

Northern Arizona Intergovernmental Public Transportation Authority

Mountain Line



Federal Transit Administration (FTA)

Triennial DBE Goal-Setting Methodology

For

FFY2021 – FFY2023

(October 1, 2020 – September 30, 2023)

*Submitted in accordance with:*

*Title 49 Code of Federal Regulations Part 26*

*(49 CFR Part 26)*

Mountain Line  
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## Introduction

Mountain Line 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 Mountain Line's estimated overall goal for FTA-assisted contracts that Mountain Line anticipates awarding in Federal Fiscal Years (FFYs) 2021, 2022, and 2023. The purpose of the DBE goal setting process is to ensure that nondiscrimination in the award of U.S. Department of Transportation (DOT) assisted contracts, to create a level playing field on which DBEs can compete fairly for those contracts, and to ensure the DBE program is narrowly tailored in accordance with applicable law.

## Background

Mountain Line is a recipient of U.S. DOT Federal Transit Administration (FTA) funding in excess of \$250,000. As a condition of receiving this financial assistance, Mountain Line has assured that it will comply with FTA's DBE requirements. Therefore, in accordance with 49 CFR Part 26.45(a)(2), Mountain Line is required to develop and submit a Triennial Overall DBE goal for its FTA-assisted projects.

Mountain Line used several data sources for identifying contracting opportunities and available firms to perform services or provide goods.

- We started with our 10-year financial and capital plan to identify total contracting opportunities, calculate federal contract values, and identify types of services or goods needed to evaluate available sources. Mountain Line's financial and capital plan includes total contracting opportunities of \$33,853,683.00 in federal funding. Our projects are based on existing and/or future planned applications and awards. We broke the opportunities into project types which we then tied to various North American Industry Classification System (NAICS) codes.
- Mountain Line utilized the NAICS codes through United States Census Bureau to identify available firms for our area that may be interested in competing for these opportunities. Mountain Line is in the City of Flagstaff within Coconino County, roughly 120 miles north of the large metropolitan area of Phoenix/Mesa. As a small urban area, availability of vendors from our local region (our MPO or City boundaries) can sometimes be challenging. Accordingly, and reflective of Arizona Unified Transportation Registration and Certification System (AZ UTRACS), Mountain Line does include the entire state of Arizona when evaluating availability of firms by NAICS codes. We believe that this defined area most closely represents the vendor pool that participate in contracting opportunities. This conclusion is reflected in the interest of firms in prior contracting opportunities.
- Mountain Line utilized the AZ UTRACS to identify vendors that have been certified as either Disadvantaged Business Enterprise (DBE) or Small Business Concern (SBC). AZ UTRACS is a centralized database of firms that have indicated that they are ready, willing, and able to perform work. We do refine available DBEs to those that are willing to work in Coconino County.

## FTA Assisted Contracting Program for FFY2021-FFY2023

Attachment 1, Table 1 represents Mountain Line's FTA-assisted contracting program, which consists of projects considered in preparing this goal methodology. These projects, inclusive of any federal funds passed through other agencies, are anticipated to be awarded during the triennial period.

Attachment 1, Table 2 represents the breakdown of sub-contractible elements for each anticipated FTA-assisted contract. The elements are identified by the North American Industry Classification System (NAICS) code associated with the discipline of work. Also provided in this table is the estimated federal dollars per NAICS code.

## Goal Methodology

### **Step 1: Determining a Base Figure (Relative Availability of DBEs) - Section 26.45(c)**

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

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

To establish a base figure of the relative availability of DBEs to all comparable firms (DBEs and OBEs) availability to participate on Mountain Line's FTA-assisted contracting opportunity Mountain Line utilized the AZ UTRACS DBE certification list. This base figure expresses the availability of DBEs as a percentage of all firms for each NAICS code for which there will be contracting and subcontracting opportunities. Please note that Mountain Line considered only those DBE's that are available to perform work in Coconino County as that is the primary location for Mountain Line's contracting opportunities.

As reflected in Attachment 1, Table 3, the relative availability of DBEs to all firms per NAICS code is factored against the anticipated total federal dollars by NAICS code, thereby providing a weighted participation per NAICS code. As indicated below, the base figure is derived by dividing the total anticipated DBE participation dollars by the total FTA-assisted contracting dollars.

Available firms were determined using 2017 US Census data for the State of Arizona, for those firms with NAICS codes that most closely match our projects. Available DBE firms were determined from AZ UTRACS certification list, for those firms willing to work in Coconino County.

Mountain Line used 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)

### **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, if any, would be required to ensure a narrowly tailored goal.

Past Performance: Historically, Mountain Line has only had minor participation in contracting opportunities with a contract that spanned FY2018, FY 2019 and FY2020 that had DBE participation. This participation is lower than our base figure.

Since future contracting opportunities are similar to opportunities in FY2018, FY2019, and FY2020 as demonstrated in Attachment 1, Sheet 2, Past Participation by Fiscal Year we have determined that we should use past participation determining the feasibility of an adjustment to the base figure. We concluded that past participation with similar contracting opportunities supports that identified goal in Step 1.

Information related to employment, self-employment, education, training, and unions: Mountain Line has not completed an independent Disparity Study however the 2020 ADOT Disparity Study identified that barriers do exist for certain minority groups and women related to entry and advancement and business ownership in Arizona construction and engineering industries. Per ADOT 2020 DBE Disparity Study, these barriers may affect availability of certain DBEs in obtaining and performing in contracting opportunities. The analysis indicates a downward Step 2 adjustment of 3 percentage points will be applicable to FTA-funded contracts.

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. Again, the Disparity Study could not quantify the impact of these barriers.

Mountain Line 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 AZ UTRACS. The 2020 ADOT Disparity Study identified that of the 22.6% of MBE and WBEs, 77.4% are not currently certified as DBE's and are unlikely to achieve the immediate certification required to change DBE availability.

As the identified goal in Step 1 is a decrease to the existing goal of 9% and due to future contracting opportunities, that are similar to opportunities in prior years, as demonstrated in Table 4, we have determined that we should not use ADOT Disparity Study to make an adjustment to the base figure.

In summary, Mountain Line did consider whether a Step 2 adjustment was necessary in determining the overall DBE goal. Mountain Line did make a Step 2 adjustment as a result of the additional analysis.

- The past performance from the most recent completed years shows Mountain Line has recently had similar contracting opportunities and therefore believes future opportunities offer potential to decrease achievement and support the identified goal from Step 1.
- The ADOT Disparity Study offers that additional goal adjustment may be appropriate for identified barriers in Arizona however Mountain Line has determined that prior goal achievement does not warrant any additional adjustment.

Mountain Line will consider potential adjustments if it can demonstrate ability to meet the overall goal of 3%.

## DBE Goal for FFY 2021-2023

For Federal Fiscal Years (FFYs) 2021-2023, the Mountain Line Triennial DBE proposed goal of 3% for FTA-assisted contracts using Step Two adjustments. This overall goal is expected to be achieved through wholly race-neutral methods. Mountain Line 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.

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

## Race/Gender-Neutral and Race/Gender-Conscious Division of Goal

Mountain Line will meet the maximum feasible portion of its overall goal by using race/gender-neutral means of facilitating DBE participation. We estimate that, in meeting our overall goal of 3%, we will obtain 3% from race-neutral participation and 0% through race-conscious measures.

The following is a summary of the basis of our determination to use race/gender-neutral goal for DBE participation:

**Evidence of discrimination:** The ADOT Disparity Study identifies that while 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. The 2020 ADOT Disparity Study identified that of the 22.6% of MBE and WBEs, 77.4% are not currently certified as DBE's and are unlikely to achieve the immediate certification required to change DBE availability.

**Past Experience:** Mountain Line has had minimal, and in some years no, participation of DBE firms in the last several completed fiscal years.

**DBE Participation without DBE contract goals:** Mountain Line has always had a race/gender-neutral environment.

**Effectiveness of race/gender-neutral measures that are currently in place:** Mountain Line currently participates in and supports the efforts of AZ UTRACS 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, Mountain Line is not able to quantify how these initiatives can increase participation of DBEs in FTA-funded contracts.

Mountain Line 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 AZ UTRACS. The 2020 ADOT Disparity Study identified that of the 22.6% of MBE and WBEs, 77.4% are not currently certified as DBE's and are unlikely to achieve the immediate certification required to change DBE availability.

## Race/Gender-Neutral Methods

Mountain Line will continue its current procedures for ensuring the participation of DBEs and other small business enterprises (SBE) in all of its contracting activities. These processes consist of, but are not limited to:

- Generating email notifications of all upcoming contracting opportunities disseminated to all DBEs/SBEs in Mountain Line's directory as well as small business support groups;
- Arranging solicitations, presentation times, quantities, and delivery schedules to facilitate participation of DBE firms;
- Generating project-specific email notifications providing pre-solicitation meeting information, bid/proposal submittal deadlines, general scope overview, SEPTA contracting and DBE office personnel contact information;
- Ensuring participants at pre-solicitation meetings are informed of Mountain Line's DBE Program and its requirements;
- Ensuring circulation of the AZ UTRACS DBE Directory to all potential contractors by listing the AZ UTRACS website in solicitation documents, and providing a link on Mountain Line's website;
- Encouraging bidders on large contracts to identify and create provisions within subcontracts appropriate for small business participation;
- Providing one-on-one technical assistance to existing DBEs and other small business enterprises, and facilitating introductions to Mountain Line's contracting, planning and operations personnel;
- Unbundling of large contracts to make accessible and available to smaller businesses;
- Providing continuous evaluation of contract requirement to minimize and remove unnecessary and unjustified requirements;
- Simplify and/or reduce bonding requirements whenever possible and/or provide assistance in overcoming limitations such as bonding and financing;
- Ensuring standard form contracts include prompt payment clauses for subcontractors; and
- Promoting outreach events hosted by AZ UTRACS to broadcast contracting opportunities as well as encouraging networking among majority contractors and small businesses.

Additionally, Mountain Line is committed to:

- Assisting with and referring to support services (i.e. AZ UTRACS 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;
- Assisting with and offering referrals 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;
- Referring DBEs and other small businesses to programs for new, start-up firms, particularly in areas where DBE or small business participation has been particularly low; and
- Assisting DBEs, and other small businesses, with development of capability to utilize emerging technology and conduct business through electronic media.

## Goal Advertisement and Public Participation

In accordance with the goal-setting and public participation requirements, Mountain Line will conduct the following activities to facilitate public participation in the overall DBE goal-setting process:

Host a virtual open house for vendors: Mountain Line will conduct an online meeting on or around July 15, 2020. Firms will be invited to participate via the web or phone to receive an overview of Mountain Line's proposed goal-setting methodology and the tentatively calculated overall goal of 3%.

- Invitation to the meeting will be published on Mountain Line's purchasing website and broadcast via email to Mountain Line's registered vendors as well as AZ UTRACS DBE certified vendors.
- Notice for the meeting will also be advertised via Mountain Line's social media accounts, Twitter and Facebook.
- Notice will be sent with comments including:
  - How can vendors sign up for notification of contract opportunities/solicitations?
  - Does Mountain Line compare DBE goal with other agencies (cities or counties) in Arizona?
  - Does Mountain Line make list of vendors interested in opportunities available so that vendors can build teams?
  - Does Mountain Line have other DBE events like this one?

Advertising the DBE Goal: Mountain Line will issue a public notice regarding the Proposed Triennial DBE Goal and Goal-Setting Methodology on the Mountain Line webpage. The public notice advising of the 30-day public comment period with directives on how/where to submit comments and/or questions regarding Mountain Line's proposed overall goal and methodology. The comment period will end on or around August 15, 2020, at 5:00 pm local time.

Public Meeting for Adoption of Goal: Mountain Line will hold a public meeting, during which the DBE Goal will be adopted. The meeting agenda, including date, time, locations, and agenda items will be posted in accordance with Arizona Open Meeting laws.