



**CHICAGO TRANSIT AUTHORITY
DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
Goal Setting Methodology and Calculations**

Red and Purple Modernization Phase One Project DBE Goal
Submittal Date October 1, 2018

GOAL OVERVIEW

The Chicago Transit Authority's ("CTA") Red and Purple Modernization ("RPM") corridor is a 9.6-mile stretch of track that was built close to a century ago—much of it in 1924, when Calvin Coolidge was U.S. President and the Wrigley Building had just been constructed. Most of this infrastructure is at the end of its useful lifespan. Frequent maintenance to repair tracks and remove slow zones is costly and hinders service.

RPM Phase One ("Project") will completely rebuild the Lawrence, Argyle, Berwyn and Bryn Mawr stations and all the tracks and support structures for more than a mile adjacent to the stations. The stations will be accessible for the first time and include wider platforms, better lighting and modern amenities. The project will also construct a Red-Purple Bypass north of Belmont station trains to modernize the century-old Clark Junction where Red, Purple and Brown Line trains currently intersect. The bypass, which will carry northbound Brown Line trains up and over Red and Purple Line tracks, will eliminate the need for trains to stop and wait for other trains to cross, thereby allowing CTA to significantly increase the number of trains it runs along the Red Line -- reducing overcrowding and meeting growing demand for transit service.

Among the plan's highlights are:

- Red- Purple Bypass Project at street level and track level
 - A. Addition of up to eight more Red Line trains per hour
 - B. Accommodate up to 7,200 additional customers per hour
 - C. Increased Red and Purple line train speeds by 60 percent through the intersection
 - D. Customers are saved travel hours
- Lawrence-Bryn Mawr Modernization Project
 - A. Wider platforms for faster boarding and less crowding
 - B. Better lighting and customer security features
 - C. Longer canopies, more benches, and wind screens
 - D. Real-time information boards

The work performed under the Project will be completed through multiple competitively bid contracts. Due to the size and length of the Project – which will span over multiple triennial goal periods – the CTA will set a Disadvantaged Business Enterprise ("DBE") goal for the Project pursuant to 26 CFR 26.45 ("DBE Regulations"). Contracts under the Project will not be included in CTA's overall annual DBE goal calculations. The DBE goal will apply throughout the entire life of the Project, which has an estimated completion date of Federal Fiscal Year 2027. Based on the calculations provided in the DBE Regulations, the projected DBE

participation for the Red Purple Modernization Project is 20% of the estimated aggregate dollar amount for the Project, or \$356,522,584.

The estimated aggregate dollar amount of CTA expects to spend for the Red Purple Modernization Project through federal fiscal year 2027 is \$2,019,276,000. The amount subject to DBE participation requirements – after removing CTA internal forces spending and transit vehicle manufacturer (“TVM”) spending – is an estimated \$1,782,612,920, as shown in Table 1.

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 the Project. The CTA identified the relevant NAICS codes to apply to the Project by reviewing each contract’s scope of work. Utilizing the IL UCP DBE Directory and 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 C in Table 1).

The percentages were then applied to the estimated total Project budget (\$1,782,612,920) 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 Project budget, 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 RPM Phase One DBE utilization of 19.12%. 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 Project.

STEP TWO: ADJUSTING THE BASE FIGURE

After reviewing the contracts that will be awarded as part of the Project, the CTA has identified multiple opportunities for our Small Business Enterprise (“SBE”) Program. The CTA’s SBE Program is designed to give certified small businesses an opportunity to bid as primes on CTA contracts. Under the Program, selected contracts will be set aside for small businesses to bid on as prime contractors and is a race and gender neutral program that allows small businesses of any gender and/or ethnic background to participate. The CTA will adjust the base figure of 19% to 20% due to the identified race neutral means.

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Table 1: Red Purple Modernization Phase One Base Figure Calculation

A	B	C	D	E	F
NAICS Code	Category	DBE Firms/ Firms Ratio based on NAICS Code	Estimated Value of Work	Estimated Percentage of Work	Weighted x DBE Firms Ratio
2371	Utility System Construction	35.9%	\$10,205,088	0.6%	0.2%
2373	Highway, Street, and Bridge Construction	32.7%	\$87,186,573	4.9%	1.6%
2381	Foundation, Structure, and Building Exterior Contractors	26.8%	\$119,847,764	6.7%	1.8%
2382	Building Equipment Contractors	15.2%	\$39,754,796	2.2%	0.3%
2383	Building Finishing Contractors	20.2%	\$159,904	0.0%	0.0%
2389	Other Specialty Trade Contractors	37.3%	\$82,413,172	4.6%	1.7%
3312	Steel Product Manufacturing from Purchased Steel	43.0%	\$252,072,185	14.1%	6.1%
3323	Architectural and Structural Metals Manufacturing	32.5%	\$210,242	0.0%	0.0%
3345	Navigational, Measuring, Elettromedical, and Control Instruments Manufacturing	14.0%	\$270,057,006	15.1%	2.1%
3359	Other Electrical Equipment and Component Manufacturing	7.7%	\$71,030,962	4.0%	0.3%
3399	Other Miscellaneous Manufacturing	13.3%	\$2,511,278	0.1%	0.0%
4233	Lumber and Other Construction Materials Merchant Wholesalers	5.8%	\$490,467	0.0%	0.0%
4236	Household Appliances and Electrical and Electronic Goods Merchant Wholesalers	8.6%	\$6,460,854	0.4%	0.0%
4237	Hardware, Plumbing, and Heating Equipment and Supplies Merchant Wholesalers	5.7%	\$104,578	0.0%	0.0%
4249	Miscellaneous Nondurable Goods Merchant Wholesalers	22.9%	\$56,743	0.0%	0.0%
4841	General Freight Trucking	100.0%	\$77,534	0.0%	0.0%
5241	Insurance Carriers	4.8%	\$28,117,151	1.6%	0.1%
5413	Architectural, Engineering, and Related Services	31.0%	\$254,414,742	14.3%	4.4%
5416	Management, Scientific, and Technical Consulting Services	75.5%	\$3,662,706	0.2%	0.2%
5418	Advertising, Public Relations, and Related Services	22.0%	\$7,072,968	0.4%	0.1%
5419	Other Professional, Scientific, and Technical Services	3.4%	\$228,517	0.0%	0.0%
5616	Investigation and Security Services	62.5%	\$3,788,870	0.2%	0.1%
9261	Administration of Economic Programs	0.0%	\$2,008,368	0.1%	0.0%
9999	Direct Utility Work/Contingency	0.0%	\$540,680,452	30.3%	0.0%
WEIGHTED DBE BASE FIGURE		19%	\$1,782,612,920	100.0%	19.12%

OVERALL PROJECT PERCENTAGE RATE = 20% OF TOTAL PROJECT BUDGET

**20% of \$1,782,612,920 (estimated) = \$356,522,584 = Red Purple Modernization Phase
One Project 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.

Due to the size and magnitude of the Project, the CTA will achieve 1% of the Project goal through race neutral means and 19% through race conscious means for a total of 20%.

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 Project DBE Goal.

PUBLIC PARTICIPATION IN SETTING PROJECT DBE GOAL

In conformance with the “Public Participation Regulatory Requirements” of the 49 CFR Part 26.45, the CTA held a public comment period for the Project DBE goal of 20%. The public comment period began on August 31, 2018.

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

Advertisements

The CTA will issue a Public Notice in general circulation media and at least two minority-focused media announcing that the CTA's Red Purple Modernization Phase One Project Specific DBE Goal and Methodology 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 RPM Phase One Project DBE Goal Legal Notice in the following newspapers:

- Chicago Sun-Times
- Hoy*
- Chicago Crusader*
- Chinese American*

*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