	3%
Median Participation 3%		

The results of the three-year DBE goal attainment for FY 2016-2018 reflect a median value of three (3) percent. The median percentage is determined by the middle percentage for the past three (3) years. To determine the median percentage of the past three (3) years, we must arrange the goal attainment from lowest to highest (2%, 3%, and 10%). In this case, the middle value is 3%. The median participation for the past three (3) years is 3%.

After the determination of the median value of 3%, an adjustment of the Base Figure will not be made due to the difference in the nature of contracts anticipating award in fiscal years 2020-2022.

GRTC reviewed The Commonwealth of Virginia Disparity Study Final Report January 2010 and concluded that disparities exist in contracting opportunities for minority-and women-owned businesses in GRTC’s market area but staff was unable to determine a logical mathematical way to adjust our goal based on the report findings.

Proposed Triennial Overall DBE Goal for FFY2020-FFY2022 has been established at 8%.

Race-Neutral Versus Race-Conscious Breakdown

DBE Program guidelines at 49 CFR Part 26.51(a) states, “You must meet the maximum feasible portion of your overall goal by using race-neutral means of facilitating race-neutral DBE participation. Race-neutral DBE participation includes any time a DBE wins a prime contract through customary competitive procurement procedures or is awarded a subcontract on a prime contract that does not carry a DBE contract goal.”

In determining the race neutral/race conscious split for FFY 2020-2022, GRTC staff reviewed semi-annual reports for FFY2016-2018 to determine race-neutral/race-conscious dollars awarded over the last three fiscal years, illustrated below in Table 6.

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Table 6

FFY	Total Contract Dollars Awarded	Total Dollars to DBE's	Total Race-Conscious Dollars Awarded	Total Race-Neutral Dollars Awarded	DBE Goal	DBE Goal Attainment
2016	\$ 510,773.00	\$ 8,468.00	\$0.00	\$ 8,468.00		
	\$ 4,040,916.00	\$ 92,695.00	\$0.00	\$ 92,695.00		
Total	\$ 4,551,689.00	\$ 101,163.00	\$0.00	\$ 101,163.00	7.9%	2%
2017	\$ 1,859,113.00	\$ 231,537.00	\$0.00	\$ 231,537.00		
	\$ 969,826.00	\$ 45,460.00	\$0.00	\$ 45,460.00		
Total	\$ 2,828,939.00	\$ 276,997.00	\$0.00	\$ 276,997.00	5.5%	10%
2018	\$ 424,309.00	\$ 1,104.00	\$0.00	\$ 1,104.00		
	\$ 2,800,458.00	\$ 103,492.00	\$0.00	\$ 103,492.00		
Total	\$ 3,224,767.00	\$ 104,596.00	\$0.00	\$ 104,596.00	5.5%	3%
Totals	\$ 10,605,395.00	\$ 482,756.00	\$0.00	\$ 482,756.00		
OverAll DBE %		5%	0	5%		

Race Neutral/ Race Conscious Goal Attainment FFY2016-2018

Table 7

Fiscal Year	RC Attainment	RN Attainment
2016	0%	2%
2017	0%	10%
2018	0%	3%
Median Race Neutral		3%

According to the Tips for DBE Goal Methodology, it is recommended that estimates of race neutral participation in the future be based on past experience with race neutral participation. Based upon the analysis of performance in Table 7, GRTC estimates meeting its FY2020-2022 overall DBE goal of 8% using race-neutral methods in accordance with Title 49 CFR Part 26.51. GRTC will regularly monitor its progress in achieving the goal over the next three years and adjust its measures to include race conscious efforts, if necessary.

Over the last two years GRTC's contracting opportunities fell below the formal solicitation threshold allowing most of our contracts to be procured using the small business procurement method so DBE's were able to bid and win as prime contractors, affording GRTC a 100% race-neutral participation for FFY2017-2018. GRTC's decline in race conscious achievement is the result of larger projects with subcontracting opportunities not moving forward due to the lack of match funds from our state partner.

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It is important to note that GRTC revised its FY15-16 DBE goal from 3.1% race neutral only program to 7.9% goal and added a race neutral/race conscious split to reflect contract opportunities associated with the Bus Rapid Transit (BRT) project, which provided subcontracting opportunities. GRTC did not meet the revised 7.9% goal because of a shift in the management of the BRT project from GRTC to VDOT requiring GRTC to establish and submit a project specific goal for the BRT project. In FY17 GRTC exceeded its goal of 5.5% by 4% with no race conscious participation. In FY18 GRTC did not meet its goal (5.5%) but did meet its RN split (2.75%) but had no RC participation; the 2.75% goal rounded to 3% goal attainment was RN only.

GRTC will continue its efforts to meet the maximum feasible portion of its overall goal using the following race-neutral means:

- Ensuring participants at pre-solicitation meetings are informed of GRTC's DBE Program.
- Posting information on upcoming contracting opportunities on GRTC's website and generating project specific emails to GRTC's registered bidders list.
- Ensuring circulation of the Virginia Unified Certification Program (VAUCP) DBE Directory to all potential contractors by listing the VAUCP website in solicitation documents.
- Hosting outreach events to share information on upcoming contracting opportunities as well as encouraging networking.

GRTC's overall goal for FFY 2020-2022 is proposed at 8% with 8% race-neutral means and 0% race-conscious means.