



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

Federal Fiscal Years (FFY) 2025, 2026, 2027
(October 1, 2024 through September 30, 2027)
Draft Date July 2, 2024

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 2025 through 2027. For those federal fiscal years, Pace projects to spend a total of \$213,977,965 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 \$25,677,356 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 \$213,977,965 (Total Pace federally funded capital budget excluding transit vehicle purchases) = \$25,677,356.

USDOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2025–2027

As the year 2025 draws closer, Pace continuously shows progress towards its Strategic Vision Plan: Driving Innovation, which Pace adopted in 2021. Priorities from the plan are developed largely from feedback from our customers. As part of Pace's Driving Innovations, Pace committed to converting its entire bus fleet to zero-emission vehicles by 2040 as part of Pace's Project Zero. Pace's North Division facility located in Waukegan, Illinois, is scheduled to be the first of Pace's facilities to become a zero-emission-only facility.

Another initiative from Driving Innovation is Pace's arterial rapid transit service called Pulse. Pulse is a rapid transit network, providing fast, frequent, and reliable bus service using the latest technology and improving connections to other transit services. Two Pulse lines are included in the FFY 2025-2027 federal capital plan, Pulse 95th Street Line and Pulse Halsted Line.

Building upon the strengths identified in Driving Innovations Plan, Pace continues to expand opportunities for the coordination and innovation of public transit in Northeastern Illinois.

Capital projects included among the FFY 2025–2027 work categories are:

- Pulse 95th Street Line (Design Services and Construction)
- Pulse Halsted Line (Design Services and Construction)
- Southwest Division Electrification/Expansion Progressive Design Build
- North Division Phase 2 Electrification/Expansion Progressive Design Build

Table 1 – Expected Projects by Work Category

Work Category	Estimated Dollar Value	Percent of Federal Funding by Work Category
Construction	\$ 194,617,497	90.95%
Professional Services	18,209,268	8.51%
Equipment	1,151,200	.54%
Total	\$ 213,977,965	100%

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 2025-2027.

Pace has used the anticipated FFY 2025-2027 spending and the current spending data to determine its overall goal for FFY 2025-2027. Pace vendor pool has remained the same: Cook County, DuPage County, Kane County, McHenry County, Lake County, and Will County. Therefore, Pace has determined these counties to be its local market.

STEP ONE: BASE FIGURE CALCULATION

Section 26.45(c) 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, Section 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 (IL UCP) DBE Directory including their North American Industrial Classification Codes (NAICS) representing the work most likely required on Pace projects for FFY 2025-2027. Pace identified the relevant NAICS codes to apply to the FFY 2025-2027 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.

The percentages were then applied to the total projects FTA funds for FFY 2025-2027 (\$213,977,965) 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 funds. The weighted percentage Goal was multiplied by the DBE firms to all firm's ratio, and then 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 three-year DBE utilization of 12%. 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 FFY 2025-2027 overall goal. See Table 2 on page 4.

Table 2 – Base Figure Calculation

NAICS	Project	# 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 of FTA Funds on Project	Weighted = (Budget Amount/ Total Contract Value)	Weighted % Goal
236220	Commercial & Institutional Building Construction	134	913	.1468	\$ 28,047,002	.1311	.0192
237110	Underground Utilities	34	187	.1818	498,737	.0023	.0004
237120	Storage Tank	2	8	.2500	56,378	.0003	.0001
237310	Pavement Marking	37	192	.1927	514,686	.0024	.0005
238110	Concrete	122	413	.2954	12,478,358	.0583	.0172
238120	Structural Steel/Precast	24	89	.2697	4,401,770	.0206	.0055
238130	Carpentry	49	237	.2068	692,232	.0032	.0007
238140	Masonry	29	651	.0445	783,791	.0037	.0002
238150	Glass & Glazing	10	179	.0559	1,457,806	.0068	.0004
238160	Roofing	21	697	.0301	5,182,917	.0242	.0007
238210/561621	Electrical	92	2,038	.0451	80,122,344	.3744	.0169
238220/423720	Plumbing/HVAC/Fire Protection	63	2,914	.0216	34,443,119	.1610	.0035
238290	Doors/Elevators	16	245	.0653	991,684	.0046	.0003
238310/238320/238330/238340	Flooring/Painting/ Finishes	179	2,319	.0772	2,287,512	.0107	.0008
238390	Other Building Finishes	21	277	.0758	64,146	.0003	.0000
238910	Site Work	78	447	.1745	9,649,789	.0451	.0079
238990	Other Specialty Trades	51	1,019	.0500	1,415,428	.0066	.0003
331210	Steel Fabrications	11	11	1.000	7,079,005	.0331	.0331
423210	Furniture	13	162	.0802	128,505	.0006	.0000
423420/423610/423830/423840/423990	Equipment	84	2,466	.0341	1,022,695	.0048	.0002
541310/541330	Architect/Engineering	240	2,114	.1135	17,766,677	.0830	.0094
541370	Surveyor	46	116	.3966	173,139	.0008	.0003
541620	Environmental Consulting	57	193	.2953	108,294	.0005	.0001
541820	Public Outreach	65	314	.2070	54,490	.0003	.0001
541990	Appraisals	20	1,020	.0196	106,669	.0005	.0000
561730	Landscaping	75	3,432	.0219	963,501	.0045	.0001
561990	Support Services	34	334	.1018	3,180,864	.0149	.0015
562910	Remediation	31	108	.2870	306,427	.0014	.0004
					Total Contracts Value	Total Budget Subcontract %	Weighted DBE Goal
					\$ 213,977,965	100%	11.98%

Weighted DBE Goal is 12%.

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 projects in FFY 2022-2024 and forecasted federally funded capital projects in FFY 2025-2027 accurately reflects the DBE participation Pace can expect to attain in FFY 2025-2027.

Once the base figure of 12% 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 2021-2023 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 in 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 11.06% and a median rate of 11.49% for FFY 2021-2023 (See “DBE Attainment” column in Table 3 below).

Table 3 – DBE Attainment

Fiscal Year	DBE Goal	DBE Attainment	Race-conscious	Race-neutral
2021	12.00%	13.32%	7.01%	6.31%
2022	9.00%	8.38%	6.05%	2.30%
2023	9.00%	11.49%	3.60%	7.90%
Total		33.19%	16.66%	16.51%
Mean		11.06%	5.55%	5.50%
Median		11.49%	6.05%	6.31%

FINAL STEP: CALCULATING THE OVERALL GOAL

To determine the overall goal, the weighted base figure of 12% (see Step One) was added to the median DBE attainment of the last three federal fiscal years or 11.49% (see Step Two), and divided by 2, see below. The result is Pace DBE goal for FFY 2025-2027 of 12%.

$$12\% + 11.49\% = 23.49\%$$

$$23.49\%/2 = 11.75\% \text{ (Rounded to 12\%)}$$

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

OR

12% OF \$213,977,965 = \$25,677,356 = PACE's FFY 2025-2027 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 2021-2023 average of DBE procurements achieved without contract goals. This is the RN mean.
- Step 2: Determine the FFY 2021-2023 average of DBE utilization achieved utilizing DBE contract goals. This is the RC mean.
- Step 3: RN median in FFY 2021-2023 = 6.31% (see Table 3)
RC median in FFY 2021-2023 = 6.05% (see Table 3)
- Step 4: Of the overall goal of 12% DBE participation for federal fiscal years, 2021 through 2023 as computed from Steps One and Two, and the anticipation of large construction projects for FFY 2025-2027, which will increase subcontracting opportunities available on these projects, Pace seeks to adjust from 6.31% Race-Neutral means to 4% by Race-Neutral means and the difference of 8% by Race-Conscious means. This is the percentage Pace can confirm based on the FFY 2021-2023 achievements and the Anticipated Projects noted in Table 2, page 4.

As directed by 49 CFR Part 26.51, Pace is proposing to meet our DBE overall goal by using 4% race-neutral and 8% race-conscious means. Unlike in FFY 2021-2023, Pace anticipates large construction projects for FFY 2025-2027, which will increase subcontracting opportunities available on these projects, which most of our race-conscious participation will be attained. As a

result, we made the decision to slightly adjust how Pace proposes to meet the overall goal to 4% race-neutral and 8% race-conscious.

Despite this change, we will continue our outreach efforts to various small, disadvantaged business events, as a means of facilitating race-neutral DBE participation.