

# **Disadvantaged Business Enterprise (DBE) Three-Year Goal-Setting Methodology Report**

City of Racine, Wisconsin

For the Racine area public transit system, doing business as:



Also known as The BUS (Belle Urban System), DART (Dial-A-Ride Transit for persons with disabilities), and KRM (Kenosha-Racine-Milwaukee) Commuter Bus operated by Wisconsin Coach Lines, which is also known as Coach USA.

FFY 2019-2021

***Final, December 26, 2018***

This report updates the September 6, 2018 Draft and reflects the outcome of the public participation event on October 12, 2018

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## Introduction

This document constitutes Racine, Wisconsin's submission for RYDE, its public transit system, of its Disadvantaged Business Enterprise (DBE) Transit Overall Goal Setting Methodology Report to the United States Department of Transportation, Federal Transit Administration (FTA) for Federal Fiscal Years (FFY) 2019, 2020 and 2021.

The report has been prepared in compliance with:

- DBE Regulations, 49 CFR 26.45, as amended,
- [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr26\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr26_main_02.tpl)
- USDOT, "Tips for Goal Setting in the DBE Program"
- <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>

The four elements of the goal setting process are outlined in 49 CFR 26.45(c-g) as follows:

1. The measurement of the actual relative availability of DBEs to perform RYDE's anticipated contracting opportunities;
2. Adjustment factor analysis to evaluate evidence of the effects of discrimination in RYDE's jurisdiction and determine whether an adjustment is necessary;
3. Calculation of the race/gender-conscious and neutral split for the goal attainment;
4. Consultation and publication regarding the goal to facilitate public input.

## Executive Summary

RYDE's overall DBE transit goal for FFY 2019-2021 is **0.7%** of the Federal financial assistance it will expend in FTA-assisted contracts. This excludes FTA funds to be used in the purchase of transit vehicles.

A total of **\$8,071,500** in FTA funds are anticipated to be awarded by RYDE on FTA-assisted contracts during the FFY 2019-2021 time period. With a goal of 0.7%, this means that RYDE has set a goal of expending approximately **\$56,500** with DBE firms for the combined three-year period.

This goal was based on budgeted expenditures in RYDE's 13 largest budgeting and accounting "Object" codes as shown in Table 1.

Table 1. RYDE’s budget for its 13 largest object codes

<b>Object codes</b>	<b>3-Year Total</b>
52280 Interurban bus	\$3,900,000
52290 Management	\$514,200
53235 Tires and Tubes	\$108,300
52100 Payroll prep and transport	\$90,000
52315 Advertising	\$240,000
53200 Work Supplies (Hardware)	\$84,900
54500 Software Lease	\$135,000
54200 Vehicle Maintenance and Parts	\$1,083,000
53240 Clothing	\$54,600
53250 Diesel Fuel Sales and 53280 oil	\$1,324,050
52120 Audit Services	\$54,000
54100 Repairs and maintenance of facility	\$285,600
	\$0
	\$0
	\$0
<b>TOTALS</b>	<b>\$7,873,650</b>

# Overall Goal Setting Methodology

## Step One – Relative Ability of DBE Firms

### Base Figure

The **Base Figure** for the relative availability of DBE’s was calculated as follows:

$$\frac{263 \text{ Ready, willing, and able DBEs}}{11,490 \text{ All firms ready, willing and able}} = 2.3\% \text{ Base figure (\%)}$$

Supporting documentation used to calculate the goal is contained in **Appendix A**.

### Data Sources and Demonstrable Evidence – Numerator

This section outlines the data sources and demonstrable evidence RYDE used to derive the numerator (Ready, willing and able DBEs).

The numerator of the base figure is 263. In order to derive the numerator, RYDE collected information regarding anticipated contracting opportunities for the three-year goal-setting period. We aggregated all of RYDE’s future expenses by budget and accounting “Object” codes. We removed from consideration the codes that have to do with RYDE’s direct labor costs and other internal municipal expenditures. The remaining Object codes constituted all purchases. We sorted the remaining object codes from large to small and analyzed the largest 13 codes. These codes comprised 97.6% of all purchases. RYDE has not been successful in recent years obtaining Federal assistance for capital projects other than vehicle purchases so these were excluded.

The worksheet **Appendix A. Tab “1. Anticipated Projects,”** shows the anticipated contracting opportunities for FFY 2019-2021.

RYDE used the information from anticipated contracting opportunities to identify relevant and applicable NAICS (North American Industry Classification System) codes for each Object code. Next, using the contract-specific NAICS industrial codes, we reviewed the Wisconsin Unified Certification Program (UCP) list to determine ready, willing and able DBE firms in relation to those anticipated contracting opportunities. This determination was done in a rather plain vanilla way. Much care was taken in determining which industrial codes corresponded to actual past transactions found for an Object code. However, all DBEs within an identified NAICS code were counted among the ready, willing and able DBE firms.

**Appendix A. Tab 1. Anticipated Projects** includes the results of RYDE’s search of the Wisconsin UCP list. **Appendix A. Tab 2. NAICS Code Definitions** is a summary of applicable NAICS Codes. **Appendix A. Tab 3** is the WI DBE UCP Directory. **Appendix A. Tab 4. 2016 Census Wis Firms** is a list of Wisconsin firms by NAICS code.

A base figure of **2.3%**, calculated from the number of ready, willing, and able DBE firms through the UCP list divided by the total number of firms summed for all applicable NAICS codes is shown at the bottom of the table in **Appendix A. Tab 1 Anticipated Projects**. This result is brought forward to a summary in **Appendix A. Tab 7. Calculations** along with results of all other methods for comparison.

Similar to the analysis of the UCP list data, RYDE reviewed the US Census raw data using the NAICS codes arrived at through review of the anticipated contracting opportunities. In this way, staff arrived at a total number of firms relative to the type of contracting opportunities anticipated over the three-year period.

### **Data Sources and Demonstrable Evidence – Denominator**

This section outlines the data sources and demonstrable evidence RYDE used to identify the denominator (all firms - ready, willing and able). The denominator of the base figure is 11,490. Census data information for Wisconsin, using the same NAICS codes, was used to determine the number of all firms ready, willing and able to perform on the anticipated contracts. Similar to the DBE data, the Wisconsin business pattern data from the Census was not modified to exclude any potential firms. See **Appendices A. Tabs 1, 2 and 3**.

### **Bidders List**

A bidders list was not used. Because past experience with most of these Object codes involved many smaller purchases, data regarding DBEs that were not selected was not recorded. (However, we see an opportunity for DBE participation in these smaller purchases.) For a couple of large Object codes the requests for proposals only resulted in one proposer. That situation did not produce any useful information.

### **Use of Weighting**

According to USDOT’s “Tips for Goal Setting in the DBE Program”, the use of weighting can help ensure the base figure is as accurate as possible. While weighting is not required by rule, it can make the goal calculation more accurate. RYDE staff chose to adopt a weighted approach in its DBE goal calculation; the worksheet labeled **Appendix A. Tab 5. Weighted Base** shows the same data as the previous ‘Anticipated Projects’ worksheet, with columns added to show weighting for each Object code listed.

The weighting is achieved at this stage by multiplying the DBE to all firms ratio for an Object code by the share of all dollars spent in that Object code. This weighting is listed at the bottom of the last column, titled “Weighted Base.” The weighted base is **0.7%**. This figure is forwarded to the **Appendix A. Tab 7. Calculations**.

### **Step Two – Adjustment Factor Analysis**

RYDE considered a number of potential factors to determine whether any adjustments to the Step One Base Figure of **0.7%** were warranted.

## Past Participation

A prominent factor in an adjustment consideration is past participation. Past participation is the volume of work DBEs have performed on transit contracts in recent years. **Appendix A. Tab 6. Achievement** shows data from previous six semi-years. Historically **0.7%** of contract dollars went to DBEs. The figure was calculated as the median value of six time periods. The two middle values were averaged. This figure was forwarded to **Appendix A. 7. Calculations.**

Actual achievement is important because it adds another estimation technique. In this case, the weighted base (0.7%) and the historic median achievement (0.7%) were the same so no step 2 adjustment was necessary. On the other hand averaging the two figures incorporates all the available information and reinforces the validity of the goal. The adjustment result was calculated at **0.7%** in **Appendix A. Tab 7. Calculations** although it did not result in a substantive change.

## Disparity Studies

Another factor to consider is evidence from relevant disparity studies conducted in RYDE's market area. According to the Wisconsin Department of Transportation's (WisDOT's) "Transit 3 Year DBE goal Setting Methodology Report" for FFY 2017-2019 WisDOT's DBE Liaison Officer (DBELO) confirmed the only potential relevant disparity study that had been conducted in the State of Wisconsin was one conducted by the City of Milwaukee. The DBELO identified challenges to the disparity study because it was not developed consistent with applicable USDOT disparity study guidance, making its use questionable. For these reasons, the disparity study did not lead to an adjustment to the base figure goal.

## Calculation of Race Neutral & Race-Conscious Split

Consideration for the use of race-conscious means in addition to race-neutral means to facilitate DBE participation is another aspect of goal-setting.

USDOT "*Tips for Goal Setting in the DBE Program*" lists the following considerations to evaluate:

- Consider the Amount by Which You Exceeded Your Goals in the Past
- Consider Past Participation by DBE Prime Contractors
- Consider Past Participation by DBE Subcontractors on Contracts without Goals

RYDE compared the adjusted goal to Past Participation by DBE Prime Contractors. All of the new goal was achieved through race/gender-neutral means.

RYDE considered race neutral – race conscious split alternatives. **Appendix A. Tab 8. RN-RC Split** documents our reasoning. RYDE's preferred option is the establishment of a **0.7%** goal with no race neutral/race conscious split.

With this race/gender-neutral goal in mind, RYDE is improving its race/gender-neutral DBE program efforts by taking proactive steps so that potential DBEs know about RYDE's DBE program and its specific purchasing and contracting opportunities. Our aim is to become

acquainted with more potential DBEs so they feel encouraged to participate as a DBE contractor to RYDE. These efforts are described in the next section.

## ***Public Participation and Consultation***

RYDE's Public Involvement Policy and Practices were revised and adopted as part of our 2017-2019 Title VI Program.

In establishing an overall three-year goal, transit agencies must provide for public participation. Public participation must include the two following steps: consultation with interested parties and a published notice.

### **Consultation**

RYDE's consultation process involved consideration of input during the development of the goal by minority, women's, and general contractor groups, community organizations and other officials or organizations that could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and RYDE's efforts to establish a level playing field for the participation of DBEs.

RYDE conducted an open house with a free lunch at our Transit Center and placed a public notice announcing the open house and soliciting comments on our website. We reached out to racial minority organizations. At the event, information on the goal-setting process, the anticipated projects, and availability of firms was available. RYDE's DBELO and General Manager attended to facilitate a discussion and to obtain participant input. Assistance with signing up to become a DBE was offered. All appropriate forms were on hand.

Public notices announcing the event were published seeking public comment in two minority publications. One ad was bilingual. We posted the notice on our web page. We advertised in the NAACP annual meeting booklet. We attended the 22nd Annual Hispanic Heritage Month Luncheon on Friday, September 14, 2018 at the Cesar Chavez Center, 2221 Douglas Avenue from 11:30 am to 1:30 pm where we networked with Hispanic business and community leaders, handed out flyers for our DBE event and the Mayor of Racine Cory Mason announced the event in his remarks from the dais.

Plenty of time was provided to meet one-on-one with RYDE and City of Racine staff to explore business opportunities. The meeting and outreach resulted in two contacts who commented during the outreach period. Those comments are included in Appendix B.

The DBE goal was not changed as the result of public participation and consultation.



## **Published Notice**

The DBE Final Rule, which became effective November 3, 2014, requires states to post on its website a notice announcing the proposed overall goal before submission to FTA. The notice may also be posted in any other sources (e.g. minority-focused media, trade association publications).

Upon establishment of the draft goal, public notices were issued by RYDE to provide the opportunity for public comment. Documentation of publication of the notices is provided in **Appendix B**.

By the end of the 30-day public comment period, two comments had been received. **Appendix B contains** comments that were received. No issues were identified with the methodology report to warrant further analysis of a step two goal adjustment. Communications to foster DBE participation are ongoing as part of our DBE program efforts.

# Appendix A. Tab 1. Anticipated Projects

## 3-Year Transit DBE Goal - Anticipated Projects

Object codes	3-Year Total	NAICS Code Type of Firm	# DBEs	# non- DBEs	# All Firms	Step 1 Goal - Relative Availability	% of Total Funds	Weighted Base
52280 Interurban bus	\$3,900,000	485210	0	3	3	0.00%	49.5%	0.00%
52290 Management	\$514,200	485113	0	6	6	0.00%	6.5%	0.00%
53235 Tires and Tubes	\$108,300	485991	2	27	29	6.90%	1.4%	0.09%
52100 Payroll prep and transport	\$90,000	541214; 561613	6	77	83	7.23%	1.1%	0.08%
52315 Advertising	\$240,000	512110; 541430; 541611; 541613	52	1427	1479	3.52%	3.0%	0.11%
53200 Work Supplies (Hardware)	\$84,900	444130	0	0	431	0.00%	1.1%	0.00%
54500 Software Lease	\$135,000	423430	2	126	128	1.56%	1.7%	0.03%
54200 Vehicle Maintenance and Parts	\$1,083,000	336991; 423120; 441310	3	994	997	0.30%	13.8%	0.04%
53240 Clothing	\$54,600	424320, 30 , 40	2	70	72	2.78%	0.7%	0.02%
53250 Diesel Fuel Sales and 53280 oil	\$1,324,050	454310 and 19	4	251	255	1.57%	16.8%	0.26%
52120 Audit Services	\$54,000	541219	14	583	597	2.35%	0.7%	0.02%
54100 Repairs and maintenance of facility	\$285,600	See next tab	178	0	7410	2.40%	3.6%	0.09%
	\$0		0	0			0.0%	
	\$0		0	0			0.0%	
	\$0		0	0			0.0%	
<b>TOTALS</b>	<b>\$7,873,650</b>		<b>263</b>	<b>3,564</b>	<b>11,490</b>	<b>Unweighted Step One Goal 2.3%</b>	<b>Weighted Step One Goal 0.7%</b>	

Rounded

\$7,873,700

for calculations 2.29%

0.74%

Rounded 2.30%

Rounded 0.70%

# Appendix A. Tab 2. NAICS Code Definitions

## RYDE Transit 3-Year Goal (2019-2021)

### NAICS Code Definitions

#####	NAICS 2012	Index Item Description	DBE	All	%
1	236210	Addition, alteration and renovation, industrial building (except warehouses)			
2	236220	Addition, alteration and renovation, commercial and institutional building			
3	238110	Concrete floor surfacing, pouring, repair, resurfacing			
4	238220	Air system balancing and testing, furnace, humidifier, HVAC, heating, ventilation, plumbers			
5	334220	Airborne radio communications equipment, manufacturing, CB radios			
6	336991	Vehicle, children's, metal manufacturing	State		
7	423120	Batteries, automotive, merchant wholesalers, motor vehicle parts, tools, equipment	State		
8	423430	Computer boards, loaded, merchant wholesalers, data processing, software computer, printer			
9	441310	Auto salvage yards (i.e., retailing used auto parts), auto parts and accessories	State		
10	485210	Interurban and rural bus transportation	0	3	0.00%
11	485310	Cab (i.e., taxi) services, taxi dispatch, taxicab owner-operators			
12	485991	transit, special needs transit			
13	512110	Films, motion picture production and distribution, instructional video production			
14	518210	Computer data storage services, computer time leasing, web hosting, data capture imaging			
15	541430	Corporate identification (i.e., logo) design services, graphic design services, illustrators independent			
16	541611	Administrative management consulting services, business mangt consulting, strategic planning			
17	541613	Marketing consulting services			
18	541690	Radio consulting services, safety consulting, security consulting			
19	454310	Fuel dealers and 454319 Other Fuel Dealers	1	212	0.47%
20	424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	3	43	6.98%
21	238150	Glass and glazing contractors	5	73	6.85%
22	238160	Roofing contractors	13	446	2.91%
23	238210	Electrical contractors and other wiring installation contractors	30	1357	2.21%
24	238220	Plumbing, heating, and air-conditioning contractors	21	1885	1.11%
25	238290	Other building equipment contractors	11	178	6.18%
26	561622	Locksmiths	1	50	2.00%
27	561710	Exterminating and pest control services	2	109	1.83%
28	561720	Janitorial services	35	1132	3.09%
29	561730	Landscaping services	47	1998	2.35%
30	561790	Other services to buildings and dwellings	13	182	7.14%
31	423130	Tire and tube merchant wholesalers	2	29	6.90%
32	541214	Payroll services	6	68	8.82%
33	561613	Armored car services	0	15	0.00%
34	444130	Hardware stores	0	431	0.00%
35	424320	Men's and boys' clothing and furnishings merchant wholesalers	1	36	2.78%
36	424330	Women's, children's, and infants' clothing and accessories merchant wholesalers	1	30	3.33%
37	424340	Footwear merchant wholesalers	0	6	0.00%
38	541219	Other accounting services	14	597	2.35%

Note: Where the State of Wisconsin Dept of Transportation had previously calculated DBE % for an industrial code, that % was not recalculated. New calcs are shown in cols. "D" through "G".

## Appendix A. Tab 3. Wis DBE UCP Directory

There are 1077 firms in the directory.

Too many to print.

Please see:

<https://wisconsindot.gov/Pages/doing-bus/civil-rights/dbe/certified-firms.aspx>

And click on : "Access the UCP Directory" near the top of the page.

The version used was updated: August 10, 2018.

## **Appendix A. Tab 4. 2016 Census Wis Firms**

In 2016 there were 924 NAICS codes with associated firms. Too many to print.

# Appendix A. Tab 5. Weighted Base

## 3 Year Transit DBE Goal Calculation - Weighted Base

Project	2017	2018	2019	3 Year Total	NAICS Code Type of Firm	# DBEs	# non- DBEs	# All Firms	% of Total Funds	Step 1 Goal - Relative Availability	Weighted Base
<b>Services</b>											
52280 Interurban bus	\$1,300,000	\$1,300,000	\$1,300,000	\$3,900,000	485210	0	3	3	49.53%	0.00%	0.00%
52290 Management	\$171,400	\$171,400	\$171,400	\$514,200	485113	0	6	6	6.53%	0.00%	0.00%
53235 Tires and Tubes	\$36,100	\$36,100	\$36,100	\$108,300	485991	2	27	29	1.38%	6.90%	0.09%
52100 Payroll prep and transport	\$30,000	\$30,000	\$30,000	\$90,000	541214; 561613	6	77	83	1.14%	7.23%	0.08%
52315 Advertising	\$80,000	\$80,000	\$80,000	\$240,000	512110; 541430; 541611; 541613	52	1427	1479	3.05%	3.52%	0.11%
53200 Work Supplies (Hardware)	\$28,300	\$28,300	\$28,300	\$84,900	444130	0	431	431	1.08%	0.00%	0.00%
54500 Software Lease	\$45,000	\$45,000	\$45,000	\$135,000	423430	2	126	128	1.71%	1.56%	0.03%
54200 Vehicle Maintenance and Parts	\$361,000	\$361,000	\$361,000	\$1,083,000	336991; 423120; 441310	3	994	997	13.75%	0.30%	0.04%
53240 Clothing	\$18,200	\$18,200	\$18,200	\$54,600	424320, 30, 40	2	70	72	0.69%	2.78%	0.02%
52120 Audit Services	\$441,350	\$441,350	\$441,350	\$1,324,050	454310 and 19	4	251	255	16.82%	1.57%	0.26%
53250 Diesel Fuel Sales and 53280 oil	\$18,000	\$18,000	\$18,000	\$54,000	541219	14	583	597	0.69%	2.35%	0.02%
54100 Repairs and maintenance of facility	\$95,200	\$95,200	\$95,200	\$285,600	See next tab	178	7232	7410	3.63%	2.40%	0.09%
0	\$0	\$0	\$0	\$0	0	0	0	0	0.00%		
0	\$0	\$0	\$0	\$0	0	0	0	0	0.00%		
0	\$0	\$0	\$0	\$0	0	0	0	0	0.00%		
<b>TOTALS</b>	<b>\$2,624,550</b>	<b>\$2,624,550</b>	<b>\$2,624,550</b>	<b>\$7,873,650</b>		<b>263</b>	<b>11,227</b>	<b>11,490</b>		<b>Weighted Base Goal</b>	<b>0.7%</b>

for calculations 0.74%

Rounded 0.70%

# Appendix A. Tab 6. Achievement

	Prime Total Dollars	Prime Total Number	Prime Race Conscious Dollars	Prime Race Conscious Number	Prime Race Neutral Dollars	Prime Race Neutral Number	Sub Total Dollars
2015	\$ 3,363,830.26	1229	\$ - 0		\$ 12,552.23	1	\$ -
2016	\$ 3,892,099.00	1318	\$ - 0		\$ 600.00	1	\$ -
2016	\$ 3,866,366.00	1361	\$ - 0		\$ 23,037.00	2	\$ -
2017	\$ 3,936,318.00	1368	\$ - 0		\$ 71,101.00	5	\$ -
2017	\$ 3,743,549.00	1413	\$ - 0		\$ 44,088.00	4	\$ -
2018	\$ 4,275,419.00	1289	\$ - 0		\$ 31,882.00	3	\$ -

Semi-year	Rank Dollars %	% Dollars	% Number	Rank Number %
2015	5	0.3731500%	0.0813700%	5
2016	6	0.0154200%	0.0758700%	6
2016	4	0.5958300%	0.1469500%	4
2017	1	1.8062800%	0.3655000%	1
2017	2	1.1777100%	0.2830900%	2
2018	3	0.7457000%	0.2327400%	3
Median*		0.6710000%	0.1900000%	

\*Median is the average of rank #3 and #4

Appendix A. Tab 7. Calculations

## DBE Goal Calculations

Step 1 Goal - Relative Availability	Weighted Base Goal (WBG)	Historical Median (HM)	Overall DBE Goal	Weighted Base DBE Goal
2.288900%	0.739100%	0.671000%	0.705100%	1.514000%
As determined in 'Anticipated Projects' tab	As determined in 'Weighted Base' tab	As determined in Achievement tab	$\frac{(WBG + HM)}{2}$	$\frac{(WBG + Step\ One\ Goal)}{2}$
Rounded 2.3%	Rounded 0.7%	Rounded 0.7%	Rounded 0.7%	Rounded 1.5%



## Analysis: Race Neutral / Race Concious Split

Options	Overall Goal	R/N	R/C	Methodology	Notes
1	0.7%	0.7%	0.0%	Compare the Overall DBE Goal to the Historical Median. They are essentially equal. They are within 0.04% points of each other. They round to the same tenth of a percent (0.70%). The Historial Medium was achieved with solely race/gender neutral means.	Based on historical data and analysis, the DBE program has been meeting its DBE goal. No change in policy from the current race/gender neutral means is recommended. This result along with actual contracting opportunities will be discussed at a DBE open house on Oct 12, 2018, whcih was advertised in minority publications and at minority events. The difference of 0.04% is 4 cents for every \$100.