

MISSOULA URBAN TRANSPORTATION DISTRICT

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

Goal Methodology



**FFY 2019 – 2021
October 1, 2018 Implementation**

Goal Methodology

The Missoula Urban Transportation District (MUTD), in accordance with United States Department of Transportation guidelines, determines MUTD's Disadvantaged Business Enterprise (DBE) Program Annual Participation Goal (APG) for the Federal Transit Administration (FTA) on a staggered three-year schedule.

MUTD calculates the APG using the criteria set forth in 49 CFR Part 26.45. The determination of the level of DBE participation is based on the availability of all DBE businesses that are ready, willing, and able to participate in FTA-assisted contracts in the State of Montana in relationship to all comparable businesses, which are known to be available to compete for FTA-assisted contracts.

For Federal Fiscal Year 2019 - 2021, MUTD has established a proposed overall DBE goal of 0.00% based on the requirements of 49 CFR Part 26.45. MUTD is proposing to meet 100% of its overall DBE goal through the use of race-neutral means.

MUTD utilizes a two-step process to determine its overall DBE participation goal:

Step 1: Using the DBE Directory, determine the base figure for the overall goal by calculating the number of ready, willing and able DBEs to perform the types of work on FTA-assisted contracts that MUTD intends to award in MUTD's work area. Next using the Census Bureau County Business Patterns determine the numbers of all ready, willing and able DBEs to perform the types of work on FTA-assisted contracts that MUTD intends to award.

Step 2: Adjust the base figure using factors relevant to MUTD's marketplace.

MUTD examined all of the evidence available in its jurisdiction and determined if an adjustment was needed to the base figure to arrive at the overall goal. MUTD performed an analysis of median past DBE participation as evidence for an adjustment and determined that MUTD will not make an adjustment for past participation because the numbers are very different due to the available participation in the next three years.

STEP 1: SETTING THE APG BASE FIGURE

To determine the Step 1 Base Figure, MUTD calculated the relative DBE availability in accordance with 49 CFR Part 26.45 (1), which states:

- (1) Use DBE Directories and Census Bureau Data, Determines the number of ready, willing and able DBEs in your market from the DBE directory. Using the Census Bureau's County Business Pattern (CBP) database, determine the number of all ready, willing and able businesses available in your market that perform work in the same NAICS codes. (Information about the CBP database may be obtained from the Census Bureau at their website, <http://censtats.census.gov/cgi-bin/msanaic/msasect.pl>.) Divide the number of DBEs by the number of all businesses to derive a base figure for the relative availability of DBEs in your market.

To perform the calculation, two figures need to be determined; the number of DBE firms and the number of total firms that are ready, willing, and able to compete for FTA-assisted contracts through MUTD.

DBE Firms

MUTD evaluated the DBE Directory based on firms certified as of July 2016. The NAICS codes used are

consistent with the type of work MUTD has performed in the past and FTA-assisted contracts MUTD intends to let in the future. Table 1 provides a breakdown of the number of DBE firms by NAICS code, which is further separated by those performing the types of work MUTD intends to award. The work area was determined by geographical location using a 115-mile radius since Missoula is a relatively small community.

Table 1 - Number of DBE firms by NAICS code for FTA-Assisted Contracts

| Description | NAICS Code | Number |
|---|------------|----------|
| Construction | 236220 | 0 |
| Professional Services | 541613 | 0 |
| New Vehicle Dealer | 441110 | 0 |
| Total DBE Firms for FTA-Assisted Contracts | | 0 |

Total Firms

Using the same NAICS codes as identified in Table 1, MUTD reviewed the number of businesses published in the Census Bureau County Business Patterns¹. Table 2 provides a breakdown of total firms from the Census by their NAICS code.

Table 2 - Number of total firms from Census Data by NAICS code

| Description | NAICS Code | Number |
|---|------------|------------|
| Construction | 236220 | 108 |
| Professional Services | 541613 | 103 |
| New Vehicle Dealer | 441110 | 126 |
| Total Number of total firms from Census Data by NAICS code | | 337 |

The relative DBE availability is calculated as follows:

$$\frac{0 \text{ Ready, willing, and able DBE}}{337 \text{ Total firms ready, willing, and able}} = 0.00\% \text{ DBE availability}$$

STEP 1: BASE FIGURE WEIGHTING

Weighting can help ensure that the Step 1 Base Figure is as accurate as possible. In order to weight the relative DBE availability, MUTD reviewed dollar amounts by work type awarded on FTA-assisted contracts. These amounts exclude funds used for the purchase of transit vehicles and operating expenses such as salaries such as salaries and fringe benefits.

MUTD’s contracting market was evaluated on a statewide basis. MUTD will not be letting similar contracts in the next three federal fiscal years as it did in the past, excluding any new vehicle purchases. Therefore, Table 3 estimates the amounts by work type to be expended for the next three fiscal years based on budget projections.

Table 3 - FTA Assisted Amounts by Work Type

| Work Type | NAICS Code | Amount | % of Total |
|-----------------------|-------------------|---------------|-------------------|
| Construction | 236220 | 917,970 | 88% |
| Professional Services | 541613 | 62,095 | 6% |
| New Vehicle Dealer | 441110 | 60,056 | 6% |
| Total | | 1,536,047 | 100% |

The relative availability of DBEs by work type was multiplied by the amount of work projected to be available.

STEP 2; ADJUSTMENTS TO THE APG BASE FIGURE

During Step 2, MUTD examined all of the evidence available in its jurisdiction to determine what adjustment, if any, is needed to the base figure in order to arrive at the overall DBE participation goal. MUTD conducted an analysis of information described in 49 CFR Part 26.45 (d)(1)(i):

- (1) There are many types of evidence that must be considered when adjusting the base figure. These include:
 - (i) The current capacity of DBEs to perform work in your DOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years;
 - (ii) MUTD examined all of the evidence available in its jurisdiction to determine if an adjustment was needed to the base figure to arrive at the overall goal. MUTD performed an analysis of median past DBE participation as evidence for an adjustment and determined that because the numbers were similar, a step 2 adjustment was not needed.

Analysis of Recent Years

To determine the impacts of the current local market conditions and work performed by DBE firms, MUTD reviewed the FTA Uniform Report of DBE Awards or Commitments and Payments for Federal Fiscal Years 2016 – 2018. Table 5 indicates DBE utilization for the past three years:

Table 5 - FTA DBE Utilization for Federal Fiscal Year 2016 - 2018

| Federal Fiscal Year | Total Dollars of Prime Contracts Awarded | Total Dollars Awarded or Committed to DBEs | Percentage of Total Dollars to DBEs |
|----------------------------|---|---|--|
| 2018 | 371,678 | 0 | 0.00% |
| 2017 | 68,722 | 0 | 0.00% |
| 2016 | 97,740 | 0 | 0.00% |

To determine DBE past participation, MUTD calculated the median of the range (0.00%) and the average (0.00%). Since the past participation figures and the Step 1 base figure (0.00%) are very different due to the available participation in the next three years, MUTD chose not to make an adjustment for past participation. The overall FTA DBE goal is set at 0.00%.

Race Conscious/Race Neutral Evaluation

In the past three years, MUTD used race neutral measures to achieve its overall goal. The proposed overall DBE participation goal of 0.00% is lower than the average past participation. This is due to the reduced amount for the FTA-assisted amounts of work and the number of DBEs available. To meet the maximum feasible portion of the goal through race neutral means per 49 CFR Part 26.51(a), MUTD proposes to meet the overall 0.00% goal solely through race neutral means.

In accordance with 49 CFR Part 26.47(d), MUTD will continue to monitor DBE participation and if the trends make it unlikely that the overall goal will be achieved through race neutral means, race conscious measures may be added for the remainder of the fiscal year. MUTD will continue to monitor participation of minority-and women-owned firms in its contracts and collect qualitative data concerning marketplace conditions.

Race-Neutral Initiatives

MUTD will attend trainings throughout the year from the Montana Department of Transportation (MDT) to enhance our knowledge of the DBE program and improve collaboration between providers and DBE firms. MUTD will reach out to the local community and extend offers for training and information about the DBE program.

In addition, MUTD relies on the MDT for trainings to DBE firms. MDT offers trainings and consults with minority, women's and general contractor groups regarding availability of disadvantaged and non-disadvantaged businesses.