



REGIONAL TRANSIT AUTHORITY  
Overall Disadvantaged Business Enterprise (DBE) Goal  
Fiscal Years 2014-2016

**SUMMARY**

In keeping with the requirements of 49 C.F.R. Part 26, an Overall DBE goal has been developed for DBE participation in DOT – assisted contracting by the Regional Transit Authority (RTA) of New Orleans during Fiscal Year 2014 through Fiscal Year 2016. The RTA receives funding from the Federal Transit Authority (FTA) of U.S. Department of Transportation (USDOT). The RTAs recommended overall DBE goal for 2014-2016 is **28%** 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.

**OVERALL DBE GOAL METHODOLOGY**

FTA assisted contracting for Fiscal Years 2014-2016 is expected to consist of five construction projects and purchases of specialized equipment as detailed in **Table 1**. Additional projects may be undertaken if additional revenue becomes available. The overall DBE goal will be adjusted if necessary.

<b>TABLE 1</b>		
Project	Amount	Weight
Canal Terminal	7,600,000	0.444520819
Carrollton SGR	3,162,850	0.184993773
Napoleon SGR	3,162,850	0.184993773
ENO SGR	818,000	0.047844478
St. Charles Crossover	270,000	0.015792187
Material, Equipment, Supply	2,083,362	0.121854971
<b>Total DOT Assisted Contracts</b>	<b>17,097,062</b>	<b>100</b>

In order to obtain an accurate count of ready, willing and able DBEs, each project was examined and its “scope of services” was detailed for the purpose of defining the type of work and skill-sets necessary to complete the scheduled work. Each work type was assigned a six digit North American Industry Classification System (NAICS) Code. NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. After establishing NAICS codes, contracting dollars were estimated for each work type on a project basis. **Tables 2 through 6** below illustrate the contract estimates and the NAICS breakdown for each project.

<b>TABLE 2</b>		<b>CANAL TERMINAL</b>			
NAICS	WORK CATEGORIES	*Number of DBEs	** Number of non-DBEs	All Firms	Relative Availability
238210	Electrical	41	294	335	0.12238806
238220	Mechanical	16	459	475	0.033684211
237110	Plumbing	16	27	43	0.372093023
541620	Environmental	17	47	64	0.265625
238160	Roofing	12	40	52	0.230769231
238910	Demolition	59	88	147	0.401360544
238110	Concrete	33	110	143	0.230769231
541380	Testing	4	46	50	0.08
237990	Heavy Construction	20	44	64	0.3125
237310	Highway Steel and Bldg. Const.	45	35	80	0.5625
		263	1190	1453	2.611689299

<b>TABLE 3</b>		<b>CARROLLTON</b>			
NAICS	WORK CATEGORIES	*Number of DBEs	** Number of non-DBEs	All Firms	Relative Availability
238210	Electrical	41	294	335	0.12238806
238220	Mechanical	16	459	475	0.033684211
237110	Plumbing	16	27	43	0.372093023
238910	Demolition	59	88	147	0.401360544
238110	Concrete	33	110	143	0.230769231
		165	978	1143	1.160295068

<b>TABLE 4 ENO</b>			** Number		
NAICS	WORK CATEGORIES	*Number of DBEs	of non-DBEs	All Firms	Relative Availability
238210	Electrical	41	294	335	0.12238806
238910	Demolition	59	88	147	0.401360544
238110	Concrete	33	110	143	0.230769231
238160	Roofing	12	40	52	0.230769231
		145	532	677	0.985287065

<b>TABLE 5 NAPOLEON</b>			** Number		
NAICS	WORK CATEGORIES	*Number of DBEs	of non-DBEs	All Firms	Relative Availability
238210	Electrical	41	294	335	0.12238806
238220	Mechanical	16	459	475	0.033684211
237110	Plumbing	16	27	43	0.372093023
541620	Environmental	17	47	64	0.265625
238160	Roofing	12	40	52	0.230769231
238910	Demolition	59	88	147	0.401360544
238110	Concrete	33	110	143	0.230769231
541380	Testing	4	46	50	0.08
		198	1111	1309	1.736689299

<b>TABLE 6 ST. CHARLES</b>			** Number		
NAICS	WORK CATEGORIES	*Number of DBEs	of non-DBEs	All Firms	Relative Availability
238910	Demolition	59	88	147	0.401360544
238110	Concrete	33	110	143	0.230769231
541380	Testing	4	46	50	0.08
		96	244	340	0.712129775

## GOAL SETTING CALCULATIONS

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

### Step One: Compute Base Figure

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 as follows:

Weighted Base Figure = [(Project % of total contract dollars) \*(Relative availability of DBEs)] + [(Project % of total contract dollars) \*(Relative availability of DBEs)] ...

Weighted Base Figure = 15% (Refer to **Table 7** below.)

The weighted base figure was developed by:

- 1) The relevant market area was determined to specify the geographical area for seeking available businesses.
- 2) Using the Louisiana Unified Certification Program Directory and other local DBE Directory to identify the number of registered DBEs willing to perform work in the Greater New Orleans market area for each of the anticipated contracts, based on the NAICS (North American Industry Classification System) code(s) most relevant to each contract. Data were collected in June 2013.
- 3) Using 2009 County Business Patterns (CBP) data from the U.S. Census Bureau to identify the total number of businesses available in The Greater New Orleans market area for work on each contract type, based on the same NAICS codes. Data were collected in June 2013.
- 4) Dividing the number of DBEs by the number of all businesses to determine the relative availability of DBEs in the market area for each contract type.

Dividing the number of market area DBEs by all market area businesses (DBEs and non-DBEs), produced a relative base figure of 15%, as shown in **Table 7**.

<b>TABLE 7</b>						
<b>Project</b>	<b>DBES</b>	<b>All Firms</b>	<b>Relative Availability</b>	<b>Weight</b>	<b>Total</b>	
Canal Terminal	263	1453	0.18100482	44.46	8.04747419	
Carrollton SGR	165	1143	0.14435696	18.5	2.67060367	
Napoleon SGR	198	1309	0.1512605	18.5	2.79831933	
ENO SGR	133	625	0.2128	4.79	1.019312	
St. Charles Crossover	96	340	0.28235294	1.56	0.44047059	
Material, Equipment, Supply	0	1	0	12.19	0	
	855	4871	0.97177522	100	14.9761798	
<b>Base Goal</b>					<b>15%</b>	

### **Step Two: Adjust Base Figure**

Per 49 CFR Part 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure in order to arrive at the overall DBE goal.

After calculating the Base Figure of 15%, it was determined that this rate of participation is inconsistent with historical data and the realities of the market in the Metropolitan Area and as such, adjustments to the Base Figure are warranted. To ensure that the goals for the RTA truly reflect the participation expected absent the effects of discrimination, this methodology goes beyond the raw formula derived by comparing databases; the methodology factors other subjective considerations into the formula to better estimate local market conditions. As such, the Base Figure was adjusted as detailed below.

#### Regional Market Data

The following data was considered in determining an adjustment to the Base Figure: 1) bidders lists including adjustments to the local directory data; 2) federally funded projects in the regional market with DBE compliance requirements; and 3) past DBE participation. Relative to bid history data, the goal was adjusted to reflect the realities of the regional market place based on an examination of past projects. The adjustment factors bid history data indicating that the average number of bids or proposals on RTA construction projects range from ten to fifteen proposers depending on the scope of the project.

Additionally, the adjustment factors the projections of public spending in the region over the next three years which includes over \$600 million with the US DOT funded Louis Armstrong New Orleans International Airport expansion; over \$1 billion with HUD funded Louisiana Recovery School District projects; over \$800 million with the New Orleans Sewerage and Water Board, over \$17 million in DOT funded projects and \$60 million in bond funded projects for the Regional Transit Authority, and over \$500 million in HUD funded projects with the City of New Orleans. Here again, with over to \$3 billion in public spending projected for the 2014-2016 period – all of which will have a DBE goal ranging from 10 to 35 percent -- factoring the availability of construction firms in the region at 70% is a reasonable estimate of availability. As

well, adjustments to the total market reflect the large number of construction firms that work strictly on residential projects.

The adjusted base Figure is detailed in **Table 8** below.

<b>TABLE 8 ADJUSTED DBE GOAL</b>							
PROJECT	Total DBE	Adjusted DBE	Total Market	Adjusted Market	Relative Availability	Weight	Total
Canal Terminal	263	184	1453	562	0.327402135	44.46	14.5563
Carrollton SGR	165	116	1143	443	0.261851016	18.5	4.844244
Napoleon SGR	198	139	1309	464	0.299568966	18.5	5.542026
ENO SGR	133	101	625	186	0.543010753	5	2.601022
St. Charles Crossover	96	67	340	181	0.370165746	1.56	0.577459
Mat. Eq. Sup.	0	20	1	101	0.198019802	0	0
Spec. Eq.		0		1		12.19	0
	855	627	4871	1938	2.000018417	100	28.12105
<b>DBE Goal</b>							<b>28.00%</b>

Material, Equipment , Supply includes NAICS Codes 423320 - brick, stone and cement, 423390 - other construction, 423610 electrical supplies and apparatus, and 423810 construction and mining supplies  
 Specialized Equipment includes 336510 - tracks, 334290 - communications equipment, 335311 power source

***The number of DBE and the Total Firms are both adjusted to reflect 70% of the market.***

Disparity Studies:

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.

Past DBE Participation:

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 three years has been 26%. **Refer to Table 9.** Past participation of 26% has been similar to the Adjusted DBE Goal of 28%. Therefore the RTA does not recommend an additional adjustment based on past participation.

<b>TABLE 9 PAST PARTICIPATION</b>		
Fiscal Year	DBE Annual Goal	DBE Actual Achievement
2010	20%	27%

	2011	30%	24%
	2012	30%	25%
Averages DBE Goal		27%	26%
<b>Median</b>		<b>30%</b>	<b>25%</b>

### Step Three: Determine Race Neutral and Race Conscious Split

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.

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. To break down the overall goal into a race neutral and race conscious component, the RTA relied on past participation from fiscal years 2010 through 2012. (Refer to Table 8). RTA’s past race neutral participation from 2010-2012 has been less than 1%. However, the agency has implemented its race-neutral Small Business Enterprise (SBE) program and currently has small business limited competition for federally funded projects where there are three or more certified small businesses in the market to compete. Since the program was launched in 2012 the RTA has awarded 12 small business contracts totaling over \$3 million including both professional services and construction projects. Of the \$15 million in federally funded projects currently being monitored, 2 percent are SBE awards. As such, the RTA’s race neutral goal is established at 2%

#### 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 conscious 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.

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#### **Step Four: Public Participation and Consultation**

Pursuant to 49 CFR 26.45 (g) (1), the RTA provided the opportunity for public participation during the goal setting process. The public participation process included a public notice and a public meeting for stakeholders, minority and general contractor groups, 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.

The RTA provided an opportunity for a public meeting which was held on June 20, 2013. A copy of the Affidavit and sign-in sheet for public meeting is attached. The RTA will consider any written comments it receives from the public in adjusting its final goal.

#### Public Notice

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:

- The Times Picayune
- The Advocate
- Nola.com

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