

NAIPTA

(Northern Arizona Intergovernmental Public Transportation Authority)

Overall DBE Goal FFY2015-2017

Introduction

NAIPTA prepared this document, which details the methodology for establishing its Disadvantaged Business Enterprise (DBE) overall goal for the Federal Transit Administration (FTA) assisted contract. The goal and methodology establishes NAIPTA's estimated overall goal for FTA-assisted contracts that NAIPTA anticipates awarding in Federal Fiscal Years (FFYs) 2015, 2016, and 2017. NAIPTA submits this document to the US Department of Transportation's (USDOT) Federal Transit Administration (FTA) for review and approval pursuant to 49 Code of Federal Regulation (CFR) Part 26.45.

To establish its overall DBE goal, NAIPTA closely followed federal regulations, including the two-step goal-setting methodology set forth in 49 CFR Part 26.45. NAIPTA determined a "step-one" base figure for its overall DBE goal using information from the Arizona Department of Transportation (ADOT) DBE Directory as well as from Census Bureau Data.

NAIPTA determined whether a "step two" adjustment was needed to adjust the base figure using information from the ADOT Availability and Disparity Study conducted by Keen Independent Research (Keen Independent). This disparity study did include FTA funded projects.

Proposed DBE Goal For FFY 2015-2017

For Federal Fiscal Years (FFYs) 2015-2017, the NAIPTA Triennial DBE proposed goal for FTA assisted projects is 0.50% rounded to 1% without any Step Two adjustments. This overall goal is expected to be achieved through wholly race-neutral methods. NAIPTA submits this goal and methodology to the FTA for review and approval pursuant to 49 Code of Federal Regulations (CFR) section 26.45, for federally assisted transit contracts.

NAIPTA relied on the 49 CFR section 26 regulations as issued and amended, to ascertain this goal.

Methodology used to Calculate Overall Goal

To derive the proposed DBE triennial goal, NAIPTA followed the two-step goal setting process specified in 49 CFR Section 26.45(c) of the DBE regulations:

- Step One describes the calculation of a base figure for the relative availability of DBEs.
- Step Two is the examination of all the evidence available to determine if an adjustment to the base figure is needed to arrive at the overall goal.

Step 1: Determining a Base Figure - Section 26.45(c)

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

$$\text{Ready, willing, and able DBEs} / \text{All firms ready, willing and able} = \text{Base figure}$$

Data Sources:

Three (3) work classifications have been identified for DBE goal setting and potential DBE participation by ADOT. These work classifications are:

- Transit and Ground Passenger Transportation (NAICS Code 485000)
- Other Professional Scientific and Technical Services (NAICS Code 541900)
- Bus Facility Construction (NAICS Code 236220)

NAIPTA defined our area as the State of Arizona as Flagstaff is a small urban area surrounded mostly by rural communities. If we limited our area to our metropolitan area we would fail to recognize that majority of competing businesses are found in the larger metropolitan areas of our state. This conclusion accurately reflects responses NAIPTA has received to our procurement solicitations.

NAIPTA utilized the Arizona Unified Transportation Registration and Certification System (AZ ULTRACS) to identify vendors that have been certified as either Disadvantaged Business Enterprise (DBE) or Small Business Concern (SBC). Arizona ULTRACS is a centralized database of firms that have indicated that they are ready, willing, and able to perform work. Total certified DBE and registered SBC to fulfill our DOT assisted contracts is 97.

NAIPTA used information from US Census on registered vendors for the State of Arizona by NAICS to identify total vendors available to provide contracted services. The NAICS codes are the same as the codes used by ADOT to classify DBE/SBC vendors. Total available vendors for the DOT contracting opportunities of NAIPTA are 28,723.

When we divided the numerator by the denominator we arrived at the base figure for our overall goal and that number was .33%.

Additionally, NAIPTA performed weighted factoring to ensure the overall goal was adjusted based on contracting opportunities.

The data used to determine the weighting was:

1. Weighted rate of contracting opportunities by NAICS codes (contract value by code/total contracting opportunities)
2. DBE/SBC availability by NAICS codes (identified DBE by NAICS/total vendors by NAICS)
3. Calculation of DBE goal by NAICS (weighted rate * DBE goal by NAICS)

After weighting contracting opportunities, the overall goal increased from .33% to .50% creating the final overall goal of 1%. (see Weighting Base Figure Worksheet in Attachment C)

NAIPTA is aware that there are both minority (MBE) and women (WBE) owned businesses that have not participated in the DBE certification process. We address this lack of certification in our outreach program and defer to ADOT as the lead agency for Arizona ULTRACS. The 2015 ADOT Disparity Study identified that of the 33.74% of MBE and WBEs, 25% are not currently certified as DBE's and are unlikely to achieve the immediate certification required to change DBE availability. Accordingly, NAIPTA has not modified the number of available DBEs for fulfilling contracts.

Step 2: Determining if an Adjustment is Needed – Section 26.45(d)

After calculating a base figure of the relative availability of DBEs, evidence was examined to determine what adjustment was needed to the base figure in order to arrive at the overall goal.

Past Performance: Historically, as reported in FY2012 thru FY2014 reports, NAIPTA has only had minor participation in contracting opportunities with 2 contracts in FY2014 totaling \$29,198, or .5%. As this participation is close to the base figure, NAIPTA does not find it necessary to make any Step 2 adjustment based on available and willing DBEs.

Information related to employment, self-employment, education, training, and unions: NAIPTA has not completed a Disparity Study, relying on the report of the Arizona Department of Transportation to identify barriers that exist for certain minority groups and women related to entry and advancement and business ownership in Arizona construction and engineering industries. Per ADOT 2015 DBE Disparity Study, these barriers may affect availability of certain DBEs in obtaining and performing in contracting opportunities. The analysis indicates an upward Step 2 adjustment of 3.71 percentage points might be applicable to FTA-funded contracts.

If this adjustment was made to the NAIPTA DBE goal, the goal would increase to 4.71% (1% + 3.71%).

Disparities in the ability of DBEs to get financing, bonding, and insurance: As per ADOT's Disparity Study, financing and bonding do present disadvantages for minorities, women, and MBEs/WBEs. These barriers to obtaining financing and bonding might affect opportunities for MBEs/WBEs to successfully form and operate construction and engineering businesses in Arizona, as well as opportunities to participate in contracting opportunities. The Disparity Study further identifies that insurance requirements affect small businesses that are unable to afford the levels of insurance required. The information indicates an upward adjustment in the overall annual goal.

Although the analysis indicates an upward adjustment is appropriate, the Disparity Study could not quantify the impacts of these factors in the availability of DBEs.

Other: Also from ADOT's Disparity Study, success of MBEs/WBEs relative to majority-owned businesses in Arizona reveals MBEs/WBEs are less successful and are faced with greater barriers. There is qualitative information that suggests discrimination based on race, ethnicity, and gender does affect MBEs/WBEs in contracting opportunities in Arizona.

The Disparity Study could not quantify the impact of these barriers.

Summary: NAIPTA did consider whether a Step 2 adjustment was necessary in determining the overall DBE goal.

NAIPTA did not make a Step 2 adjustment as a result of the additional analysis.

- The past performance from the most recent completed years shows NAIPTA has recently had similar performance on contracts, in FY2014, however prior years have had no participation.
- Increasing the goal by 3.71% does not seem prudent in light of past performance and the significant change from the Step 1 goal.

NAIPTA will consider potential adjustments if it can demonstrate ability to meet the overall goal of 1%.

Public Participation

NAIPTA will publish a notice of the proposed overall goals, informing the public that the proposed goal and NAIPTA's rationale are available for inspection during normal business hours at our main office in Flagstaff for 30 days following the date of the notice, and informing the public that NAIPTA and DOT will accept comments on the goals for 45 days from the date of the notice. The public notice will be published in the local newspaper as well as distributed to available minority-focus media and posted on our website. Normally, we will

issue this notice by July 1 of a goal setting year. The notice will include addresses to which comments may be sent and addresses (including offices and websites) where the proposal may be reviewed. The goal will be adopted after a public hearing in August.

Our overall goal submission to DOT will include: the proposed goal (including the breakout of estimated race-neutral and race-conscious participation, as appropriate); a copy of the DBE Program Plan; a summary of information and comments received during this public participation process and our responses; and proof of publication of the goal in media outlets listed above.

We will begin using our overall goal on October 1 of the specified year, unless we have received other instructions from DOT. If we establish a goal on a project basis, we will begin using our goal by the time of the first solicitation for a DOT-assisted contract for the project. Our goal will remain effective for the duration of the three-year period established and approved by FTA.

Race-/Gender Neutral & Race/Gender Conscious Participation

NAIPTA will meet the maximum feasible portion of its overall goal by using race- and gender-neutral means of facilitating DBE participation.

NAIPTA will meet the maximum feasible portion of its overall goal using race-neutral means of facilitating DBE participation. In order to do so, NAIPTA will:

- Inclusion of small businesses on vendor lists and sharing of interested vendor list with prime contractors;
- Arrange solicitations, presentation times, quantities, and delivery schedules to facilitate participation of DBE firms;
- Unbundle large contracts to make accessible and available to smaller businesses;
- Continuous evaluation of contract requirement to minimize and remove unnecessary and unjustified requirements;
- Simplify and/or reduce bonding requirements as possible and/or provide assistance in overcoming limitations such as bonding and financing;
- Encouraging bidders on large contracts to identify and create provisions within subcontracts appropriate for small business participation;
- Provide technical assistance and other services;
- Development of acquisition strategies and structuring procurements to facilitate bids by and awards to small business consortia or joint ventures;
- Provide information and communication programs on contracting procedures and specific contract opportunities (i.e. ensuring inclusion of DBEs and other small businesses, on recipient mailing lists of bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors, provision of information in languages other than English, where appropriate;
- Assist with and refer to support services (i.e. Arizona Dep't of Transportation and Coconino County Small Business Development Center) to develop and improve immediate long-term business management, record keeping, and financial and accounting capabilities for DBEs and other small businesses;

- Assist with and refer to services (i.e. Arizona Dep't of Transportation and Coconino County Small Business Development Center) to help DBEs, and other small businesses, improve long-term development, increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects, and achieve eventual self-sufficiency;
- Refer DBEs and other small businesses to programs (i.e. Arizona Dep't of Transportation and Coconino County Small Business Development Center) for assistance for new, start-up firms, particularly in areas where DBE or small business participation has been particularly low; and
- Assist DBEs, and other small businesses, to develop of capability to utilize emerging technology and conduct business through electronic media.

We estimate that, in meeting our overall goal of 1%, we will obtain 1% from race-neutral participation and 0% through race-conscious measures.

NAIPTA will use contract goals to meet any portion of the overall goal NAIPTA 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 our overall goal that is not projected to be met through the use of race-neutral means.

We will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. We need not 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.)

The following is a summary of the basis of our estimated breakout of race-neutral and race-conscious DBE participation:

Evidence of discrimination: The ADOT Disparity Study identifies there is some indication that discrimination is a factor in the marketplace conditions in Arizona (Entry and advancement, Business ownership, Access to capital, bonding, and insurance, and success of business). Overall there was no disparity in utilization of MBEs and WBEs. Utilization was higher than expected with 45.8% utilization of the anticipated 33.8% available.

Past Experience: NAIPTA has had less than .50% participation in the last three completed years, with two of three years having no participation.

DBE Participation without DBE contract goals: NAIPTA has always had a race – and gender- neutral environment.

Effectiveness of race- and gender- neutral measures that are currently in place: NAIPTA currently participates in and supports the efforts of ADOT in its current and future broad range of neutral programs and initiatives to encourage participation of small business, including DBEs, in transportation contracts.

At this time, NAIPTA is not able to quantify how these initiatives can increase race-neutral participation of DBEs in FTA-funded contracts.

In order to ensure that our DBE program will be narrowly tailored to overcome the effects of discrimination, if we use contract goals we will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 26.51(f)) and we will track and report race-neutral and race conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry DBE goal; DBE participation on a prime contract exceeding a 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. We will maintain data separately on DBE achievements in those contracts with and without contract goals, respectively.

Upcoming Projects

The USDOT Office of Small and Disadvantaged Business Utilization (OSDBU) guidance states: "Do not make adjustments based solely on changes in the amount of federal assistance you expect to receive." NAIPTA did not base its goal-setting solely on changes in the amount of federal assistance that it expects to receive in FFYs 2015, 2016, and 2017. However, NAIPTA evaluated information from upcoming projects as part of the process of setting its overall DBE goal.

Reevaluation

If, at any time within the triennium, additional FTA financially-assisted projects in which DBEs can participate are funded, NAIPTA will reevaluate the triennium DBE goal.

Summary and Goal Determination

Based on the above supporting evidence, NAIPTA has established the base figure of 0.50% rounded to 1% for FFYs 2015, 2016, and 2017. We believe this takes into consideration the availability of ready, willing, and able firms compared to market conditions.

Step 1 - Determine the weight of each type of work by NAICS Code:

* Enter all the FTA-assisted projects below. Project amounts should be assigned relevant NAICS Code(s).

	NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	485000	Transit Services	\$54,500.00	0.0080
2)	451900	Prof Science and Technical Srvc	\$924,000.00	0.1350
3)	236220	Bus Facility Construction	\$5,868,000.00	0.8571
4)				0.0000
5)				0.0000
6)				0.0000
7)				0.0000
8)				0.0000
9)				0.0000
10)				0.0000
Total FTA-Assisted Contract Funds			\$6,846,500.00	1

Step 2 - Determine the relative availability of DBE's by NAICS Code:

* Use DBE Directory, census data and/or a bidders list to enter the number of available DBE firms and the number of available firms.

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
1)	485000	Transit Services	14	2624	0.0053
2)	451900	Prof Science and Technical Srvc	22	15121	0.0015
3)	236220	Bus Facility Construction	61	10978	0.0056
4)	0	0			
5)	0	0			
6)	0	0			
7)	0	0			
8)	0	0			
9)	0	0			
10)	0	0			
Combined Totals			97	28723	0.0034 Overall availability of DBEs

Step 3 - (Weight) x (Availability) = Weighted Base Figure

	NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
1)	485000	Transit Services	0.00796	x	0.00534	0.0000
2)	451900	Prof Science and Technical Srvc	0.13496	x	0.00145	0.0002
3)	236220	Bus Facility Construction	0.85708	x	0.00556	0.0048
4)	0	0	0.00000	x	0.00000	
5)	0	0	0.00000	x	0.00000	
6)	0	0	0.00000	x	0.00000	
7)	0	0	0.00000	x	0.00000	
8)	0	0	0.00000	x	0.00000	
9)	0	0	0.00000	x	0.00000	
10)	0	0	0.00000	x	0.00000	
Total						0.0050
Expressed as a % (*100)						0.50%
Rounded, Weighted Base Figure:						1%