



**SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
DISADVANTAGED BUSINESS ENTERPRISE GOAL METHODOLOGY
FOR FISCAL YEARS 2024, 2025 and 2026
RECIPIENT ID NO: 2020**

Section 26.1, 26.23 Objectives

The Southwest Ohio Regional Transit Authority (SORTA) has established a Disadvantaged Business Enterprise (DBE) program in accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26. SORTA has received Federal financial assistance from the Department of Transportation/Federal Transit Administration, and as a condition of receiving this assistance, SORTA has signed an assurance that it will comply with 49 CFR Part 26. It is the policy of SORTA to ensure that DBEs, as defined in part 26, have an equal opportunity to receive and participate in DOT-assisted contracts.

Proposed Overall Goal

In accordance with Section 26.45(f), SORTA submits its proposed overall goal to FTA by August 1 of the year that is due (every three years). SORTA has established a proposed overall DBE goal of **8.5%** for Federal Fiscal Years 2024, 2025 and 2026. This includes a percentage of race-conscious and race-neutral measures. The proposed goal is based on SORTA's review of the availability of DBE firms that are ready and willing and able to participate on DOT-assisted contracts pursuant to 49 CFR Part 26.45. This goal is an effort to establish a level playing field to participate in the performance of contracts financed in whole or in part with federal funds.

Determination of Market Area

The implementation of the Ohio Unified Certification Program and the current condition of our market area greatly affects the goal methodology calculation formula. Our market area consists of the entire State of Ohio, with primary activity in Hamilton, Butler, Warren, and Clermont counties. Though primary activity resides in the above counties, SORTA encourages and solicits participation from certified DBE vendors across the state of Ohio, thus increasing the market area outside of SORTA's operating area.

A review of the Ohio Unified DBE Directory yielded limited DBE certifications with the Ohio Department of Transportation in the surrounding counties in Northern Kentucky and Indiana. Utilizing the Kentucky Transportation Cabinet and Indiana Department of Transportation Certified DBE Directories, we can identify certified DBEs in our surrounding area with the potential to become certified with the Ohio Department of Transportation. This awareness poses opportunities for outreach and opportunities to broaden the local market area. We frequently communicate with the Ohio Department of Transportation and Kentucky Transportation Cabinet to identify and refer small and disadvantaged businesses to these resources to get certified. Collaboration broadens the DBE market and increases relative availability.

Method

In consideration of SORTA's market area and availability of DBEs vs. non-DBEs, the overall goal was derived by following methodologies described in 49 CFR Part 26.45, which requires the recipients of FTA funds to utilize a two-step process in the development of its DBE goal using the best available current data on both the presence of DBEs and the presence of all businesses in our Market area. The following is a summary of the method SORTA used to calculate the goal.

Step 1: Base Figure

SORTA projects that it will receive approximately \$144,883,323 in FTA financial assistance for anticipated projects listed below. The projection is based on grants and financial assistance that SORTA has received in the previous triennial period, anticipated projects and what is expected to be received in FFY 2024, 2025 and 2026. Below is the projection of Federally assisted projects. It should be noted that SORTA has received an unprecedented number of grants that total to more than \$100,000,000. SORTA has also received American Rescue Plan grant funds in response to the pandemic. Additional grant funding during this triennial period can be tied to SORTA's ability to match with local funds due to a local tax levy that passed in 2021.

FFY 2024-2026 Projection of Federally Assisted Projects		
Project	Anticipated Federal Contribution	Contract Award Year
Transit Centers: Walnut Hills-Construction	\$ 1,783,323	2024
Transit Centers: Uptown- Construction	\$ 5,200,000	2024
Transit Centers: North College Hill- Construction	\$ 3,500,000	2025
Scheduling Software	\$ 1,600,000	2024
Queensgate Roof Replacement	\$ 6,400,000	2025
ERP	\$ 4,000,000	2024
RIM: BRT Construction on 8 mile corridor	\$ 57,600,000	2025
RIM: BRT Construction 9 mile corridor	\$ 64,800,000	2025
Total	\$ 144,883,323	

Pursuant to 49 CFR 26.45(c) (1), to arrive at the Base Figure, SORTA elected to evaluate groups of NAICS codes to determine the relative availability of DBEs in various fields, based on data derived from past and prospective projects.

All Firms Ready, Willing and Able (DBEs and Non-DBEs)			
North American Industry Classification System (NAICS) Codes	Descriptor	All Established Firms (Per Census Data)	DBE Firms from Ohio Department of Transportation UCP Directory
238910	Site Preparation Contractors/Equipment Rental/Construction/Traffic Control	1,343	105
238990	All Other Specialty Trade Contractors (Including Pavement)	983	90
237310	Highway, Street and Bridge Construction	318	130

237990	Other Heavy and Civil Engineering Construction (Includes Recreational vehicle park construction, Streetcar line construction etc)	112	78
238120	Structural Steel and Precast Concrete Contractors	113	47
238190	Other Foundation, Structure, and Building Exterior Contractors	107	24
238390	Other Building Finishing Contractors	240	44
511210	Software Publishers	302	1
Total		3,518	519

Sources: 1) ODOT UCP Directory, 2) US Census Data, County Business Patterns (Ohio)

As stated previously, we determined that our market area consists of the entire state of Ohio, even though contracts have mostly been awarded and performed by firms located in Hamilton, Butler, Clermont and Warren counties. As such, we included DBEs located across the state of Ohio. Using the Ohio Department of Transportation's UCP directory, we determined that the total number of ready, willing, and able DBEs for all the disciplines identified for the anticipated projects was 519. We divided the total number of certified DBE Firms in the respective NAICS codes from the determined market area deemed ready, willing, and able, by the total number of firms obtained from the U.S. Census County Business Patterns that provide services under the same NAICS. As a result, the Base figure for SORTA is **15%**, respectively.

Disparity Studies and other considerations

SORTA reviewed the findings of the City of Cincinnati's 2015 Disparity Study, Hamilton County's 2022 Disparity Study, and the Ohio Department of Transportation's 2022 Availability Study as a part of determining the need for a step-two adjustment.

A review of these studies was useful in gaining greater understanding of the overarching disparity in the market area and the need for the establishment of both race-conscious and race-neutral goals. All three studies identified disparities and the need for race and gender conscious remedies to maximize small business participation. The studies recognized that disadvantaged businesses were underutilized in contracting and stressed the need to set goals. They also recognize that DBE participation is mostly gained from subcontracting opportunities rather than prime contracts due to availability. The City of Cincinnati's Disparity Study, ODOT's Availability Study and Hamilton County's disparity study were useful tools in assisting SORTA in deciding whether a step-two adjustment was needed, based on the findings.

Step 2. Adjustment of Base Figure

To adjust the Base Figure in Step One, SORTA considered both the statistical and anecdotal evidence presented in disparity studies conducted in the general market area, along with consideration of the current capacity of DBEs to perform work in its USDOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years. To adjust the base figure, SORTA will be utilizing the median participation percentage of previous participation for the last five (5) federal fiscal years.

Arriving at the Median Past Participation: SORTA's Past participation

SORTA arrived at the median by arranging the percentages of past five federal fiscal years' participation from low to high as follows: 0%, 0%, 2%, 5% and 15%. Due to the unprecedented circumstances surrounding COVID-19, SORTA opted to utilize data from the previous 5 fiscal years as the pre-COVID-19 data would be more reflective of future participation for similar projects. SORTA projects were delayed due to COVID-19 restrictions, which, in turn had an impact on our DBE participation in contracting opportunities. Therefore, we used the median number of the previous participation sequence of 2% as part of our adjusted base figure calculation.

Adjusting Step One Base Figure

SORTA added Step One Base Figure to the median and divided sum by 2, as illustrated in the calculation below and resulting in the overall goal of 8.5%:

$$\frac{15\% + 2\%}{2} = 8.5\%$$

Race-Neutral Projection– 49 CFR Part 26.51 (c)

Per 49 CFR § 26.51(a), we are required to meet the maximum feasible portion of our triennial goal by using race-neutral means of facilitating DBE participation. SORTA will consider race-neutral participation where DBEs and other small businesses benefit. Examples of race-neutral participation is where a DBE serves as a prime, or DBE participation is obtained on non-goal contracts or DBE participation is obtained beyond the goal.

SORTA will continue to strive to meet the maximum feasible portion of its overall DBE goal for FTA-assisted projects through the use of race-neutral measures. The City of Cincinnati's Disparity Study recommended that both race-conscious and race-neutral remedies are needed to address the identified contracting disparities in the City of Cincinnati. Based on SORTA's past race-neutral DBE participation, SORTA proposes a goal of 1% race neutral participation to be obtained using race-neutral measures.

Projections of Race-Neutral vs. Race-Conscious Goal Attainment

SORTA will meet its overall three-year goal of **8.5%** for contracting opportunities in the following manner:

1% - percent by race-neutral means
7.5% - percent by race-conscious means

Race Neutral Measures to achieve participation

SORTA will be implementing a Small Business Enterprise program as part of the larger DBE Program to assist in participation. SORTA will use its small business program to develop its race-neutral goals through small business participation in all contracts and procurements. It includes contracting requirements that will assist small business competition, eliminate obstacles, provide technical support, and preclude unnecessary bundling of contract requirements. These measures are designed to promote small business participation as prime contractors or as subcontractors in compliance with 49 CFR Part 26.39. To achieve the maximum feasible portion of the goal through remedies other than subcontracting goals, SORTA implements the following measures:

- Providing technical assistance and other services to increase the number of small business concerns competing in the transit industry;
- Providing assistance in overcoming limitations that prohibit participation in the industry, such as inability to obtain bonding, financing, etc.;
- Consult available directories and ensure that all known small businesses are notified of each procurement, whether or not a small business goal is established;
- Conduct vendor training events to encourage participation by small business concerns;
- Research to determine why such firms do not respond to solicitations;
- Include wording in each solicitation encouraging the use of both DBEs and non-DBE small businesses on solicitations where no DBE goal is set;
- Referral to ODOT's supportive services program to develop and improve immediate and long-term business management skills;
- Ensuring print and electronic distribution of the small business directory upon request;
- Participate in small business contracting events;
- Develop training opportunities in Contract Administration directed at SORTA team members to solicit the support of other staff in program areas to encourage small business participation when dealing with firms for contract services. Policy Statements will be reviewed, as well as processes. The difference between DBE Directory and Non-DBE, small business directories will be explained. Good faith efforts and the benefits that can be gained from the involvement of small businesses in the contract and procurement process will be discussed.

Goal Setting Consultation Process and Publication

A. Public Participation

Consulting with stakeholders is a key component of SORTA's process for setting its overall DBE goal. SORTA held virtual and in person meetings to allow for public participation and comment. SORTA made the following efforts to engage the public as part of the goal-setting process:

- Individual conversations with Stakeholders and interested parties
- Multiple virtual and in-person meetings with the public and stakeholders
- Advertisements in local publications of the goal methodology
- Advertisements on our webpage of notice of inspection and dates of virtual meetings
- Surveys via Survey Monkey

Stakeholder and public meetings were held on the following dates:

Stakeholder meeting - June 16th at 2pm

Virtual Public Meeting – June 26th at 10am

Virtual Public Meeting – June 28th at 2pm

In person Public Meeting – June 30th at 12pm

In person Public Meeting – July 10th at 5pm

Notification to the Public

PUBLIC NOTICE DBE GOAL ANNOUNCEMENT

This notice is to inform interested parties that the Southwest Ohio Regional Transit Authority (SORTA) is proposing a “Disadvantage Business Enterprise” (DBE) Participation Goal of **8.5%** for Federal Fiscal Years 2024, 2025, 2026 for projects funded, in part, by federal funds. These projects involve SORTA’s construction projects and security-related goods and services.

The percentage goal was established based on the work tasks, percentage of disadvantaged business population in Hamilton County, Ohio, historical DBE percentages, The City of Cincinnati’s Disparity Study, ODOT’s Availability Study and Hamilton County’s disparity study, past DBE County contracting experience and a DBE directory file. This notice also is to inform that the DBE Goal of 8.5% will commence in the FFY 2024 and through the FFY 2026.

If you wish to comment on the proposed goal and its rationale, both may be inspected during normal business hours of 8:00 a.m. to 4:00 p.m. Monday - Friday at the address listed below. Comments will be accepted on the goal and rationale for 30 days from the date of this notice. Comments may be sent to the address below:

Ms. Tara Walker, Vendor Diversity and Inclusion Program Manager
Southwest Ohio Regional Transportation Authority
1401-B Bank Street
Cincinnati, Ohio 45214-1782

