

# **LOWELL REGIONAL TRANSIT AUTHORITY**

## **DISADVANTAGED BUSINESS ENTERPRISE**

### **GOAL SETTING METHODOLOGY**

**FFY 2022 - 2024**



**June 2021**

**LOWELL REGIONAL TRANSIT AUTHORITY**  
**Disadvantaged Business Enterprise (DBE) Program**  
**Federal Fiscal Years: 2022, 2023 & 2024**

**Goal Methodology**

**Introduction**

In accordance with Federal Regulation 49 CFR 26.45(f)(3), the Lowell Regional Transit Authority (LRTA) submits its three-year Disadvantaged Business Enterprise (DBE) overall goal for FFY 2019-2021 on projected contracting opportunities funded in whole or part by the Federal Transit Administration (FTA) along with the methodology and supporting documentation for review.

**Proposed Disadvantaged Business Enterprise Spending Goal**

The overall goal for the Lowell Regional Transit Authority for **FFY's 2022, 2023 & 2024** (October 1, 2021 – September 30, 2023) is **5.85%** of the Federal financial assistance the LRTA will expend in DOT assisted contracts, exclusive of FTA funds to be used for the purchase of transit vehicles. The estimated amount of Federal DOT assisted contracts the LRTA expects to receive during this time period is **\$2,118,953**. This means that the LRTA has set a goal of expending **\$123,959** with DBEs during this time.

**Projects**

The following projects will be completed during the time period of Fiscal Years 2019-2021 and will be accomplished with DOT financial assistance. A short description of each project follows:

**Misc. Facility Rehabilitation and Equipment Projects** – LRTA will use 5307 and 5339 funds to accomplish various rehabilitation projects on LRTA's facilities and purchase equipment. These projects range from \$10,000-\$100,000. This doesn't afford for LRTA to split the project into prime and sub-contracting opportunities. However the size of the projects do lend naturally to smaller firms, DBE and SBE alike. The following is a summary of those projects by year of expected contracting:

FFY22 Projects:

- Gallagher Intermodal Terminal 145 Thorndike Street Stairwell rehab
- APC
- Roof Repairs
- Façade Project (McGuire Bldg.)
- Bus Maintenance Lifts
- IT Equipment

FFY23 Projects:

- Gallagher Garage Repairs
- Hale Street Fueling Station Repairs
- Terminal and Building Equipment and Maintenance
- Purchase IT Equipment

FFY24 Projects:

- Terminal and Building Equipment and Maintenance
- Purchase Garage and Street Sweeper
- Purchase IT Equipment

**Equipment Purchases:**

- Computers/Network Support – purchase miscellaneous network equipment such as UPS's and replacement computers and servers will happen in each of the three years.
- Support Equipment – purchase operational and administrative support equipment.

**Large Project** – LRTA does not have any large construction projects planned for this goal setting period.

**Proof of Publication**

The LRTA published a notice announcing the establishment of the new DBE goals for the three Federal fiscal years in the Lowell Sun. The notice informed the public that a DBE participation program including DBE goals and that the goal is available for review during normal business hours at the office of the Lowell Regional Transit Authority for 30 days following the date of said notice, and informing the public that the Department of Transportation and LRTA will accept comments on the goals for 45 days from the date of the notice. The 45-day period was from June 15, 2021 to July 31, 2021. To date LRTA has not received any comments or disputes to our goal. Scanned copies of the legal ads are provided in the attachment.

Upon completion of these goals, the LRTA posted a new public notice and the new DBE Program goal on LRTA.com. Screen shots of the website publications are included in the attachment.

**Disadvantaged Business Enterprise Contractor Outreach**

A meeting for the Lowell Regional Transit Authority DBE contractors was held on May 5, 2021 at the LRTA via a Zoom conference call. The meeting was advertised by way of a public meeting notice published in the Lowell Sun on April 26, 2021 Khmer Post on April 19, 2021, as well as direct communication by way of the LRTA DBE Contractor List, LRTA.com web posting and the extensive NMMPO Outreach Email list. The LRTA personnel along with paratransit and fixed route operator personnel were available to discuss DBE procurements at the public meeting. PDF copies of the legal advertisements are provided in the attachment.

The LRTA as a member of the Massachusetts Association of Regional Transit Authorities had an opportunity to inform members of the Women's Transportation Seminar (WTS) International, Boston Chapter of the contraction opportunities at their Business Partner Expo. WTS Boston members have existing relationships with the MBTA are very interested in working with the regional transit authorities.

The LRTA has participated in the State Supplier Diversity Office regional outreach series. LRTA will continue to use these and similar forums to connect with MBE and WBE throughout the region and State.

The shared Lowell Regional Transit Authority and Northern Middlesex Council of Governments (NMCOG) staff planner provides additional outreach to area organizations. As staff to the Northern Middlesex Metropolitan Planning Organization (NMMPO), NMCOG personnel regularly participate in numerous outreach meetings in the greater Lowell area. These community groups include a variety of neighborhood groups, business organizations and minority organizations. While these outreach sessions primarily involved NMMPO transportation planning and LRTA transit planning, information about DBE contracting opportunities is also made available. The following is a list of the organizations that NMCOG/LRTA planners attend:

- Belvidere Neighborhood Council
- Centerville Neighborhood Action Group
- Acre Coalition Improve Our Neighborhood
- Lowell Downtown Neighborhood Association
- Pawtucket Citizens Council
- United Teen Equity Center
- Greater Lowell Chamber of Commerce
- Greater Lowell Workforce Investment Board
- Northern Middlesex Community Economic Development Strategy Committee (CEDS)
- Middlesex3 Coalition
- Community Teamwork (CTI)
- Merrimack Valley Regional Coordinating Council (MVRCC)

### **Definition of Terms**

To facilitate the clear understanding of the methodology adopted by the LRTA in establishing the overall DBE goal, the following terms are accordingly defined.

**D.B.E.** - A business that meets the size, ownership, control and definition requirements of 49 CFR Part 26.5.

**READY, WILLING AND ABLE BUSINESSES/ENTERPRISES** - Comprises the current universe of SDO certified businesses that perform work, are interested in, and capable of performing such work on LRTA DOT-assisted contracts.

**RELEVANT MARKET AREA** – Suffolk, Middlesex, Essex and Hillsboro counties.

## **Information Sources**

LRTA reviewed a variety of data sources to ensure that we were using current, relevant data to determine the total number of available firms as well as the total number of the certified DBEs in the region who were ready willing and able to provide goods and services as identified:

1. LRTA maintains a bidders list which allows the agency to track interest from the business community – including DBE’s and small businesses. The bidders list provides LRTA with a variety of data including the locations of businesses that have expressed interest in doing business with the LRTA.
2. Massachusetts Supplier Diversity Office (SDO) D.B.E. Directory, Web site: [www.sdo.osd.state.ma.us](http://www.sdo.osd.state.ma.us). LRTA is part of the Commonwealth of Massachusetts Unified Certification Program (UCP). Partners in the UCP fund the Supplier Diversity Office (SDO) which certifies disadvantaged businesses and keeps a searchable directory of those businesses.
3. U. S. Bureau of the [www.census.gov/data/data-tools/censtats.html](http://www.census.gov/data/data-tools/censtats.html) – The US Census Bureau provides information regarding the total number of businesses by NAICS code. This number provides the LRTA with a basis for setting the total number of businesses in the specified geography which can provide the specified good or service.
4. U. S. Department of Labor. North American Industrial Classification System (NAICS) Codes. – The NAICS system provides LRTA with a standard break down of the types of goods and services that the agency may be procuring during the time period.

## **Description of D.B.E. Goal Setting Methodology**

This section details the rationale, methodology and procedures used to develop the projected overall DBE goal for the LRTA. The two-step process used to determine the DBE participation goal is presented as follows:

### **Step 1.** Establish a Baseline Figure

In order to establish a baseline figure for the LRTA’s DBE goal development, the following methodology was used. LRTA used a spreadsheet to calculate a DBE baseline figure for all projects anticipated in the upcoming goals submission period of FFY2019 through FFY2021. Available funds for the three year period were used to calculate the three year goal by the relative availability of all Certified DBEs within the relevant market area as defined by historic procurements.

A review of available data was conducted to determine DBE availability in the relevant market area. The results are as follows:

- A) **Total Available DBEs** was developed by use the Supplier Diversity Office website by NMCOG staff, of **197** Certified DBEs that fall into roughly the same NAICS codes as those used in the **Total Business** listing. LRTA considered all registered SDO DBE businesses located in New England as being ready, willing and able to work on LRTA projects. We believe that by certifying themselves in Massachusetts they have indicated their willingness to work within the Commonwealth.

**B)** The **Total Business** figure was derived by combining **All Business** within Essex, Middlesex, Suffolk and Hillsboro Counties that fall into the 20 NAICA codes that the Lowell Regional Transit Authority anticipates contracting during these three Federal fiscal years.

238110, 238150, 238160, 238210, 238330, 323111, 339950, 423120, 424720, 441320, 444130, 453210, 541110, 541211, 541310, 54519, 541930, 812330

These firms are all involved in construction, architecture/engineering, consulting, management services, public relations, commercial banking, parts, technology or fuel (Figure 1 displays the complete listing of the businesses categories and associated NAICS Codes by county, along with the Certified DBE). The calculation formula is as follows:

**DBE Goal = Total Available Certified DBEs / Total Available Businesses**

<b><u>Counties</u></b>	<b><u>New England DBEs</u></b>	<b><u>Total Business</u></b>
Essex, MA	----	1,416
Middlesex, MA	----	3,294
Suffolk, MA	----	1,720
Hillsborough, NH	----	<u>795</u>
Certified	197	6,385

$$197 / 6,385 = .0309$$

The resulting base figure for the relative availability of DBE is **3.09%**

**Figure 1 DBE Worksheet FFY 2022 – 2024**

DBE Goal Base Figure FFY 2022 - 2024							
May 2021							
County Business	NAICS Code	Counties				Total	New England
		Suffolk	Middlesex	Essex	Hillsboro		
2019 Data		MA	MA	MA	NH		DBEs
Concrete Contractors	238110	12	54	24	35	125	29
Glass & Glazing Contractors	238150	14	26	16	11	67	8
Roofing	238160	24	105	49	19	197	29
Electrical Contractors	238210	101	642	288	151	1,182	30
Flooring Contractors	238330	49	94	64	28	235	9
Commercial Printing	323111	29	102	28	25	184	13
Sign Manufacturing	339950	6	21	9	13	49	4
Motor Vehicle Supplies & Parts Wholesale	423120	12	42	29	5	88	2
Petroleum & Products Merchants Wholesale	424720	5	5	3	0	13	3
Tire Dealers Retail	441320	12	65	35	32	144	5
Hardware Stores	444130	21	66	24	21	132	1
Office Supplies	453210	0	28	10	6	44	9
Office of Lawyers	541110	928	823	463	218	2,432	2
Office of CPA's	541211	108	305	128	60	601	12
Architecture Services	541310	186	244	64	19	513	29
Other Computer Related Services	541519	44	143	25	13	225	9
Translation & Interpretation Services	541930	15	24	4	0	43	3
Linen & Uniform Supply	812330	0	5	3	0	8	0
Bus Lift (Nationwide)						86	0
ITS APC (Nationwide)						17	0
<b>Total</b>		<b>1,566</b>	<b>2,794</b>	<b>1,266</b>	<b>656</b>	<b>6,385</b>	<b>197</b>
Total Available w/in NAICS							6,385
Total Certified DBEs.							197
<b>DBE Percentage:</b>							<b>3.09%</b>

## Step 2. Adjustment Based on Available Evidence

### (1) Further Adjustment Based on Past Performance

The following table indicates Lowell Regional Transit Authority DBE participation for Federal Fiscal Years 2018, 2019, 2020 and the first half of 2021.

<u>Federal Fiscal Year</u>	<u>Actual Percentage of Work</u>
2021 (1/2 year)	7.3%
2020	6.7%
2019	14.76
2018	<u>5.71</u>
<b>Four Year Median</b>	<b>8.62%</b>
<b>Step 1 Baseline Goal</b>	<b>3.09%</b>
<b><u>Median Past DBE Participation</u></b>	<b><u>8.62%</u></b>
<b>Adjustment to Step 1 Baseline Goal</b>	<b>(3.09+8.62)/2</b>
<b>FINAL GOAL</b>	<b>5.85%</b>

### (2) Disparity Studies

LRTA has studied the impact that access to financial services may have for DBEs. The primary source for LRTA was the *Business Disparities in the DCAMM Construction and Design Market Area*, conducted by NERA Economic Consulting for the Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) 2017. Findings from that study indicate that access to credit and loans is more difficult for DBE businesses.

The study indicated that minority owned firms were less likely to apply for loans due to fear that they would be denied and that these fears were well founded as minority firms were more likely to be denied access to credit than whites despite having similar financial backgrounds. For those minority firms that did receive a loan, their interest rates were on average higher than those of a comparable white applicant. The findings of the study clearly state statistically significant differences in access to capital between minority applicants and white applicants, including white female applicants.

Based on the findings of the 2017 disparity study, LRTA has worked with DBE contractors to ensure that we utilize prompt pay mechanisms and have reviewed payroll records of prime consultants to ensure they are abiding by these regulations as well. LRTA also breaks down contracts to ensure that contractors do not have to finance the purchase of large capital equipment or inventory – for example if a contractor needed to purchase equipment or materials, LRTA would order the materials for the contractor to alleviate the burden of financing materials.



(3) Other LRTA Efforts

- a. The LRTA anticipates that the type of work being issued during the upcoming years will provide greater opportunities for DBE's as the work is anticipated to be in areas in which there is a higher number of available DBE Certified Vendors. The types of contracts anticipated to be issued may utilize pre-bid conferences and other tools to engage the DBE community.
- b. The LRTA maintains its active consultation and outreach activities to DBE certified businesses, minority and women supportive professional organizations, and Chambers of Commerce to educate and encourage potential beneficiaries of the program and to acquire input into our goal development. We have consulted with WBE and MBE organizations to alert them of potential business opportunities and to seek their counsel on effective ways to reach DBE businesses. Examples of this are direct consultation with the Greater Lowell Chamber of Commerce and the Massachusetts Supplier Diversity Office.
- c. The LRTA hires many businesses that are likely candidates for DBE certification. LRTA provides vendors with information about the DBE program and encourages them to follow through with certification.

**Goal Setting Methodology Summary**

The Goal established by the LRTA is based upon the total availability of SDO Certified DBEs. Information pertaining to contributing factors in this goal setting process has been carefully considered in reaching a decision on an overall DBE goal for the LRTA. Data sets and reference materials were thoroughly examined to ensure that the projected overall goal for DBE participation in LRTA procurement opportunities is at an acceptable level. As a result of this analysis, it is firmly believed that the LRTA has been fully responsive in accommodating changes in the DBE marketplace over the years and the current projected goal reflects an ongoing positive commitment to the program.

**Overall Goal for DBE Participation in LRTA DOT-Assisted Contracts**

As a result of successful ongoing DBE programs and activities to date, the overall goal for participation by DBEs in LRTA federally assisted contracts will be **5.85%** FFY's 2022, 2023 and 2024.

**Race-neutral, Race-conscious Measures**

LRTA has met or exceeded our goal of 5.6% over the last three-year reporting period. The LRTA's past attainments were all made by Race-Neutral measures (no contract goals were set). The LRTA will strive to continue to meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation