



REGIONAL TRANSIT AUTHORITY
PROPOSED AGENDA ITEM APPROVAL FORM

ITEM: Disadvantaged Business Enterprise Goal For Fiscal Years 2017-2019.

FOR: BOARD OF COMMISSIONERS

DATE SCHEDULED: July 26, 2016


SUBMITTED BY: DBE LIAISON OFFICER


JUSTIFICATION OF MATTER: It is the policy of the Regional Transit Authority (RTA) that small businesses classified as Disadvantaged under the requirements of 49 CFR Part 26 be afforded the opportunity to perform work on RTAs projects that are funded by the U.S. Department of Transportation. To ensure that such opportunities are available, the RTA has established a DBE goal of 31%% for Fiscal Years 2017-2019. .

STAFF RECOMMENDATION: TO APPROVE THE DBE GOAL AS STATED.

RECOMMENDED BOARD ACTION APPROVE AS RECOMMENDED.

FINANCIAL IMPACT: NO FINANCIAL IMPACT


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Chief Financial Officer
Transdev Services, Inc.
In Service To The RTA


JUSTIN T. AUGUSTINE, III
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RESOLUTION NO. 16-043
STATE OF LOUISIANA
PARISH OF ORLEANS

**RESOLUTION TO ADOPT DISADVANTAGED BUSINESS ENTERPRISE (DBE)
GOALS**

Introduced by Commissioner Daniels, seconded by
Commissioner Herrera.

WHEREAS, the Board of Commissioners of the Regional Transit Authority (RTA) considered the matter of adoption of an overall DBE goal for fiscal years 2017 through 2019; and

WHEREAS, it is the policy of the RTA to ensure that DBE's, as defined in 49 CFR Part 26, have a level playing field to participate in Department of Transportation (DOT) assisted contracts; and

WHEREAS, the RTA has examined projected contracting and subcontracting opportunities that may be undertaken during the 2017 through 2019 fiscal year periods and has established that a DBE goal of thirty one percent (31%) be attained; and

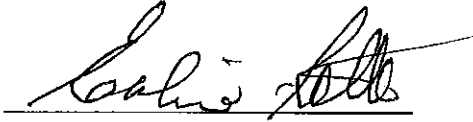
WHEREAS, the opinion of the Board of Commissioners is that a goal of thirty one percent (31%) is reasonable and would comply with RTA's DBE policy;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Regional Transit Authority that a goal of thirty one percent (31%) DBE participation be adopted for fiscal years 2017 through 2019.

THE FOREGOING WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:

YEAS:	<u>8</u>
NAYS:	<u>0</u>
ABSTAIN:	<u>0</u>
ABSENT:	<u>0</u>

AND THE RESOLUTION WAS ADOPTED ON THIS 26th
DAY OF July, 2016.


EARLINE ROTH
VICE CHAIRWOMAN
BOARD OF COMMISSIONERS



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REGIONAL TRANSIT AUTHORITY
Overall Disadvantaged Business Enterprise (DBE) Goal
Fiscal Years 2017-2019

SUMMARY

In keeping with the requirements of 49 C.F.R. Part 26, the Regional Transit Authority (RTA) of New Orleans proposes an overall DBE goal for DBE participation in DOT – assisted contracts during Fiscal Years 2017 through 2019. The RTAs recommended overall DBE goal for 2017-2019 is 31% of the federal financial assistance we will expend in FTA-assisted contracts, exclusive of FTA funds to be used for the purchase of transit vehicles.

This goal identifies the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses which are known to be available to compete in the RTAs FTA assisted contracts. The overall DBE goal reflects staff's determination of the level of DBE participation which would be expected absent the effects of discrimination.

The RTA estimates that, in meeting its overall goal of 31%, it will obtain 7% from race neutral participation and 24% through race conscious measures.

GEOGRAPHIC MARKET AREA

The RTAs primary market is the New Orleans Metropolitan Statistical Area (MSA) which includes the parishes of Orleans, Jefferson, St. Tammany, Plaquemines, St. Charles, St. John, Tangipahoa and St. Bernard. Many of the contracting dollars that will be expended will be spent in this area and at least 60% of the contractors and subcontractors come from this area. All DBE goals, for federal assisted projects, have been determined based on statistical data obtained using the Census Bureau's County Business Pattern (CBP) data base and the DBE Directory of the Louisiana Unified Certification Program (LAUCP)

METHODOLOGY

The following is a summary of the method used to calculate this goal.

1. FTA assisted contracting for Fiscal Years 2017- 2019 is expected to consist of four (4) construction projects.
2. Total dollars per major projects budgeted for FY 2017 –2019 were identified in **Table 1**.

Table 1

Project	FTA Funds	% of Total Contract dollars for FY 17-19
Canal Street Corridor Spine & Terminal Project	8,226,753	78
State of Good Repair ENO Facility	1,100,000	11
Special Track Work (2)	1,004,468	11
	10,331,221	100

GOAL SETTING CALCULATIONS

A two-step process was considered to establish the overall DBE goal, as described herein.

Step One: Compute Base Figure

Base Figures for each major NAICS Code area were identified by dividing the number of DBEs by the total number of firms in order to obtain the relative availability of DBEs per NAICS Code area. **Table 2** illustrates the contract estimates and the NAICS breakdown for each work category.

Weighted Base Figure = 37%

Table 2

NAICS	Work Categories	Amount	Weight	Total DBE's	Total All Firms	Base Figure
238910	Demolition/Earthwork	413,249	4%	59	80	0.02
238110	Pavements (asphalt/concrete)	2,169,556	21%	26	48	0.11
238210	Electrical	3,615,927	35%	39	282	0.04
237110	Water/Sewer Construction	1,033,111	10%	16	30	0.05
237990	Highway, Street & Bridge Const.	3,099,366	30%	22	43	0.15
		10,331,221	100%			0.37

Per 49 CFR 26.45(c) a base figure was developed to determine the relative availability of DBEs to perform work on anticipated contracts. The formula for calculating the relative availability of DBEs is as follows:

Base figure equals Ready, willing and able DBEs divided by all firms ready, willing and able (including DBEs and non-DBEs)

Weighting is recommended in USDOT tips to ensure the overall goal accurately reflects the scope of work. Based on guidance from FTA, a weighted base figure was computed that takes into account the relative size of the anticipated contract. The formula used is as follows:

Weighted Base Figure = [(Project % of total contract dollars) *(Relative availability of DBEs/Relative availability of total businesses)]

Step Two: Adjust Base Figure

After calculating the Base Figure of 37%, it was determined that this rate of participation is inconsistent with historical data. The following data was considered in determining an adjustment to the Base Figure: 1) The RTA explored the feasibility of a Disparity Study and further surveyed the jurisdiction to determine types of relevant evidence available. Due to the unavailability of a disparity study and the difficulty of assigning a numerical value to the effects of discrimination this factor was not considered or used to adjust the final goal.

2) The primary form of evidence available is the past participation of DBEs in RTAs contract goals. The RTA's average DBE participation for the past five years has been 32.6% while the RTA's median DBE participation for the past five years has been 25%.

Table 3

Historic DBE Accomplishments for DOT Assisted Contracts			
	Fiscal Year	DBE Goal	DBE Actual Achievement
	2011	30%	24%
	2012	30%	25%
	2013	30%	33%
	2014	28%	15
	2015	28%%	66%
Average DBE Goal			32.6
Median			25%

Over the past five years, the median percentage of accomplishments for similar projects is 25%. This is a more accurate reflection of RTA's accomplishments compared to the average achievement of 32.6%. As such, the Base DBE goal of 37% will be adjusted using the 25% Median. Averaging the Base DBE goal of 37% with the five year Median of 25% yields a Final Adjusted Goal of 31%. **The RTA is recommending a DBE goal of 31%.**

Step Three: Determine Race Neutral and Race Conscious Split

The regulations require RTA to determine how much of its FFY DBE goal it expects to meet through race-conscious methods and how much through race neutral methods.

Previously, RTA's past race neutral participation had been less than 1%. However, since the agency implemented its race-neutral Small Business Enterprise (SBE) program and currently has small business limited competition for federally funded projects, race neutral participation has improved.

To break down the overall goal into a race neutral and race conscious component, the RTA relied on the median past participation from fiscal years 2010, 2013 and 2015. RTA's race neutral achievement was 7%. The RTA estimates that in meeting its overall goal of 31%, it will obtain 7% from race-neutral participation and 24% from through race-conscious measures. The following is a summary of the basis of the estimated breakout of race – neutral db e participation.

Table 4.

Fiscal Year	Goal	Attainment	Race Neutral
2010	20	27	7
2013	30	33	3
2015	28	70	42
Total	78	130	52%
Averages	26%	43%	17%
Median	28%	33%	7%

During Fiscal Years 2010, 2013 and 2015 the RTA achieved Race Neutral goals.

The average goal achievement was 17%

The median goal achievement was 7%.

The RTA will use contract goals to meet any portion of the overall goal that the agency does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of the overall goal that is not projected to be met through the use of race-neutral means.

RTA will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. RTA will not need to establish a contract goal on every such contract and the size of contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work). RTA will establish the contract goals as a percentage of a DOT-assisted contract or the federal share of a DOT-assisted contract.

Methods of Achieving Race-Neutral DBE Goals

In order to achieve race-neutral goals the RTA will continue to identify opportunities for SBE limited competition. The SBE program targets projects up to \$500,000 for limited competition based on availability of certified small businesses to compete for contract awards.

Additionally, the agency has implemented a small business finance program called FARE – Financing a Return on Equity – to support SBE prime contractors on RTA projects. As such, it is anticipated that the agency’s race-neutral performance will increase through the continued identification of projects that are limited to race-neutral SBE competition.

In addition to the SBE and FARE Programs, the RTA will utilize the following strategies to obtain the race neutral portion of the goal.

- Conduct mandatory DBE outreach sessions for prime bidders on capital and infrastructure projects.
- Identify Technical Assistance resources to support SBEs.
- Arrange solicitation, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that will facilitate DBE, and other small business participation. The RTA will continue to unbundle large contracts to make them more accessible to small businesses, in some cases, requiring and always encouraging prime contractors to subcontract portions of work that they may have otherwise performed with their own workforces.
- Public meetings to provide DBEs and small businesses with information on project priorities.
- Ensure that DBEs and SBEs have access to procurement information, contracting procedures and specific contract opportunities through the agency's electronic bid system (E-Bid).
- Ensure that the LAUCP Directory is distributed to the widest feasible universe of potential prime contractors.

Moreover, in order to ensure that the DBE program is narrowly tailored to overcome the effects of discrimination, the RTA will track and report race neutral and race conscious DBE participation. For reporting purposes, race neutral DBE participation includes, but is not limited to, the following: DBE participation through the SBE set-asides for small economically disadvantaged businesses; DBE participation through a prime contract where DBE participation is obtained through customary competitive procurement procedures; DBE participation on a prime contract exceeding a stated contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

Step Four: Public Participation and Consultation

Pursuant to 49 CFR 26.45 (g) (1), the RTA shall provide the opportunity for public participation during the goal setting process. The RTA is currently and will continue to consult with stakeholders, Louisiana Minority Business Council, the New Orleans Chamber, Hispanic Chamber of Commerce, minority and women's business group, minority and general contractor groups, certified disadvantaged businesses, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged businesses and/or the effects of discrimination on opportunities for DBEs.

At the time of this submittal, no information from minority stakeholders had been received. If information becomes available, we will provide an addendum to this report and resubmit to the FTA for review.

Pursuant to 26.45 (g)(2), the RTA published a notice announcing the proposed overall goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours for 30 days following the date of the notice and comments regarding these documents will be accepted for 45 days from the date of publication. The public notice indicated

the location(s) where the proposed goal can be reviewed and where comments can be transmitted. The notice was posted on RTA's website and published in the following publications:

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- The New Orleans Tribune
- The Advocate

A copy of the Affidavit relative to the Public Notice is attached.

**THE
ADVOCATE**
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PUBLIC NOTICE
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PUBLIC NOTICE
OF
PROPOSED OVERALL
DISADVANTAGED
BUSINESS ENTERPRISE
(DBE) GOAL FOR
FISCAL YEARS
2017 - 2019

The New Orleans Regional Transit Authority (RTA), in accordance with commitments of the U.S. Department of Transportation (USDOT), 49 CFR Part 26, as amended, hereby notifies the public that it is recommending an additional DBE goal for participation in Federal Transit Administration (FTA) - assisted projects during Fiscal Years 2017 - 2019.

The proposed methodology and its rationale used to determine the level of DBE participation will be available for public review for 30 calendar days from the date of this notice, from 8:30 a.m. to 4:45 p.m., CST, Monday - Friday, Regional Transit Authority Administration Facility located at 2817 Canal Street, New Orleans, LA, 70119. Written comments on this goal will be accepted for 45 days from the date of this notice. All comments should be sent to Janice Absolon, Compliance Manager, at the above address or submitted to janice.absolon@transdev.com.

Justin T. Augustine, III
Vice President,
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in Service to the
Regional
Transit Authority
87574-Jun 27-18