

Section 26.45: Overall FY2016 DBE Goal Calculation for FREDericksburg Regional Transit

Disadvantaged Business Enterprise (DBE) Utilization Goal

FRED Transit's overall goal for use of DBEs in FY 2016 is 7.4% of the value of Federal Transit Administration (FTA)-assisted procurements, exclusive of FTA funds used to purchase transit vehicles. FRED will employ race-neutral means to achieve 100 percent of this goal.

Methodology Used to Calculate Overall Goal

SUMMARY

Fredericksburg Regional Transit (FRED) has established an overall goal for Disadvantaged Business Enterprise (DBE) participation in the agency's federally funded contracts in accordance with regulations of the United States Department of Transportation (DOT), 49 CFR Part 26. This regulation requires recipients of Federal funds to use a methodology based on demonstrable data of relevant market conditions and is designed to set a participation goal the recipient would expect DBEs to achieve in the absence of discrimination. FRED expects to spend more than the DBE goal-triggering threshold amount of \$250,000 in FY2016 in connection with the design and construction of a passenger transfer facility in Spotsylvania County and the procurement of other goods and services used in the day-to-day operation of the system.

GOAL FOR FY 2016

FRED has established an overall goal of 7.4 percent DBE participation for FY 2016 on U.S. Department of Transportation (DOT)-assisted contracts, 100 percent of which is to be achieved by race-neutral means.

METHODOLOGY

In setting its FY2016 DBE goal, FRED considered all potential contracting opportunities. Those opportunities are shown in Table 1 below. In the actual calculations, we have weighted the various contracting opportunities to reflect their relative contribution to the total value of all anticipated opportunities. As can be seen, FRED's other contracting opportunities are spread across a variety of activities, no one of which is greater in totality than \$45,000; and each contracting opportunity within these activities in all likelihood would be less than \$10,000. Also note that not all amounts budgeted for particular areas of activity represent contracting opportunities.

FRED used two principal data sources to help determine the proposed DBE goal: 1) the U.S. Census Bureau's American Fact Finder Database for statewide information about the number of establishments in various sectors (factfinder2.census.gov) ; and 2) the Virginia Department of Transportation's Searchable Disadvantage Business Enterprise Database (http://www.dmb.e.virginia.gov/cgi-bin/dbe_search.cgi) . The North American Industry Classification System (NAICS) Codes used in FRED's analysis are shown in Table 2 below.

Table 1: FRED Transit FY2013-15 Potential Contracting Opportunities

Potential FY2016 Contracting Opportunities at FRED Transit			
Small / Multiple Procurements / Purchases			
<u>Area of Activity</u>	<u>Total Amount Budgeted</u>		<u>Contracting Potential</u>
Repairs & maintenance	\$ 50,000		\$ 20,000
Maintenance service contracts	\$ 45,000		\$ 45,000
Advertising, printing, office supplies	\$ 80,000		\$ 35,000
Uniforms & apparel	\$ 15,000		\$ 15,000
Furniture, improvements, equipment	\$ 32,500		\$ 32,500
Total	\$ 222,500		\$ 147,500
Larger Capital Projects			
<u>Area of Activity</u>	<u>Total Amount Budgeted</u>		<u>Contracting Potential</u>
Spotsylvania Tranfer Point			
Site Preparation	\$ 150,000		\$ 150,000
Construction	\$ 150,000		\$ 150,000
Total	\$ 300,000		\$ 300,000

Table 2: FRED Procurement Opportunities by NAICS Code

<u>NAICS Code</u>	<u>Description</u>
23891	Site preparation
23731	Highway/roadway construction
45321	Office supplies
4441	Building materials and supplies
4421	Furniture
4413	Automotive parts and supplies

In FRED's judgment, these types of goods and services are the ones most likely to be used over the course of FY2016 and for which contracting opportunities will arise.

Local Market Area

The Local Market Area is the area where the substantial majority of the contractors and subcontractors are located and the area in which FRED spends the substantial majority of its contracting dollars. The Local Market Area is used to identify the pool of all potential vendors and the pool of DBE-certified vendors for the goods and services FRED is expected to procure.

For purposes of determining the DBE participation goal, FRED considers the entire Commonwealth of Virginia to be the Local Market Area. Based on the history of FRED procurements, FRED believes that this market area accurately reflects the region within which the vast majority of its contracting dollars are spent and within which the vast majority of its contractors and subcontractors reside and do business.

Total Number of Enterprises and DBE-Certified Companies in Virginia

The total number of all enterprises located in FRED's Local Market Area that would be available for USDOT-assisted procurements was extracted from the NAICS database hosted by the U.S. Census Bureau.

To estimate the number of ready, willing and able DBE firms available to work in the NAICS code sectors cited above, we analyzed the Commonwealth of Virginia's DBE vendor database. VDOT's DBE database includes not only companies that reside in the Commonwealth, but also companies that are located out of state.

We believe use of these databases yields a reasonable estimate of the total number of enterprises and total number of ready, willing and able DBE firms performing work in the relevant NAICS code categories.

This information is summarized in Table 3 shown below.

Table 3: Number of Virginia Enterprises and DBEs by NAICS Code

NAICS Code	NAICS Description	Number of VA Enterprises	Number of VDOT Certified DBEs
23891	Site preparation	739	50
23731	Highway/roadway construction	341	52
45321	Advertising, printing, office supplies	249	12
4441	Building materials & supplies	1,551	18
4421	Furniture	786	1
4413	Automotive parts & supplies	1,488	1
4481	Clothing	2,369	2

Determining FRED's DBE Contracting Goal

FTA guidance material for setting DBE goals suggests the use of weighting factors to reflect the relative value of contracting opportunities in different areas of activity. For FRED Transit in FY2016, there are seven main areas of activity. Most of FRED's activity during FY2016 will be in site preparation and construction of the Spotsylvania transfer station, which combined account for approximately 67 percent of all anticipated procurement opportunities. The remaining opportunities are distributed among activities

relating to the day-to-day operations of FRED's system. For purposes of calculating FRED's DBE goal, then, we propose to give 33.5 percent weight to site preparation services, 33.5 percent weight to construction services, 10.1 percent to service contracts, 7.8 percent for advertising, printing and office supplies, 7.3 percent for furniture, equipment and improvements, 4.5 percent for repairs and maintenance, and 3.4 percent for apparel.

The guidance suggests the following formula for determining the base figure percentage of ready, willing and able DBE firms for DOT-assisted projects:

Numerator: Ready, Willing and Able DBE Firms (by category & weighting) divided by

Denominator: All Ready, Willing and Able Firms (by same numerator categories)

Using this formula and the weighting factors and values noted above, the calculation of FRED's DBE goal for FY2016 becomes:

$$\begin{aligned} \text{DBE Goal} &= (0.335 \times 50/739) = 0.023 \\ &\quad \text{(site preparation factor)} \\ &\text{plus} \\ &\quad (0.335 \times 52/341) = 0.051 \\ &\quad \text{(roadway construction factor)} \\ &\text{plus} \\ &\quad (0.101 \times 1/1488) = 0.001 \\ &\quad \text{(service contracts factor)} \\ &\text{plus} \\ &\quad (0.078 \times 1/249) = 0.003 \\ &\quad \text{(advertising, printing and office supplies factor)} \\ &\text{plus} \\ &\quad (.073 \times 1/786) = 0.001 \\ &\quad \text{(furniture, equipment and improvements factor)} \\ &\text{plus} \\ &\quad (0.045 \times 1/1488) = 0.000 \\ &\quad \text{(repairs and maintenance factor)} \\ &\text{plus} \\ &\quad (0.034 \times 2/2369) = 0.000 \\ &\quad \text{(apparel factor)} \end{aligned}$$

Adding these factors yields a proposed DBE goal of 7.4 percent for FRED Transit for FY2016.

FRED expects that its Spotsylvania transfer facility will be completed in FY2016. Consequently, we have set a goal only for FY2016. Based on our estimate of contracting opportunities for all other activities, we do not believe that FRED will exceed the threshold of \$250,000 in contracting opportunities in FY2017 and FY2018. We will review the estimated values of our contracting opportunities each of those years and will propose goals as required by regulation.

FRED proposes this value as both the base figure and the final figure. The lack of reliable information on

the extent to which FRED met or did not meet past DBE goals means that we have no valid basis on which to make any adjustments to the base figure. As FRED improves its DBE recordkeeping and reporting, we will review whether the calculated base figure merits adjustment.

Race-Neutral vs Race-Conscious Goal

Section 26.51 requires that agencies “must meet the maximum feasible portion of [their] overall goal by using race-neutral means...” The race-neutral means that FRED will use are enumerated in its DBE Program. FRED expects to meet 100 percent of its DBE goal of 7.4 percent for FY2016 by race-neutral means and therefore is not proposing to use race-conscious means. FRED will review DBE participation in its procurements over the course of the year to determine whether the race-neutral means are achieving the desired goal.. If not, FRED may reconsider the use of race-conscious means as necessary.

PROCESS

FRED posted a notice of the proposed overall DBE goal, informing the public that the proposed goal and its rationale are available for public inspection during normal business hours at FRED offices for public inspection for a period of 30 days and public comment for 45 days from the date the notice. On July 15, 2015, and FRED published its overall goal with the area’s leading newspaper, The Free Lance-Star. The goal was also posted on July 12, 2015, on FRED’s and the City of Fredericksburg’s websites and in employee areas at headquarters. See Appendices A and B. Fredericksburg City Council considered FRED’s proposed DBE goal at its August 11, 2015, meeting, giving citizens an additional opportunity to comment.

FRED received no comments on its proposed DBE goal; consequently, FRED will adopt the goal as proposed and incorporate it into all DOT-assisted contracting opportunities during FY2016.

FRED did not hold any direct, face-to-face meetings with stakeholders (e.g., contractors, service providers, minority-owned businesses) as part of the process for setting an overall DBE goal for FY2016. Prior to beginning the process for FRED’s main procurement opportunity – the planning for and construction of a transit transfer facility – FRED will invite contractors who have done work for FRED and the City in the past, contractors who have submitted bids in the past, the local Chamber of Commerce, the area’s small and minority business support network (organized by the University of Mary Washington), area companies with DBE certification, and other stakeholders to a meeting at which upcoming procurement opportunities will be described, the DBE goal will be explained and the DBE certification process will be reviewed. Based on the projected schedule for the transfer facility, FRED anticipates organizing this meeting in January 2016.

APPENDIX A
Screen Capture of Notice of Proposed DBE Goal
and Request for Comments, July 12, 2015

Fredericksburg Regional Transit "History In Motion"

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SEPTEMBER 1, 2015

Labor Day
FRED Transit is CLOSED Monday September 7th, 2015 in observance of Labor Day
[Read more...](#)
Greyhound office will be open from 7:00am - NOON (12:00pm).
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News Archive

Date: June 12, 2015 FRED Proposes Disadvantaged Business Utilization Goal for of 7.4 Percent for FY2016
Pursuant to Federal regulation (49 CFR Part 26), FRED has analyzed its contracting opportunities for FY2016 and the availability of DBE certified companies to perform a variety of construction services and provide a variety of other goods and services in the Fredericksburg market area and proposes a DBE participation goal of 7.4 percent. Read more... [View Schedule...](#)

Date: January, 2015- F4 Fall Hill Ave and E1 Schedule Change
Effective: 1/26/2015 F4 Fall Hill Ave. has returned to the original schedule due to construction completion. E1 (Eagle Express) will be updated as well. More information on E1 coming soon. [View Schedule...](#)

Date: February 10th, 2014 - CONSTRUCTION COMPLETE
Due to the Fall Hill Ave. closure the following route changes are taking effect. F4 route change as of February 10th, 2014. Eagle Express E1 route change effective February 13th, 2014.. [read more](#)

Date: April 14, 2014
FREDericksburg Regional Transit plans to change the departure times.
[Read More...](#)

Date: April 14, 2014
FREDericksburg Regional Transit plans to change the departure

APPENDIX B

Request for Comments on Proposed DBE Goal
Published in the Free Lance-Star, July 15, 2015

The Free Lance-Star

The Free Lance-Star
616 Amelia Street
Fredericksburg, VA 22401-3887
540/374-5000



**FREdericksburg Regional Transit
Proposed FY2016 Goal for Participation
by Disadvantaged Business Enterprises
in Federally Assisted Procurements**

The purpose of this notice is to propose a Disadvantaged Business Enterprise (DBE) participation goal for FREdericksburg Regional Transit (FRED) for FY2016 and to seek public comment on same. FRED's proposed goal for FY2016 is 7.4 percent.

FRED, a Department of the City of Fredericksburg, operates public transit service in the City of Fredericksburg and the counties of Spotsylvania, Stafford and Caroline. As a recipient of Federal financial assistance from the Federal Transit Administration (FTA), FRED has established a Disadvantaged Business Enterprise program in accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26.

It is the policy of FRED to ensure that DBEs as defined in Part 26 have an equal opportunity to receive and participate in FTA-assisted contracts. It is also FRED policy:

1. To ensure nondiscrimination in the award and administration of DOT-assisted contracts;
2. To create a level playing field on which DBEs can compete fairly for DOT-assisted contracts;
3. To ensure that the DBE Program is narrowly tailored in accordance with applicable law;
4. To ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs;
5. To help remove barriers to the participation of DBEs in DOT-assisted contracts;
6. To assist the development of firms that can compete successfully in the market place outside the DBE Program; and
7. To facilitate competition by small business concerns in DOT-assisted contracts, taking all reasonable steps to eliminate obstacles to their participation.

For each year in which FRED expects to have \$250,000 or more in procurement opportunities, FRED is required to develop and set an overall goal for DBE participation in those procurements. Following FTA guidelines for developing such a goal, FRED proposes an overall DBE participation goal of 7.4 percent for FY2016.

The public is invited to review and comment on the methodology used to develop the goal and on the goal itself. That methodology is available on the FRED website, www.ridetofred.com, as is FRED's complete DBE program (note that the DBE program remains in effect even when an annual goal is not required to be set). Printed copies are available during business hours at FRED Central, 1400 Jefferson Davis Highway, Fredericksburg, VA 22401.

Comments should be directed to Ms. Wendy Kimball, Director of Public Transit at the above address or at wkimball@fredericksburgva.gov.

Comments will be accepted until July 15, 2015.

Fredericksburg Regional Transit 1400 Jefferson Davis Highway Fredericksburg VA 22401 Phone: 540/372-1222	7600	Account: 7600 Ad Number: 0008365000 Size: 0.00 X 0.00 Sales Rep: WPS William P. Smith Words: 406 Lines: 118	Color:	Number of Days: 1
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Ad Makeup Notes:

10/10jc-per Marilyn, run 1x, ASAP, use City seal 10/10jc-ACCOUNTING NOTE: send Affidavit of Publication to FREdericksburg Regional Transit, Attn. Marilyn Graves, 1400 Jefferson Davis Hwy., Fredericksburg, VA 22401 1010jc-emailed Marilyn proof Ad Image: