



# Town of Chapel Hill Transit

Federal Transit Administration (FTA)

FFY 2023 – 2025

Triennial DBE Goal-Setting Methodology

Submitted in accordance with:

Title 49 Code of Federal Regulations Part 26

(49 CFR Part 26)

Town of Chapel Hill Transit  
Triennial DBE Goal-Setting Methodology  
FFY 2023- 2025

Contents

**Introduction**..... 3

**CHT DBE Goal Methodology FFY 2023 – 2025** ..... 3

*Step 1 – Base Figure* ..... 3

*Step 2 - Adjusted Figure* ..... 4

**Goal Methodology Figures**..... 4

*Figure 1. Available Funding Estimated FFY 2023-2025* ..... 4

*Figure 2. Estimated Funding by NAICS Codes* ..... 5

*Figure 3. Availability of DBE's by NAICS Codes* ..... 6

*Figure 4. Weighted Base Figure* ..... 6

*Figure 5. FFY 2020-2022 Participation* ..... 7

*Figure 6. Final Adjustment* ..... 7

**Race/Gender-Neutral Methods**..... 8

**Public Participation** ..... 8

**Conclusion** ..... 8

# Introduction

The Town of Chapel Hill, herein after referred to as Town, has prepared this document to describe the methodology used to establish the overall Disadvantaged Business Enterprise (DBE) goal for its Federal Transit Administration (FTA) financially-assisted transit projects mandated by code of Federal Regulations (CFR) 49 Part 26, with regards to Chapel Hill Transit, herein Transit.

When establishing this goal, Transit relied upon and adhered to guidance provided by the regulations. 49 CFR, Part 26, §26.45 requires a two-step process for setting the overall DBE goal, which should reflect the expected level of DBE participation in federally assisted Transit contracts in absence of discrimination.

Transit proposes to establish its DBE overall goal for Federal Fiscal years 2023-2025 at **1.7%** with the entire amount projected to be met through race-neutral measures.

## CHT DBE Goal Methodology FFY 2023 – 2025

### *Step 1 – Base Figure*

Transit staff considered several factors in the creation of our DBE goal. We estimate that \$10,420,694.00 in federal funds will be available for procurement opportunities in FY 23-25. This includes estimates for Section 5307 PM funds, Section 5339 Bus and Bus Facilities Formula Grant, Section 5339 Funding from previous years, Section 5310 Elderly & Disabled funding, and Grant Funding for Transit Oriented Development. The available funding is reflected in **Figure 1**. Uses for these funds are divided by NAICS Code in **Figure 2**, showing the weight of DOT funds for each NAICS Code. The NAICS codes chosen most closely correlate to common DOT funded bidding opportunities for the Town as well as anticipated upcoming projects.

Utilizing the state directory of DBE firms provided through the NC Department of Transportation, 172 DBE firms were identified as viable candidates based on the NAICS Codes likely to receive federal funding. In some cases, the search for eligible DBE firms was limited to the nearby counties of Orange, Durham, Alamance, Chatham, Guilford, Johnston, Person and Wake. We felt this was a reasonable distance that eligible firms would be willing to travel for services such as construction, however, an exception was made for firms within NAICS Codes that were less prohibited by geographical location, i.e. purchase of parts, supplies, components, and professional services. In those instances, the search of available DBE firms extended to include all eligible firms statewide or out of state.

A total of 10,210 companies are identified in the same NAICS codes as listed for DBEs and provided in **Figure 3** for North Carolina. The companies were identified using the NC Department of Commerce Business Search Database.

The formula used by Transit Staff to determine ready, willing and able DBE’s, divides the potential number of DBE bidders by the total number of all potential bidders in Transit’s market area. The results of this analysis are used to determine the relative availability of DBEs in Chapel Hill Transit’s market area. The results are as follows:

Base Figure = DBES/All Available Firms (including DBEs), or Base Figure = 172/10,210. Providing a yield of 1.7%.

***Step 2 - Adjusted Figure***

The estimated amount of funding available for FFY 2023- 2025 through the Federal Transit Administration, excluding rolling stock, is \$10,420,694.00 (see **Figure 1.**) Weighted percentages were applied to each NAICS code in **Figure 2** and multiplied by the relative availability calculated in **Figure 3** to provide a “weighted base” in **Figure 4.**

Weighted base(F4) = (weighted average by NAICS(F2))\* (relative availability of DBE firm(F3)).

Expressed as a rounded percentage, Transit’s calculated weighted base is 1.4 %.

Finally, we looked at our performance during the current DBE plan to compare our original goal to what was paid out to DBE firms. **Figure 5** shows the total federal dollars committed to projects as well as the amount paid to DBEs for each FY. The average is 2%.

With similar projects expected over the next three years, Staff felt it was important to factor the past participation percentage with the weighted base for a final DBE Goal of 1.7% (**Figure 6**).

All figures used to determine the final goal of 1.7% are included in the next section.

***Goal Methodology Figures***

***Figure 1. Available Funding Estimated FFY 2023-2025***

Grant	Available Amount
SEC 5307 UZA Formula (3yrs)(including PM)	\$5,850,000.00
SEC 5339 (3yrs) (Bus & Facility Formula)	\$750,000.00
SEC 5339(Previous Year Funding)	\$535,300.00
SEC 5310 (Elderly & Disabled)	\$240,000.00
<b>Total</b>	<b>\$10,420,694.00</b>

**Figure 2. Estimated Funding by NAICS Codes**

NAICS Code	Code Description	Estimated Federal Funding	% of total DOT funds (weight)
237310	Highway, Street, and Bridge Construction	\$ 333,394.00	3.20%
238990	Curb and gutter construction, commercial parking area, concrete	\$120,000.00	1.15%
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers	\$2,000,000.00	19.19%
423710	Hardware merchant wholesalers	\$70,000.00	0.67%
541310	Architectural Services	\$120,000.00	1.15%
541330	Engineering Services	\$100,000.00	0.96%
541611	Administrative Management and General Management Consulting Services	\$70,000.00	0.67%
541990	All other professional, scientific and professional services	\$864,000.00	8.29%
561621	Security systems services	\$38,400.00	0.37%
811111	General Automotive Repair Services	\$4,000,000.00	38.39%
811191	Automotive oil change and lubrication shops	\$62,700.00	0.60%
811198	All other automotive repair & maintenance	\$2,572,200.00	24.68%
811213	Communication Equipment Repair and Maintenance	\$70,000.00	0.67%
<b>Total Procurement Opportunities</b>		<b>\$10,420,694.00</b>	<b>100%</b>

**Figure 3. Availability of DBE's by NAICS Codes**

NAICS Code	Code Description	Number of DBEs	Number of all firms available	Relative Availability
237310	Highway, Street, and Bridge Construction	20	309	0.0647
238990	Curb and gutter construction, commercial parking area, concrete	20	962	0.0208
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers	3	1140	0.0026
423710	Hardware merchant wholesalers	14	2205	0.0063
541310	Architectural Services	0	853	0.0000
541330	Engineering Services	33	1037	0.0318
541611	Administrative Management and General Management Consulting Services	63	2115	0.0298
541990	All other professional, scientific and professional services	9	358	0.0251
561621	Security systems services	7	220	0.0318
811111	General Automotive Repair Services	3	145	0.0207
811191	Automotive oil change and lubrication shops	0	229	0.0000
811198	All other automotive repair & maintenance	0	549	0.0000
811213	Communication Equipment Repair and Maintenance	0	88	0.0000
<b>Combined Totals</b>		<b>172</b>	<b>10210</b>	<b>1.7%</b>

**Figure 4. Weighted Base Figure**

NAICS Code	Code Description	Weight (Figure 2)	x	Availability	Weighted Base Figure
237310	Highway, Street, and Bridge Construction	3.20%		0.0647	0.0020708
238990	Curb and gutter construction, commercial parking area, concrete	1.15%		0.0208	0.0002394
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers	19.19%		0.0026	0.0005051

423710	Hardware merchant wholesalers	0.67%		0.0063	0.0000427
541310	Architectural Services	1.15%		0.0000	0.0000000
541330	Engineering Services	0.96%		0.0318	0.0003054
541611	Administrative Management and General Management Consulting Services	0.67%		0.0298	0.0002001
541990	All other professional, scientific and professional services	8.29%		0.0251	0.0020844
561621	Security systems services	0.37%		0.0318	0.0001172
811111	General Automotive Repair Services	38.39%		0.0207	0.0079418
811191	Automotive oil change and lubrication shops	0.60%		0.0000	0.0000000
811198	All other automotive repair & maintenance	24.68%		0.0000	0.0000000
811213	Communication Equipment Repair and Maintenance	0.67%		0.0000	0.0000000
<b>Total</b>					<b>1.4%</b>

**Figure 5. FFY 2020-2022 Participation**

FFY	Federal Contract Total	Amount Paid to DBE Firms	DBE Percentage
2020	\$3,113,439.00	\$114,184.13	4%
2021	\$8,670,676.00	\$70,872.08	1%
2022	\$6,319,054.00	\$15,897.81	0.25%
<b>Average</b>			<b>2%</b>

**Figure 6. Final Adjustment**

<b>Final Adjustment</b>	
<u>Ave FFY 20-22 Participation * Weighted Base Figure</u>	<u>0.02 * 0.014</u>
2	2
<b>FINAL ADJUSTED GOAL = 1.7%</b>	

## Race/Gender-Neutral Methods

The goal of **1.7%** set by Transit's staff is expected to be met through race-neutral measures with 0% estimated through race-conscious efforts.

The decision to pursue our goal through race-neutral means is based on our historical usage of DBE firms and our ability to meet our DBE goals. Transit has most often been able to meet their DBE goals with construction projects. Over the last few years, due to several natural disasters and high demand for construction related projects throughout the state, it has been increasingly difficult to find firms willing to bid on projects. For example, a recent procurement for a federal funded construction project resulted in a single bid.

Transit staff fear adding race-conscious measures could further impact our ability to find qualified candidates in an already tough market.

## Public Participation

Chapel Hill Transit is committed to providing every opportunity for DBEs, MBEs and WBEs to contract with the Town. As part of these efforts the Town provides the following services:

- Transit Staff provide vendor one on one sessions to discuss how to become a vendor with the Town, register for bid notifications, and can provide information on DBE certification through the NCDOT
- All bids are advertised on the NC Department of Administration's Historically Underutilized Business Bid Opportunity Dashboard. This helps the Town with outreach to DBE, MBE, and WBE firms who may not be registered for bid notifications on the Town's website.
- For Capital and Construction Projects, Transit encourages and require participates to make good faith efforts to utilize DBE subcontractors. Potential bidders must include documentation to show they attempted to work with registered DBE, MBE, or WBE firms with their final submission.

## Conclusion

Chapel Hill Transit has established a goal of 1.7% for DBE participation through FFY 2023 – 2025. Based on past participation and available DBE firms for our anticipated federally funded projects,



we believe the 1.7% goal is reasonable and anticipates using race neutral means to achieve this goal.

We will continue our outreach efforts and will work closely with the Town Purchasing and Contract Staff as well as internal Transit Staff to find new opportunities to reach new DBE, MBE, and WBE firms.

If you have any questions concerning the required documentation listed above, or concerning the DBE requirements in general, contact:



**Tim Schwarzauer**

Grants Compliance Manager

**Transit**

[Town of Chapel Hill](http://www.townofchapelhill.org)

6900 Millhouse Rd.

Chapel Hill, NC 27516-8175

Phone: (919) 969-4912

Fax: (919)968-2840

Email: [tschwarzauer@townofchapelhill.org](mailto:tschwarzauer@townofchapelhill.org)