

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY



**Federal Transit Administration (FTA)
Triennial DBE Goal-Setting Methodology
for
FFY 2018 – FFY 2020
(October 1, 2017 – September 30, 2020)**

Submitted in accordance with:

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



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I. INTRODUCTION

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 2018-2020 (October 1, 2017 through September 30, 2020). 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. BACKGROUND

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 2018-2020

Table 1 represents SEPTA’s FTA-assisted contracting program, which consists of projects considered in preparing this goal methodology. These projects, inclusive of two FTA-assisted sub-recipient projects, are anticipated to be awarded during the triennial period.

		Project Name/Description	Estimated Project Cost
CONSTRUCTION SERVICES	C1	MFSE Frankford Haunch Repairs	\$ 2,200,000
	C2	Ardmore Transit Center Station - Phase 1	\$ 15,973,000
	C3	Woodland Avenue Bridge Reconstruction	\$ 7,899,000
	C4	40th Street Portal	\$ 53,433
	C5	East Main Street Streetscape	\$ 3,922,029
PROFESSIONAL SERVICES	P1	General Engineering Consultant Construction Management & Inspection (GEC CM) Services	\$ 32,000,000
	P2	General Engineering Consultant Land Surveyor & Mapping (GEC LS) Services	\$ 1,500,000
	P3	Value Engineering Consultant (VEC) Services	\$ 750,000
	P4	Communications & Signals Engineering Consultant (CSEC) Services	\$ 10,000,000
	P5	General Engineering Consultant (GEC) Services	\$ 64,000,000
	O1	Various Operations-related Projects/Services	\$ 94,767,000
		TOTAL	\$ 233,064,462

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	C3	C4	C5	P1	P2	P3	P4	P5	O1	Total per NAICS Code	Estimated Federal \$	
236220						\$ 6,000,000						\$ 6,000,000	\$ 4,800,000	
237310						\$ 2,000,000					\$ 693,000	\$ 2,693,000	\$ 1,639,501	
237990	\$ 880,000	\$ 3,278,000	\$ 790,000		\$ 3,094,877	\$ 8,000,000					\$ 1,218,000	\$ 17,260,877	\$ 12,903,728	
238110		\$ 2,659,000	\$ 474,000									\$ 3,133,000	\$ 2,506,400	
238120	\$ 1,100,000	\$ 2,417,000	\$ 3,870,000									\$ 7,387,000	\$ 5,909,600	
238130		\$ 224,000										\$ 224,000	\$ 179,200	
238140		\$ 962,000	\$ 158,000									\$ 1,120,000	\$ 896,000	
238150		\$ 16,000										\$ 16,000	\$ 12,800	
238160		\$ 273,000	\$ 237,000									\$ 510,000	\$ 408,000	
238210		\$ 1,200,000									\$ 5,968,500	\$ 7,168,500	\$ 1,300,205	
238220		\$ 500,000										\$ 500,000	\$ 400,000	
238290											\$ 627,000	\$ 627,000	\$ 35,739	
238320		\$ 243,000	\$ 790,000									\$ 1,033,000	\$ 826,400	
238910	\$ 220,000	\$ 4,134,000	\$ 1,580,000	\$ 53,433	\$ 827,152							\$ 6,814,585	\$ 5,451,668	
238990		\$ 67,000									\$ 693,000	\$ 760,000	\$ 93,101	
315999											\$ 609,000	\$ 609,000	\$ 34,713	
423110											\$ 3,959,000	\$ 3,959,000	\$ 225,663	
423120											\$ 639,000	\$ 639,000	\$ 36,423	
423310											\$ 914,000	\$ 914,000	\$ 52,098	
423320											\$ 2,132,000	\$ 2,132,000	\$ 121,524	
423390											\$ 7,613,000	\$ 7,613,000	\$ 433,941	
423420											\$ 914,000	\$ 914,000	\$ 52,098	
423610											\$ 6,492,000	\$ 6,492,000	\$ 370,044	
423740											\$ 1,523,000	\$ 1,523,000	\$ 86,811	
423830											\$ 8,831,000	\$ 8,831,000	\$ 503,367	
423860											\$ 3,959,000	\$ 3,959,000	\$ 225,663	
423990											\$ 914,000	\$ 914,000	\$ 52,098	
424690											\$ 1,889,000	\$ 1,889,000	\$ 107,673	
424720											\$ 3,216,000	\$ 3,216,000	\$ 183,312	
517212									\$ 2,000,000			\$ 2,000,000	\$ 1,600,000	
522320								\$ 75,000				\$ 75,000	\$ 60,000	
531120											\$ 6,459,000	\$ 6,459,000	\$ 368,163	
541191						\$ 150,000						\$ 150,000	\$ 120,000	
541310								\$ 75,000		\$ 21,331,200		\$ 21,406,200	\$ 17,124,960	
541320										\$ 2,560,000		\$ 2,560,000	\$ 2,048,000	
541330						\$ 8,000,000	\$ 150,000	\$ 150,000	\$ 2,000,000	\$ 25,600,000		\$ 35,900,000	\$ 28,720,000	
541360							\$ 150,000					\$ 150,000	\$ 120,000	
541370						\$ 4,000,000	\$ 900,000			\$ 4,268,800		\$ 9,168,800	\$ 7,335,040	
541380						\$ 4,000,000		\$ 75,000		\$ 2,560,000		\$ 6,635,000	\$ 5,308,000	
541410								\$ 75,000				\$ 75,000	\$ 60,000	
541511											\$ 5,786,000	\$ 5,786,000	\$ 329,802	
541512								\$ 75,000				\$ 75,000	\$ 60,000	
541611									\$ 2,000,000			\$ 2,000,000	\$ 1,600,000	
541614										\$ 1,702,400		\$ 1,702,400	\$ 1,361,920	
541618								\$ 75,000	\$ 2,000,000		\$ 4,750,500	\$ 6,825,500	\$ 1,930,779	
541620								\$ 75,000		\$ 1,708,800		\$ 1,783,800	\$ 1,427,040	
541690								\$ 75,000	\$ 2,000,000	\$ 4,268,800		\$ 6,343,800	\$ 5,075,040	
561210											\$ 1,809,000	\$ 1,809,000	\$ 103,113	
561621											\$ 1,934,000	\$ 1,934,000	\$ 110,238	
561720											\$ 396,000	\$ 396,000	\$ 22,572	
561730											\$ 3,045,000	\$ 3,045,000	\$ 173,565	
561790											\$ 4,233,000	\$ 4,233,000	\$ 241,281	
561990							\$ 150,000					\$ 7,178,000	\$ 7,328,000	\$ 529,146
562111											\$ 1,462,000	\$ 1,462,000	\$ 83,334	
562211											\$ 938,000	\$ 938,000	\$ 53,466	
562219											\$ 938,000	\$ 938,000	\$ 53,466	
811213											\$ 1,157,000	\$ 1,157,000	\$ 65,949	
811310							\$ 150,000					\$ 1,882,000	\$ 2,032,000	\$ 227,274
TOTALS	\$ 2,200,000	\$ 15,973,000	\$ 7,899,000	\$ 53,433	\$ 3,922,029	\$ 32,000,000	\$ 1,650,000	\$ 750,000	\$ 10,000,000	\$ 64,000,000	\$ 94,771,000	\$ 233,218,462	\$ 116,159,917	

* 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.

Base Goal	Total DBE Dollars	\$ 16,963,279	
	Total FTA-Assisted Contracting Dollars	\$ 116,159,917	14.6%

Detailed Calculation of Base Figure
(Relative Availability of DBEs)

NAICS Code/Description	Total Estimated Federal Dollars	Number of Firms		DBE Availability	DBE \$	
		DBE	Total			
236220	Commercial and Institutional Building Construction	4,800,000	41	234	17.52%	841,026
237310	Highway, Street, and Bridge Construction	1,639,501	35	149	23.49%	385,118
237990	Other Heavy and Civil Engineering Construction	12,903,728	5	171	2.92%	377,302
238110	Poured Concrete Foundation and Structure Contractors	2,506,400	5	32	15.63%	391,625
238120	Structural Steel and Precast Concrete Contractors	5,909,600	13	55	23.64%	1,396,815
238130	Framing Contractors	179,200	3	18	16.67%	29,867
238140	Masonry Contractors	896,000	9	54	16.67%	149,333
238150	Glass and Glazing Contractors	12,800	4	24	16.67%	2,133
238160	Roofing Contractors	408,000	4	83	4.82%	19,663
238210	Electrical Contractors	1,300,205	20	252	7.94%	103,191
238220	Plumbing, Heating, and Air-Conditioning Contractors	400,000	8	167	4.79%	19,162
238290	Other Building Equipment Contractors	35,739	2	52	3.85%	1,375
238320	Painting and Wall Covering Contractors	826,400	16	55	29.09%	240,407
238910	Site Preparation Contractors	5,451,668	19	154	12.34%	672,608
238990	All Other Specialty Trade Contractors	93,101	8	172	4.65%	4,330
315999	Other Apparel Accessories and Other Apparel Manufacturing	34,713	1	3	33.33%	11,571
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	225,663	1	99	1.01%	2,279
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers	36,423	0	613	0.00%	0
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers	52,098	8	115	6.96%	3,624
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers	121,524	5	142	3.52%	4,279
423390	Other Construction Material Merchant Wholesalers	433,941	5	101	4.95%	21,482
423420	Office Equipment Merchant Wholesalers	52,098	1	89	1.12%	585
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	370,044	12	427	2.81%	10,399
423740	Refrigeration Equipment and Supplies Merchant Wholesalers	86,811	1	20	5.00%	4,341
423830	Industrial Machinery and Equipment Merchant Wholesalers	503,367	2	593	0.34%	1,698
423860	Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers	225,663	11	158	6.96%	15,711
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	52,098	5	91	5.49%	2,863
424690	Other Chemical and Allied Products Merchant Wholesalers	107,673	3	341	0.88%	947
424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	183,312	4	112	3.57%	6,547
517212	Cellular and Other Wireless Telecommunications	1,600,000	1	27	3.70%	59,259
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities	60,000	0	3	0.00%	0
531120	Lessors of Nonresidential Buildings (except Miniwarehouses)	368,163	1	55	1.82%	6,694
541191	Title Abstract and Settlement Offices	120,000	1	7	14.29%	17,143
541310	Architectural Services	17,124,960	27	186	14.52%	2,485,881
541320	Landscape Architectural Services	2,048,000	8	46	17.39%	356,174
541330	Engineering Services	28,720,000	95	458	20.74%	5,957,205
541360	Geophysical Surveying and Mapping Services	120,000	1	4	25.00%	30,000
541370	Surveying and Mapping (except Geophysical) Services	7,335,040	4	44	9.09%	666,822
541380	Testing Laboratories	5,308,000	8	76	10.53%	558,737
541410	Interior Design Services	60,000	3	48	6.25%	3,750
541511	Custom Computer Programming Services	329,802	35	400	8.75%	28,858
541512	Computer Systems Design Services	60,000	15	173	8.67%	5,202
541611	Administrative Management and General Management Consulting Services	1,600,000	49	287	17.07%	273,171
541614	Process, Physical Distribution, and Logistics Consulting Services	1,361,920	6	38	15.79%	215,040
541618	Other Management Consulting Services	1,930,779	10	193	5.18%	100,040
541620	Environmental Consulting Services	1,427,040	34	83	40.96%	584,571
541690	Other Scientific and Technical Consulting Services	5,075,040	15	98	15.31%	776,792
561210	Facilities Support Services	103,113	2	15	13.33%	13,748
561621	Security Systems Services (except Locksmiths)	110,238	1	71	1.41%	1,553
561720	Janitorial Services	22,572	20	200	10.00%	2,257
561730	Landscaping Services	173,565	7	114	6.14%	10,658
561790	Other Services to Buildings and Dwellings	241,281	4	31	12.90%	31,133
561990	All Other Support Services	529,146	6	69	8.70%	46,013
562111	Solid Waste Collection	83,334	6	49	12.24%	10,204
562211	Hazardous Waste Treatment and Disposal	53,466	0	34	0.00%	0
562219	Other Nonhazardous Waste Treatment and Disposal	53,466	0	21	0.00%	0
811213	Communication Equipment Repair and Maintenance	65,949	0	53	0.00%	0
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	227,274	2	217	0.92%	2,095
Totals		\$ 116,159,917	612	7676		\$ 16,963,279

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 five fiscal years.

Federal Fiscal Year	Established DBE Goal	Total Contract Dollars Paid	Total DBE Dollars Paid	DBE Achievement
2012	14.0%	\$ 82,324,470	\$ 11,989,830	14.6%
2013	14.0%	\$ 17,245,800	\$ 2,866,243	16.6%
2014	14.0%	\$ 183,346,510	\$ 24,616,650	13.4%
2015	14.0%	\$ 47,389,471	\$ 7,211,759	15.2%
2016	14.0%	\$ 31,680,995	\$ 4,250,843	13.4%

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 the same as the step one base figure, see Table 5.

Median of Past Participation	Step One Base Figure	Divided by	Adjusted Goal
14.60%	14.60%		14.60%
29.20%		2	

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 2018-2020 for SEPTA’s FTA-assisted contracts is 15%.

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 four years (Table 6). Although FTA program guidance recommends calculating the median of past race/gender-neutral participation, which is 1.7%, to determine the current race/gender-neutral portion, SEPTA is committed to increasing its race/gender-neutral participation. Our rationale is outlined below.

As reflected in Table 6, the calculated average and weighted average of race/gender-neutral participation over the past four years are 6.13% and 3.66%, respectively. SEPTA is conservatively recommending 5% as the race/gender-neutral portion for the FFY 2018-2020 DBE goal.

Finally, in an effort to accurately reflect all dollars committed and paid to DBEs participating on federally-assisted contracts, SEPTA will include 40% of dollars committed/paid to DBE regular dealers/suppliers in the race/gender-neutral portions of its semi-annual reports to the FTA.

Fiscal Year	Total Contract Dollars Awarded	DBE Dollars Awarded				Weighted Average Calculation		
		Total	Race-Conscious	Race-Neutral	Race-Neutral %	% of Total RN Dollars	Weight Factor	Weighted %
2013	\$15,518,253	\$ 4,886,605	\$ 1,615,782	\$ 3,270,823	21.08%	65.31%	0.65	13.77%
2014	\$11,347,841	\$ 1,616,554	\$ 1,522,193	\$ 94,361	0.83%	1.88%	0.02	0.02%
2015	\$62,593,505	\$ 11,610,469	\$ 9,967,666	\$ 1,642,803	2.62%	32.80%	0.33	0.86%
2016	\$12,006,544	\$ 2,156,101	\$ 2,156,101	\$ -	0.00%	0.00%	0.00	0.00%
	\$ 101,466,143	\$ 20,269,729	\$ 15,261,742	\$ 5,007,987		100.00%	1.00	
Average:					6.13%	Weighted Average: 3.66%		

Table 6

Based on the foregoing, SEPTA recommends the race/gender-neutral and race/gender-conscious split of the overall goal of 15% as 5% race/gender-neutral and 10% race/gender-conscious.

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; Philadelphia International Airport; Contractors Association of Eastern Pennsylvania; 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.
- Ensuring standard form contracts include prompt payment clauses for subcontractors.
- 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 Public Consultation Meetings on June 20, 2017. Attendees were provided an overview of SEPTA’s proposed DBE goal-setting methodology and the tentatively calculated overall DBE goal of 15%.

- ❖ Notification of the meetings was published on SEPTA’s website, broadcast via email to SEPTA’s DBE/SBE database, local contractors associations, 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 advertised via social media (e.g., Twitter).
- ❖ Approximately ten (10) external (i.e., non-SEPTA) individuals and eight (8) SEPTA representatives were in attendance (see attached attendee list).
- ❖ Two (2) attendees provided comments at the conclusion of the public meetings. The comments, listed below, had no impact on the recommended goal-setting methodology or the resultant DBE goal.
 - Discontinue transit stops in bad areas of the neighborhoods.
 - What is the status of the Norristown Viaduct project?
- Advertised the proposed DBE goal, in a Public Notice format, on SEPTA’s website and in the following media: Al Dia Newspaper, Inc., the Philadelphia Inquirer and the Philadelphia Daily News, The Philadelphia Tribune, and Metro Philadelphia. The Public Notice advised of the 30-day public comment period with directives on how/where to submit comments and/or questions regarding SEPTA’s proposed overall DBE goal and methodology.
 - ❖ Comments received . . .

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.