

Charlotte Area Transit System

TRIENNIAL DBE GOAL SETTING AND METHODOLOGY

FEDERAL FISCAL YEARS 2020-2022

I. GOAL RECOMMENDATION

The Charlotte Area Transit System (CATS) has adopted a 10% DBE goal for Federal Fiscal Years (FFY) 2020-2022 beginning on October 1, 2019 and ending on September 30, 2022. CATS plans to achieve this goal through 8.8% race-conscious measures and 1.2% race-neutral measures.

II. FEDERAL TRANSIT ADMINISTRATION (FTA) – ASSISTED CONTRACTING OPPORTUNITIES FOR FFY'S 2020-2022

Table 1 below lists CATS projected FTA funded contracting opportunities for FFY's 2020-2022, and the corresponding North American Industrial Classification System (NAICS) codes for those contracting opportunities.

Table 1: Expected FTA – Funded Contract Expenditures for FFY's 2020-2022

	NAICS Code	Project	Amount of FTA funds on project
1	238220	South Tryon HVAC and Heating	\$ 260,000
2	2381	North Davidson Bus Wash	\$ 320,000
3	236220	Bus Shelters	\$ 203,725
4	334	BLE Cameras	\$ 528,950
5	2362	Transit Police Dispatch Upgrade	\$ 137,655
6	334	Mobile Video Replacement	\$ 1,536,470
7	2381	ADA	\$ 320,000
8	5413	Silverline Design	\$ 1,353,317
9	541519	Server Refresh (TMP 2.4)	\$ 342,400
10	2362	Steam Bay Lifts	\$ 303,513
11	238210	MOW Backhoe	\$ 80,000
12	5415	City of Charlotte ERP Initiatives	\$ 644,570
13	541511	Mobile Application	\$ 174,441
14	541511	Private Mobile Network	\$ 535,040
15	5413	Regional Transit Plan Study UPWP Projects	\$ 1,537,000
16	5413	Transit Oriented Development Silver Line	\$ 920,000
17	561110	ADA Study-UPWP Projects	\$ 260,000
18	561110	Enhanced Mobility Project Administration	\$ 3,665,820
19	334	Technology Workstations	\$ 660,024
20	2362	Bus-Preventative Maintenance	\$ 24,000
21	2362	Rail-Preventative Maintenance	\$ 14,823,998

22	2362	STS-Preventative Maintenance	\$	7,478,134
		Total FTA Assisted Contract Funds	\$	36,109,057

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 2010-2016 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.

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

$$\text{Relative Base Figure of 6.5\%} = \frac{2351 \text{ DBE's}}{36,172 \text{ Total Businesses}}$$

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	238220	South Tryon HVAC and Heating	21	3310	0.00634
2	2381	North Davidson Bus Wash	139	2809	0.04948
3	236220	Bus Shelters	120	1129	0.10629
4	334	BLE Cameras	11	223	0.04933
5	2362	Transit Police Dispatch Upgrade	129	1209	0.10670
6	334	Mobile Video Replacement	11	223	0.04933
7	2381	ADA	129	1209	0.10670
8	5413	Silverline Design	286	3223	0.08874
9	541519	Server Refresh (TMP 2.4)	41	205	0.20000
10	2362	Steam Bay Lifts	129	1209	0.10670
11	238210	MOW Backhoe	67	2497	0.02683
12	5415	City of Charlotte ERP Initiatives	104	3654	0.02846
13	541511	Mobile Application	60	1668	0.03597
14	541511	Private Mobile Network	60	1668	0.03597
15	5413	Regional Transit Plan Study UPWP Projects	286	3223	0.08874
16	5413	Transit Oriented Development Silver Line	286	3223	0.08874
17	561110	ADA Study-UPWP Projects	37	820	0.04512
18	561110	Enhanced Mobility Project Administration	37	820	0.04512
19	334	Technology Workstations	11	223	0.04933
20	2362	Bus-Preventative Maintenance	129	1209	0.10670
21	2362	Rail-Preventative Maintenance	129	1209	0.10670
22	2362	STS-Preventative Maintenance	129	1209	0.10670
			2351	36172	0.06500

Table 3: Weighting Calculations:

	NAICS Code	Project	Weight	x	Relative availability	Weighted Base Figure
1	238220	South Tryon HVAC and Heating	0.00720	x	0.00634	0.00005
2	2381	North Davidson Bus Wash	0.00886	x	0.01615	0.00044
3	236220	Bus Shelters	0.00564	x	0.10629	0.00060
4	334	BLE Cameras	0.01465	x	0.00523	0.00072
5	2362	Transit Police Dispatch Upgrade	0.00381	x	0.10670	0.00041
6	334	Mobile Video Replacement	0.04255	x	0.00523	0.00210
7	2381	ADA	0.00886	x	0.00214	0.00095
8	5413	Silverline Design	0.03748	x	0.08874	0.00333
9	541519	Server Refresh (TMP 2.4)	0.00948	x	0.04453	0.00190
10	2362	Steam Bay Lifts	0.00841	x	0.10670	0.00090
11	238210	MOW Backhoe	0.00222	x	0.02683	0.00006
12	5415	City of Charlotte ERP Initiatives	0.01785	x	0.02846	0.00051
13	541511	Mobile Application	0.00483	x	0.03597	0.00017
14	541511	Private Mobile Network	0.01482	x	0.03597	0.00053
15	5413	Regional Transit Plan Study UPWP Projects	0.04257	x	0.08874	0.00378
16	5413	Transit Oriented Development Silver Line	0.02548	x	0.08874	0.00226
17	561110	ADA Study-UPWP Projects	0.00720	x	0.00214	0.00032
18	561110	Enhanced Mobility Project Administration	0.10152	x	0.00214	0.00458
19	334	Technology Workstations	0.01828	x	0.02683	0.00090
20	2362	Bus-Preventative Maintenance	0.00066	x	0.10670	0.00007
21	2362	Rail-Preventative Maintenance	0.41053	x	0.10670	0.04380
22	2362	STS-Preventative Maintenance	0.20710	x	0.10670	0.02210
					Total	0.09047
					Expressed as a % (*100)	9.05%
					Weighted Base Figure:	9.05%

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 2015-2018 contracting opportunities were similar to the expected contracting opportunities for FFY's 2020-2022. 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 2015-2018

Table 4 DBE Past Participation

Year	FFY 15	FFY 16	FFY17	FFY 18
DBE Achievement	7%	8.9%	11.2%	11.1%

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 15	FFY 16	FFY18	FFY 17
DBE Achievement	7%	8.9%	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.

$$8.9 + 11.1 = 20 \quad 20 / 2 = 10\%$$

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.

$$9 + 10 = 19 \quad 19 / 2 = 9.5\% \text{ rounded to } \mathbf{10\%}$$

When adjusting for past participation, the **DBE goal is now 10%**

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 2015-2018, to help determine its race neutral /race conscious breakdown.

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

Year	FFY 2015	FFY 2016	FFY2017	FFY 2018
DBE Goal (RC/RN)	17.2% (15.8/1.4)	9% (8.15/0.85)	10.5% (9.4/1.1)	10.5% (9.4/1.1)
Achievement (RC/RN)	7 (5.5/1.4)	8.9 (5.2/3.7)	11.2 (10.5/0.7)	11.1 (10.6/0.5)
Achievement-Goal	-10.2	-0.1	+0.7	+0.6

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

RN Goal plus Percent Goal Exceeded, divided by Achievement

$$1.4 + (-10.2) = -8.8 \div 7 = -1.2571$$

$$3.7 + (-0.1) = 3.6 \div 8.9 = 0.4045$$

$$0.7 + 0.7 = 1.4 \div 11.2 = 0.1250$$

$$0.5 + 0.6 = 1.1 \div 11.1 = 0.0990$$

Median of -1.2571, 0.0990, 0.125, 0.4045 equals $(0.0990 + 0.125) / 2 = 0.112$ or 11.2%

Step 2: Apply median race-neutral percentage from prior four years (11.2%) to current goal 10%

$0.112 \times 0.10 = 0.0112$ or 1.12% rounded up to **1.2%** and the race conscious percentage is **8.8%**

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. 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. As a result, one of these surveys CATS conducted found that many of the participants wanted information to address small business accounting needs. CATS then purchased accounting software licenses, installed the accounting software on computers in the City's computer training lab and hosted a series of QuickBooks for Accounting workshops.
5. 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.
6. 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 12, 2019, CATS published a notice of a proposed goal of 10.0% as their overall goal for federal fiscal years 2020-2022 in the city's largest newspaper, The Charlotte Observer. CATS also published the goal in the largest Spanish language newspaper La Noticia on June 12. 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

There were no comments received from the public during this period.

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.

- Metrolina Minority Contractors Association (MMCA)
- Charlotte Mecklenburg Black Chamber of Commerce
- Carolina's Association of General Contractors
- Latin American Chamber of Commerce of Charlotte
- United Minority Contractors

CATS hosted a DBE outreach event on July 2, 2019 in order to promote its DBE program as well as solicit feedback about its upcoming DBE program goal. (Exhibit 2)

The groups provided very good feedback in which we have incorporated into our plan to achieve. The following is the feedback that we have incorporated

- Improved communications about upcoming opportunities
- Working with small businesses and partnering agencies
- Unbundling contracts in order to allow more prime contracting opportunities
- Focus on receiving feedback from DBE's to address DBE concerns within the community.

CATS has posted its DBE Goal on its website, which can be found here.

<https://charlottenc.gov/cats/about/business/Pages/dbe-cbi-mwsbe.aspx>

Exhibit 1

Public Notifications Advertisements

Exhibit 2

CATS Participation List