

Fredericksburg Regional Transit (FRED)

Disadvantaged Business Enterprise Program

DBE Goal

For the Period FY2022-24

49 CFR Section 26.45: Overall FY2022-24 DBE Goal for Fredericksburg Regional Transit

Disadvantaged Business Enterprise (DBE) Utilization Goal

Fredericksburg Regional Transit's (FRED) overall goal for the utilization of DBEs in FY2022-24 is 2.4 percent of the value of Federal Transit Administration (FTA)-assisted procurements, exclusive of FTA funds used to purchase transit vehicles. FRED will deploy race-neutral means to achieve this goal.

Methodology Used to Calculate Overall Goal

SUMMARY

Fredericksburg Regional Transit (FRED) has established an overall goal for Disadvantaged Business Enterprise (DBE) participation in the agency's federally funded contracts in accordance with regulations of the United States Department of Transportation (DOT), 49 CFR Part 26. This regulation requires recipients of Federal funds to use a methodology based on demonstrable data of relevant market conditions and is designed to set a participation goal the recipient would expect DBEs to achieve in the absence of discrimination. FRED expects to spend more than the DBE goal-triggering threshold amount of \$250,000 in FY2022 in connection with the procurement of goods and services (other than transit vehicles) used in the day-to-day operation of the system. FRED will review its procurement opportunities in FY23 and FY24 to determine if those opportunities continue to exceed \$250,000; if so, FRED may adjust its goal to reflect changes in the nature of those opportunities.

GOAL FOR FY2022-24

FRED has established an overall goal of 2.4 percent DBE participation for FY2022-24 on U.S. Department of Transportation (DOT)-assisted contracts, 100 percent of which is to be achieved by race-neutral means.

METHODOLOGY

In setting its FY2022-24 DBE goal, FRED considered all potential contracting opportunities. Those opportunities are shown in the table below. In calculating the goal, the agency has weighted the various contracting opportunities to reflect their relative contribution to the total value of all anticipated opportunities. As can be seen, FRED's contracting opportunities are spread across a variety of activities. Not all amounts budgeted for particular areas of activity represent contracting opportunities.

FRED used two principal data sources to help determine the proposed DBE goal: 1) the U.S. Census Bureau's American Fact Finder Database for statewide information about the number of establishments in various sectors (factfinder2.census.gov) ; and 2) the Virginia Department of Transportation's Searchable Disadvantage Business Enterprise Database (http://www.dmbv.virginia.gov/cgi-bin/dbe_search.cgi). The North American Industry Classification System (NAICS) Codes used in FRED's analysis are shown in Table 2 below.

Table 1: FRED Transit Potential Contracting Opportunities

Budget Code	Projects	Budgeted Amount	Contract Opportunity
431600	Landscaping Services	\$ 6,000.00	\$ 6,000.00
433100	Repairs and Maintenance.	\$ 105,000.00	\$ 105,000.00
433200	Maintenance Service Contracts	\$ 20,000.00	\$ 20,000.00
435000	Printing & Binding	\$ 15,000.00	\$ 15,000.00
436000	Advertising	\$ 35,000.00	\$ 35,000.00
454100	Equipment Lease/Rental	\$ 2,000.00	\$ 2,000.00
460010	Office Supplies	\$ 15,000.00	\$ 15,000.00
460070	Repair and Maintenance Supplies	\$ 275,000.00	\$ 275,000.00
481130	New Bus Stop Signs	\$ 51,000.00	\$ 17,000.00
482020	Furniture and Fixtures	\$ 25,000.00	\$ 20,000.00
482130	Additional Shelters and Benches	\$ 20,000.00	\$ 20,000.00

FRED has determined that these types of goods and services are the ones most likely to be used over the course of FY2022-24 and for which contracting opportunities will arise.

Local Market Area

The Local Market Area is the area where the majority of potential FRED contractors and subcontractors are located and the area in which FRED spends the substantial amount of its contracting dollars. The Local Market Area is used to identify the pool of all potential vendors and the pool of DBE-certified vendors for the goods and services FRED anticipates procuring.

For purposes of determining the DBE participation goal, FRED considers the entire Commonwealth of Virginia to be the Local Market Area. Based on historical FRED procurements, the agency believes that this market area accurately reflects the region within which the vast majority of its contracting dollars are spent and within which the vast majority of its potential contractors and subcontractors reside and do business.

Total Number of Enterprises and DBE-Certified Companies in Virginia

The total number of all enterprises located in FRED's Local Market Area that would be available for USDOT-assisted procurements was extracted from the NAICS database hosted by the U.S. Census Bureau. The NAICS codes used for this analysis are shown in Table 2.

Table 2: NAICS and Budget Codes

Budget Code	NAICS CODE	NAICS DESCRIPTION
436000	541810 541860 541850	Ad agencies; direct mail; outdoor ads
433100	811111 811118 811113 811212 811213	Automotive engine repair; Other automotive mechanical and electrical repair and maintenance; Automotive transmission repair; Communication equipment repair and maintenance
433200	561730	Landscaping Services
433200	561720	Janitorial Services
435000	323117 323120	Printing; Binding
454100	532420	Office equipment and machinery rental or leasing
460010	453210	Office Supplies and Stationery Stores
460070	441310	Automotive Parts and Accessories Stores
481130	339950	Sign Manufacturing
482020	442110	Furniture Stores
482130	624221	Temporary Shelters

To estimate the number of ready, willing and able DBE firms available to work in the NAICS code sectors cited above, we analyzed the Commonwealth of Virginia’s DBE vendor database. VDOT’s DBE database includes companies that reside in the Commonwealth, and companies that are located out of state.

We believe use of these databases yields a reasonable estimate of the total number of enterprises and total number of ready, willing and able DBE firms performing work in the relevant NAICS code categories.

This information is summarized in Table 3 shown below.

Table 3: Number of Virginia Enterprises and DBEs by NAICS Code

NAICS CODE	NAICS DESCRIPTION	No. of VA Establishments	Registered VA DBEs	% DBEs of Total
323117 323120	Printing; Binding	36	11	30.56%
339950	Sign Manufacturing	124	10	8.06%
441310	Automotive Parts and Accessories Stores	991	3	0.30%
442110	Furniture Stores	684	2	0.29%
453210	Office Supplies and Stationery Stores	85	1	1.18%
532420	Office equipment and machinery rental or leasing	16	2	12.50%
541810 541860 541850	Ad agencies; direct mail; outdoor ads	383	65	16.97%
561720	Janitorial Services	2,233	116	5.19%
561730	Landscaping Services	2,842	91	3.20%
624221	Temporary Shelters	96	9	9.38%
811111 811118 811113 811212 811213	Automotive engine repair; Other automotive mechanical and electrical repair and maintenance; Automotive transmission repair; Communication equipment repair and maintenance	2,516	14	0.56%

Determining FRED’s DBE Contracting Goal

FTA guidance material for setting DBE goals suggests the use of weighting factors to reflect the relative value of contracting opportunities in different areas of activity. For FRED Transit in FY2022, there are eleven (11) main areas of activity. Most of FRED’s activity during FY2022 will be in small procurements and purchases that are distributed among activities relating to the day-to-day operations of FRED’s system.

The guidance suggests the following formula for determining the base figure percentage of ready, willing and able DBE firms for DOT-assisted projects:

$$\frac{\text{Numerator: Ready, Willing and Able DBE Firms (by category \& weighting) divided by}}{\text{Denominator: All Ready, Willing and Able Firms (by same numerator categories)}}$$

Using this formula and the weighting factors for each activity area yields a weighted DBE goal for each area. The individual weighted goals are then summed to yield an overall DBE goal of 2.4 percent for all procurement opportunities.

The sum of the weighted DBE goals is shown in Table 4 below.

Table 4: Calculation of DBE Weighted Goal

NAICS CODES	No. of VA Establishments	Registered VA DBEs	% DBEs of Total Establishments	Opportunity Weight	Weighted DBE Goal
323117 323120	36	11	30.56%	2.13%	0.65%
339950	124	10	8.06%	3.86%	0.31%
441310	991	3	0.30%	62.39%	0.19%
442110	684	2	0.29%	2.84%	0.01%
453210	85	1	1.18%	2.13%	0.03%
532420	16	2	12.50%	0.28%	0.04%
541810 541860 541850	383	65	16.97%	4.96%	0.84%
561720	2,233	116	5.19%	2.84%	0.15%
561730	2,842	91	3.20%	0.85%	0.03%
624221	96	9	9.38%	2.84%	0.27%
811111 811118 811113 811212 811213	2,516	14	0.56%	14.89%	0.08%

Total Weighted DBE Goal 2.40%

Based on our estimate of contracting opportunities for all activities, we do not believe that our contracting opportunities will be significantly different in FY2023 and FY2024. FRED will review the estimated values of our contracting opportunities each of those years and will propose adjustments to the goals as required by regulation.

Race-Neutral vs Race-Conscious Goal

Section 26.51 requires that agencies “must meet the maximum feasible portion of [their] overall goal by using race-neutral means....” FRED proposes to use race neutral measures to achieve 100 percent of its DBE goal. While FRED has been challenged to meet its DBE goals in the past, FRED was able to meet its goal in FY2020 and has improved its management of the DBE program, improving the likelihood of being able to meet its goal for FY22-24. FRED will monitor its use of DBE’s and may, if it consistently falls short of meeting its goal, apply a DBE contract goal to individual contract(s). FRED will review DBE participation in its procurements over the course of the year to determine whether race-conscious means may be required in subsequent years.

Consideration of Adjustments to the DBE Goal

Section 26.45(d) requires FRED to consider any evidence available in its jurisdiction that indicates a possible need to adjust the base figure. Regarding the different types of evidence cited in the regulation, FRED observes:

- While FRED has had difficulty in meeting its goal over time, FRED was able to meet its goal in FY20, indicating that the basic goalsetting methodology yields an attainable goal without the need to make adjustments; there is no basis for finding that the base figure is significantly over or under what our analysis indicates should be achievable.
- No disparity studies have been performed in the jurisdiction; hence, there is no information that supports making an adjustment to FRED's base figure on this basis.
- FRED's goal is its own and not the goal of another recipient in the region; hence, there is no need to consider adjusting the goal on that basis.
- FRED is aware of no statistical studies or other information that would suggest that DBEs receive disparate treatment that adversely affects their ability to compete for FRED business.

Consequently, FRED concludes that its base figure represents an accurate and reasonable DBE goal without the need for adjustment.

PROCESS

On June 19, 2021, FRED will post a notice of the proposed overall DBE goal with the area's leading newspaper, The Free Lance-Star, informing the public of the goal and its rationale. The goal and this analysis will be available for public inspection during normal business hours at FRED offices for a period of 30 days. The goal is posted on FRED's and the City of Fredericksburg's website. Public comment will be accepted for 30 days from the date of the notice. FRED will host a virtual public meeting on June 28, 2021 at 9:00 am to discuss its goal. This will be a GoToMeeting, which can be joined by using the following address: <https://global.gotomeeting.com/join/268913885> or by phone: (312) 757-3121 and enter Access Code: 268-913-885. If assistance is needed, please contact Ms. Sullivan by email or at 540.372.1222 x705.

APPENDIX A
DBE Notice in The Free-Lance Star

APPENDIX B: DBE Website Notice

APPENDIX C: Posting of DBE Virtual Meeting

APPENDIX D: DBE Goal Attendee Sheet

APPENDIX E: Sample DBE Goal Virtual Meeting Invitation