



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

**Federal Fiscal Years (FFY) 2019, 2020 & 2021
(October 1, 2018 through September 30, 2021)**

Original Submittal Date October 11, 2018

Resubmitted January 31, 2019



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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, the "Your New Blue" Program, and the "Red and Purple Modernization" Program) for FFY 2019 through 2021. For those federal fiscal years, the CTA projects to spend a total of \$253,129,402 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 \$65,813,645 of the projected FTA funds that will be subject to DBE participation requirements as demonstrated by the calculation show below.

Note: The CTA submitted a project-specific DBE goal for the "Your New Blue" Program, which was concurred, and submitted a project-specific DBE goal for the "Red and Purple Modernization" Program, which is currently under review.

26% (Projected DBE goal) x \$253,129,402 (Total CTA federally-funded capital budget excluding transit vehicle purchases) = \$65,813,645.

USDOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2019 - 2021

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, which supports the CTA's overall mission to deliver quality, affordable transit services that link people, jobs and communities. This plan, however, is not as robust as past plans due to the lack of a current state capital program. The last capital bill that the State of Illinois passed was in 2009, which CTA used to improve infrastructure, technology, and rolling stock. Based on the projected capital projects below, we have identified subcontracting opportunities in order to calculate our DBE goal for FFY 2019-2021. As part of the methodology, CTA reviewed similar past projects to forecast opportunities for firms to compete at the prime and subcontracting level; those opportunities are reflected in our Step One calculation.

The CTA is currently conducting a disparity study to review its DBE program, which is scheduled to be delivered in early 2019. The CTA will review the results of the disparity study and submit an amended goal if necessary.

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

- Program Management Services for Infrastructure Core Program
- Red Line Extension Program Manager
- Red Line Extension Environmental Impact Statement
- Red Line Extension Preliminary Engineering
- Ravenswood Line Ballasted Track Improvements
- 74th and Midway Building Envelope Repairs
- General Engineering Consultant Services on various contracts
- Construction Management Consultant Services on various contracts

Table 1

Work Category	Estimated Dollar Value	Percent of Federal Funding by Work Category
Construction	\$10,015,810	4.0%
Professional Services	228,506,143	90.3%
Supplies	14,607,449	5.7%
Total	\$253,129,402	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 2019-2021.

The CTA is currently conducting a disparity study analyzing the CTA's federally-funded capital spending for FFY 2012-2017. The CTA will use the disparity study to amend its overall goal for FFY 2019-2021 if the results of the study warrant it.

The CTA used its Bidders List in order to identify businesses, both DBE and non-DBE, ready, willing, and able to do business with CTA. Since we encourage all vendors, whether they would like to participate as a prime or subcontractor, to register with us, the Bidders List provides a useful list of firms interested in doing business with CTA.

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 a Bidders List (§26.45(c)(2)). 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 registered on CTA's Bidders List including their North American Industrial Classification Codes (NAICS). The CTA identified the relevant NAICS codes to apply to the FFY 2019-2021 capital projects by reviewing the majority of the CTA projects funded by the CTA's current (FFY 2016-2018) federally-funded capital budget. Utilizing the Bidders List CTA also 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 (see Table 2).

Table 2: Base Figure Calculation

NAICS Code	Other NAICS Codes Included	Category	A	B	C	D	E	F
			# of DBE Firms certified in NAICS Code on Bidders List	# of overall Firms in NAICS Code on Bidders List	DBE Firms/ Firms Ratio based on NAICS Code	Budget Amount	Weighted = (Budget Amt/Overall Contract Value)	Weighted x DBE Firms Ratio
237990		Railway Construction(Interlocking, roadbed, sign, track)	17	52	32.7%	\$900,000.00	0.4%	0.1%
238110		Concrete	22	73	30.1%	\$600,000.00	0.2%	0.1%
238140		Masonry	15	46	32.6%	\$0.00	0.0%	0.0%
238210		Electrical Contractors	32	154	20.8%	\$214,700.00	0.1%	0.0%
238220	423720; 444190	Plumbing,HVAC,	24	186	12.9%	\$4,139,211.96	1.6%	0.2%
238310	238170; 238340; 238320	Finishes	39	172	22.7%	\$3,362,122.00	1.3%	0.3%
238990		Specialty Trade Contractors	29	97	29.9%	\$399,776.00	0.2%	0.0%
321211	321999; 326199	Wood, Plastic and Composites	27	187	14.4%	\$2,511,278.00	1.0%	0.1%
323111		Commercial Printing	15	135	11.1%	\$100,000.00	0.0%	0.0%
335999		Misc. Electrical Equip. & Component Manufacturing	10	82	12.2%	\$8,200,000.00	3.2%	0.4%
423110		Automobile Wholesalers	0	3	0.0%	\$1,440,000.00	0.6%	0.0%
423610		Electical Equip Wholesalers	25	233	10.7%	\$160,000.00	0.1%	0.0%
423440	423990; 339950; 238210	Specialties	44	243	18.1%	\$2,296,171.00	0.9%	0.2%
484110		General Freight Trucking, Local	2	4	50.0%	\$401,238.17	0.2%	0.1%
511210		Utility Software	18	71	25.4%	\$209,100.00	0.1%	0.0%
541310	541330; 236220; 541320; 541620	Professional Services (DoR, CM, PM)	137	509	26.9%	\$224,525,100.00	88.7%	23.9%
541380		Testing Laboratories	14	77	18.2%	\$750,000.00	0.3%	
541211	541213; 541214; 541219	Accountants' (i.e., CPAs) offices, certified public	15	59	25.4%	\$252,332.00	0.1%	0.0%
541512	443142; 423430; 541519	Computer software consulting services or consultants	51	378	13.5%	\$1,698,990.00	0.7%	0.1%
561990		Traffic Control	1	19	5.3%	\$511,582.50	0.2%	0.0%
562910		Abatement	0	0		\$400,000.00	0.2%	
611710		Educational curriculum development services	1	6	16.7%	\$57,800.00	0.0%	0.0%
WEIGHTED DBE GOAL				26%		\$253,129,401.63	100.00%	25.58%

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 26%. 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 CTA's Bidders List. This concludes the Step One calculation for the FFY 2019-2021 overall goal.

STEP TWO: ADJUSTING THE BASE FIGURE

Once the base figure of 26% was calculated, the CTA determined it was consistent with historical data and the realities of the market in the Cook County Area. As a result, the CTA did not adjust the base figure. The CTA utilized its DBE goal and actual attainment percentages filed with the FTA between FFY 2015-2017 to ensure that the base calculation was consistent with historical data (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. We compared our Step One calculation to the median attainment over the last three years in order to account for any outliers in the data.

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 2016-2018 and forecasted federally-funded capital spending in FFY 2019-2021 and accurately reflects the DBE participation the CTA can expect to attain in FFY 2019-2021. Aside from the disparity study the CTA is currently conducting, 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.

Table 3

Fiscal Year	DBE Goal	DBE Attainment	Race-conscious	Race-neutral
2015	25.0%	20.48%	18.04%	2.44%
2016	26.0%	51.47%	10.17%	41.30%
2017	26.0%	25.16%	22.14%	3.01%
Total	77.0%	97.10%	50.35%	46.75%
Mean	25.7%	32.37%	18.04%	15.58%
Median	26.0%	25.16%	16.78%	3.01%

FINAL STEP: CALCULATING THE OVERALL GOAL

Since the CTA determined that the base figure was consistent with historical data and the realities of the market in the Cook County Area, the result is the CTA DBE goal for FFY 2019-2021 is 26%.

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

FUNDED CAPITAL BUDGET

OR

26% OF \$253,129,402 = \$65,813,645 = CTA's FFY 2019-2021 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 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 = 15.58% (see Table 3)
RC mean in FFY 2015-2017 = 16.78% (see Table 3)

RN median FFY 2015-2017 = 3.01% (see Table 3)
RC median FFY 2015-2017 = 18.04% (see Table 3)

As with the Step Two process, the median was used to determine the race-neutral/race-conscious percentages in order to account for any outliers in the data.

Step #4: Of the overall goal of 26% DBE participation for FFY 2019-2021 as computed from Steps One and Two the CTA seeks to achieve 3% by Race-Neutral means and the difference of 23% by Race-Conscious means. This is the percentage the CTA can confirm based on the FFY 2015-2017 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 2019-2021 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 2019-2021 DBE goal of 26%. The public comment period began on August 31, 2018. CTA received 3 comments regarding the proposed FFY 2019-2021 DBE Goal and has determined that no adjustment was needed.

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.

- Black Contractors United
- Chatham Business Association
- Chicago Supplier Minority Development Council
- Chicago Urban League
- Federation of Women Contractors
- Hispanic American Construction Industry Association
- Illinois Hispanic Chamber of Commerce
- Latin American Chamber of Commerce
- Philippine American Chamber of Commerce of Illinois
- Women's Business Development Center
- Women Construction Owners & Executives

In addition to meeting with the support groups listed below, CTA presented our DBE goal to our DBE Advisory Committee. The Committee is comprised of DBE firms, prime contracting and consulting firms, and technical assistance agencies. The feedback we received from both the support groups and our DBE Advisory Committee was positive and supportive of our DBE goal.

Advertisements

The CTA will issue a Public Notice in general circulation media and at least two minority-focused media announcing that the Overall DBE Goal and Methodology for FFY 2019-2021 is available for inspection on the CTA's website at www.transitchicago.com/dbe. At the conclusion of the 30 day review period, the CTA will evaluate comments on the goal calculation process and adjust the goal if necessary. The CTA advertised its FFY 2019-2021 DBE Legal Notice in the following newspapers:

- Austin Weekly News*
- Chicago Sun-Times
- Chinese American News*
- Hoy*

*Minority newspaper

Written comments on the goal rationale should be addressed to:
Chicago Transit Authority
Diversity Programs Department
567 W. Lake Street
Chicago IL, 60661

Or

diversity@transitchicago.com

DBE PROGRAM HIGHLIGHTS FFY 2016-2018

- Introduced Mentor/Protégé Pilot

- Identified contracts for SBE Program
- Cross Departmental Training

DBE Outreach Participation FFY 2016-2018

- Monthly “CTA Roadshows” at different assist agencies to inform them of contracting opportunities at CTA
- Held monthly “Driving Small Businesses the Distance” workshops
- Held multiple MID-Con DBE Outreach events to connect prime and subcontractors
- DBE Professional Services/ Engineering Networking Event
- DBE Workshop – Mitigating Conflict
- Green Line Small Business Education
- Your New Blue Small Business Educational Series
- Organized “Battle of the Bids” – 20th Annual Transportation Symposium
- Attended City of Chicago Annual Vendor Fair
- Attended Metra Annual Vendor Fair
- Attended Chicago Metropolitan Supplier Diversity Council – Annual Chicago Business Opportunity Fair
- Attended Chicago Park District Annual Vendor Fair
- Attended Metropolitan Water Reclamation District Annual Professional Services & the Construction Contractor Vendor Outreach 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% (3% Race-Neutral, 23% Race-Conscious) for FFY 2019-2021 pursuant to 49 CFR 26.45 and respectfully submits this goal to the Federal Transit Administration for consideration.