

**DBE METHODOLOGY AND GOAL FOR
VALLEY REGIONAL TRANSIT**

FOR FEDERAL FISCAL YEARS:

2017, 2018, and 2019

November 30, 2016

OVERVIEW OF THE GOAL-SETTING PROCESS

The following narrative explains the efforts of the Valley Regional Transit (“VRT”) to establish a three (3) year DBE participation goal as set forth in Title 49 Code of Federal Regulations Part 26 with an effective date of October 1, 2016. VRT is required to implement the three (3) year DBE goal for Federal fiscal years: 2017, 2018, and 2019. Additionally, the methodology utilized for participation goal based on the federally- aided contracts using funds disbursed by the Federal Transit Administration (“FTA”) is outlined. The federal regulatory mandate is set forth in Title 49 Code of Federal Regulations Part 26 (Part 26).

The Regulatory Mandate

Recipients of FTA funds are required to submit new overall goals for DBE participation using the two-step goal-setting process set forth in Section 26.45 of Part 26 by:

- Establishing a base figure for DBE availability;
- Describing the evidence with which it was calculated;
- By making adjustments to that figure, where appropriate; and,
- Describing the evidence relied upon for such adjustments.

Under Step One of the goal-setting process, recipients are required to calculate DBE availability to set a new annual overall goal for FTA-assisted contracts based upon “demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate” on its FTA-assisted contracts.

Under Step Two, recipients must examine all relevant evidence for consideration of a possible adjustment to the base figure to reflect the “effects of the DBE program and the level of participation that would be expected but for the effects of past and present discrimination.”

As an extension of this process, Section 26.45 requires recipients to meet the “maximum feasible portion” of its overall DBE utilization goal through race-neutral means. Under Section 26.51(b), race-neutral means include providing assistance in overcoming limitations such as the inability to obtain bonding or financing by simplifying the bonding process; reducing bonding requirements; eliminating the impact of surety costs from bids; and, providing services to help DBEs and other small businesses obtain bonding and financing. Race neutral participation occurs any time that a DBE wins a prime contract through customary competitive procurement procedures; is awarded a subcontract on a prime contract that does not carry a DBE goal, or even if there is a DBE goal, wins a subcontract from a prime contractor that did not consider its DBE status in awarding the contract (e.g. a prime contractor that uses a strict low bid system to award subcontracts).

Utilization of Contractors and Subrecipients

VRT does not directly operate the Ada and Canyon County transit systems. Rather, VRT has contracted with transit contractors in each of those counties to operate those systems. Presently, VRT has contracted with Professional Transit Management to operate the fixed line and demand response operations within Ada County. Similarly, VRT has contracted with MV Transportation to operate the fixed line and demand response operations within Canyon County.

VRT passes through some federal funds to subrecipients. For FY2017, FY2018 and FY2019, VRT estimates that it will pass-thru \$1,531,000, \$206,600 and \$675,960, respectively in federal operating and capital funds to subrecipients.

Geographic Market Area

VRT defines the Market Area as the area in which the majority of business is conducted for its contractors and subcontractors. The majority of VRT's contractors and subcontractors are located in Ada and Canyon Counties. This is the area in which VRT and subrecipients spend the substantial majority of operating and capital dollars.

Public Notice, Outreach and Comment Component of DBE Goal-Setting

VRT has posted a public notice and associated DBE Program and Goal Calculation Methodology on our website. Interested parties can access this information by utilizing the following link (CTR + Enter):

<http://www.valleyregionaltransit.com/ABOUTVRT/TITLEVIDBE.aspx>.

Additionally, the website also provides an address where public comments may be sent. VRT performed public outreach on November 29, 2016 through a DBE Open House Meeting conducted at VRT's Regional Headquarters. The revised DBE Program and Goal Calculation Methodology was posted on the VRT website on November 30, 2016, effectively beginning the public comment period. VRT will receive public comments until the close of business on December 30, 2016.

Following the Open House and public comment period, VRT will review any public comments received and incorporate relevant portions into the final goal submittal to FTA.

SUMMARY OF THE PROPOSED OVER ALL DBE GOAL: TWO STEP GOAL-SETTING EFFORT

First, VRT identified any potential sources of contracting opportunity that may be available for DBEs. Step 1 calls for "determining a base figure for the relative availability of DBEs" (49 C.F.R. § 26.45(c)). "Relative availability of DBEs" means "the availability of ready, willing and able DBEs relative to all businesses ready willing and able to participate on DOT-assisted contracts" (49 C.F.R. § 26.49(b)).

Section 26.45(c): Step 1 Calculation

- The base figure for the relative availability of DBE's was calculated as follows:

$$\text{Base Figure} = .708\% \quad \frac{8 - \text{Ready, Willing, and Able DBE's}}{1,130 - \text{All Firms Ready, Willing, and Able}}$$

The data source or demonstrable evidence used to derive the numerator (Ready, Willing, and Able DBE Firms) was all applicable active and still certified DBE firms that were found in the Idaho Transportation Department's (ITD) DBE Directory:

<https://itd.dbesystem.com/FrontEnd/VendorSearchPublic.asp?TN=itd&XID=43>

- It is assumed that all firms listed in ITD's DBE Directory are ready, willing, and able to perform services or provide product within the Ada County or Canyon County areas. The data source or demonstrable evidence used to derive the denominator (All Firms Ready, Willing, and Able) was the identification of all "North American Industry Classification System"

(NAICS) codes representing products or services that may be required by VRT for FFY's 2017, 2018 and 2019. Once the NAICS codes were identified, then the U.S. Census Bureau's website was referenced to identify the total number of available firms within each NAICS category within both Ada County and Canyon County.

- VRT then divided the numerator by the denominator to arrive at the base figure for the overall goal, with that percentage coming to **.708%**.

When identifying DBEs, VRT refers to those firms certified by the Idaho Transportation Department (ITD) Unified Certification Program ("UCP"). The UCP list of DBEs is used in conjunction with data obtained from the U.S. Census Bureau. VRT reviewed the DBEs within the ITD Unified Certification Program for the Ada and Canyon counties surrounding VRT's primary location in Meridian Idaho. VRT then produced a report capturing each DBE, DBE's NAICS # and NAICS Description for ease in referencing future DBE project opportunities.

NAICS Sector	NAICS Description	Total Vendors Ada/Canyon Counties	DBE Firms, Ready, Willing and Able Ada/Canyon County
237310	Asphalt Roadway & Resurfacing	24	3
238110	Concrete Sidewalk	82	3
238190	Other Foundation, Structure and Building	21	0
238210	Electrical Contractors	166	1
238220	Plumbing, HVAC Contractors	257	1
238290	Other Building Equipment Contractors	18	
447110	Gasoline stations with convenience stores	158	0
541110	Legal Services	373	0
541810	Advertising Services	31	0
Totals		1,130	8

VRT identified areas of potential DBE contracting opportunity during FFY 2017 through 2019. VRT utilized the Transportation Improvement Plan (TIP), VRT Infrastructure Upgrades and applicable operational and subrecipient expenses as a guide in analyzing DBE opportunities.

Identified Specific Projects for FY2017 to FY2019 are:

1. Facility Improvements:
 - HVAC Systems - \$975,000
 - HDTC – awning/gutters repair, residing and lighting - \$425,000
 - Exterior Lighting Upgrades - \$184,000
 - CNG Detection System - \$400,000
 - Vehicle & Bus Lifts, Motors, Door Controllers- \$240,000

- Parking Lot Reseal - \$65,000
- Interior Fluid Dispenser Automation - \$65,000
- 2. Bus Stops - \$350,000

Identified Operational Expenses for FY2017 to FY2019 are:

- 1. Advertising Services - \$569,490
- 2. Legal Services - \$164,700

Identified Subrecipient Expenses for FY2017 to FY2019 are:

- 1. Park-n-Ride and Bus Stop Improvements - \$1,831,000
- 2. TVT Above-n-Beyond Program – Fuel - \$120,192

The projects and expenses noted above exclude transit vehicle purchases as the Transit Vehicle Manufacturer Reports provides the DBE participation to the Federal Transit Administration.

Step-2 Under Step-2 of the goal setting process, VRT was required by the DBE regulation to examine all relevant evidence in its jurisdiction to determine whether any adjustments, up or down, were required to arrive at the overall goal. Step 2 necessarily took into account other conditions or variables impacting DBEs in the identified market area.

- After calculating the base figure of the relative availability of DBE firms, evidence was examined to determine whether an adjustment to the base figure, if any, was appropriate in order to arrive at the overall goal. The evidence examined included, but was not limited to, the current capacity of ITD listed DBE firms to perform work on FTA assisted contracting programs; and evidence from related fields, occupations and industries that affect the opportunities for DBE firms to form, grow, and compete. No disparity studies were identified that would potentially trigger an adjustment to the Step 1 Goal percentage.

VRT contacted women's and general contractor groups and various community organizations that could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses. VRT held a DBE-focused Community Open House on November 29, 2016 in order to seek comments on its FY2017 to 2019 DBE Goal Calculation Methodology. After public comment review it was determined that there was not sufficient basis to make a Step 2 adjustment.

RACE CONSCIOUS/RACE NEUTRAL ADJUSTMENT

VRT expects to meet the entire goal through race-neutral means. VRT circulated the ITD DBE Listing to all VRT managers in order to alert them to possible DBEs that could be utilized. VRT sees no reason to change the **.708%** goal at this time. VRT intends to remain with the base calculation.

FINAL GOAL

As the result of efforts by VRT to date, the overall goal for participation by DBEs in VRT's Federally assisted contracts will be **.708%**. It will be achieved through race-neutral measures.

In recognition of VRT's additional responsibility to foster DBEs, VRT will continue in its efforts to forge community awareness of the VRT DBE Program through discussions and communications with minority

and DBE focused organizations. VRT will encourage small businesses to qualify as ITD Registered DBE's. VRT's DBE Liaison and the Procurement Officer will review all procurements and related projects to determine if DBEs can be utilized. VRT will analyze procurements in the early stages to ascertain the best method to develop the bidding strategy in order to enable more DBE participation.

PROGRAM TERMS CONSISTENT WITH 49 C.F.R. PART 26.

DBE – A small, for-profit business that meets the size, ownership, control, and definitional requirements of 49 C.F.R. Part 26.5 and has been certified by Pennsylvania's Unified Certification Program (UCP) under the federal regulation set forth in 49 C.F.R. Part 26.

READY, WILLING AND ABLE BUSINESSES/ENTERPRISES – The current universe of businesses interested, capable, and authorized to perform work on CAT's federally-assisted, transportation-related contracts. *Ready* refers to those businesses that perform a trade, function or service that may be utilized on CAT's federally-assisted contracts. *Willing* refers to ready businesses that have either performed or expressed a bona fide interest in performing a function on CAT's federally-assisted contracts. *Able* refers to ready and willing businesses that have fulfilled CAT's requirements to participate in the performance of its federally assisted contracts

READY, WILLING AND ABLE DBEs – Those businesses that meet the definition of “ready, willing and able businesses” and that have been certified any of the certifying entities for the UCP consistent with the provisions of 49 C.F.R. Part 26.

RELATIVE AVAILABILITY OF DBEs – Consistent with 49 C.F.R. Part 26.45, “relative availability” of DBEs refers to demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate on CAT's federally-assisted transportation-related contracts.

RACE-NEUTRAL MEASURES – Consistent with Section 26.5, the definitional section of the federal regulation set forth in 49 C.F.R. Part 26, CAT's race-neutral measures are those designed to assist all small businesses as opposed to measures designed to benefit DBEs alone.

RACE-CONSCIOUS MEASURES – Consistent with the definitional section of the federal regulation set forth in 49 C.F.R. Part 26, CAT's race conscious measures are those that are focused exclusively on DBEs. These include traditional contract goals.