



**Metropolitan Transit Authority of Harris County, Texas - Methodology
Proposed Goal for the Participation of
Disadvantaged Business Enterprises in
Federal Transit Administration Funded Contracts
Fiscal Years 2020 - 2022**

The following notice describes the process by which the Federal Transit Administration requires an agency to calculate its goal for utilization of Disadvantaged Business Enterprises (DBE). Using the methodology required by Federal Regulation 49 C.F.R. Part 26, the Metropolitan Transit Authority of Harris County, Texas (“METRO”), has determined that its annual goal is 19% for the participation of Disadvantaged Business Enterprises (“DBE”) in contracts funded by the Federal Transit Administration for the next three years, effective October 1, 2019. This calculation is the minimum to be achieved and METRO seeks to exceed the goal whenever possible. METRO projects that it will meet its tri-annual goal for fiscal years 2020 – 2022 through race-neutral measures.

I. Methodology

Step one – Development of Base Figure

METRO has identified the geographical region for projecting the DBE goal as 13 neighboring counties surrounding the city of Houston, Texas: Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller and Wharton counties. An analysis of the vendors working on METRO projects revealed 75% are from the 13-county region. The defined 13-county region is larger than METRO’s statutorily-defined service area, but more limited than the entire State of Texas.

To properly develop a base figure for the relative availability of DBE firms within the 13-county region, METRO identified:

- 1) the anticipated federally-funded projects for fiscal years 2020, 2021, and 2022,
- 2) the applicable NAICS (North American Industry Classification System) Codes for our anticipated projects,
- 3) applicable certified DBE firms in the Texas Unified Certification Program (TUCP) – Houston District Database based on the applicable NAICS Codes, and
- 4) all able and willing firms within the applicable NAICS Codes data provided in the “U.S. Census Bureau, 2016 County Business Patterns”.

Initially, we identified the anticipated federally-funded projects that may be awarded during fiscal years 2020 - 2022, excluding transit vehicle purchases.

Secondly, we researched the anticipated projects and identified specific contracting areas represented by the following NAICS Codes:

NAICS	Description
236220	Commercial and institutional building construction
237110	Water and sewer line and related structures construction
237130	Power and communication line and related structures construction
237310	Highway, street, and bridge construction
237990	Other heavy and civil engineering construction
238210	Electrical contractors and other wiring installation contractors
238220	Plumbing, heating, and air-conditioning contractors
238290	Other building equipment contractors
238910	Site preparation contractors
337127	Institutional furniture manufacturing
531210	Offices of real estate agents and brokers
541330	Engineering services
541370	Surveying and mapping (except geophysical) services
541611	Administrative management and general management consulting services
541620	Environmental consulting services
561730	Landscaping services
561990	All other support services

Thirdly, in our effort to include all potential DBE firms, METRO researched the Texas Unified Certification Program (TUCP) database of certified DBE firms in the Houston District which represents the DBEs in the 13-county region certified by the City of Houston. The identified NAICS Codes produced the following certified DBE firms in our region.

NAICS Codes	Certified DBE Firms
236220	129
237110	63
237130	11
237310	80
237990	11
238210	43
238220	18
238290	1
238910	46
337127	0
531210	23
541330	132
541370	105
541611	84
541620	33
561730	35
561990	19

Next, in our efforts to make use of the most current, reliable and refined data available, we utilized the U.S. Census Bureau, 2016 County Business Patterns data. The following table represents all firms in the 13-county region, regardless of size, ethnicity or ownership, which are categorized as able to perform, under the identified NAICS Codes:

NAICS Codes	No. of Identified Businesses
236220	823
237110	213
237130	122
237310	132
237990	86
238210	1,072
238220	1,652
238290	130
238910	401
337127	7
531210	1,730
541330	1,915
541370	154
541611	1,835
541620	194
561730	1,035
561990	169

We calculated the relative DBE availability of the identified NAICS Codes:

NAICS Code	No. of Identified Businesses	Certified DBE Firms	NAICS Code Relative Availability
236220	823	129	15.67%
237110	213	63	29.58%
237130	122	11	9.02%
237310	132	80	60.61%
237990	86	11	12.79%
238210	1,072	43	4.01%
238220	1,652	18	1.09%
238290	130	1	0.77%
238910	401	46	11.47%
337127	7	0	0.00%
531210	1,730	23	1.33%
541330	1,915	132	6.89%
541370	154	105	68.18%
541611	1,835	84	4.58%
541620	194	55	17.01%
561730	1,035	35	3.38%
561990	169	19	11.24%

We totaled the number of DBE firms and then determined the total number of firms available based on the identified NAICS Codes for each designated contract area and identified the relative availability in the contract area.

Contract Area	NAICS Codes	Total Firms	Total DBE's	Relative Availability of DBE Firms
Construction	236220,238910,561990,237310,238210,237990,237110,238220,337127,238290,237130	4,807	421	8.76%
Engineering	541330	1,915	132	6.89%
Professional Services	541370,561730,541611,541620	3,218	257	7.99%
Real Estate, Rental & Leasing	531210	1,730	23	1.33%
Total DBE Firms Identified		11,670	833	7.14%

The calculation of DBE availability was weighted based on the percentage of contract dollars for each contract area that would be awarded from the anticipated federally-funded projects.

Contract Area	Projects	Weighted Project Value
Construction	\$125,182,982.11	78.6%
Engineering	\$17,084,813.93	10.7%
Professional Services	\$6,641,675.73	4.2%
Real Estate, Rental & Leasing	\$10,304,499.00	6.5%

The weighted DBE calculation resulted in a step one base figure of 8.04%.

Contract Area	Projects	Weighted Projects	Relative Availability of DBE firms	Weighted %
Construction	\$125,182,982.11	78.6%	8.76%	6.89%
Engineering	\$17,084,813.93	10.7%	6.89%	0.74%
Professional Services	\$6,641,675.73	4.2%	7.99%	0.33%
Real Estate, Rental & Leasing	\$10,304,499.00	6.5%	1.33%	0.09%
Weighted DBE Percentage (Base Figure)				8.04%

Step Two – Adjusting the Base Figure

Once the step one base figure of 8.04% was calculated, we considered the following factors in determining whether an adjustment to the base figure was necessary:

Past Participation: We initially examined METRO’s past DBE participation in federally-funded projects during the last three fiscal years to determine the adjustment necessary to the base percentage. In FY2017 and FY2018 the DBE participation in federally-funded projects was 55% and 64% respectfully. This participation is an anomaly compared to other fiscal years and does not reflect normal participation on similar projects. In order, to address the anomalies and to ensure an accurate DBE goal, we examined METRO’s past DBE participation in federally-funded projects during the past five years. The federally-funded projects anticipated during fiscal years 2020 - 2022 are similar to projects in the five past fiscal years, therefore, we

- 1) evaluated the current capacity of DBE’s to perform anticipated projects,
- 2) calculated the past DBE performance median from the past five fiscal years, and
- 3) averaged the past DBE performance with the step one base figure.

The past DBE performance median of fiscal year 2014, 2015, 2016, 2017 and 2018 is 29%.

Past Participation	
FY14	29%
FY15	18%
FY16	11%
FY17	55%
FY18	64%
Median	29%

Therefore, after consideration of the existing capacity of DBE firms, and obtaining the average of the step one base figure (8.04%) and the DBE performance median (29%), we propose our annual goal to be 19%.

II. Estimated Race/Gender Neutral and Race/Gender Conscious Participation

METRO estimates that it will meet its overall goal of 19% DBE goal for fiscal years 2020 - 2022 through race-neutral measures. METRO does not establish DBE goals on individual federally-funded contracts.