

East Alabama Regional Planning and Development Commission Federal Transit Administration Disadvantaged Business Enterprise Methodology and Goal FY 2023-2025

Introduction

In accordance with Federal Regulation 49 CFR §26.45(f)(3), the East Alabama Regional Planning and Development Commission (hereinafter referred to as “the Commission” or “the EARPDC”) submits its three-year Disadvantaged Business Enterprise (DBE) goal for FY 2023-2025 on projected contracting opportunities funded by the Federal Transit Administration (FTA) along with the methodology and supporting documentation for review.

EARPDC provides 4-route fixed-route transportation in the cities of Anniston, Oxford, Weaver, and Hobson City Alabama, along with Paratransit services within the cities, and public demand response in the urbanized unincorporated areas of Calhoun County. The service is the Areawide Community Transportation System (ACTS). The service area is an Urbanized Area of fewer than 200,000. The Commission awards a prime contract exceeding \$250,000 in federal fund annually and is therefore required to prepare and submit the DBE Methodology and Goal.

EARPDC has not previously been required to have a DBE Methodology and Goal. EARPDC has always been a sub-recipient of the State of Alabama Department of Transportation (ALDOT). The Commission has been subject to the ALDOT goal and reported its semi-annual DBE report to ALDOT. This document represents the first DBE Methodology and Goal submitted by EARPDC to FTA.

The EARPDC FTA DBE Goal & Methodology plan for FY 2023-2025 explains the Commission’s goal-setting process and methods, public outreach process and administration of the goal. In accordance with Section 26.45 of Part 26, the DBE goal-setting process requires the establishment of a base figure for the relative availability of DBEs in the market; describing the evidence with which it was calculated; making adjustments to and adjusting that figure to make it as precise as possible, where appropriate; and describing the evidence relied upon for such adjustments. As an extension of this process, Section 26.45 requires that the Commission must also include the project of the portions of the overall goal you expect to meet through race-neutral and race-conscious measures.

EARPDC shall make every effort to maximize DBE utilization on all contracts with FTA funding. If future projects are approved which contain additional construction or consulting related services, the Commission shall ensure measures are put in place for DBEs to obtain a level of utilization appropriate to the type of work absent discrimination.

The Regulatory Mandate

Pursuant to the United State Department of Transportation (USDOT) 49 CFR § 26.45, EARPDC

will submit to the FTA the DBE goal and methodology at three-year intervals. This process is intended to address the following objectives of the DBE program as defined by 49 C.F.R. Part 26.1:

- Create a level playing field on which DBEs can compete fairly for DOT-assisted contracts;
- Ensure that the DOT’s DBE program is narrowly tailored in accordance with applicable law;
- Ensure that only firms that fully meet eligibility standards are permitted to participate as DBEs;
- Help remove barriers to the participation of DBEs in DOT-assisted contracts;
- To assist the development of firms that can compete successfully in the marketplace outside the DBE program; and
- Provide appropriate flexibility to recipients of Federal financial assistance in establishing and providing opportunities for DBEs.

EARPDC can make mid-cycle adjustments to its DBE goal if the Commission experiences circumstances that have a significant impact on the current stated goal. Any mid-cycle adjustment does not take effect until approved by the FTA.

Overview of the Goal-Setting Process

In order to produce accurate calculation and applicable methodology of the overall goal, EARPDC employed the 2-step process set forth in Section 26.45 of Part 26; the base figure for the relative availability of DBEs and any adjustments to the base figure based on available evidence.

To calculate Step-one, EARPDC can choose one or more of the following approaches:

- Use DBE Directories and Census Bureau Data.
- Use a bidders list.
- Use data from a disparity study.
- Use the goal of another DOT recipient.
- Alternative methods.

Method Selected: 49 CFR § 26.45 EARPDC chose the following to establish base goal: Alabama Department of Transportation Unified Certification Directory (ALUCP Directory), the United States Census Bureau Data and Bid Lists.

FTA-Assisted Contracting Program for FY 2023-2025

To determine if EARPDC was required to complete a DBE goal and methodology, the Commission identified the proposed FTA funded project in FY 2023-2025. EARPDC assessed that approximately \$2,056,384 in FTA funds will be used on 17 project categories throughout FY 2023-2025.

Table 1. represents the 17 categories of proposed projects, by North American Industry

Classification System (NAICS) Code; amount of FTA funds proposed on the project category and the percentage of total FTA funds weighted by the project category values.

Table 1. Percent of FTA Funds by Category

	NAICS Code	Description of Work	Amount of DOT funds on project	% of total FTA funds (weight)
1)	236220	Bus Shelter Panels Repair	\$22,000.00	0.0107
2)	238220	Fire Protection	\$767.00	0.0004
3)	334111	Laptop Manufacturing	\$1,200.00	0.0006
4)	334220	GPS Tracking	\$12,000.00	0.0058
5)	334220	Cameras	\$64,000.00	0.0311
6)	336991	Bicycle Carriers	\$12,767.00	0.0062
7)	423850	Janitorial Supplest	\$4,327.00	0.0021
8)	424120	Office Supplies	\$777.00	0.0004
9)	424720	Fuel	\$160,340.00	0.0780
10)	485113	Transit Operations	\$1,352,011.00	0.6575
11)	517122	Phone	\$5,287.00	0.0026
12)	524126	Insurance	\$53,976.00	0.0262
13)	541850	Advertising	\$1,379.00	0.0007
14)	561622	Locksmith Services	\$525.00	0.0003
15)	561720	Janitorial Services	\$12,212.00	0.0059
16)	561730	Landscape Services	\$396.00	0.0002
17)	811111	Bus Maintenance	\$352,420.00	0.1714
	Total FTA-Assisted Contracts		\$2,056,384.00	1.0000

Based on the proposed level of \$2,056,384.00 in FTA allocations in FY 2023-2025, EARPCD prepared the DBE Goal and Methodology for FY 2023-2025.

Overall DBE Goal Methodology

Step 1: Determination of a Base Figure

To determine the DBE Base Figure, EARPCD had to first identify the availability of DBEs, the numerator, and the availability of non-DBE’s, the denominator.

- ➡ For the numerator: DBEs found in the Alabama Department of Transportation Unified Certification Directory
- ➡ For the denominator: Non-DBEs and DBEs found in the 2020 US Census County Business Patterns Data

To establish the base figure of the relative availability of DBEs to all comparable firms (DBE and

Non-DBEs) available to propose on the FY 2023-2025 FTA assisted contracting opportunities, EARPDC had to identify its local market area in which potential DBEs and non-DBEs would be sought to bid on the 17 categories of proposed project opportunity. To define the local market area, EARPDC looked at where the majority of EARPDC's vendors are that do business with the Commission's urban transit program. The result was that the majority are from 2 counties: Calhoun and Etowah Counties. EARPDC considered expanding to Jefferson County, but looking at procurement history, the majority of contracting is in Calhoun and Etowah Counties.

EARPDC used the ALUCP Directory to identify the availability of DBEs that matched with any of the 17 NAICS codes and within the local market area. There were 5 identified DBEs. 5 became the numerator. EARPDC then sought the availability of non-DBEs in the 2 counties that matched the same 17 NAICS codes. Using the 2020 US Census County Business Patterns Data and bid lists 333 firms were found. The 333 + 5 became the denominator.

To determine the overall relative availability of DBEs, the Commission divided the numerator (5) representing the ratio of ready, willing and able DBE firms, by the denominator representing all non-DBEs available and including DBEs in each NAICS code. Application for this formula is:

$$\frac{\text{DBE Firms}}{\text{All Available Firms}}$$

The resulting data set for the numerator and denominator are:

$$\frac{5}{338}$$

EARPDC further divided the numerator by the denominator; per each NAICS Code to establish the "Relative Availability" percentage of DBEs, also known as establishing the Step 1 base figure.

Table 2. Base Goal

	NAICS Code	Project	Number of DBEs available to perform this work	Number of firms available (including DBEs)	Relative Availability
1)	238150	Bus Shelter Panel Repair	0	0	0.0000
2)	238220	Fire Protection	0	59	0.0000
3)	334220	GPS Tracking	0	9	0.0000
4)	336390	Bicycle Carriers	0	2	0.0000
5)	423850	Janitorial Supplies	0	14	0.0000
6)	424120	Office Supplies	1	7	0.1429
7)	424720	Fuel	0	20	0.0000
8)	432430	Laptop Manufacturing	0	12	0.0000
9)	485113	Transit Operations	0	6	0.0000
10)	517122	Phone	0	4	0.0000
11)	524210	Insurance	0	61	0.0000
12)	541810	Advertising	0	9	0.0000
13)	561621	Cameras	0	8	0.0000
14)	561622	Locksmith Services	0	0	0.0000
15)	561720	Janitorial Services	2	34	0.0588
16)	561730	Landscape Services	2	40	0.0500
17)	811111	Bus Maintenance	0	53	0.0000
		Total:	5	338	1.5%

5 ÷ 338 = 1.5% Overall Availability of DBEs

EARPDC next calculated a weighted base figure to help ensure our Step 1 calculation is as accurate as possible. Application of the weighted base figure is:

Weigh (% of total FTA funds per NAICS code) x Relative Availability of DBEs = Weighted Base Figure.

Table 3 calculates the weight (Table 1) time the relative availability (Table 2) for each of the 17 work categories in order to determine the total weighted base figure.

Table 3. Weighted Base Figure

NAICS Code	Description of Work	% of total FTA funds (weight)	Times	Relative Availability	Weighted Base Figure
238150	Bus Shelter Panel Repair	0.0107	x	0.0000	0.0000
238220	Fire Protection	0.0004	x	0.0000	0.0000
334220	GPS Tracking	0.0006	x	0.0000	0.0000
336390	Bicycle Carriers	0.0058	x	0.0000	0.0000
423850	Janitorial Supplies	0.0311	x	0.0000	0.0000
424120	Office Supplies	0.0062	x	0.1429	0.0009
424720	Fuel	0.0021	x	0.0000	0.0000
432430	Laptop Manufacturing	0.0004	x	0.0000	0.0000
485113	Transit Operations	0.0780	x	0.0000	0.0000
517122	Phone	0.6575	x	0.0000	0.0000
524210	Insurance	0.0026	x	0.0000	0.0000
541810	Advertising	0.0262	x	0.0000	0.0000
561621	Cameras	0.0007	x	0.0000	0.0000
561622	Locksmith Services	0.0003	x	0.0000	0.0000
561720	Janitorial Services	0.0059	x	0.0588	0.0003
561730	Landscape Services	0.0002	x	0.0500	0.0000
811111	Bus Maintenance	0.1714	x	0.0000	0.0000
				Total	0.0012
				Expressed as a % (*100)	0.125%

The weighted based figure is expressed as 0.125%

Step 2: Adjust the Base Figure

In accordance with prescribed narrow tailoring provisions set forth under 49 CFR Part 26.45 Step 2: DBE Goal Adjustment guidelines, the DBE regulations direct that all available evidence must be examined to determine if an adjust to the base figure is needed before arriving at the final overall DBE goal. Evidence considered in making an adjustment to the Base Figure include Past DBE Goal Attainments, Disparity Studies, and Public Participation.

Past DBE Goal Attainments

EARPDC considered an adjustment to the 0.125% Step 1 Base Figure, by analyzing our historical past DBE goal attainment for FYs 2019-2020-2021. EARPDC followed the *Tips for Goal Setting in the DBE Program*, to establish the median past participation. The steps we used to determine the median past participation percentage are:

1. Arrange the past participation values in order from low to high.
2. Take the middle percentage to obtain the median past participation percentage.
3. Add the Step 1 base figure and the median past participation and divide by 2.
4. The end result is the median past participation percentage.

Table 4 displays the Commission’s past three years of DBE goal percentage attainment, and the resulting adjusted base figure when applying the median past participation steps.

Table 4. Past DBE Percentages

Fiscal Year	Total FTA Urban Funds Received	Total DBE Awards in Dollars	DBE Goal %
2019	\$592,311	\$82	0.01%
2020	\$1,253,106	\$10,597	0.85%
2021	\$1,117,154	\$4,864	0.44%
Results from arranging DBE goal percentage from low to high:			
0.01% 0.44 % 0.85%			
Results from identifying the "middle" percentage:			
0.44%			
Results of adding the base figure and the median past percentage and divided by 2:			
$0.125\% + 0.44\% = .565\% \div 2 = 0.28\%$			

Using the 3-years past participation calculations, the adjusted base figure is 0.28%

Disparity Study

EARPDC did not conduct a disparity study. EARPDC is a small transit program with limited FTA grants. EARPDC did research the State of Alabama to determine if there were any comparable transit agencies that had completed a disparity study for consideration in adjusting the base

figure. EARPDC did not find a transit agency that had completed a disparity study. Absent a disparity study, no additional adjustment to the base figure was considered.

Race-Neutral/Race-Conscious

EARPDC shall make every effort to meet the maximum feasible portion of its overall DBE goal by using race-neutral means of facilitating DBE participation. EARPDC's overall DBE goal for FY 2023-2025 is .28% race neutral. The .28% race neutral DBE goal is expressed as a percentage of FTA-assisted funds that EARPDC will expend in FY 2023-2025.

EARPDC determined the .28% adjusted based figure meets the strict scrutiny of establishing a narrowly tailored DBE goal. Further the .28% DBE goal is based on using the median past participation date that is a more accurate assessment of EARPDC's probability to meet the DBE goal. The process of determining the median of the past 3-years of DBE participation is a great indicate of future participation.

EARPDC considered the application of a race-conscious component on the .28% overall goal. EARPDC anticipated that the relatively small individual contract values and the absence of subcontracting opportunities in the 17 categories of work are the reasons why a race-conscious component is not practical and will not be applied on the .28% goal.

In conformance with 49 CFR Part 26, "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs" EARPDC proposed to implement a strictly Race-neutral DBE Goal for FY 2023-2025. The race-neutral positioning is due in part to contract opportunities that generally do not have subcontracting opportunities to establish an individual DBE subcontract goal.

In accordance with 49 CFR 26.51(a), EARPDC will implement race-neutral measures to meet the .28% race-neutral DBE goal. The measures include but are not limited to:

- Arranging solicitations, times for presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE and other small business participation.
- Providing assistance in overcoming limitations such as inability to obtain bonding or financing (i.e. simplifying the bonding process, reducing bonding requirements, eliminating the impact of surety costs from bids and providing services to help DBE's and other small business obtain bonding and financing).
- Providing technical assistance and other services.
- Carrying out information and communications programs on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBE's and other small business on mailing lists for bidders, ensuring the dissemination to bidders on prime contractors of lists of potential sub-contractors, and provision of information in languages other than English, where appropriate).
- Ensuring distribution of the DBE directory to the widest group of potential prime contractors.

Public Participation

EARPDC asked several local organizations that have access to minority owned, women owned, and other small local businesses to provide comment to the proposed goal and methodology and share information concerning the availability of disadvantaged and non-disadvantaged businesses, the effect of discrimination on opportunities for DBEs, and their efforts to establish a level playing field for the participation of DBEs. The Commission emailed the DBE Methodology and Goal for FY 2023-2025 to:

Calhoun County Chamber of Commerce
Linda Hearn
lindah@calhouchamber.com

JSU Small Business Development Center
Ken Grissom
kgrissom@jsu.edu
Lindsey Frey
lsfrey@jsu.edu

West Anniston Business Association
Tikoma Miller
tycoma.miller@bellsouth.net

The proposed DBE Methodology and Goal is posted on the EARPDC website: www.earpdc.org and shared on the transit Facebook page. The goal is made available for public inspection and comment during normal business hours, 8:00 am until 5:00 pm c.s.t., Monday – Friday at the offices of the East Alabama Regional Planning and Development Commission, 1130 Quintard Avenue, Suite 300, Anniston, AL 36201. The DBE Methodology and Goal will be distributed at the monthly Transit Advisory Board meeting scheduled for September 13, 2022. The meeting, open to the public, held monthly, will have its agenda reflect an opportunity for public comment specifically related to the DBE Methodology and Goal.

A screen shot of the webpage is below.