

## **Disadvantaged Business Enterprise (DBE) Program**

### **Federal Fiscal Years 2018-2020**

#### **Goal Methodology**

##### **Introduction**

In accordance with Federal Regulation 49 CFR Part §26.26.45(f)(3), the Greater-Attleboro Taunton Transportation Authority (GATRA) submits its three-year Disadvantaged Business Enterprise (DBE) overall goal for FFY 2018-2020 on projected contracting opportunities funded in whole or in part by the Federal Transportation Administration (FTA) along with the methodology and supporting documentation for review.

##### **Proposed DBE Goal FFY 2018-2020**

GATRA's overall goal for the time period of Federal Fiscal Year (FFY) 2018-2020 (October 1, 2017 through September 30, 2020) is 6.44%. GATRA expects to award approximately \$5,600,203 and it is expected that 6.44% will be expended with DBEs on GATRA DOT-assisted contracts during the next three fiscal years. Of the overall goal, 0.0% will be achieved through race-conscious measures and 6.44% will be achieved through race neutral measures.

##### **Goal Setting Methodology**

GATRA's overall goal was set based on the two-step process as described in 49 CFR 26.45. This process ensures that GATRA's goal is based on the availability of ready, willing, and able DBEs in its relevant market.

##### **Step One- Determination of Base Figure**

###### **Determination of Market Area and Sources of Information**

GATRA determined its market area to be the State of Massachusetts and the State of Rhode Island.

GATRA used two sources of information to determine the availability of total firms and the number of DBEs certified in its market area. These data sources represent the most relevant information available related to GATRA's service area. GATRA did not have any additional DBE companies to add to the analysis from internal data.

1. GATRA is part of a UCP with the Commonwealth of Massachusetts and the Massachusetts Department of Transportation. The Commonwealth's Supplier Diversity Office (SDO) certifies Disadvantaged Businesses and keeps a directory of these businesses on their website which can be downloaded. This is a searchable directory in which DBE certified business can be sorted by NAICS code.
2. To calculate all Firms within the same geographic region GATRA used 2015 Census Data. GATRA utilized the census database site ([factfinder.census.gov](http://factfinder.census.gov)) to breakdown each category for detailed statistics for each and every NAICS code for the total number of firms available in Massachusetts and Rhode Island.

In the Step One analysis, GATRA determined the percent of total FTA funds related to each NAICS code. Then GATRA calculated the relative availability of DBEs in specific project related areas using the SDO database and NAICS codes from the 2010 Census data. The relative availability of DBEs was then multiplied by the weight determined by the total FTA funds by NAICS code. This provided a weighted base figure for each NAICS code as well as an overall weighted base figure for the goal. A summary of the calculation of this step is provided in the tables below.

<i>Weight of each type of work by NAICS Code</i>			
<b>NAICS Code</b>	<b>Description</b>	<b>FTA Funds on Project</b>	<b>% of total FTA funds (weight)</b>
236220	Commercial & Institutional Building Contractors	\$ 811,463.00	0.1449
237110	Water and Sewer Line Construction	\$ 13,800.00	0.0025
238140	Masonry Contractors	\$ 1,038,262.00	0.1854
238150	Glass and Glazing	\$ 3,500.00	0.0006
238190	Other Foundation, Structural, and Building Exterior Contractor	\$ 83,688.00	0.0149
238210	Electrical	\$ 268,970.00	0.0480
238220	Plumbing and Heating	\$ 8,000.00	0.0014
238310	Drywall and Insulation	\$ 8,000.00	0.0014
238320	Painting and Wall Covering	\$ 31,000.00	0.0055
238330	Flooring Contractors	\$ 10,000.00	0.0018
238350	Finish Carpentry	\$ 15,000.00	0.0027
238390	Other Finish Building Contractors	\$ 20,000.00	0.0036
238910	Site Preparation Contractors	\$ 331,355.00	0.0592
238990	Other Specialty Trade Contractors	\$ 77,920.00	0.0139
323111	Commercial Printing	\$ 69,366.00	0.0124
424720	Operator Gasoline and Petroleum	\$ 1,065,075.00	0.1902
441310	Operator Parts and Supplies	\$ 681,555.60	0.1217
488490	Snow Removal	\$ 164,076.00	0.0293
541330	Engineering and Design	\$ 593,154.00	0.1059
541412	IT Hardware/Consulting Services	\$ 174,240.00	0.0311
561720	Janitorial Services	\$ 52,181.25	0.0093
561730	Landscaping Services	\$ 40,920.00	0.0073
562111	Waste Collection	\$ 38,676.80	0.0069
	<b>Total</b>	\$ 5,600,202.65	1

As shown in the table above, GATRA identified its capital and operating projects planned for FY 2018-2020, including the federal funds estimated to be used in each project.

GATRA has five large projects for this goal setting period. Funding for the five projects will come from 5307 formula funds. In North Attleboro, A new developer has purchased the redevelopment site and is moving ahead to begin demolition of the old industrial buildings in August 2017. GATRA is planning a working meeting with both the new developer and the Town to make adjustments to its sidewalk and transit shelter plans accordingly to reflect some changes which are being proposed by the new owner. Once these plans are revised, GATRA will be advertising this project for construction. The estimated timeframe would be advertising in late fall 2017; begin construction work before the cold weather sets in; and completion of construction in spring 2018. GATRA also has to submit a grant application to the Federal Transit Administration (FTA) for construction funds for this project which will take place sometime late summer 2017.

Design and construction services for needed repairs to the Mansfield Avenue Bridge will be funded with 5307 formula funds. GATRA will be working on both railroad bridge and underpass subsurface activities at the Mansfield Avenue Bridge. The Town of Mansfield has a contract for engineering services which is putting together the bid specifications. It is anticipated that the project will be advertised for bid sometime late fall 2017; construction may begin before cold weather begins; resume construction in spring 2018; and completion by late summer 2018. This project involves metal fabrication work, steel rehab of the substructure of the bridge as well as cement work on retaining walls and subsurface roadway improvements.

Additionally, GATRA will use 5307 funds to renovate its administrative offices, design an east operations and maintenance facility, make repairs to the Attleboro Intermodal Center canopy, and construct various shelters with accessibility improvements. These projects range from \$50,000-\$2,000,000. Prime and subcontract opportunities may also exist for operating purchases such as janitorial services, waste collection, snow removal, IT consulting and parts, gasoline, and other operator parts and supplies. Further, GATRA will ensure that its prime contractors are aware of the need to evaluate the use of DBE financial institutions.

<i>Relative availability of DBE's by NAICS Code</i>				
<i>NAICS Code</i>	<i>Project</i>	<i>Number of DBEs Available to Perform This Work</i>	<i>Number of All Firms Available (Including DBEs)</i>	<i>Relative Availability</i>
236220	Commercial & Institutional Building Contractors	57	929	0.0614
237110	Water and Sewer Line Construction	27	300	0.0900
238140	Masonry Contractors	30	650	0.0462
238150	Glass and Glazing	1	135	0.0074
238190	Other Foundation, Structural, and Building Exterior Contractor	11	121	0.0909
238210	Electrical	40	2674	0.0150
238220	Plumbing and Heating	18	3221	0.0056
238310	Drywall and Insulation	19	582	0.0326
238320	Painting and Wall Covering	44	1040	0.0423
238330	Flooring Contractors	11	446	0.0247
238350	Finish Carpentry	35	881	0.0397
238390	Other Finish Buidling Contractors	13	178	0.0730
238910	Site Preparation Contractors	78	1351	0.0577
238990	Other Specialty Trade Contractors	73	977	0.0747
323111	Commercial Printing	15	529	0.0284
424720	Operator Gasoline and Petroluem	10	55	0.1818
441310	Operator Parts and Supplies	1	680	0.0015
488490	Snow Removal	11	62	0.1774
541330	Engineering and Design	106	1810	0.0586
541412	IT Hardware/Consulting Services	85	1319	0.0644
561720	Janitorial Services	44	1633	0.0269
561730	Landscaping Services	35	4377	0.0080
562111	Waste Collection	6	312	0.0192
	<b>Total</b>	<b>770</b>	<b>24262</b>	<b>0.0317</b>

<i>Weighted Base Figure</i>				
<i>NAICS Code</i>	<i>Project</i>	<i>Weight</i>	<i>Availability</i>	<i>Weighted Base Figure</i>
236220	Commercial & Institutional Building Contractors	0.1449	0.0614	0.0089
237110	Water and Sewer Line Construction	0.0025	0.0900	0.0002
238140	Masonry Contractors	0.1854	0.0462	0.0086
238150	Glass and Glazing	0.0006	0.0074	0.0000
238190	Other Foundation, Structural, and Building Exterior Contractor	0.0149	0.0909	0.0014
238210	Electrical	0.0480	0.0150	0.0007
238220	Plumbing and Heating	0.0014	0.0056	0.0000
238310	Drywall and Insulation	0.0014	0.0326	0.0000
238320	Painting and Wall Covering	0.0055	0.0423	0.0002
238330	Flooring Contractors	0.0018	0.0247	0.0000
238350	Finish Carpentry	0.0027	0.0397	0.0001
238390	Other Finish Buidling Contractors	0.0036	0.0730	0.0003
238910	Site Preparation Contractors	0.0592	0.0577	0.0034
238990	Other Specialty Trade Contractors	0.0139	0.0747	0.0010
323111	Commercial Printing	0.0124	0.0284	0.0004
424720	Operator Gasoline and Petroluem	0.1902	0.1818	0.0346
441310	Operator Parts and Supplies	0.1217	0.0015	0.0002
488490	Snow Removal	0.0293	0.1774	0.0052
541330	Engineering and Design	0.1059	0.0586	0.0062
541412	IT Hardware/Consulting Services	0.0311	0.0644	0.0020
561720	Janitorial Services	0.0093	0.0269	0.0003
561730	Landscaping Services	0.0073	0.0080	0.0001
562111	Waste Collection	0.0069	0.0192	0.0001
			<b>Total</b>	<b>0.0739</b>
			<b>Total Expressed as Percent</b>	<b>7.39%</b>

### Step Two - Adjustment

In accordance with 49 CFR §26 26.45(d)(1) (I), after arriving at the preliminary base figure of 7.39%, GATRA reviewed and assessed other data to determine if the base figure should be adjusted. GATRA considered past participation and available disparity studies.

- Past Participation** - GATRA examined the current capacity of DBEs to perform work on FTA assisted contracts based on the contract awards in the last (2) federal fiscal years (FFY2015-FFY2016) as the complete data for FFY2017 was not available at the time these goals were prepared. It should be noted contract awards are used to judge goal attainment and GATRA did fall short on meeting the goal in one of the two years reviewed (FFY2016).

2015	6.17%	0.00 RC	6.17 RN
2016	4.28%	0.00 RC	4.28 RN

The projects analyzed in Step 1 for 2018-2020 are similar to the projects undertaken from 2015-2017. Therefore GATRA has made the following adjustment to its baseline goal utilizing the average participation achieved from 2015-2016:

<b>Step 1 Baseline Goal</b>	<b>7.39%</b>
<b>Average Past DBE Participation</b>	<b>5.50%</b>
<b>Adjustment to Step 1 Baseline Goal</b>	<b>(7.39%+5.50%)/2</b>
<b>FINAL GOAL</b>	<b>6.44%</b>

2. **Disparity Studies** - GATRA 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 Commonwealth is reportedly undertaking a disparity study <http://www.mass.gov/anf/property-gmt-and-construction/design-and-construction>. The study is being conducted by NERA Economic Consulting and is currently taking questions and comments. When that is completed GATRA may utilize it in preparing future goals. The disparity ratio cited in the study for Construction related businesses was 0.636<sup>1</sup>. GATRA has not adjusted its goal as a result of the data available in this study. GATRA will review and utilize any updated data in preparing future goals.
3. **Statistical Disparities**-The study also showed evidence of statistical disparities in the Capital Market which covers areas of financing, bonding, and insurance. In the study national data is analyzed and compared to a survey conducted by NERA in the Massachusetts region, to examine whether discrimination exists in the small business credit market. The Executive Summary of that study was released to the public, whereas the complete report is marked "Proprietary and Confidential." The following relevant bullet points are from the published Executive Summary:
- Minority-owned firms were particularly likely to report that they did not apply for a loan over the preceding three years because they feared the loan would be denied.
  - When minority-owned firms did apply for a loan, their loan requests were substantially more likely to be denied than other groups, even after accounting for differences in factors like size and credit history.
  - When minority-owned firms did receive a loan, they were charged higher interest rates on the loan than was true of comparable White-owned firms.
  - Far more minority-owned firms report that credit market conditions are a serious concern than is the case for White-owned firms.
  - A greater share of minority-owned firms believes that the availability of credit is the most important issue likely to confront the firm in the next 12 months.

"We conclude that there is statistically significant evidence of discrimination in Massachusetts in the small business credit market, particularly with respect to firms owned by Blacks. We find little or no significant evidence, however, that White females are discriminated against in this market."<sup>2</sup>

4. Additional data on employment, self-employment, education, training, and union apprenticeship programs were examined both with the NERA Economic Consulting

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<sup>1</sup> NERA Economic Consulting, 2010, Table 5.21, pg. 118.

<sup>2</sup> NERA Economic Consulting, 2010, Ch. 1.D.3, pgs. 9-10

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 business, as well as discrimination in union apprenticeship programs.

**Race-Neutral and Race Conscious Division**

GATRA has projected the race neutral (RN) portion of its 6.44% overall goal to be 6.44%. It is projected that no race conscious (RC) participation will be required to achieve the overall goal of 6.44%. GATRA determined its RN projection based on a review of its RN participation from FY 2015 & 2016. GATRA achieved an average of 5.50% RN participation in 2015 & 2016, accounting for 100% of the total DBE participation. GATRA anticipates a similar scope of projects for the next three fiscal years and therefore used the average FY 2015 & 2016 RN participation to project its RN and corresponding RC goals.

**Proof of Publication**

In accordance with goal-setting and public participation regulatory requirements of 49 CFR Part 26, GATRA conducted the following activities to facilitate public participation in the overall DBE goal-setting process:

1. Published the proposed goal and methodology on the GATRA website accessible at [www.gatra.org](http://www.gatra.org).
2. On July 27, 2017, GATRA conducted a consultation meeting to explain its goal setting methodology and to solicit feedback from program stakeholders. Notice of this consultation was sent to minority and women’s groups, general contractor groups, and community organizations. Representatives from the following groups were present: material suppliers, professional services providers, lighting contractors, gas and petroleum vendors, disadvantaged business enterprises and prime contractors. The meeting was attended by 11 different DBE companies. During this meeting, discussion was held regarding the use of the bidder’s list method and the prospect of applying another method that may yield higher relative availability. Companies present asked for increased and direct notification about future opportunities for DBEs. GATRA responded to these inquiries by articulating that future opportunities will be part of all central register solicitations and by sending e-mails to all inquiring DBEs about future contract opportunities. As result of this consultation, GATRA will institute proactive measures to send solicitations to DBE contractors. Additionally, GATRA holds pre-bid conferences where DBE certification and additional DBE information is discussed.