

Disadvantaged Business Enterprise (DBE) Program

Federal Fiscal Years 2015-2017

Goal Methodology

Introduction

In accordance with Federal Regulation 49 CFR Part §26.45(f)(3), the Greater-Attleboro Taunton Transportation Authority (GATRA) submits its three-year Disadvantaged Business Enterprise (DBE) overall goal for FFY 2015-2017 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 2015-2017

GATRA's overall goal for the time period of Federal Fiscal Year (FFY) 2015-2017 (October 1, 2014 through September 30, 2017) is 5.90%. GATRA expects to award approximately \$10,105,282 and it is expected that 5.90% will be expended with DBEs on GATRA DOT-assisted contracts during the next three fiscal years. Of the overall goal, 3.05% will be achieved through race-conscious measures and 2.85% 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 2013 Census Data. GATRA utilized the census database site (censtats.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>			
NAICS Code	Description	FTA Funds on Project	% of total FTA funds (weight)
236220	Commercial & Institutional Building Contractors	\$ 894,000.00	0.0885
238130	Framing Contractors	\$ 510,000.00	0.0505
238150	Glass and Glazing	\$ 154,000.00	0.0152
238210	Electrical	\$ 346,000.00	0.0342
238220	Plumbing and Heating	\$ 197,000.00	0.0195
238310	Drywall and Insulation	\$ 246,268.00	0.0244
238320	Painting and Wall Covering	\$ 168,000.00	0.0166
238330	Flooring Contractors	\$ 93,000.00	0.0092
238350	Finish Carpentry	\$ 76,000.00	0.0075
238110	Poured Concrete Contractors	\$ 300,000.00	0.0297
238910	Site Preparation Contractors	\$ 506,000.00	0.0501
541330	Engineering and Design	\$ 2,237,904.00	0.2215
237110	Water and Sewer Line Construction	\$ 350,000.00	0.0346
237130	Power and Communication Line	\$ 430,000.00	0.0426
237990	Other Heavy and Civil Engineering Construction	\$ 325,000.00	0.0322
238120	Structural Steel and Precast Concrete Construction	\$ 650,000.00	0.0643
238140	Masonry Contractors	\$ 66,000.00	0.0065
238190	Other Foundation, Structural, and Building Exterior Contractor	\$ 110,000.00	0.0109
323111	Commercial Printing	\$ 81,600.00	0.0081
562111	Waste Collection	\$ 10,560.00	0.0010
488490	Snow Removal	\$ 52,800.00	0.0052
561730	Landscaping Services	\$ 95,900.00	0.0095
561720	Janitorial Services	\$ 41,250.00	0.0041
541412	IT Hardware/Consulting Services	\$ 160,000.00	0.0158
424720	Operator Gasoline and Petroleum	\$ 1,380,000.00	0.1366
441310	Operator Parts and Supplies	\$ 624,000.00	0.0617
	Total	\$ 10,105,282.00	1

As shown in the table above, GATRA identified its capital and operating projects planned for FY 2015-2017, including the federal funds estimated to be used in each project.

GATRA has four large projects for this goal setting period. Funding for the four projects will come from 5307 formula funds. In North Attleborough, a new central bus hub will be constructed in conjunction with a 73 unit privately funded housing/restaurant/retail TOD Project. The hub will enable GATRA to expand fixed route service and operate more efficiently in the North Attleborough area. The project will entail procurement of A & E Services to design

and construct the bus hub and accessible sidewalks. There may be subcontracting opportunities, such as paving, landscaping, and specialized A&E services in the project.

Design services and a portion of the construction for the Plymouth Intermodal Transit Center will be funded with 5307 formula funds. The project will consist of construction of a parking garage, visitor’s center and intermodal transit center on the waterfront in Plymouth. The project will connect the historic Plymouth waterfront with the Plymouth Downtown. There may be many subcontracting opportunities involving electrical, plumbing, HVAC, surveying, and landscaping.

Additionally, GATRA will use 5307 funds to renovate its administrative offices, design a new maintenance facility, and construct various shelters with accessibility improvements. These projects range from \$40,000-\$2,500,000. 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	50	917	0.0545
238130	Framing Contractors	19	305	0.0623
238150	Glass and Glazing	1	173	0.0058
238210	Electrical	29	2628	0.0110
238220	Plumbing and Heating	13	3035	0.0043
238310	Drywall and Insulation	21	508	0.0413
238320	Painting and Wall Covering	40	976	0.0410
238330	Flooring Contractors	11	382	0.0288
238350	Finish Carpentry	37	848	0.0436
238110	Poured Concrete Contractors	23	321	0.0717
238910	Site Preparation Contractors	70	1323	0.0529
541330	Engineering and Design	99	1754	0.0564
237110	Water and Sewer Line Construction	24	290	0.0828
237130	Power and Communication Line	7	114	0.0614
237990	Other Heavy and Civil Engineering Construction	24	125	0.1920
238120	Structural Steel and Precast Concrete Construction	21	88	0.2386
238140	Masonry Contractors	28	600	0.0467
238190	Other Foundation, Structural, and Building Exterior Contractor	11	121	0.0909
323111	Commercial Printing	17	572	0.0297
562111	Waste Collection	5	331	0.0151
488490	Snow Removal	10	62	0.1613
561730	Landscaping Services	32	4074	0.0079
561720	Janitorial Services	37	1581	0.0234
541412	IT Hardware/Consulting Services	68	1280	0.0531
424720	Operator Gasoline and Petroleum	8	57	0.1404
441310	Operator Parts and Supplies	1	678	0.0015
	Total	706	23143	0.0305

Weighted Base Figure				
NAICS Code	Project	Weight	Availability	Weighted Base Figure
236220	Commercial & Institutional Building Contractors	0.0885	0.0545	0.0048
238130	Framing Contractors	0.0505	0.0623	0.0031
238150	Glass and Glazing	0.0152	0.0058	0.0001
238210	Electrical	0.0342	0.0110	0.0004
238220	Plumbing and Heating	0.0195	0.0043	0.0001
238310	Drywall and Insulation	0.0244	0.0413	0.0010
238320	Painting and Wall Covering	0.0166	0.0410	0.0007
238330	Flooring Contractors	0.0092	0.0288	0.0003
238350	Finish Carpentry	0.0075	0.0436	0.0003
238110	Poured Concrete Contractors	0.0297	0.0717	0.0021
238910	Site Preparation Contractors	0.0501	0.0529	0.0026
541330	Engineering and Design	0.2215	0.0564	0.0125
237110	Water and Sewer Line Construction	0.0346	0.0828	0.0029
237130	Power and Communication Line	0.0426	0.0614	0.0026
237990	Other Heavy and Civil Engineering Construction	0.0322	0.1920	0.0062
238120	Structural Steel and Precast Concrete Construction	0.0643	0.2386	0.0153
238140	Masonry Contractors	0.0065	0.0467	0.0003
238190	Other Foundation, Structural, and Building Exterior Contractor	0.0109	0.0909	0.0010
323111	Commercial Printing	0.0081	0.0297	0.0002
562111	Waste Collection	0.0010	0.0151	0.0000
488490	Snow Removal	0.0052	0.1613	0.0008
561730	Landscaping Services	0.0095	0.0079	0.0001
561720	Janitorial Services	0.0041	0.0234	0.0001
541412	IT Hardware/Consulting Services	0.0158	0.0531	0.0008
424720	Operator Gasoline and Petroleum	0.1366	0.1404	0.0192
441310	Operator Parts and Supplies	0.0617	0.0015	0.0001
			Total	0.0777
			Total Expressed as Percent	7.77%

Step Two - Adjustment

In accordance with 49 CFR §26.26.45(d)(1) (I), after arriving at the preliminary base figure of 7.77%, 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 (3) federal fiscal years (FFY2012-FFY2014). It should be noted contract awards are used to judge goal attainment and GATRA did fall short on meeting the goal in two of the three years reviewed (FFY2013 and FFY2014).

2012	7.23%	6.11 RC	1.13 RN
2013	3.75%	3.28 RC	0.47 RN
2014	4.03%	2.07 RC	1.95 RN

The projects analyzed in Step 1 for 2015-2017 are similar to the projects undertaken from 2012-2014. Therefore GATRA has made the following adjustment to its baseline goal utilizing the median participation achieved from 2012-2014:

Step 1 Baseline Goal	7.77%
Median Past DBE Participation	4.03%
Adjustment to Step 1 Baseline Goal	(7.77%+4.03%)/2
FINAL GOAL	5.90%

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 Massachusetts Department of Transportation has undertaken a diversity study that would be more applicable to an agency like GATRA; but that study has not been completed at this time. The disparity ratio cited in the study for Construction related businesses was 0.636¹. 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.

¹ NERA Economic Consulting, 2010, Table 5.21, pg. 118.

“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.”²

4. Additional data on employment, self-employment, education, training, and union apprenticeship programs were examined both with 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 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 5.90% overall goal to be 2.85%. It is projected that the remaining 3.05% of the overall goal will be achieved through race conscious (RC) participation. GATRA determined its RN projection based on a review of its RN participation from FY 2014. GATRA achieved 1.95% RN participation in 2014, accounting for 43.39% of the total DBE participation. GATRA anticipates a similar scope of projects for the next three fiscal years and therefore used FY 2014 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.
2. On October 9, 2015, 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, gas and petroleum vendors, disadvantaged business enterprises and prime contractors. The meeting was attended by ten (10) 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

² NERA Economic Consulting, 2010, Ch. 1.D.3, pgs. 9-10

solicitations to DBE contractors. Additionally, GATRA holds pre-bid conferences where DBE certification and additional DBE information is discussed.