

Charlotte Area Transit System

TRIENNIAL DBE GOAL SETTING AND METHODOLOGY

FEDERAL FISCAL YEARS 2023-2025

I. GOAL RECOMMENDATION

The Charlotte Area Transit System (CATS) has adopted a 9.7% DBE goal for Federal Fiscal Years (FFY) 2023-2025 beginning on October 1, 2022 and ending on September 30, 2025. CATS plans to achieve this goal through 8.5% race-conscious measures and 1.2% race-neutral measures.

II. FEDERAL TRANSIT ADMINISTRATION (FTA) – ASSISTED CONTRACTING OPPORTUNITIES FOR FFY'S 2023-2025

Table 1 below lists CATS projected FTA funded contracting opportunities for FFY's 2023-2025, and the corresponding North American Industrial Classification System (NAICS) codes for those contracting opportunities.

Table 1: Expected FTA – Funded Contract Expenditures for FFY's 2023-2025

	NAICS Code	Project	Amount of FTA funds on project
1	238210	Access Control Replacement	\$ 85,000
2	238210	BLE Cameras	\$ 926,136
3	238210	Guard Shacks/Bollards	\$ 150,000
4	238210	Access Control System Upgrade	\$ 1,700,000
5	238210	Mobile Video Replacement	\$ 672,678
6	238210	Security Enhancements	\$ 394,138
7	236220	5310 Bus Stops	\$ 95,905
8	236220	Bus Stop Improvements	\$ 688,194
9	238220	HVAC Replacement	\$ 778,832
10	541310	Equity Transit Oriented Design Study	\$ 800,000
11	236220	CTC Temporary Facility	\$ 9,000,000
12	236220	Gateway Station Funding Construction	\$ 6,000,000
13	236220	Freedom Drive and West Blvd Mobility Hubs	\$ 944,000
14	236220	Envision My Ride Bus Shelters	\$ 1,500,000
15	237990	Drainage Improvements	\$ 1,576,000
16	238210	South Corridor Lighting LED Upgrades	\$ 900,000
17	238210	LED Lighting Upgrades Rail & Bus Facilities	\$ 600,000
18	238210	Electric Vehicle Chargers	\$ 8,330,735
19	236220	Hambright Park & Ride Lot and Transit Center	\$ 9,747,054
20	238210	Fare Collection System	\$ 1,486,048

21	5413	MOW Civil Engineering	\$	1,207,291
22	5413	Southend Station Design	\$	15,000,000
23	238990	Fencing Replacement	\$	325,000
24	236220	Comfort Station OCR Construction	\$	600,000
25	238210	Electric Charging Stations (Installation)	\$	500,000
		Total FTA Assisted Contract Funds	\$	64,007,011

III. DETERMINATION OF LOCAL MARKET AREA

The State of North Carolina was used as the relevant market area, CATS conducted a thorough analysis of the FTA assisted contracting opportunities, available contractors and consultants, and certified DBE firms. Line item work descriptions for similar past projects during the FFY 2017-2022 were reviewed and used to assign the most relevant NAICS codes.

IV. GOAL METHODOLOGY

As shown below, CATS developed its goal by calculating a weighted based figure in Step 1 and adjusting the goal based upon available evidence in Step 2.

Step One: Determination of a Base Figure

CATS developed a base figure of the ready willing, and able DBE vendors as a percentage of all ready willing and able firms in CATS market area. The North Carolina Unified Certification Program (UCP) DBE Directory was used to estimate the number of ready, willing, and able DBE contractors per NAICS code in the market area. To determine the number of overall firms, CATS used the US Census Bureau's County Business Pattern (CBP) database. To ensure consistency in the calculation, CATS used the same NAICS codes when compiling the number of DBE vendors and total number of DBE firms.

$$\text{Relative Base Figure} = \frac{\text{Ready willing and able DBE's (data source = NCDOT UCP)}}{\text{All ready, willing and able businesses (data source = CBP, which includes DBE's and non-DBE's)}}$$

$$\text{Relative Base Figure of 5.5\%} = \frac{2834 \text{ DBE's}}{51,396 \text{ Total Businesses}}$$

CATS then weighted the base figure in Table 2 and Table 3 by incorporating the amount of FTA funded dollars that are expected to be expended under each NAICS code.

Table 2: Determine relative availability of DBE's by NAICS Code:

	NAICS Code	Project	Number of DBE's available to perform work	Number of all firms available (including DBE's)	Relative availability
1	238210	Access Control Replacement	78	2727	0.02860286
2	238210	BLE Cameras	78	2727	0.02860286
3	238210	Guard Shacks/Bollards	78	2727	0.02860286
4	238210	Access Control System Upgrade	78	2727	0.02860286
5	238210	Mobile Video Replacement	78	2727	0.02860286
6	238210	Security Enhancements	78	2727	0.02860286
7	236220	5310 Bus Stops	132	1072	0.123134328
8	236220	Bus Stop Improvements	132	1072	0.123134328
9	238220	HVAC Replacement	28	3641	0.007690195
10	541310	EOD Study	43	562	0.076512456
11	236220	CTC Temporary Facility	132	1072	0.123134328
12	236220	Gateway Station Funding Construction	132	1072	0.123134328
13	236220	Freedom Drive and West Blvd Mobility Hubs	132	1072	0.123134328
14	236220	Envision My Ride Bus Shelters	132	1072	0.123134328
15	236220	Drainage Improvements	132	1072	0.123134328
16	238210	South Corridor Lighting LED Upgrades	78	2727	0.02860286
17	238210	LED Lighting Upgrades Rail & Bus Facilities	78	2727	0.02860286
18	238210	Electric Vehicle Chargers	78	2727	0.02860286
19	236220	Hambright Park & Ride Lot and Transit Center	132	1072	0.123134328
20	238210	Fare Collection System	78	2727	0.02860286
21	5413	MOW Civil Engineering	308	3311	0.093023256
22	5413	Southend Station Design	308	3311	0.093023256
23	238990	Fencing Replacement	101	926	0.109071274
24	236220	Comfort Station OCR Construction	132	1072	0.123134328
25	238210	Electric Charging Stations (Installation)	78	2727	0.02860286
			2834	51396	0.0551

Table 3: Weighting Calculations:

	NAICS Code	Project	Weight	x	Relative availability	Weighted Base Figure
1	238210	Access Control Replacement	0.00132798	*	0.02860286	0.000038
2	238210	BLE Cameras	0.01446929	*	0.02860286	0.000414
3	238210	Guard Shacks/Bollards	0.002343493	*	0.02860286	0.000067
4	238210	Access Control System Upgrade	0.026559591	*	0.02860286	0.000760
5	238210	Mobile Video Replacement	0.010509443	*	0.02860286	0.000301
6	238210	Security Enhancements	0.006157732	*	0.02860286	0.000176
7	236220	5310 Bus Stops	0.001498347	*	0.123134328	0.000184
8	236220	Bus Stop Improvements	0.010751853	*	0.123134328	0.001324
9	238220	HVAC Replacement	0.012167917	*	0.007690195	0.000094
10	541310	EOD Study	0.012498631	*	0.076512456	0.000956
11	236220	CTC Temporary Facility	0.140609597	*	0.123134328	0.017314
12	236220	Gateway Station Funding Construction	0.093739732	*	0.123134328	0.011543
13	236220	Freedom Drive and West Blvd Mobility Hubs	0.014748384	*	0.123134328	0.001816
14	236220	Envision My Ride Bus Shelters	0.023434933	*	0.123134328	0.002886
15	236220	Drainage Improvements	0.024622303	*	0.123134328	0.003032
16	238210	South Corridor Lighting LED Upgrades	0.01406096	*	0.02860286	0.000402
17	238210	LED Lighting Upgrades Rail & Bus Facilities	0.009373973	*	0.02860286	0.000268
18	238210	Electric Vehicle Chargers	0.130153477	*	0.02860286	0.003723
19	236220	Hambright Park & Ride Lot and Transit Center	0.152281038	*	0.123134328	0.018751
20	238210	Fare Collection System	0.023216957	*	0.02860286	0.000664
21	5413	MOW Civil Engineering	0.018861856	*	0.093023256	0.001755
22	5413	Southend Station Design	0.234349329	*	0.093023256	0.021800
23	238990	Fencing Replacement	0.005077569	*	0.109071274	0.000554
24	236220	Comfort Station OCR Construction	0.009373973	*	0.123134328	0.001154

25	238210	Electric Charging Stations (Installation)	0.007811644	*	0.02860286	0.000223
					Total	0.0902
					Expressed as a % (*100)	9.02%
					Weighted Base Figure:	9.02%

Step Two: Adjusting the Base Figure

In Step 2, CATS considered all available evidence whether it should adjust its goal from the weighted base figure found in Step 1. CATS first examined its past DBE participation and determined that its FFY's 2017-20 contracting opportunities were similar to the expected contracting opportunities for FFY's 2023-2022. As a result, CATS determined that it should adjust its goal based on past participation. Table 4 below shows past DBE participation for FFY's 2017-2020

Table 4 DBE Past Participation

Year	FFY 17	FFY 18	FFY19	FFY 20
DBE Achievement	11.2%	11.10%	9.70%	5.80%

CATS determined the median past participation percentage by arranging the DBE achievement rates from lowest to highest in Table 5.

Table 5: DBE Achievement Numerical Order

Year	FFY 20	FFY 19	FFY18	FFY 17
DBE Achievement	5.8%	9.7%	11.1%	11.2%

Because there were an even number of values, CATS added the middle two figures and averaged them, resulting in a mean of 10% (8.9 + 11.1) divided by 2.

$$9.7 + 11.1 = 20.8 \quad 20.8 / 2 = 10.4\%$$

CATS then added the weighted base figure of 9% (found in Step 1) to the median of the past 4 years of 10% (found in Step 2) and divided by 2.

$$9 + 10.4 = 19.4 \quad 19.4 / 2 = 9.7\%$$

When adjusting for past participation, the **DBE goal is now 9.7%**

CATS also reviewed the 2017 City of Charlotte's Disparity Study Executive Summary can be found here: <https://charlottenc.gov/finance/procurement/cbi/Documents/2017%20Disparity%20Study%20Executive%20Summary.pdf> .

The study found that all relative women and minority groups showed a disparity on contracts without spending goals, and that the City's use of minority spending goals was effective in encouraging the participation of minority owned businesses and woman owned businesses in its contracts. Moreover, "...those results indicate that when the City does not use race-conscious and gender conscious measures, all relevant business groups suffer from substantial underutilization in City contracting..."

CATS considered the disparity results and feels that the results substantiate its use of race-conscious measures in the award of its contracts, in order to effectively garner participation from all minority groups.

Utilization of Race Neutral and Race Conscious Measures

CATS used DBE participation from its previous four (4) FFY's 2017-2020, to help determine its race neutral /race conscious breakdown.

Table 6: DBE Goal, Achievement, and RC/RN Breakdown

Year	FFY 2017	FFY 2018	FFY2019	FFY 2020
DBE Goal (RC/RN)	10.5% (9.4/1.1)	10.5% (9.4/1.1)	10.0% (8.8/1.2)	10.0% (8.8/1.2)
Achievement (RC/RN)	11.2 (10.5/0.7)	11.1 (10.6/0.5)	9.7 (4.3/5.3)	5.8 (3.2/2.6)
Achievement-Goal	0.7	0.6	-0.3	

Step 1: Divide the total race-neutral achievement by the total goal achievement

RN Goal plus Percent Goal Exceeded, divided by Achievement

$$1.1 + 0.7 = 1.8 \div 11.2 = 0.1607$$

$$1.1 + 0.6 = 1.7 \div 11.1 = 0.1532$$

$$1.2 + (-0.3) = 0.9 \div 9.7 = 0.0928$$

$$1.2 + (-4.3) = (-3.1) \div 5.8 = -0.5345$$

Median of --0.5345, 0.0928, 0.1532, 0.1607 equals $(0.0928 + 0.1532)/2 = 0.123$ or 12.3%

Step 2: Apply median race-neutral percentage from prior four years (12.3%) to current goal 9.7%

$0.123 \times 0.097 = 0.0112$ or 1.12% rounded up to **1.2%** and the race conscious percentage is **8.5%**

CATS thinks that it can achieve the **1.2% Race Neutral** measure by taking the following actions:

1. Continuing to coordinate with its internal divisions to unbundle large contracts and present opportunities for DBE's to secure prime contracts. CATS has effectively unbundled large contracts in order to give DBE businesses more opportunities to bid on projects, as both subcontractors as well as prime contractors.
2. Working with other City departments to target contracting opportunities in technical, engineering, and specialty trade areas. CATS is continuously adjusting its bidders lists by collecting more robust data about firms that bid on CATS contracts. CATS will use this bidders list to better identify future contracting opportunities for DBE's and other small businesses.
3. Conducting information sessions, training and partnering opportunities for DBE and small businesses. CATS partners with groups such as NCDOT Workforce Development, Central Piedmont Community College, Charlotte Business Resources, and USDOT Small Business Resource Center to provide training to DBE's and small businesses on bonding, financing, accounting, estimating, and general business development. CATS plans to continue to partnerships in the future.
4. CATS will conduct outreach sessions using virtual tools such as TEAMS, WebEx, and Zoom, which it feels gives more businesses an opportunities to attend outreach sessions. CATS has found that its virtual meeting platforms have increased participation in its outreach sessions.
5. Focus on receiving DBE input to address business concerns and needs. CATS regularly conducts post training surveys in order to gather information on the effectiveness of its training. The virtual training platform has allowed CATS the opportunity to conduct immediate surveys at the conclusion of the outreach sessions, in order to gather immediate feedback from participants.
6. Working with potential prime contractors to set up outreach events to meet DBE firms, and other awareness events. CATS has begun to incorporate a meet the primes event into its pre-bid conferences on projects. DBE vendors are encouraged to sign up for a post pre-bid event, and potential prime vendors are encouraged to meet and greet with DBE vendors after the pre-bid conferences. This type of interaction has allowed DBE companies to market themselves directly to the potential prime vendors, and increased the likelihood of the prime vendor meeting the DBE goal on the project.
7. Improving communication with DBE's by providing more advanced notice of upcoming contracting opportunities. One of the methods that CATS uses is to send email notifications to DBE firms that are certified in NAICS codes that correspond with upcoming solicitations. The City of Charlotte is also working with its technology team so that automatic emails notifications are generated for new bid opportunities, pre-bid conferences, and bid opening events.

Public Participation in Setting Overall DBE Goal

On June 8, 2022, CATS published a notice of a proposed goal of 9.7% as their overall goal for federal fiscal years 2023-2025 in the city's largest newspaper, The Charlotte Observer. CATS also published the goal in the largest Spanish language newspaper La Noticia on June 8, and the minority owned Charlotte Post on June 8, 2022. The goal was available for inspection during normal business hours at CATS main office for 30 days following the date of notice and informing the public that CATS would accept comments on the goal for 45 days from the date of the notice

The organizations found in the table below were consulted to obtain information concerning availability of DBE's and non-DBE's businesses in establishing the goal. These organizations were chosen based upon their representation of groups which were most likely to participate on the types of projects which are anticipated in the upcoming years.

Exhibit 1

Public Notifications Advertisements

Exhibit 2

CATS Participation List