### **SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY**



# Federal Transit Administration (FTA) Triennial DBE Goal-Setting Methodology for

FFY 2015 – FFY 2017 (October 1, 2014 – September 30, 2017)

Submitted in accordance with:

Title 49 Code of Federal Regulations Part 26 (49 CFR Part 26)



# SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY Triennial DBE Goal-Setting Methodology FFY 2015 – FFY 2017

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#### I. <u>INTRODUCTION</u>

Pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs", the Southeastern Pennsylvania Transportation Authority (SEPTA) sets forth its Triennial Disadvantaged Business Enterprise (DBE) Goal and corresponding goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2015-2017 (October 1, 2014 through September 30, 2017). The purpose of the DBE goal setting process is to ensure 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.

#### II. <u>BACKGROUND</u>

SEPTA 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, SEPTA has assured that it will comply with the FTA's DBE requirements. Therefore, in accordance with 49 CFR § 26.45(a)(2), SEPTA is required to develop and submit a Triennial Overall DBE goal for its FTA-assisted projects.

#### III. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2015-2017

Table 1 represents SEPTA's FTA-assisted contracting program, which consists of projects considered in preparing this goal methodology. These projects are anticipated to be awarded during the triennial period. SEPTA does not anticipate any FTA-assisted sub-recipient contract awards, in excess of \$250,000, for the FFY 2015-2017 period.

				Estimated			
		Project Name/Description	F	Project Cost			
	C1	69th St. West Terminal Improvements	\$	10,911,000			
	C2	Improvements to 35th & Allegheny Loop Facility	\$	452,000			
NOI &	СЗ	Haunch Repairs to Frankford Elevated Structure	\$	3,000,000			
SERVICES	C4	Levittown Station Reconstruction	\$	24,579,000			
CONSTRUCTION	C5	Villanova Station Rehabilitation – Phase 1	\$	13,504,000			
8	C6	Ardmore Transit Center Station Improvements – Phase 1		14,387,000			
	С7	69th St. Parking Garage Site Improvements	\$	3,650,000			
	C8	C8 Bus Lift Replacement Program – Phase 2					
	C9	Elevator/Escalator Inspection & Maintenance Services	\$	141,000			
긭	24	Constant Francisco Constant (CFC) Consider	ċ	20,000,000			
PROFESSIONAL SERVICES		General Engineering Consultant (GEC) Services General Engineering Consultant Construction Management & Inspection (GEC CM) Services	\$	30,000,000			
) SERVICES		\$	12,000,000				
SEF	P3	Value Engineering Consultant (VEC) Services	\$	600,000			
PR	P4	Communications & Signals Engineering Consultant (CSEC) Services	\$	8,000,000			
		TOTAL	\$	123,524,000			

Table 1

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

NAICS* Code	C1	C2	СЗ	C4	C5	C6	<b>C</b> 7	C8	C9	P1	P2	Р3	P4	Total per NAICS Code	Estimated Federal \$
236220							-				\$ 2,000,400			\$ 2,000,400	\$ 1,600,320
237310											\$ 2,000,400			\$ 2,000,400	\$ 1,600,320
237990	\$ 1,407,000	\$ 32,000	\$ 1,200,000	\$ 3,195,000	\$ 2,971,000	\$ 2,802,000	\$ 2,165,000	\$ 843,000			\$ 2,000,400			\$ 16,615,400	\$ 13,292,320
238110	\$ 108,000	\$ 4,000		\$ 5,653,000	\$ 4,186,000	\$ 2,273,000		\$ 230,000						\$ 12,454,000	\$ 9,963,200
238120	\$ 872,000	\$ 36,000	\$ 1,500,000	\$ 3,687,000	\$ 2,026,000	\$ 2,066,000								\$ 10,187,000	\$ 8,149,600
238130						\$ 191,000								\$ 191,000	\$ 152,800
238140	\$ 216,000	\$ 9,000				\$ 822,000								\$ 1,047,000	\$ 837,600
238150						\$ 14,000								\$ 14,000	\$ 11,200
238160				\$ 983,000		\$ 233,000								\$ 1,216,000	\$ 972,800
238210	\$ 1,016,000	\$ 41,000		\$ 3,724,000		\$ 2,118,000	\$ 1,160,000							\$ 8,059,000	\$ 6,447,200
238220				\$ 184,000		\$ 70,000	\$ 75,000							\$ 329,000	\$ 263,200
238290									\$ 141,000					\$ 141,000	\$ 112,800
238320	\$ 108,000	\$ 4,000		\$ 25,000		\$ 208,000								\$ 345,000	\$ 276,000
238390				\$ 246,000										\$ 246,000	\$ 196,800
238910	\$ 6,968,000	\$ 317,000	\$ 300,000	\$ 5,653,000	\$ 4,321,000	\$ 3,533,000	\$ 250,000	\$ 460,000						\$ 21,802,000	\$ 17,441,600
238990	\$ 216,000	\$ 9,000		\$ 1,229,000		\$ 57,000		\$ 767,000						\$ 2,278,000	\$ 1,822,400
541310										\$ 7,500,000		\$ 60,000		\$ 7,560,000	\$ 6,048,000
541320										\$ 3,000,000				\$ 3,000,000	\$ 2,400,000
541330										\$ 7,500,000	\$ 2,000,400	\$ 240,000	\$ 8,000,000	\$ 17,740,400	\$ 14,192,320
541370										\$ 2,400,000	\$ 2,000,400			\$ 4,400,400	\$ 3,520,320
541380										\$ 2,400,000	\$ 1,998,000	\$ 60,000		\$ 4,458,000	\$ 3,566,400
541512												\$ 60,000		\$ 60,000	\$ 48,000
541614										\$ 2,400,000				\$ 2,400,000	\$ 1,920,000
541618												\$ 60,000		\$ 60,000	\$ 48,000
541620										\$ 2,400,000		\$ 60,000		\$ 2,460,000	\$ 1,968,000
541690										\$ 2,400,000		\$ 60,000		\$ 2,460,000	\$ 1,968,000
TOTALS	\$10,911,000	\$ 452,000	\$ 3,000,000	\$24,579,000	\$13,504,000	\$14,387,000	\$ 3,650,000	\$ 2,300,000	\$ 141,000	\$30,000,000	\$12,000,000	\$ 600,000	\$ 8,000,000	\$ 123,524,000	\$ 98,819,200

<sup>\*</sup> North American Industry Classification System

Table 2

#### IV. GOAL METHODOLOGY

#### Step 1: Determination of Base Figure (Relative Availability of DBEs) (§ 26.45(c))

To establish a base figure of the relative availability of DBEs to all comparable firms (DBEs and OBEs) available to participate on SEPTA's FTA-assisted contracting opportunities, SEPTA utilized its in-house tracking system, a comprehensive database of DBEs and OBEs that captures information on all bidders, both successful and unsuccessful. 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.

As reflected in 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.

Total DBE Dollars	\$	13,683,547	13.85%
Total FTA-Assisted Contracting Dollars	\$	98,819,200	13.03/0

#### **Detailed Calculation of Base Figure**

(Relative Availability of DBEs)

		Total Estimated	Numbe	er of Firms	DBE	
	NAICS Code/Description	Federal Dollars	DBE	Total	Availability	DBE\$
236220	Commercial and Institutional Building Construction	1,600,320	39	227	17.18%	274,945
237310	Highway, Street, and Bridge Construction	1,600,320	39	148	26.35%	421,706
237990	Other Heavy and Civil Engineering Construction	13,292,320	6	177	3.39%	450,587
238110	Poured Concrete Foundation and Structure Contractors	9,963,200	4	32	12.50%	1,245,400
238120	Structural Steel and Precast Concrete Contractors	8,149,600	14	56	25.00%	2,037,400
238130	Framing Contractors	152,800	1	19	5.26%	8,042
238140	Masonry Contractors	837,600	6	49	12.24%	102,563
238150	Glass and Glazing Contractors	11,200	3	23	13.04%	1,461
238160	Roofing Contractors	972,800	9	86	10.47%	101,805
238210	Electrical Contractors	6,447,200	22	259	8.49%	547,639
238220	Plumbing, Heating, and Air-Conditioning Contractors	263,200	8	173	4.62%	12,171
238290	Other Building Equipment Contractors	112,800	1	64	1.56%	1,763
238320	Painting and Wall Covering Contractors	276,000	9	52	17.31%	47,769
238390	Other Building Finishing Contractors	196,800	8	79	10.13%	19,929
238910	Site Preparation Contractors	17,441,600	16	151	10.60%	1,848,117
238990	All Other Specialty Trade Contractors	1,822,400	17	189	8.99%	163,920
541310	Architectural Services	6,048,000	30	193	15.54%	940,104
541320	Landscape Architectural Services	2,400,000	8	46	17.39%	417,391
541330	Engineering Services	14,192,320	94	452	20.80%	2,951,500
541370	Surveying and Mapping (except Geophysical) Services	3,520,320	3	40	7.50%	264,024
541380	Testing Laboratories	3,566,400	9	75	12.00%	427,968
541512	Computer Systems Design Services	48,000	16	178	8.99%	4,315
541614	Process, Physical Distribution, and Logistics Consulting Services	1,920,000	10	43	23.26%	446,512
541618	Other Management Consulting Services	48,000	22	188	11.70%	5,617
541620	Environmental Consulting Services	1,968,000	27	77	35.06%	690,078
541690	Other Scientific and Technical Consulting Services	1,968,000	13	102	12.75%	250,824
	Totals	\$ 98,819,200	434	3178		\$ 13,683,547

Table 3

#### Step 2: Adjusting the Base Figure (§ 26.45(d))

Subsequent to establishing the base figure, SEPTA examined available evidence to determine what adjustment, if any, would be required to ensure a narrowly-tailored goal. Since future contracting opportunities are very similar to past years, SEPTA analyzed past participation to determine the feasibility of an adjustment to the base figure. Table 4 reflects DBE achievement on closed contracts for the previous three fiscal years.

Federal Fiscal Year	Established DBE Goal	_	otal Contract Dollars Paid	Total DBE ollars Paid	DBE Achievement
2011	13.5%	\$	135,704,929	\$ 28,605,410	21.1%
2012	14.0%	\$	82,324,470	\$ 11,989,830	14.6%
2013	14.0%	\$	17,245,800	\$ 2,866,243	16.6%

Table 4

The historical median for past participation is 14.6%. When applying the federally-prescribed formula (i.e., the average of the median past participation and the step one base figure), the resultant adjusted figure is within 0.4% of the step one base figure, see Table 5.

Median of Past Participation	Step One Base Figure	Divided by	Adjusted Goal
14.60%	13.85%		14.220/
28.4	45%	2	14.23%

Table 5

In previous years, SEPTA has applied the practice of rounding their calculated overall goal either up or down (within 0.5%). When applying this practice to both the base figure and the adjusted goal, the resultant figure is the same. Therefore, SEPTA has determined that an adjustment to the base figure is not warranted.

Accordingly, the final proposed overall DBE Goal for FFY 2015-2017 for SEPTA's FTA-assisted contracts is 14%.

## V. RACE/GENDER-NEUTRAL AND RACE/GENDER-CONSCIOUS DIVISION OF GOAL (§ 26.45(f)(3))

To calculate the race/gender-neutral and race/gender-conscious split of the overall goal, SEPTA analyzed its race/gender-neutral achievement over the past six years (Table 6). Although FTA program guidance recommends calculating the median of past race/gender-neutral participation, which is 0.6%, to determine the current race/gender-neutral portion, SEPTA is confident that the calculated weighted average, or 2%, will be achievable. Additionally, this level is more conducive to complying with the requirement of meeting the maximum feasible portion of the overall goal using race/gender-neutral methods.

		<u>D</u>	BE C	Dollars Awarde	<u>ed</u>			Weighted Average Calculation		
Fiscal Year	Total Contract  Dollars  Awarded	Total	Ra	ce-Conscious	R	ace-Neutral	Race-Neutral %	% of Total	Weight Factor	Weighted %
2008	\$ 43,942,339	\$ 6,777,238	\$	6,371,718	\$	405,520	0.92%	5.38%	0.05	0.05%
2009	\$ 131,678,446	\$ 17,664,115	\$	13,923,059	\$	3,741,056	2.84%	49.64%	0.50	1.41%
2010	\$ 35,587,666	\$ 5,815,427	\$	5,696,731	\$	118,696	0.33%	1.58%	0.02	0.01%
2011	\$ 5,652,294	\$ 639,499	\$	639,499	\$	-	0.00%	0.00%	0.00	0.00%
2012	\$ 215,609,242	\$ 16,651,483	\$	16,651,483	\$	-	0.00%	0.00%	0.00	0.00%
2013	\$ 15,518,253	\$ 4,886,605	\$	1,615,782	\$	3,270,823	21.08%	43.40%	0.43	9.15%
	\$447,988,240	\$ 52,434,367	\$	44,898,272	\$	7,536,095		100.00%	1.00	
			6-Y	ear Weiahted	d Average:	2%				

Table 6

Therefore, SEPTA recommends the race/gender-neutral and race/gender-conscious split of the overall goal of 14% as 12% race/gender-conscious and 2% race/gender-neutral.

#### VI. RACE/GENDER-NEUTRAL METHODS (§ 26.51(b))

SEPTA 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 monthly email notifications of all upcoming contracting opportunities – disseminated to all DBEs/SBEs in SEPTA's directory as well as small business support groups (i.e., local Chambers of Commerce; Minority Supplier Diversity Council; Women's Business Enterprise Center; The Enterprise Center; et al).
- 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 SEPTA's DBE Program and its requirements.
- Ensuring circulation of the Pennsylvania Unified Certification Program (PAUCP)

  DBE Directory to all potential contractors by listing the PAUCP website in solicitation documents, and providing a link on SEPTA's website.
- > Partnering with the local U.S. DOT Bonding Education Program.
- Partnering with and participating in the annual Minority Enterprise Development Week (MEDWeek) activities in Philadelphia, PA.
- ➤ Participating in "Doing Business With" seminars hosted by other entities (e.g., City of Philadelphia; Various Elected Officials; Union County (NJ) Procurement Technical Assistance Center; local Chambers of Commerce; etc.).
- Providing one-on-one technical assistance to existing DBEs and other small business enterprises, and facilitating introductions to SEPTA's contracting, engineering and construction personnel.
- ➤ Hosting outreach events to broadcast contracting opportunities as well as encouraging networking among majority contractors and small businesses.

#### VII. GOAL ADVERTISEMENT AND PUBLIC PARTICIPATION PROCESS (§ 26.45(g)(1)(2))

In accordance with the goal-setting and public participation regulatory requirements, SEPTA conducted the following activities to facilitate public participation in the overall DBE goal-setting process:

- ➤ Hosted a Public Consultative Process Meeting on June 12, 2014. Attendees were provided an overview of SEPTA's proposed DBE goal-setting methodology and the tentatively calculated overall DBE goal of 14%.
  - ❖ Notification of the meeting was published on SEPTA's website, broadcast via email to SEPTA's DBE database, local contractors association, local Chambers of Commerce, Minority Supplier Diversity Council, Women's

- Business Enterprise Center, and disseminated to all elected officials, government offices, and federal offices in SEPTA's service area.
- Notice for the meeting was also published in the following media: Al Dia Newspaper, Inc., the Philadelphia Inquirer and the Philadelphia Daily News, The Philadelphia Tribune, and Metro Philadelphia. Proofs of Publication are attached.
- Approximately twenty (20) external (i.e., non-SEPTA) individuals and twelve (12) SEPTA representatives were in attendance (see attached attendee list).
- ❖ Three (3) attendees submitted comments as a result of this public meeting. The comments, listed below, had no impact on the recommended goal-setting methodology or the resultant DBE goal.
  - How many DBEs are prime contractors?
  - Can we get a list of all the triennial contracts (not just construction)?
  - Can we get a breakdown (race/gender) of DBEs on contracts?
  - Can we get a monthly listing of upcoming contracts?
  - Why are there not more material & supplies listed for DBE goals?
  - I have not received a monthly listing of proposed listings of projects lately Is it because of my NAICS codes?
  - I am getting more involved in 2 areas one is construction/electrical supplier, two is interior of trains/mechanical & seats. Are there any requirements for DBE goals for trains? I would like to recommend a better percentage of the outreach programs for DBEs.
  - Suggestion use a DBE to help SEPTA in SEPTA sessions for DBEs so that attendance at meetings is high.
  - Set up a DBE prep session prior to SEPTA DBE periodic meetings.
  - Create outreach for DBE engagement in P3 and other DBE networking appropriate projects.
- Advertised the proposed DBE goal, in a Public Notice format, in the following media: Al Dia Newspaper, Inc., the Philadelphia Inquirer and the Philadelphia Daily News, The Philadelphia Tribune, Metro Philadelphia, and APTA Passenger Transport. The Public Notice advised of the 45-day public comment period with directives on how/where to submit comments and/or questions regarding SEPTA's proposed overall DBE goal. Proofs of Publication are attached.
  - No comments were received in response to the Public Notice of SEPTA's proposed DBE goal.

In conclusion, SEPTA will analyze, on an annual basis, the DBE awards and commitments reported to the FTA on a semi-annual basis. If the DBE awards/commitments are less than the overall DBE goal, SEPTA will develop and submit a written analysis of the shortfall, as well as the corrective actions which will be implemented to remedy the shortfall. Also, if any significant changes are made to SEPTA's FTA-assisted contracting program, SEPTA will re-calculate the overall DBE goal and, if warranted, submit an adjusted overall DBE goal for FTA approval.