



**CHICAGO TRANSIT AUTHORITY (CTA)
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM
Goal Setting Methodology and Calculations**

**Federal Fiscal Years (FFY) 2016, 2017 & 2018
(October 1, 2015 through September 30, 2018)
Submission Date August 1, 2015**

GOAL OVERVIEW

Pursuant to the U.S. Department of Transportation (DOT) rules and regulations provided in 49 CFR Part 26 (DBE Regulations), the CTA proposes an overall DBE goal that is applicable to the CTA's DOT-assisted contracting opportunities (excluding the purchase of transit vehicles) for FFY 2016 through 2018. For those federal fiscal years, the CTA projects to spend a total of \$200,146,982 of FTA funds (see Table 1 for the breakdown of anticipated FTA funds by work category). The proposed overall goal for DBE participation is 26% or \$52,038,215 of the projected FTA funds that will be subject to DBE participation requirements as demonstrated by the calculation show below.

26% (Projected DBE goal) x \$200,146,982 (Total CTA federally-funded capital budget excluding transit vehicle purchases) = \$52,038,215.

USDOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2016-2018

The CTA has adopted a comprehensive transit improvement plan that will provide faster, more comfortable and more reliable transportation services for our customers throughout the service area. This plan supports the CTA's overall mission to deliver quality, affordable transit services that link people, jobs and communities.

Capital projects included among the FFY 2016-2018 work categories:

- Upgrades to the historic Quincy Station serving the Brown, Orange, Pink and Purple Lines
- Improvements to the subway ventilation system
- Repairs to the North Main Line Sheridan Station and Harlem Bus Bridge
- Washer replacements at the Harlem Rail Shops and 77th Street Bus Garage
- Building extension and track work at the Midway Shops Truing Building
- Midlife overhaul for the 60-foot New Flyer hybrid buses

Table 1

Work Category	Estimated Dollar Value	Percent of Federal Funding by Work Category
Construction	\$55,400,902	27.7%
Professional Services	97,308,554	48.6%
Supplies	47,437,526	23.7%
Total	\$200,146,982	100.0%

GOAL METHODOLOGY

Pursuant to Section 26.45(b), the overall goal must be based upon demonstrable evidence of relative availability of DBEs in the CTA's geographic and product markets. Accordingly, the CTA proposes an overall goal for DBE participation that is consistent with the CTA's historical spending patterns and with the amount of DBE participation the CTA expects to achieve in its local market. The following sections, and the accompanying tables, explain the process that was followed to calculate the 26% proposed overall DBE goal for FFY 2016-2018.

In 2012, the CTA conducted a disparity study analyzing the CTA's federally-funded capital spending for FFY 2005-2010. CTA used the disparity study to determine its overall goal for FFY2013-2015; however, it did not use the study in the methodology to determine the proposed overall goal for FFY 2016-2018 because the spending data provided in the study is not comparable to the CTA's current and projected capital spending. This is primarily due to the increase in CTA capital improvement projects since the time period covered in the disparity study. As a result, it was determined that the CTA's projected spending data provides a more accurate base figure. Even though the spending data was not comparable, the CTA's vendor pool has remained consistent. The majority of the CTA's vendor pool is located in Cook County, therefore the CTA determined Cook County to be its local market.

STEP ONE: BASE FIGURE CALCULATION

Section 26.45(c) requires the measurement of ready, willing and able businesses in the CTA'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.

The CTA 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 CTA projects for FFY 2016-2018. The CTA identified the relevant NAICS codes to apply to the FFY 2016-2018 capital projects by reviewing the majority of the CTA projects funded by the CTA's current (FFY 2012-2014) federally-funded capital budget. Utilizing the Census Bureau's County Business Pattern (CBP) the CTA identified available DBE and non-DBE firms in its local market with those same NAICS codes. This allowed CTA 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 firms" ratio for each NAICS code category (Columns A, B and C in Table 2).

Table 2

NAICS Code	Work Category	A	B	C	D	E	F
		# of DBE Firms certified in NAICS Code	# of overall Firms (Cook County) NAICS Code	DBE Firms/ All Firms Ratio based on NAICS Code (A / B)	Budget Amount	Weighted % = (D / Total Contracts Value)	Weighted % Goal (C x E x 100)
423120	Automotive Body Painting	56	1218	4.6%	\$3,517,851.48	1.8%	0.1%
237310	Concrete	625	931	67.1%	\$8,594,270.00	4.3%	2.9%
238120	Metals	52	142	36.6%	\$7,532,664.00	3.8%	1.4%
238130	Wood, Plastics, and Composites (Rough Carpentry, Finish Carpentry)	96	636	15.1%	\$142,188.00	0.1%	0.0%
238140	Masonry	202	549	36.8%	\$4,009,202.00	2.0%	0.7%
238150	Openings	40	471	8.5%	\$994,863.00	0.5%	0.0%
238160	Thermal and Moisture Protection	52	457	11.4%	\$230,935.00	0.1%	0.0%
238210	Electrical Contractors	81	999	8.1%	\$24,123,170.00	12.1%	1.0%
238220	Plumbing	72	1651	4.4%	\$858,099.00	0.4%	0.0%
238290	Conveying Equipment (Elevator/Escalator Installation)	16	91	17.6%	\$2,041,826.00	1.0%	0.2%
238310	Finishes	124	894	13.9%	\$1,237,565.00	0.6%	0.1%
238320	Painting	62	489	12.7%	\$500,000.00	0.2%	0.0%
238910	Existing Conditions (Demolition)	173	342	50.6%	\$4,944,120.00	2.5%	1.2%
238990	Fence Installation	66	367	18.0%	\$192,000.00	0.1%	0.0%
321211	Wood, Plastic and Composites	5	129	3.9%	\$100,000.00	0.0%	0.0%
332312	Metals	20	111	18.0%	\$1,500,000.00	0.7%	0.1%
423440	Specialties	95	1328	7.2%	\$583,067.00	0.3%	0.0%
423860	Transportation Equipment and Supplies	13	13	100.0%	\$32,281,750.19	16.1%	16.1%
444190	Heating, Ventilating, and Air-Conditioning (HVAC)	72	1651	4.4%	\$231,500.00	0.1%	0.0%
541310	Professional Services (DoR, CM, PM)	367	1816	20.2%	\$9,753,956.00	4.9%	1.0%
541360	Surveying	14	19	73.7%	\$775,848.00	0.4%	0.3%
561730	Landscaping	75	1069	7.0%	\$53,370.00	0.0%	0.0%
561990	Traffic Control	21	184	11.4%	\$108,000.00	0.1%	0.0%
562910	Abatement	30	43	69.8%	\$100,000.00	0.0%	0.0%
811111	Automotive Repair/Maintenance	7	2578	0.3%	\$59,951,821.77	30.0%	0.1%
N/A	CTA Internal/Specialty	0	0	0.0%	\$35,788,916.00	17.9%	0.0%
					Total Contracts Value	Total Budget Subcontract %	Weighted DBE Goal
WEIGHTED DBE GOAL					\$200,146,982.44	100.00%	25.39%

The percentages were then applied to the total projected FTA funds for FFY 2016-2018 (\$200,146,982) to determine the estimated dollar amount budgeted for each NAICS code category, as shown in column D. As recommended in the DOT's "Tips for Goal-Setting", the CTA weighted the percentages by dividing the Budget Amount for each NAICS category by the total projected FTA funds, as shown in column E. The weighted percentage was then multiplied by the percentage derived from the "DBE firms to all firms" ratio and multiplied by 100 for each NAICS code category (column F). The resulting value for each NAICS code category was totaled to determine the overall base figure for the CTA's 3 year DBE utilization of 25.39%. The base figure calculation weighs the relative availability of DBE contractors against the relative budget amount of contracting opportunities available for the total pool of contractors in Cook County, Illinois. This concludes the Step One calculation for the FFY 2016-2018 overall goal.

STEP TWO: ADJUSTING THE BASE FIGURE

Past participation is the most reliable factor the CTA can use in the Step Two adjustment due to the similarity of the CTA's federally-funded capital spending in FFY 2012-2014 and forecasted federally-funded capital spending in FFY 2016-2018 and accurately reflects the DBE participation the CTA can expect to attain in FFY 2016-2018. Aside from the disparity study the CTA conducted in 2012 (which the CTA used to determine its goal for FFY 2013-2015), the CTA does not know of another disparity or other similar studies comparable to the purchase of goods and services that are unique to a large transit agency operating in the Midwest. However, the CTA continues to examine and address business circumstances within its service area for evidence of recent discrimination that would limit participation by certified DBEs in typical CTA purchases.

Once the base figure of 25.39% was calculated, the CTA determined it was slightly inconsistent with historical data and the realities of the market in the Cook County Area. As a result, the CTA 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 by 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. The CTA utilized its DBE goal and actual attainment percentages filed with the FTA between FFY 2012 – 2014 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 contracted by the CTA remain fairly consistent over time. **According to the calculations, the CTA attained an average DBE participation rate of 22.8% and a median rate of 26.9% for FFY 2012-2014 (See "DBE Attainment" column in Table 3).**

Table 3

Fiscal Year	DBE Goal	DBE Attainment	Race-conscious	Race-neutral
2011-2012	30.0%	14.1%	9.5%	4.6%
2012-2013	25.0%	27.5%	7.7%	19.8%
2013-2014	25.0%	26.9%	24.4%	2.5%
Total	80.0%	68.5%	41.6%	26.9%
Mean	26.7%	22.8%	13.9%	8.9%
Median	25.0%	26.9%	9.5%	4.6%

FINAL STEP: CALCULATING THE OVERALL GOAL

To determine the overall goal, the weighted base figure of 25.39% (see Step One) was added to the adjusted figure determined by the median of the last 3 federal fiscal years or 26.90% (see Step Two), and divided by 2 (see below). The result is the CTA DBE goal for FFY 2016-2018 of 26%.

$$25.39+26.90=52.29$$

$$52.29 / 2 = 26.15 \text{ (Rounded to 26\%)}$$

ANNUAL OVERALL DBE PERCENTAGE GOAL = 26% OF TOTAL ESTIMATED FEDERALLY-FUNDED CAPITAL BUDGET

OR

26% OF \$200,146,982 = \$52,038,215 = CTA’s FFY 2016-2018 OVERALL DBE GOAL

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

The goal of CTA’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 the CTA 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 2012-2014 average of DBE procurements achieved without contract goals. This is the RN mean.

Step #2: Determine the FFY 2012-2014 average of DBE utilization achieved utilizing DBE contract goals. This is the RC mean.

Step #3: RN mean in FFY 2012-2014 = 8.9% (see Table 3)
 RC mean in FFY 2012-2014 = 13.9% (see Table 3)

Step #4: Of the overall goal of 26% DBE participation for fiscal years 2016 through 2018 as computed from Steps One and Two the CTA seeks to achieve 8% by Race-Neutral means and the difference of 18% by Race-Conscious means. This is the percentage the CTA can confirm based on the FFY 2012-2014 achievement.

The CTA will exert additional effort to extend outreach to potential prime contractors to ensure subcontracting opportunities are fully promoted prior to resorting to race-conscious contract goals to achieve the projected FFY 2016-2018 overall DBE Goal.

PUBLIC PARTICIPATION IN SETTING OVERALL TRIENNIAL DBE GOALS

In conformance with the "Public Participation Regulatory Requirements" of the 49 CFR Part 26.45, the CTA held a public comment period for the proposed FFY 2016-2018 DBE goal of 26%. The public comment period began on May 15, 2015 and ended June 15, 2015.

1. Outreach to Minority and Women's Groups

The following minority, women's, and general contractor support groups were contacted to discuss the CTA's DBE goal as it was being prepared.

- Chicago Urban League
- Chicago Cook Workforce Partnership
- Hispanic American Construction Industry Association
- Illinois Hispanic Chamber of Commerce
- Latin American Chamber of Commerce
- Chatham Business Association
- Black Contractors United
- Federation of Women Contractors
- Chicago Minority Business Development Council, Inc.
- Women's Business Development Center
- Women Construction Owners & Executives

2. Advertisements

The CTA advertised its FFY 2016-2018 DBE Legal Notice in the following newspapers:

- Chicago Tribune
- Chicago Sun-Times
- Hoy*
- Chicago Citizen*
- Chinese American*

*Minority newspaper

DBE PROGRAM HIGHLIGHTS FFY 2013-2015

1. Three full-time staff members hired to increase the CTA's resources to put additional focus on contract compliance, labor compliance and outreach planning and execution
2. Implementation of Comprehensive Outreach Program for general and project specific opportunities, including:
 - a. Bi-weekly email to all DBEs regarding all CTA procurements
 - b. Pre-bid "Outreach Alert" for specific procurement opportunities
 - c. Participation by Diversity Programs staff at procurement pre-bid meetings
 - d. Organized "Meet and Greets" between the IL UCP's DBE firms, potential DBEs and potential prime contractors to network about major projects

DBE Outreach Participation FFY 2013-2015

- Great Lakes Region Small Business Summit
- Chicago Urban League Awards Breakfast & Business Matchmaking
- Small Business Administration Matchmaking
- Small Business Forum hosted by Greater Auburn-Gresham Development Corporation
- Department of Labor Transportation Summit
- City of Chicago & Cook County 2014 Vendor Fair
- Metra's "Building on the Best 2014"
- ChallengeHER: American Express
- Construction Industry Conference
- Asian American Business Expo
- 28th Annual Women's Business Convention
- Chicago Park District Vendor Fair
- City of Chicago Treasurer's Small Business Entrepreneurial Expo
- CTA Purchasing Department's Vendor Fair

The CTA will continue to expand its outreach efforts to inform DBEs about opportunities in order to ensure and achieve its overall DBE goals.

CONCLUSION

The CTA developed an overall DBE goal of 26% (8% Race-Neutral, 18% Race-Conscious) for FFY 2016-2018 pursuant to 49 CFR 26.45 and respectfully submits this goal to the Federal Transit Administration for consideration. The Chicago Transit Board approved this goal on July 15, 2015.