



PACE SUBURBAN BUS DIVISION OF THE RTA (PACE)  
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM  
Goal Setting Methodology and Calculations

Federal Fiscal Years (FFY) 2019, 2020, 2021  
(October 1, 2018 through September 30, 2021)  
Submittal Date August 1, 2018

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## GOAL OVERVIEW

Pursuant to the U.S. Department of Transportation (USDOT) rules and regulations provided in 49 CFR Part 26 (DBE Regulations), Pace proposes an overall DBE goal that is applicable to Pace's DOT-assisted contracting opportunities (excluding the purchase of transit vehicles) for FFY 2019 through 2021. For those federal fiscal years, Pace projects to spend a total of \$57,594,000.00 of FTA funds (see Table 1 for the breakdown of anticipated FTA funds by work category). The proposed overall goal for DBE participation is 12% or \$6,911,280.00 of the projected FTA funds that will be subject to DBE participation requirements as demonstrated by the calculation shown below.

**12% (Projected DBE goal) x \$57,594,000.00 (Total Pace federally-funded capital budget excluding transit vehicle purchases) = \$6,911,280.00.**

## USDOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2019-2021

As the year 2020 draws closer, Pace continuously shows progress toward the long-range plan, Vision 2020. Priorities from the plan developed largely from feedback from our customers. In turn, Pace pays great attention to its customer's satisfaction with projects implemented from the plan.

Building upon the strengths identified in a Customer Satisfaction Survey as well as the wants of our customers, the agency is forging ahead with initiatives to improve speed, reliability, and passenger comfort.

Capital projects included among the FFY 2019-2021 work categories are:

- Farebox System
- Harvey Transportation Center
- Improve Passenger Facilities
- North Shore Division Improvements
- River Division Improvements
- Riverdale Bus Turnaround
- Security Systems
- Underground Storage Tank Upgrades

**Table 1**

<b>Work Category</b>	<b>Estimated Dollar Value</b>	<b>Percent of Federal Funding by Work Category</b>
Construction	\$30,628,000.00	53.2%
Professional Services	\$3,472,000.00	6%
Supplies	\$8,294,000.00	14.4%
Equipment	\$15,200,000.00	26.4%
<b>Total</b>	<b>\$57,594,000.00</b>	<b>100%</b>

**GOAL METHODOLOGY**

Pursuant to Section 26.45(b), the overall goal must be based upon demonstrable evidence of relative availability of DBEs in Pace’s geographic and product markets. Accordingly, Pace proposes an overall goal for DBE participation that is consistent with Pace’s historical spending patterns and with the amount of DBE participation Pace expects to achieve in its local market. The following sections, and the accompanying tables, explain the process that was followed to calculate the 12% proposed overall DBE goal for FFY 2019-2021.

In 2015, Pace conducted a disparity study analyzing Pace’s federally-funded capital spending for FFY 2008 to 2014. Pace has partially used the disparity study, anticipated FFY 2019-2021 spending and the current spending data to determine its overall goal for FFY 2019-2021. This is primarily due to the increase in Pace capital improvement projects since the time covered in the disparity study. Pace vendor pool has remained the same; Cook County, DuPage County, Kane County, McHenry County, Lake County, Kendall County, DeKalb County and Will County. Therefore, Pace has determined these counties to be its local market.

**STEP ONE: BASE FIGURE CALCULATION**

Section 26.45 requires the measurement of ready, willing and able businesses in Pace’s local market, using the best available evidence to derive a fair and accurate base figure that represents the percentage of DBEs. One of the methods recommended in the DBE Regulations for determining the base figure involves accessing information from DBE Directories and Census Bureau Data (§26.45(c)(1)). The following describes the base figure calculation based on these sources.

Pace determined the number of ready, willing and able DBEs in our local market by identifying the DBE businesses in the Illinois Unified Certification Program (ILUCP) DBE Directory including their North American Industrial Classification Codes (NAICS) representing the work most likely required on Pace projects for FFY 2019-2021. Pace identified the relevant NAICS codes to apply to the FFY 2019-2021 capital projects by reviewing the types of Pace projects identified in Pace current federally-funded capital budget. Utilizing the Census Bureau’s County Business Pattern (CBP), Pace identified available DBE and non-DBE firms in its local market with those same NAICS codes. This allowed Pace to determine available firms that could serve as potential vendors. The number representing all DBEs and the number representing all firms were then used to determine the percentage of ready, willing and able DBE firms to all firm’s ratio for each NAICS code (Table 2).

**Table 2**

NAICS	Work Category	# of DBE Firms certified in NAICS Code	# of overall Firms Local Market NAICS Code	DBE Firms/All Firms Ratio based on NAICS Code	Budget Amount	Weighted % = (/Total Contracts Value)	Weighted % Goal (# x # x 100)
423120	Engine/Transmission Retrofits	8	367	0.0218	\$5,294,000	0.0919	0.0020
423430	Computer Sys/HW & Software	8	290	0.0276	\$3,000,000	0.0521	0.0014
423110	Non-Revenue Vehicles	1	80	0.0125	\$3,700,000	0.0642	0.0008
339999	Farebox System	1	111	0.0090	\$10,000,000	0.1736	0.0016
423420	Office Equipment	8	267	0.0300	\$1,500,000	0.0260	0.0008
541330	Engineering	199	1433	0.1389	\$3,372,000	0.0585	0.0081
238210	Electrical	89	1951	0.0456	\$23,328,000	0.4050	0.0185
237310	Concrete	275	245	1.1224	\$6,000,000	0.1042	0.1169
237120	Underground Storage	4	13	0.3077	\$1,300,000	0.0226	0.0069
541380	Environmental Testing Service	36	186	0.1935	\$100,000	0.0017	0.0003
					<b>Total Contracts Value</b>	<b>Total Budget Subcontract %</b>	<b>Weighted DBE Goal</b>
					<b>\$57,594,000</b>	<b>100%</b>	<b>16%</b>

The percentages were then applied to the total projects FTA funds for FFY 2019-2021 (\$57,594,000.00) to determine the estimated dollar amount budgeted for each NAICS code category. As recommended in the DOT's "Tips for Goal-Setting" Pace weighted the percentages by dividing the Budget amount for each NAICS category by the total projected FTA derived from the DBE firms to all firm's ratio and multiplied by 100 for each NAICS code category. The resulting value for each NAICS code category was totaled to determine the overall base figure for Pace's 3-year DBE utilization of 16%. The base figure calculation weighs the availability for the total pool of contractors in our local market. This concludes the Step One calculation for the 2019-2021 overall goal.

## STEP TWO: ADJUSTING THE BASE FIGURE

Past participation is the most reliable factor Pace can use in the Step Two adjustment. The similarity of Pace's federally-funded capital spending in FFY 2015-2017 and forecasted federally funded capital spending in FFY 2019-2021 accurately reflects the DBE participation Pace can expect to attain in FFY 2019-2021.

Once the base figure of 16% was calculated, Pace determined it was slightly inconsistent with historical data and the realities of the market in our local area. As a result, Pace adjusted the base figure pursuant to Section 26.45(d)(1)(i) of the DBE Regulations, which provides that the base figure can be adjusted using the current capacity of DBEs to perform work on the recipient's DOT-assisted program by measuring the volume of work performed by DBEs in recent years. Pace utilized its DBE goal and actual attainment percentages filed with the FTA between FFY 2015-2017 to calculate the figures in each category (overall DBE goal and DBE attainment) to determine a median rate of DBE participation for those federal fiscal years (see Table 3). This information was taken into consideration because it is a likely indicator of participation on future projects, since the types of goods and services contract by Pace remain consistent over time. According to the calculations, Pace attained an average DBE participation rate of 8.23% and a median rate of 7.12% for FFY 2015-2017 (See "DBE Attainment" column in Table 3).

**Table 3**

<b>Fiscal Year</b>	<b>DBE Goal</b>	<b>DBE Attainment</b>	<b>Race-conscious</b>	<b>Race-neutral</b>
2015	<b>11.46%</b>	<b>1.80%</b>	<b>1.80%</b>	<b>0%</b>
2016	<b>11.46%</b>	<b>7.12%</b>	<b>5.70%</b>	<b>1.42%</b>
2017	<b>11.46%</b>	<b>15.77%</b>	<b>7.39%</b>	<b>8.38%</b>
Total	<b>34.38%</b>	<b>24.69%</b>	<b>14.89%</b>	<b>9.8</b>
Mean	<b>11.46%</b>	<b>8.23%</b>	<b>4.96%</b>	<b>3.26%</b>
Median	<b>11.46%</b>	<b>7.12%</b>	<b>5.70%</b>	<b>1.42%</b>

**FINAL STEP: CALCULATING THE OVERALL GOAL**

To determine the overall goal, the weighted base figure of 16% (see Step One) was added to the adjusted figure determined by the median of the last 3 federal fiscal years or 7.12% (see Step Two), and divided by 2 (see below). The result is Pace DBE goal for FFY 2019-2021 of 12%.

$$16 + 7.12 = 23.12$$

$$23.12/2 = 11.56 \text{ (Rounded to 12\%)}$$

**ANNUAL OVERALL DBE PERCENTAGE GOAL = 12% OF TOTAL ESTIMATED FEDERALLY-FUNDED CAPITAL BUDGET**

**OR**

**12% OF \$57,594,000 = \$6,911,280.00 = PACE'S FFY 2019-2021 OVERALL DBE GOAL**

**UTILIZATION OF RACE-NEUTRAL (RN) AND RACE-CONSCIOUS (RC) METHODS**

The goal of Pace's DBE Program is to be primarily a race-neutral initiative that incorporates race-conscious elements, as needed. DOT's DBE Regulations (49 CFR 26.51) require Pace to meet the maximum feasible portion of the overall goal by using race-neutral means of facilitating DBE participation. The race-neutral measure or program is one that can be used to assist all businesses. For purposes of this submittal, the definition of Race-Neutral includes gender.

**Formula for Calculating Race-Neutral and Race-Conscious Percentages**

- Step 1# Determine the FFY 2015-2017 average of DBE procurements achieved without contract goals. This is the RN mean.
- Step #2 Determine the FFY 2015-2017 average of DBE utilization achieved utilizing DBE contract goals. This is the RC mean.
- Step #3 RN mean in FFY 2015-2017 = 3.26% (see Table 3)  
RC mean in FFY 2015-2017 = 4.96% (see Table 3)
- Step #4 Of the overall goal of 12% DBE participation for fiscal years, 2019 through 2021 as computed from Steps One and Two, Pace seeks to achieve 3% by Race-Neutral means and the difference of 9% by Race-Conscious means. This is the percentage Pace can confirm based on the FFY 2015-2017 achievements.

As directed by 49 CFR Part 26.51, Pace is proposing to meet a greater portion of our DBE overall goal by using race-neutral means. Currently, Pace's RC/RN goal is 11.31%/0.15%. However, as result of our increased outreach efforts to various small disadvantaged business events, as a means of facilitating race-neutral DBE participation, Pace believes increasing the RN goal to 3% is reasonable and attainable. Pace achieves the greater portion of its DBE participation on construction related projects. During the 2019-2021 triennial, Pace anticipates the construction of various projects, in which the majority of our RC participation is attained

## **PUBLIC PARTICIPATION IN SETTING OVERALL TRIENNIAL DBE GOALS**

In conformance with the “Public Participation Regulatory Requirements” of the 49 CFR Part 26.45, Pace held a public comment period for the proposed FFY 2019-2021 DBE goal of 12%. The public comment period began on May 15, 2018 and ended June 26, 2018.

### **Consultation Outreach to Minority and Women’s Group (May 14, 2018)**

Pace notified minority and women business groups, community organizations, trade associations and other officials/organizations that may have information concerning the availability of disadvantaged business and comments on the DBE overall goal and goal methodology to attend a DBE Goal Consultation Meeting on Monday, May 14, 2018, 3:00 p.m. – 4:30 p.m. at Pace Headquarters 550 West Algonquin Road, Arlington Heights, Illinois 60005. No one attended the meeting. However, one organization, Black Contractors United, called the office indicating the 12% DBE goal seems to be reasonable.

1. Chicago Urban League
2. Hispanic American Construction Industry Association
3. Illinois Hispanic Chamber of Commerce
4. Latin American Chamber of Commerce
5. Chatham Business Association
6. Black Contractors United
7. Chicago Minority Business Development Council, Inc.
8. Women’s Business Development Center
9. Women Construction Owners & Executives

### **Advertisements on Pace’s Website**

Pace advertised its FFY 2019-2021 DBE Legal Notice on its website at **Pacebus.com**.

### **DBE Outreach Participation FFY 2016-2018**

1. IHCC Business Conference
2. Transportation Symposium
3. SBA Conference
4. City of Chicago Vendor Fair
5. Native American Business Expo
6. Minority Contracting Opportunity Fair
7. McCormick Place Supplier Diversity Conference
8. Aviation Contractor Open House
9. Construction Summit
10. HACIA Professional Services Panel and Networking Event
11. Annual African American Contractors Day
12. Annual WBDC Entrepreneurial Woman’s Conference (EWC)-
13. Business Leadership Council
14. Construction Industry Conference
15. National Organization of Minority Engineers (NOME) Leadership Summit
16. Chicago Small Business Expo
17. Women in Transportation Networking Program
18. Federation of Women Contractors Luncheon
19. Government Contractors Business Forum

Pace will continue to expand its outreach efforts to inform DBEs about opportunities to ensure and achieve its overall DBE goals.

#### CONCLUSION

Pace developed an overall DBE goal of 12% (3% Race-Neutral, 9% Race-Conscious) for FFY 2019-2021 pursuant to 49 CFR 26.45 and respectfully submits this to the Federal Transit Administration for consideration.

## Notice of DBE Goal Consultation

### Pace Disadvantaged Business Enterprise (DBE) Three-Year Overall Goal & Goal Methodology for Federal Fiscal Years 2019 – 2021.

This announcement will serve as notice of the Pace Suburban Bus Division Regional Transportation Authority's (Pace) Disadvantaged Business Enterprise (DBE) Overall Goal of 12% for Federal Transit Administration (FTA) – funded contracts. The overall goal is for a three-year period from October 1, 2018 (Federal Fiscal Year 2019) through September 30, 2021 (Federal Fiscal Year 2021). Pace will achieve 3% of its overall goal utilizing race-neutral measures, and 9% of its overall goal utilizing race-conscious measures. The overall goal is expressed as a percentage of FTA funds that Pace projects to expend for the triennial goal period. The goal methodology used is in accordance with the U.S. Department of Transportation (DOT) DBE Program Final Rule, 49 Code of Federal Regulation, Part 26. The triennial goal is established to achieve a "level playing field" for DBE's to participate in transit services FTA-assisted contracting opportunities.

A DBE consultation meeting will be held with stakeholders, which include minority and women business groups, community organizations, trade associations and other officials or organizations that may have information concerning the availability of disadvantaged business and comments on the DBE overall goal and goal methodology **Monday, May 14, 2018** 3:00 p.m. – 4:30 p.m. Pace Headquarters 550 West Algonquin Road, Arlington Heights, Illinois 60005. Point of contact: Donald N. Mayes, Jr., DBE Liaison Officer, (847) 228-4257, [Donald.Mayes@Pacebus.com](mailto:Donald.Mayes@Pacebus.com)

## PUBLIC NOTICE DBE GOAL ANNOUNCEMENT

This notice is to inform interested parties that a Disadvantaged Business Enterprise (DBE) Participation Goal of 12% has been set for Federal Fiscal Years 2019, 2020, and 2021 for projects funded in part by Federal funds, with 3% expected to be achieved via race/gender neutral attainment and 9% expected to be achieved via race/gender conscious attainment. The proposed Disadvantaged Business Enterprise (DBE) goal and methodology has been developed by Pace Suburban Bus Division Regional Transportation Authority in accordance with the requirements set forth in 49 CFR Part 26.

If you wish to comment on the proposed goal and its rationale, both may be inspected during normal business hours at the address below for 30 business days (excludes Saturday, Sunday and holidays) from the date of this notice.

**ATTN:** Pace Headquarters 550 West Algonquin Road, Arlington Heights, Illinois 60005. Point of contact: Donald N. Mayes, Jr., DBE Liaison Officer (847) 228-4257, [Donald.Mayes@Pacebus.com](mailto:Donald.Mayes@Pacebus.com)