

**DISADVANTAGED BUSINESS ENTERPRISE
PARTICIPATION PROGRAM**



Southeastern Regional Transit Authority

Goal Methodology

FFY 2016 - 2018

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Goal Submission for Fiscal Years 2016-2018

New Goals

The Southeastern Regional Transit Authority's (SRTA) overall goal for the time period FFY2016-2018 (October 1, 2015 through September 30, 2018) is 4.5% of the Federal financial assistance we will expend in DOT-assisted contracts, exclusive of FTA funds to be used for the purchase of transit vehicles. \$3,444,650 is the dollar amount of DOT-assisted contracts that SRTA expects to award between FFY2016 and FFY2018. \$1,142,550 is expected to be awarded in FFY2016, \$1,374,550 in FFY17, and \$927,550 in FFY18. This means that SRTA has set a goal of expending \$155,009 with DBEs during the next three fiscal years. We estimate that, in meeting our overall goal of 4.5%, we will obtain 4.5% from race-neutral participation and 0% through race-conscious measures.

Proof of Publication

SRTA published a notice announcing the DBE goals that it has established as a part of this program each year on the SRTA website www.srtabus.com. The Goal was also shared with the local Chambers and Minority Activist groups. The notice informed the public that a DBE participation program including DBE goals and a description of how they were developed are available for inspection during normal business hours at the office of the Southeastern Regional Transit Authority for 30 days following the date of said notice, and informing the public that the Department of Transportation and SRTA will accept comments on the goals for 45 days from the date of notice.

Minority/Women Contracting Groups

SRTA reached out to the Old Bedford Village Development as well as both the Fall River and New Bedford Area Chambers of Commerce to establish a better relationship with Small Business and Minority Business groups in the region. The SRTA staff responsible for DBE participation attended the Access to Opportunity Forum hosted Old Bedford Village and other interested parties. As part of this outreach, the staff responsible for DBE also attended the Pre-Certification

workshop hosted by the Massachusetts Supplier Diversity Office. Also SRTA, as part of the larger group of Massachusetts RTA's, had an opportunity to inform members of the WTS International, Boston Chapter of the contracting opportunities at their Business Partner Expo in October 2013. WTS Boston's members were informed about the RTA's outside of their established relationship with MBTA. This connection was facilitated by Lynn Ahlgren, an independent consultant. SRTA will bring these specific goals to this year's conference in October 2015.

SRTA is a member of the Greater Fall River and Greater New Bedford Area Chambers of Commerce. SRTA also works with the Greater New Bedford Workforce Investment Board. SRTA will continue to use these connections to establish relationships with more minority and women contracting groups.

Goal Construction:

Projects

The following projects will be completed during the time period of Fiscal Years 2016-2018 and will be accomplished with DOT financial assistance. A short description of each project follows:

Maintenance Facility Rehabilitation Project – SRTA will use 5307 funds to accomplish a rehabilitation project on SRTA's maintenance facility in Fall River in both FFY 2016 and 2017. This projects are driven small jobs ranging from \$50,000- \$250,000. This doesn't afford for SRTA to split the project into prime and sub-contracting opportunities. However the size of the projects does lend naturally to smaller firms, DBE and SBE alike. The following is a summary of those projects by year of expected contracting:

Equipment Purchases:

- Tire Lease– SRTA will continue on the final year of the existing tire lease and then go out to bid for a new 5 year tire lease contract in 2017.
- Non-Revenue Vehicle– purchase maintenance vehicle and supervisor vehicles in FFY2016, 2017 & 2018.
- Hybrid batteries will be purchased for each of SRTA's 2 Hybrid buses in FY2017.
- Security Equipment – in an effort to keep all security measures current in all SRTA facilities, the Authority will expend 5307 funds in FFY 2017 and 2018 for security upgrades.
- Transit Enhancements – In FFY 2018, SRTA will be looking to improve existing transit enhancements in conjunction with the on-going ITS project.

Large Project – SRTA has one large project for this goal setting period. SRTA has \$2,392,650 for ITS projects. This is a five year project, of which the first 3 years will happen under this DBE plan. This overall 5 year plan contains many smaller phases that build upon each other and contain smaller projects that will each be bid out as part of the larger project.

Information Sources

SRTA used two sources to determine the availability of total firms and the number of DBE's certified in our region.

1. SRTA is part of a UCP with the Commonwealth of Massachusetts and the Massachusetts Department of Transportation. The Commonwealth's Supplier Diversity Office (SDO) certifies Disadvantages Businesses and keeps a directory of these businesses on their website which can be downloaded. This is a searchable directory in which DBE certified businesses can be sorted by NAICS code. SRTA's DBE Officer downloaded this directory,

then categorized, sorted and checked for duplicate listings in similar categories. It was found that 890 DBE firms relate to SRTA in the following categories: Tire Lease (1), Maintenance - General Construction (404), Computer software, operating and training (49), Non-revenue vehicles (2), Batteries - Hybrid(0), Security Equipment (325), and Transit Enhancements (109).

2. To calculate all Firms within the same geographic region SRTA used two sources 2010 Census Data and the 2012 NAICS database. At first it appeared that the Census data only listed grouped categories, which was fine for categories like Construction – but required further breakdown for manufacturing and professional services. However a link to a related census database site (censtats.census.gov) was discovered and followed. This site allows the user to drill down into each category for detailed statistics for each and every NAICS code.

Step One: Base Figure

In order to determine a base figure for the DBE goal the following methodology was used: SRTA's DBELO used an example spreadsheet provided by the RCRO to calculate a weighted DBE base figure for all projects forecasted for the upcoming goal submission period. Each of the projects, as described previously, was entered into a spreadsheet page using an estimate of funds for each NAICS code, relevant to that project, adding up to the project total. Each project sheet is then tied to a base figure calculation summary page for all the projects. This calculation takes the weight of each project times the total of all projects and multiplies it by the Relative Availability of DBE's to all firms in the local market. This provides a weighted base figure.

Each table contains the following information:

- Project
- Type of Firm/NAICS Code
- Number of DBE firms on the Massachusetts SDO Certified Business Directory
- Total firms in Massachusetts (as established by 2012 Census Data for County Business Partners)
- Weight of federal dollars per project against total federal dollars, percentage of available DBE's to total Firms

For **Fiscal Year 2016** the Authority anticipates awarding the following contracts:

Project	Type of Firm/NAICS Code	# of DBE Firms	# of All Firms	Relative Availability (DBE's/ by DBEs + All firms)	Weighted by Budget Expense
Tire Lease	423130	1	39	$1/39 = .0256 = 2.6\%$	5.3%
Maintenance Facility Upgrades	236220	404	9029	$404/9029 = .0447 = 4.5\%$	21.8%
ITS Upgrades	541519 - Software 511210 - Operating 611420 - Training	49	1046	$49/1046 = .0468 = 4.7\%$	69.8%
Non-revenue vehicle	441110	2	457	$2/457 = .0044 = .4\%$	3.1%

The Base Figure is the number of DBE's = 456
 Divided by All Available Firms (Including DBE's) = 10,571
 FY2016 BASE FIGURE (456/10571) = 4.3%

The Base Figure of 4.3% is then weighted by applying the Percent of Budget attributable to each contract anticipated for award as shown in the table below:

	DOLLAR VALUE OF CONTRACT	Percent of Budget
Tire Lease	\$60,000	5.3%
Maintenance Facility Upgrades	\$250,000	21.8%
ITS Upgrades	\$797,550	69.8%
Non-revenue vehicle	\$ 35,000	3.1%
TOTAL	\$1,142,550	100%

Base Figure Weighted

%of Total 2016 Project Budget			#DBE/Ttl All Firms		
5.3%	0.053	x	2.6%	0.026	= .14%
21.8%	0.218	x	4.5%	0.045	= .98%
69.8%	0.698	x	4.7%	0.047	= 3.28%
3.1%	0.031	x	0.4%	0.004	= .01%
	1.0000			0.1184	4.41%

FY 2016 Base Figure Weighted = 4.4%

For **Fiscal Year 2017** the Authority anticipates awarding the following contracts:

Project	Type of Firm/NAICS Code	# of DBE Firms	# of All Firms	Relative Availability	Weighted by Budget Expense
Tire Lease	423130	1	39	1/39 = .026 = 2.6%	7.3%
Maintenance Facility Upgrades	236220	404	9029	404/9029 = .0447 = 4.5%	18.2%
ITS Upgrades	541519 - Software 511210 - Operating 611420 - Training	49	1046	49/1046 = .0468 = 4.7%	58%
Non-revenue vehicle	441110	2	457	2/457 = .0044 = .4%	2.5%
Hybrid batteries	423610	0	11	0/11 = 0%	6.7%
Security Upgrades	561621	325	4634	325/4634 = .0577 = 7%	7.3%

The Base Figure is the number of DBE's = 781
 Divided by All Available Firms (Including DBE's) = 15,216
 FY2017 BASE FIGURE (781/15216) = 5.1%

The Base Figure of 5.1% is then weighted by applying the Percent of Budget attributable to each contract anticipated for award as shown in the table below:

	DOLLAR VALUE OF CONTRACT	Percent of Budget
Tire Lease	\$100,000	7.3%
Maintenance Facility Upgrades	\$250,000	18.2%
ITS Upgrades	\$797,550	58%
Non-revenue vehicle	\$35,000	2.5%
Hybrid batteries	\$92,000	6.7%
Security Upgrades	\$100,000	7.3%
TOTAL	\$1,374,550	100%

Base Figure Weighted

Percent of Total FY2017 Project Budget	No of DBEs/Total Number of Firms		
7.3%	0.073	x	2.6%
			0.026
			=
			0.19%
18.2%	0.182	x	4.5%
			0.045
			=
			0.82%
58%	0.580	x	4.7%
			0.047
			=
			2.73%
2.5%	0.025	x	.4%
			0.004
			=
			0.01%
6.7%	0.067	x	0%
			0.000
			=
			0.00%
7.3%	0.073	x	7%
			0.070
			=
			0.51%
	1.0000		0.192
			=
			4.26%

FY 2017 Base Figure Weighted = 4.3%

For **Fiscal Year 2018** the Authority anticipates awarding the following contracts:

Project	Type of Firm/NAICS Code	# of DBE Firms	# of All Firms	Relative Availability	Weighted by Budget Expense
Transit Enhancements	423860	109	3762	109/3962 = .0275 = 2.8%	2.1%
ITS Upgrades	541519 - Software 511210 - Operating 611420 - Training	49	1046	49/1046 = .0468 = 4.7%	86%
Non-revenue vehicle	441110	2	457	2/457 = .0044 = .4%	3.8%
Security Upgrades	561621	325	4634	325/4634 = .0577 = 7%	8.1%

The Base Figure is the number of DBE's = 485
 Divided by All Available Firms (Including DBE's) = 9899
 FY 2018 BASE FIGURE (687/17274) = 4.9%

The Base Figure of 4.9% is then weighted by applying the Percent of Budget attributable to each contract anticipated for award as shown in the table below:

	DOLLAR VALUE OF CONTRACT	Percent of Budget
Transit Enhancements	\$20,000	2.1%
ITS Upgrades	\$797,550	86%
Non-revenue vehicle	\$35,000	3.8%
Security Upgrades	\$75,000	8.1%
TOTAL	\$927,550	100%

Base Figure Weighted

%of Total 2018 Project Budget			#DBE/Ttl All Firms		
2.1%	0.021	x	2.8%	0.028	= 0.06%
86%	0.860	x	4.7%	0.047	= 4.04%
3.8%	0.038	x	0.4%	0.004	= 0.02%
8.1%	0.081	x	7%	0.070	= 0.57%
	1.0000			0.149	4.69%

FY 2018 Base Figure Weighted = 4.7 %

Average of 2016-2018

2016	4.4%	
2017	4.3%	
2018	4.7%	
	13.4%	4.5%

Step Two: Adjustment

SRTA has not adjusted its overall DBE goal of 4.5%. SRTA determined this by examining the following evidentiary information:

1. Past Participation – Past goal attainment is consistent with SRTA's previous 4.6% goal.
2. Disparity Studies – SRTA researched disparity studies done for the Commonwealth of Massachusetts and could only find one for our state. This study was done by NERA Economic Consulting for a joint effort by the Commonwealth's Division of Capital Asset Management and the Massachusetts Housing Finance Agency in September 2010. *Race, Sex, and Business Enterprise: Evidence from the Commonwealth of Massachusetts: Volume II* shows evidence of racial disparity in the market area. The Massachusetts Department of Transportation has undertaken a diversity study that would be more applicable to an agency such as SRTA; but that study has not been completed at this time. Although not everything in the DCAM study is relevant to SRTA, the data on construction and design can be used, as well as the statistical disparities in the ability of DBE's to get financing, bonding, and insurance to participate. The study encourages an upward adjustment to baseline estimates of DBE availability to account for the continuing effects of discrimination on minority and women-owned businesses. The disparity ratio cited in the study for Construction related businesses was 0.636¹ (NERA Economic Consulting, 2010). SRTA has only one construction project in the upcoming goal submission period and it is less than 22% of the total projects budget. Based on this assessment, SRTA will not be adjusting it's goal for this period.
3. Additional data on employment, self-employment, education, training, and union apprenticeship programs were examined both within the NERA Economic Consulting study and data from the updated 2007 Survey of Business Owners (SBO) Census Data (the study contains 2002 SBO data). The evidence confirms the continuing disparity in all these areas against disadvantaged businesses, as well as discrimination in union apprenticeship programs.

Race-Neutral & Race Conscious Participation

Past Goal Attainment

SRTA has met our goal of 4.6% for the past four years.

1. In 2013 there was 5.6% DBE participation in contract completions, some of which was contracts anticipated for 2014.
2. In 2014 there was 1.1% DBE participation in contract completions. This was due to an early contract awarded in 2013.
3. In 2015 SRTA has only achieved .2 %, but there are contracts which have yet to be reported on which will be reported in December.

SRTA's past attainments were all made by Race-Neutral measures (no contract goals were set). SRTA will strive to continue to meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation.

¹ (NERA Economic Consulting, 2010) Table 5.21, page 118