

**2010 DBE METHODOLOGY AND  
GOAL FOR PENNDOT FTA  
SUBRECIPIENTS**

**DEVELOPED BY THE  
PENNSYLVANIA DEPARTMENT  
OF TRANSPORTATION**

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## **OVERVIEW OF THE GOAL-SETTING PROCESS**

The following narrative chronicles the efforts of the Commonwealth of Pennsylvania, acting through the Pennsylvania Department of Transportation (“Department”), to establish an annual DBE participation goal and methodology for federally-aided contracts using funds disbursed by the Federal Transit Administration (“FTA”). The federal regulatory mandate is set forth in Title 49 Code of Federal Regulations Part 26 (Part 26). Under Part 26, goals must be established and submitted to the FAA as well as to the Federal Highway Administration (“FHWA”) and the Federal Aviation Administration (“FAA”) on an annual basis. This document is designed to deal exclusively with the FTA goals. The FHWA and FAA goals are discussed in separate narratives.

### The Regulatory Mandate:

The Department is required to submit new overall goals for DBE participation using the two-step goal-setting process set forth in Section 26.45 of Part 26 by establishing a base figure for DBE availability; describing the evidence with which it was calculated; by making adjustments to that figure, where appropriate; and, describing the evidence relied upon for such adjustments. Under Step One of the goal-setting process, the Department is compelled to calculate DBE availability to set a new annual overall goal for FTA-assisted contracts based upon “demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate” on its FTA-assisted contracts. Under Step Two, the Department must examine all relevant evidence for consideration of a possible adjustment to the base figure to reflect the “effects of the DBE program and the level of participation that would be expected but for the effects of past and present discrimination.”

As an extension of this process, Section 26.45 requires that the Department meet the “maximum feasible portion” of its overall DBE utilization goal through race-neutral means. Under Section 26.51(b), race-neutral means include providing assistance in overcoming limitations such as the inability to obtain bonding or financing by simplifying the bonding process; reducing bonding requirements; eliminating the impact of surety costs from bids; and, providing services to help DBEs and other small businesses obtain bonding and financing. Race neutral participation occurs any time that a DBE wins a prime contract through customary competitive procurement procedures; is awarded a subcontract on a prime contract that does not carry a DBE goal, or even if there is a DBE goal, wins a subcontract from a prime contractor that did not consider its DBE status in awarding the contract (e.g. a prime contractor that uses a strict low bid system to award subcontracts).

### Contract Goal Administration, Implementation, and Monitoring Requirements

Establishing goals for submission by August first each year is only the beginning of a narrowly tailored DBE program as Part 26 provides guidelines that must be adhered to in implementing goals.

Following the implementation of a new overall goal, the Department is charged with a monitoring function relative to goal commitments, and goal attainments. The Department fulfills this mandate by collecting and analyzing data collected and reported to its Bureau of Equal Opportunity (BEO) by impacted program areas within the market sectors of the Department that set and implement project goals on a regular basis.

#### Quality of the Goal-setting Data and Collaborative, Interdisciplinary and Stakeholder Approach to Goal-setting

The Department strives to find the best available data. Each year, the quality and the quantity of the data improves as the Department builds upon historical information obtained during its initial attempt to set goals in earlier years and upon subsequent data obtained up to the present time. This results in a more panoramic view of the local market conditions.

With the above background, the Department takes its annual goal-setting obligations seriously by recognizing that it must obtain the best available documentation relative to its local marketplace. Consistent with Part 26, the Department continues to avail itself of the best data available from its marketplace and has compiled this data and other information in the manner set forth in Sections 26.45 and 26.51 of Part 26. The Department obtains its measurements from local marketplace data and uses the best evidence available to establish a goal that is as fair and accurate a representation as possible of the availability of DBEs in the Department's geographic and procurement marketplaces.

To facilitate this effort, the Department annually convenes an interdisciplinary internal team, comprised of representatives from all areas of the Department, that work with the DBE program, including the Bureau of Equal Opportunity, the Office of Chief Counsel, and the Bureaus of Design, Construction and Materials, Planning and Research, and Office Services. The overall direction of the goal setting effort is molded by these individuals working in conjunction with representatives from the Department's Office of Chief Counsel and Bureau of Equal Opportunity. Together, the parties bring to the table the requisite knowledge and experience needed to accurately depict the state of the Commonwealth's transportation contracting experience and to comply with the Part 26 mandate.

As in previous years, the Department has expended its own funds for highly qualified research professionals and statistical analysts equipped to analyze and organize local market sector data from an economic, statistical and sociological perspective. Since, by definition, the establishing of the goal requires analysis of available and applicable data in the local marketplace, and these professionals work with such data on a regular basis, the inclusion of these professionals has been deemed essential to the Department's efforts. The outside organizations utilized are the Indiana University of Pennsylvania working in conjunction with the Pennsylvania State University.

As evidence of its further commitment to consultation and the collection of the best data available in the local marketplace, the Department builds upon the relationships

established early on in the goal-setting process with its customers by meeting with members of the Associated Pennsylvania Constructors (APC), the American Council of Engineering Companies (ACEC), and small businesses and DBEs. The data and anecdotal information resulting from this collaborative effort is reflected in the goal and its rationale and will also serve as a benchmark for the Department's next round of goal-setting as the Department continues to expand upon this outreach initiative.

As the Department establishes subsequent goals, it intends to involve stakeholders more in the process through the use of focus groups, surveys, and interactive sessions between representatives of the Department and its stakeholders/customers. The Department intends to collect more information and anecdotal evidence relative to the barriers and discrimination that have and continue to exist in the local marketplace.

The Department's supportive services program contractor, Cheyney University, a historically black college in the Commonwealth, assists the Department in the operation of its race neutral initiatives. This contractor retains a network of DBEs and other small businesses and provides a number of managerial, technical, and financial workshops and networking sessions throughout the Commonwealth.

#### The Critical Public Notice and Public Comment Component of DBE Goal-setting

During the goal-setting process, the Department adheres to the public participation component of the goal-setting process required by Section 26.45 (j) by consulting with minority, women's and general contractor groups as well as community organizations, and other officials or organizations that could be expected to have information relative to the availability of both DBE and non-DBEs; the effects of discrimination on opportunities for DBEs; and, efforts to establish a level playing field for the participation of DBEs in federally-assisted, transportation-related contracting. While this occurs during the actual goal-setting effort, it continues by way of the town meetings described later in this narrative.

Once these regulatory requirements have been fulfilled, the Department publishes a notice announcing its proposed overall goal and the methodology used to calculate the goal and informs the public that the goal and its "rationale" are available for inspection during normal business hours at the Department's principal place of business for 30 days following the date of the notice. As required, the notice invite public comments on the goals for 45 days from the date of the notice. Consistent with Section 26.45 (g), the Department provides the public with addresses to which comments may be sent, and publishes its proposed overall goals in general circulation media (including newspapers) and available minority-focused media and trade association publications.

The Department consistently adheres to the public notice requirements of Part 26. As required by Section 26.45 (g) (2), the Department has published a notice announcing its proposed goal and noting that its rationale, methodology, and goal are available for inspection during the Department's normal business hours at its central office location in Harrisburg, Pennsylvania. As in previous years, the notice has also been published in the *Pennsylvania Bulletin*, a publication recognized by the public as the location for public

notices issued by executive agencies of the Commonwealth. The notice also appear in general circulation media (newspapers) and available minority-focused media and trade association publications.

The notice advises all interested parties of their ability to provide public comments for 45 days from the date of the notice. The Department encourages public comments and notes that these comments add real value to the goal-setting effort and the Department's DBE program. In the past, public comments have resulted in the collection of additional data and/or provided anecdotal information that, ultimately, was factored into the adjustment phase of goal-setting.

To the extent that additional data is reflected in public comments received during the public comment period discussed below, it is included in a package of submissions to FTA. It has and continues to be the Department's practice to allow the FTA to review the public comments the Department receives during the forty-five day public comment period.

#### The Town Meeting Component:

During the consultation period, the Department continues its annual practice of conducting town meetings throughout the Commonwealth. Each year, the Department convenes separate meetings in the Philadelphia, Pittsburgh, and Harrisburg areas and attempts to reach out to as much of the Commonwealth's contracting community as possible. The meetings are well-publicized and are used as an extension of the Department's consultation process. Invitations are extended to all Pennsylvania Unified Certification Program (PA UCPs) DBEs and to various minority and women organizations as well as to prime contractor and consultant trade associations. During the meetings, Department program personnel as well as the Department's goal-setting consultants make every effort to solicit questions about the Department's goals and methodology as well as about other issues that arise under the DBE program.

Since these meetings are conducted during the workday (afternoons), the Department recognizes the challenge of attracting a large audience. Nonetheless, the Department continues to see members of the representative groups at these sessions. In addition, the sessions also facilitate person-to-person discussions that prove to be productive and that facilitate candid discussions between and among the attendees.

#### Following the Public Comment Period

At the conclusion of the public comment period, the Department convenes a meeting of impacted DBE program personnel to discuss the public comments received. The Department's Office of Chief Counsel also participates in this endeavor. If there is a need to revise the methodology and/or recalculate the overall goal, the Department immediately commences this exercise.

The Department forwards all public comments to FTA along with its goal submission. The Department also responds to each separate comment as quickly as possible after the public comment period concludes and forwards copies of its responses to the public

comments to FTA, as well. This year, the Department received no public comments concerning the FTA DBE goal methodology.

#### SUMMARY OF THE PROPOSED OVER ALL DBE GOAL TWO STEP GOAL-SETTING EFFORT

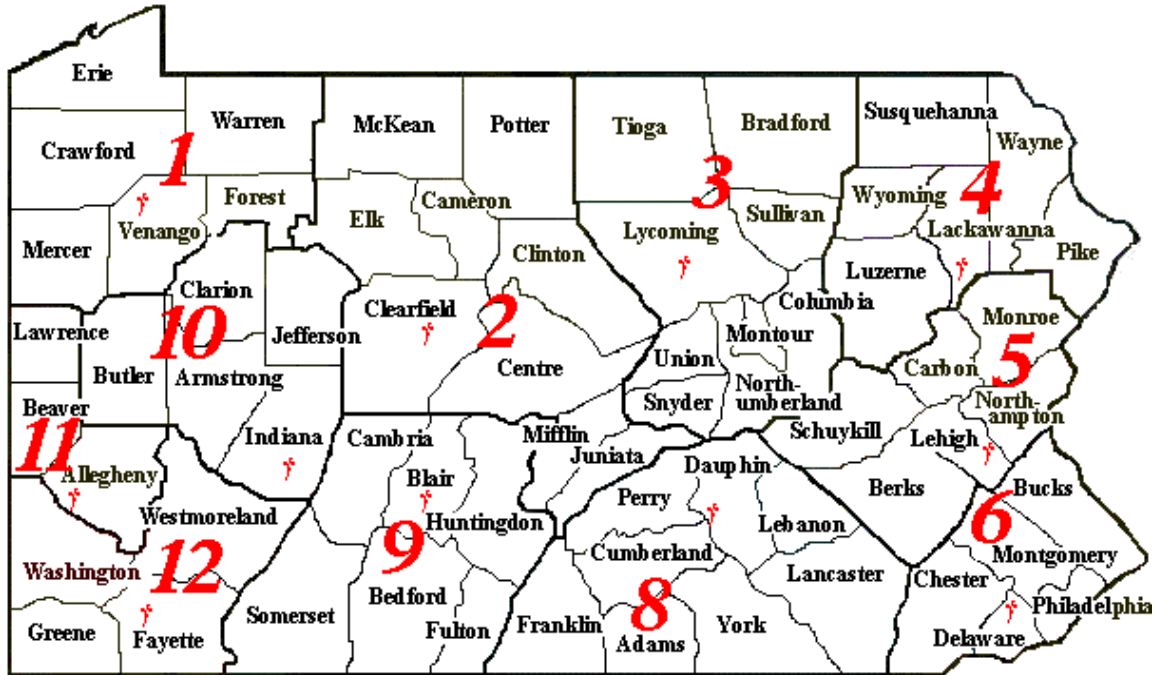
Step 1 calls for "determining a base figure for the relative availability of DBEs" (49 C.F.R. § 26.45(c)). "Relative availability of DBEs" means "the availability of ready, willing and able DBEs relative to all businesses ready willing and able to participate on DOT-assisted contracts" (49 C.F.R. § 26.49(b)). This determination was made for each of the six market categories in which DBEs perform work for the Department. The federal regulation does not contain a definition of "ready, willing, and able." However, as in previous years, the Department has crafted its own definition which is set forth in the introductory material.

**Step-1**-The Department's goal is in fact an aggregate of the goals of FTA subrecipients each narrowly tailored to local market conditions. The Department looked to the subrecipients receiving federal funds administered by the Department. The Department passes through funds to 21 transit authorities, 6 bus lines, two municipalities, and AMTRAK.

The Department surveyed these subrecipients to determine the amount, if any, of contracting opportunity planned for FFY 2010. Once that data is available, the Department will incorporate it into its goal calculation. The American Reinvestment and Recovery Act of 2009 (ARRA) earmarked funds for specific projects throughout the Commonwealth. All ARRA-funded projects flowing through the Department to subrecipients are listed in this document.

For larger scale contracting opportunity such as design or construction, the Department determined local markets for each subrecipient based on PENNDOT Engineering Districts. In some cases, subrecipients had identified the boundaries of their local markets in their DBE goal submissions to FTA. In those cases, the Department deferred to the subrecipient's knowledge of its local market. A map showing the PENNDOT engineering districts appears below in Figure 1.

**Figure 1. PENNDOT Engineering Districts**



When subrecipients had not identified geographic markets for large-scale contracts, the Department did so by including all counties in the same engineering district and all counties in the district containing each contiguous county. However, districts 5 and 6 together constitute the greater Philadelphia market and districts 10, 11 and 12 together comprise the greater Pittsburgh market. When calculating market areas for subrecipients in counties bordering one of these metropolitan markets the Department assumes the entire metropolitan market as part of that subrecipient’s marketing area. The firms in these counties were counted for each pertinent NAICS code to determine the universe of contractors for each transit authority.

For smaller scale contracting such as fuel purchases, vehicle maintenance, or transportation services, the Department assumed the subrecipient’s county or counties of operation to be the market area unless the subrecipient indicated otherwise.

**Step-2-**Under Step-2 of the goal setting process, the Department was compelled by the DBE regulation to examine all relevant evidence in its jurisdiction to determine what adjustments, up or down, were needed to arrive at the overall goal. Step 2 necessarily took into account other conditions or variables impacting DBEs in the Commonwealth.

Consistent with the public participation process, the Department has prepared this summary of its methodology and overall goal together with the required projections for race-neutral and race-conscious means.

To comply with the public participation component of the federal regulation set forth in 49 Code of Federal Regulations, Part 26 (“Part 26”), the Department provided a notice on its web site and in the Pennsylvania Bulletin. This notice informed the public that the

overall methodology and goal were a work in progress. Also, an invitation was sent to all Pennsylvania Unified Certification Program (PA UCP) certified DBEs and various minority and women organizations informing them of regional meetings to discuss the Department's DBE methodology and goal. The meetings were held in Harrisburg, Philadelphia, Erie, and Pittsburgh.

The official public comment period will begin when this document is posted in the Pennsylvania Bulletin on May 16, 2009. The methodology and goal was made available on the Department's web site well as other target publications. The public comment period ran through June 30, 2009. The Department welcomed comments from contractors, DBEs, constituents, and customers. It is the Department's practice to respond directly to commenters shortly after the close of the public comment period. This year, the Department received no comments concerning the FTA methodology.

Under Step 2 of the goal setting process, the Department is compelled by Part 26 to examine all relevant evidence in its jurisdiction to determine what adjustments, up or down, need to be made to the base figure to arrive at the overall goal. Step 2 necessarily takes into account a litany of conditions or variables impacting DBEs in the Commonwealth. Under the Pennsylvania Unified Certification Program ("UCP") the Department and four other entities in the Commonwealth that certify DBEs continue to recognize each other's certification (certification by one is certification by all). The UCP list of DBEs is used in conjunction with the Department's bidders' list. Additionally, the Department has given due consideration to market potential based upon employment security data and other public data. The Department has also considered certain changes relative to counting and certification that occurred as the result of the regulation in this phase of the goal-setting process.

To facilitate understanding of the Department's methodology and goal, a starting point is an examination of the working definitions. The Department uses the following program terms:

**PROGRAM TERMS TAILORED TO THE LOCAL CONDITIONS OF THE COMMONWEALTH OF PENNSYLVANIA CONSISTENT WITH 49 C.F.R. PART 26.**

**DEPARTMENT** – As used in this document, the Department refers to the Pennsylvania Department of Transportation of the Commonwealth of Pennsylvania.

**DBE** – A small, for-profit business that meets the size, ownership, control, and definitional requirements of 49 C.F.R. Part 26.5 and has been certified by the UCP under the federal regulation set forth in 49 C.F.R. Part 26.

**READY, WILLING AND ABLE BUSINESSES/ENTERPRISES** – The current universe of businesses interested, capable, and authorized to perform work on the Department's federally-assisted, transportation-related contracts. *Ready* refers to those businesses that perform a trade, function or service that may be utilized on the Department's federally-assisted contracts. *Willing* refers to ready businesses that have either performed or

expressed a bona fide interest in performing a function on the Department's federally-assisted contracts. *Able* refers to ready and willing businesses that have fulfilled the Department's requirements to participate in the performance of its federally assisted contracts including becoming a registered business partner. In sum, those businesses that are ready, willing, and able to perform on the Department's federally assisted contracts are businesses authorized by the Department to participate in its federally-assisted contracts that have either expressed or demonstrated an interest in doing so.

**READY, WILLING AND ABLE DBEs** – Those businesses that meet the definition of “ready, willing and able businesses” and that have been certified by the Department or any of the other entities that certify DBEs in the Commonwealth under the Commonwealth's approved Unified Certification Program (PA UCP) as a DBE consistent with the provisions of 49 C.F.R. Part 26. In sum, the Department's universe of ready, willing and able DBEs within the meaning of 49 C.F.R. Part 26, consists of certified DBEs that have either expressed or demonstrated an interest in participating in federally-assisted Department contracts and have been authorized to do so.

**RELATIVE AVAILABILITY OF DBEs** – Consistent with 49 C.F.R. Part 26.45, “relative availability” of DBEs refers to demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate on the Department's federally-assisted transportation-related contracts.

**RACE-NEUTRAL MEASURES** – Consistent with Section 26.5, the definitional section of the federal regulation set forth in 49 C.F.R. Part 26, the Department's race-neutral measures are those designed to assist all small businesses as opposed to measures designed to benefit DBEs alone.

**RACE-CONSCIOUS MEASURES** – Consistent with the definitional section of the federal regulation set forth in 49 C.F.R. Part 26, the Department's race conscious measures are those that are focused exclusively on DBEs. These include traditional contract goals.

**OVERALL GOAL FOR PARTICIPATION BY DBEs IN THE DEPARTMENT'S  
FEDERALLY-ASSISTED CONTRACTS**

As the result of efforts advanced by the Department to date, the overall goal for participation by DBEs in the Department's federally assisted contracts will be 4.80 percent. Of this, the Department proposes to meet 3.98 percent by means of race-conscious or traditional contract goals and an additional 0.83 percent by means of race-neutral measures. This goal will remain in effect until the time that the Department is required to submit a new goal on August 1, 2010.

## TECHNICAL ADDENDUM

PENNDOT receives federal grants that are passed through to 21 transit authorities, 6 bus lines, two municipalities and AMTRAK referred to in this document as subrecipients. The Department identified projects funded under ARRA that will provide DBE subcontracting opportunity during FFY 2010. The Department intends to supplement this information by polling sub-recipients to determine what other contracting opportunity is anticipated for FY 2010.

The sub-recipients receive funds from various sources in addition to these pass-through federal funds. The Department also provides state funding, some sub-recipients receive direct federal funding, and all entities collect fares.

Unless the subrecipient stated otherwise, the Department assumed that all funds go into each sub-recipient's budget commonly, and are then disbursed. Based on this assumption, funds entities receive directly from the FTA that are earmarked for specific projects are not included in the Department's calculations. Each disbursement is made up of funds from each source in proportion to their part of the entity's income. Consequently, contracting opportunity dollars are also divided in this manner. For example, if federal money from PENNDOT constitutes 25% of the entity's income, then the Department is required to calculate a goal for 25% of that entity's anticipated contracting opportunity. This is the PENNDOT attributable contracting opportunity (PACO)

To calculate the appropriate percentages, the Department used figures from FFY2008, the most recent complete year, and supplemented them with ARRA project-related funds. Additionally, the Department married these figures to the contracting opportunity and direct federal funding information provided by the sub-recipients. The results for those entities currently known to anticipate contracting opportunity appear in Table 1 below.

**Table 1- Sub-Recipient Funding**

Sub-Recipient	State Funds	PENNDOT Federal Funds	Fares	Direct Federal Funds	Total Funds	Cont. Opp.	PDOT Federal Pct.	PACO
AMTRAK	\$7,240,917	\$9,384,839	\$7,238,015	\$0	\$23,863,771	\$9,384,839	0.3933	\$3,690,750
ATA	\$2,683,362	\$2,100,656	\$123,934	\$0	\$4,907,952	\$767,088	0.4280	\$328,322
BUTLER	\$544,378	\$6,783,976	\$130,667	\$2,159,431	\$9,618,452	\$7,900,000	0.7053	\$5,571,937
Carbon County	\$201,365	\$77,148	\$2,082	\$0	\$280,595	\$35,000	0.2749	\$9,623
DuFast	\$405,879	\$733,259	\$29,256	\$0	\$1,168,394	\$36,000	0.6276	\$22,593
EMTA	\$460,541	\$438,164	\$103,875	\$0	\$1,002,580	\$175,000	0.4370	\$76,481
Hazleton	\$0	\$631,377	\$0	\$5,368,623	\$6,000,000	\$6,000,000	0.1052	\$631,377

Sub-Recipient	State Funds	PENNDOT Federal Funds	Fares	Direct Federal Funds	Total Funds	Cont. Opp.	PDOT Federal Pct.	PACO
ICTA	\$854,011	\$1,078,831	\$260,542	\$0	\$2,193,374	\$108,000	0.4919	\$53,121
Mid-County	\$430,262	\$287,375	\$40,105	\$0	\$757,742	\$20,000	0.3793	\$7,585
Monroe County	\$1,484,852	\$1,254,997	\$173,549	\$0	\$2,913,398	\$914,964	0.4308	\$394,137
NCATA	\$3,238,683	\$6,616,302	\$523,683	\$0	\$10,378,668	\$4,565,000	0.6375	\$2,910,144
Schuylkill Co.	\$8,127,798	\$6,103,822	\$134,27	\$2,400,000	\$16,765,894	\$9,223,800	0.3641	\$3,358,033
TAWC	\$440,172	\$2,129,250	\$37,914	\$0	\$2,607,336	\$1,945,000	0.8166	\$1,588,361
Venango	\$223,274	\$140,000	\$60,030	\$0	\$423,304	\$75,000	0.3307	\$24,805
WCTA	\$798,296	\$2,984,911	\$119,962	\$4,000,000	\$7,902,599	\$3,200,000	0.3777	\$1,208,518
YCTA	\$287,558	\$214,718	\$41,484	\$2,999,853	\$3,543,613	\$766,000	0.0606	\$46,414
Wmsport.	\$0	\$2,500,000	\$0	\$8,000,000	\$10,500,000	\$10,500,000	0.2381	\$2,500,000
<b>Total PENNDOT Contracting Opportunity</b>								\$31,870,839

*Numbers in the table above are rounded for display purposes.*

The Department created weightings for each entity by dividing the PACO figure for each entity by the total PACO figure. The Department then calculated step-1 ratios for each entity. The Step –1 ratio calculations for each entity appear below.

### **AMTRAK**

AMTRAK is receiving ARRA funds to rehabilitate the Elizabethtown station. All of this money is coming through the Department. This work is performed under NAICS code 236220. The Department identified 895 firms who perform this work in the identified market, 22 of these firms are DBES. When divided this yields a step-1 ratio of 0.0246

### **ATA**

The Area Transportation Authority of North Central Pennsylvania serves the counties of Cameron, Clearfield, Elk, Jefferson, McKean, and Potter. The Authority has received \$500,000 in ARRA funds to purchase and install bus stop signs and a bus shelter. Additionally, the authority plans expenditures for maintenance and janitorial services in the amount of \$63,700. It anticipates purchasing supplies in the amount of \$214,280. DBE regulations only allow 60% DBE regular dealer credit on supply purchases. Therefore ATA’s supply purchases only represent \$128,568 in DBE contracting opportunity. ATA has submitted a goal of 1.16% for construction projects and 0.1% for

all other contracting opportunity applying this goal to the figures above and weighting according to the available DBE contracting opportunity dollars yields a step-1 ratio of 0.0079.

### **Butler County**

Butler County is in district 10, part of the greater Pittsburgh area market, and borders district 1. The market for engineering and highway construction firms will be districts 1, 10, 11, and 12. Butler County received ARRA funds to build a multimodal center. \$5,340,569 of the money is coming through the Department with the balance of the \$7,900,000 project coming from other sources. This work is performed under NAICS code 236220. The Department identified 424 firms who perform this type of work in Butler's market area. 32 of these firms are DBEs. When divided this yields a step-1 ratio of 0.0755.

### **Carbon County**

Carbon County received \$35,000 of ARRA funds to purchase and implement transit scheduling software. This type of work is performed under NAICS code 541512. The Department identified 1026 firms in this market who perform this work, 18 of whom are DBEs. This yields a step-1 ratio of 0.0175

### **DuFast**

DuFast, based in Dubois, Jefferson County, anticipates spending \$60,000 on fuel purchases representing \$36,000 in DBE contracting opportunity. There are no DBE fuel suppliers in Jefferson County. The step-1 ratio is 0.

### **Endless Mountains Transit Authority**

Endless Mountains Transit Authority serves Bradford, Sullivan, and Tioga Counties in districts 2 and 3 and borders district 4. EMTA received \$110,000 of ARRA funds to pave their parking lot. This work is performed under NAICS code 237310. The Department identified 6 DBEs out of 59 firms who perform this work type in this market. Therefore the step-1 ratio is 0.1017

### **Hazleton**

The city of Hazleton received ARRA funds to assist in building an intermodal center. This work is performed under NAICS code 236220. The Department identified 800 firms in the market who perform this work, 19 of whom are DBES for a step-1 ratio of 0.0238

### **Indiana County Transit Authority**

ICTA plans \$180,000 in fuel purchases during FFY 2010 for \$108,000 in DBE contracting opportunity. There are no DBE fuel suppliers in Indiana County. The step-1 ratio is 0.

### **Mid County Transit Authority**

Mid-County TA plans to spend \$100,000 on Architectural and Engineering services. They have received a direct earmarked FTA grant for \$80,000 leaving \$20,000 potentially attributable to PENNDOT federal contracting opportunity. This work is performed under NAICS code 541330. The Department identified 576 firms the market area performing this work of which 42 are DBEs. When divided this yields a step-1 ratio of 0.0729.

### **Monroe County Transit Authority**

Monroe County is located in PENNDOT Engineering District 5, part of the greater Philadelphia market comprised of districts 5 and 6. MCTA received ARRA funds to install security cameras and a vehicle locator system. This work is performed under NAICS code 237130. The Department identified 3 DBEs out of 76 total firms in the market that perform this type of work. This yields a step-1 ratio of 0.0395. Additionally MCTA has budgeted \$1,200,923 for fuel purchases representing DBE contracting opportunity of \$720,553.80. There are no DBE fuel suppliers in Monroe County. The step-1 ratio for fuel purchases is 0. When weighted according to their respective contracting opportunity figures, the yield a step-1 ratio of 0.0084.

### **New Castle Area Transit Authority**

New Castle received ARRA funds to replace the roof on their facility and to expand their park and ride facility. This work is performed under NAICS code 236220. The Department identified 424 firms who perform this work of whom 32 are DBEs. This yields a step-1 ratio of 0.0755.

### **Schuylkill County Transit Authority**

Schuylkill County Transit Authority received \$4,500,000 toward an \$18,000,000 intermodal facility. Approximately half of this amount will be spent this year. This work is performed under NAICS code 236220. The Department identified 1070 firms who perform this work of whom 22 were DBEs. This yields a 0.0206 step-1 ratio. Additionally, the authority plans to purchase vehicle insurance for \$55,000. There are no DBE insurance agents in Schuylkill County. Step-1 ratio for this project is 0. The authority plans to purchase \$252,000 in fuel yielding a DBE contracting opportunity of \$151,200. There is one DBE fuel supplier in Schuylkill County out of a universe of 81 firms yielding a step-1 ratio of 0.0123. The authority also plans to purchase \$18,500 of tires, a DBE contracting opportunity of \$11,100. There are no DBE tire dealers in Schuylkill County yielding a step-1 ratio of 0. Similarly there are no DBE uniform services in the market, so the Department calculated a 0 step-1 ratio for the anticipated \$6,500 expenditure in that area. When weighted according to their contracting opportunity figures, these ratios yield a step-1 ratio of 0.0204.

### **Transit Authority of Warren County (TAWC)**

TAWC received ARRA funds to replace the roof on their facility and to improve their maintenance facility. This work is performed under NAICS code 236220. The Department identified 31 DBEs out of 372 firms who perform this work in TAWC's market. This yields a step-1 ratio of 0.0833.

### **Venango**

Venango is planning \$75,000 worth of improvements to its maintenance facility. This work is performed under NAICS code 236220. The Department identified 31 DBEs out of 372 firms who perform this work in TAWC's market. This yields a step-1 ratio of 0.0833.

### **Westmoreland County**

Westmoreland County plans to spend \$3,200,000 on improvements to its maintenance facility. According to Westmoreland's DBE goal submission it breaks down anticipated contracting opportunity as shown in Table 4 below.

**Table 4: Westmoreland County Step-1 Calculation**

Work areas	Contracting Opportunity	Weight	DBE Ratio	Weighted Ratio
Maintenance and Service Areas	\$709,595	0.2217	0.0000	0.0000
Stormwater Management System	\$184,582	0.0577	0.0645	0.0037
Bus Wash	\$181,534	0.0567	0.0220	0.0012
Concrete paving	\$133,865	0.0335	0.0220	0.0007
Bus storage Concrete pad	\$152,238	0.0479	0.0220	0.00011
Site Improvements	\$72,265	0.0226	0.0220	0.0005
Wastewater Treatment	\$51,369	0.0161	0.0645	0.0010
Fuel Pump	\$24,814	0.00078	0.0000	0.0000

Relocation				
Bus storage shelter	\$625,575	0.1955	0.0220	0.0043
Additional building renovations	\$196,336	0.0000	0.0614	0.0000
A & E Services	\$893,600	0.2793	0.0300	0.0084
Total				0.0210

### York County

York County anticipates spending \$700,000 on fuel purchases yielding \$420,000 in DBE contracting opportunity. There are no DBE fuel suppliers in York County. The step-1 ratio for this purchase is 0. YCTA also plans \$346,000 in transfer facility repairs. This work is performed under NAICS code 236220. In its DBE goal submission, YCTA identified a construction DBE ratio of 0.0476 in its market. When these ratios are weighted according to their contracting opportunity, they yield a step-1 ratio of 0.0261.

### Williamsport

Williamsport received \$2,500,000 toward a \$10,500,000 building of a travel and information center. This work is performed under NAICS code 236220. There are no DBEs in this market who perform this type of work. The step-1 ratio is 0.

### Step-1 Calculation

The Department aggregated the step-1 ratios and weighted them according to their PENNDOT attributable contracting opportunity (PACO) to calculate the Department's step-1 ratio. See Table 4 below.

**Table 5. PENNDOT Step-1 Calculation**

Sub-Recipient	PACO	Weights	Step-1 Ratio	Weighted Step-1 Ratio
AMTRAK	\$3,690,750	0.1913	0.0246	0.0047
ATA	\$328,322	0.0170	0.0116	0.0002
BUTLER	\$5,571,937	0.2888	0.0755	0.0218
Carbon County	\$9,623	0.0005	0.0175	0.0000

<b>Sub-Recipient</b>	<b>PACO</b>	<b>Weights</b>	<b>Step-1 Ratio</b>	<b>Weighted Step-1 Ratio</b>
DuFast	\$22,593	0.0012	0.0000	0.0000
EMTA	\$76,481	0.0040	0.1017	0.0004
Hazleton	\$631,377	0.0327	0.0238	0.0008
ICTA	\$53,121	0.0028	0.0000	0.0000
Mid-County	\$7,585	0.0004	0.0729	0.0000
Monroe County	\$394,137	0.0204	0.0395	0.0008
NCATA	\$2,910,144	0.1509	0.0755	0.0114
Schuylkill Co.	\$3,358,033	0.1741	0.0204	0.0036
TAWC	\$1,588,361	0.0823	0.0833	0.0001
Venango	\$24,805	0.0013	0.0833	0.0001
WCTA	\$1,208,518	0.0626	0.0210	0.0013
YCTA	\$46,414	0.0024	0.0261	0.0001
Wmsport.	\$2,500,000	0.1296	0.0000	0.0000
Total	\$31,870,839			0.0512 or 5.12%

## **STEP 2 ADJUSTMENTS**

Step-2 adjustments were made on largely on the basis of past DBE participation. The Department has rich data of past participation on airport contracts which mainly involve construction and engineering. But there are limitations to this data. Like FTA sub-recipients, airports only periodically receive grants, leaving a spotty DBE past participation record for any individual airport. To address this, the Department aggregated DBE past participation figures by engineering district.

In keeping with the narrowly tailored requirement of the regulation, the Department has only used past participation data for sub-recipients performing similar work types to those performed under FAA Airport Improvement Grants. Specifically, past participation data will only be used to adjust step-1 ratios for construction and engineering work types.

## **AMTRAK**

AMTRAK's step-1 goal is 0.0246. The Department makes no adjustments to this goal. It will totally race-conscious.

## **ATA**

Ata's step-1 ratio is 0.0079. The Department makes no adjustment to this. The 0.0076 portion for construction will be race-conscious leaving the 0.0003 portion for supplies as race-neutral.

## **Butler County**

Butler County's step-1 ratio is 0.0755. Butler has used a 5.00% goal on its construction projects over the last several years and will continue to do so. The Department adjusts the step-1 ratio to .0500. The entire goal is race-conscious

## **Carbon County**

Carbon County's step-1 ratio is 0.0175. The Department makes no adjustment to this ratio. Because the contracting opportunity is so small, no subcontracting opportunity exists. The entire goal will be race-neutral.

## **DuFast**

DuFast's step-1 ratio is 0. The Department adjusts this to 0.0100. The entire goal will be race-neutral.

## **Endless Mountains Transit Authority**

Endless Mountains Transit Authority's step-1 ratio is 0.1017. Median past participation on similar projects in that district is 0.1050. When these two are averaged, they yield a step-2 ratio of 0.1033. The step-1 ratio of 0.1017 will be race-conscious. The step-2 adjustment of 0.0017 will be race-neutral.

## **Hazleton**

The city of Hazleton's step-1 ratio is 0.0238. Similar contracts in this market have shown a median DBE participation of 0.0480. Averaging the two raises the step-1 ratio to 0.0359. The goal will be split 0.0238 race-conscious and 0.0121 race-neutral.

## **Indiana County Transit Authority**

ICTA's step-1 ratio is 0. The Department adjusts this to 0.0100. The entire goal will be race-neutral.

## **Mid County Transit Authority**

Mid-County's step-1 ratio is 0.0729. Median past participation on similar projects in this district has been 0. Averaging the two yields a step-2 ratio of 0.0365. Because the contracting opportunity is so small, no subcontracting opportunity exists. The entire goal will be race-neutral.

### **Monroe County Transit Authority**

Monroe County's step-1 ratio is 0.0084. The Department adjusts the fuel purchase ratio to 0.0100 raising the authority's step-2 ratio to 0.0163. The security system installation portion of the goal of 0.0084 will be race-conscious leaving 0.0079 for race-neutral attainment.

### **New Castle Area Transit Authority**

New Castle's step-1 ratio is 0.0755. Median past participation in this district has been 0.0910. Averaging the two yields a step-2 ratio of 0.0832. The step-1 ratio of 0.0755 will be race conscious. The step-2 adjustment of 0.0078 will be race-neutral.

### **Schuylkill County Transit Authority**

Schuylkill County Transit Authority's step-1 ratio is 0.0204. Median past participation on construction projects in this district is 0.0980. When averaged with the step-1 construction ratio of 0.0206 it yields an adjusted ratio of 0.0593. The 0 ratios for insurance, tires, and uniform services were adjusted to 0.0100 each. No adjustment was made to the fuel purchase ratio. When averaged according to their contracting capacities, they yield a step-2 ratio of 0.0587. The step-1 construction figure of 0.0206 will be race-conscious with the remainder of 0.0381 being race-neutral.

### **Transit Authority of Warren County (TAWC)**

TAWC's step-1 ratio is 0.0833. Median past participation on similar projects in this district is 0.0083. When averaged, the two yields a 0.0458 step-2 ratio. The entire goal will be race-conscious.

### **Venango**

Venango's step-1 ratio is 0.0833 Median past participation on similar projects in this district is 0.0083. When averaged, the two yield a 0.0458 step-2 ratio. Because of the small size of the contract, the entire goal will be race-neutral.

### **Westmoreland County**

The Department makes no adjustment to the step-1 ratio of 0.0210. The entire goal will be race-conscious.

**Williamsport**

Williamsport’s step-1 ratio is 0. Past participation on similar projects has shown a median participation of 0.0360. Averaging the two yields a 0.0180 race-neutral goal.

**York County**

York County’s step-1 ratio is 0.0261. The Department adjusted the fuel purchase goal to 0.0100. This yields a step-2 ratio of 0.0188. The race-conscious portion of the goal will be 0.0143 and the race-neutral 0.0045.

**Table 5. PENNDOT Final Goal Calculation**

Sub-Recipient	PACO	Weight	Step-2 Ratio	Weighted Step-2 Ratio	Goals		Weighted Goals	
					RC	RN	RC	RN
AMTRAK	\$3,690,750	0.1913	0.0246	0.0047	0.0246	0.0000	0.0047	0.0000
ATA	\$328,322	0.0170	0.0079	0.0001	0.0076	0.0003	0.0001	0.0000
BUTLER	\$5,571,937	0.2888	0.0500	0.0144	0.0500	0.0000	0.0144	0.0000
Carbon County	\$9,623	0.0005	0.0175	0.0000	0.0000	0.0175	0.0000	0.0000
DuFast	\$22,593	0.0012	0.0100	0.0000	0.0000	0.0100	0.0000	0.0000
EMTA	\$76,481	0.0040	0.1033	0.0004	0.1033	0.0000	0.0004	0.0000
Hazleton	\$631,377	0.0327	0.0359	0.0012	0.0238	0.0121	0.0008	0.0004
ICTA	\$53,121	0.0028	0.0100	0.0000	0.0000	0.0100	0.0000	0.0000
Mid-County	\$7,585	0.0004	0.0365	0.0000	0.0000	0.0365	0.0000	0.0000
Monroe County	\$394,137	0.0204	0.0163	0.0003	0.0000	0.0163	0.0000	0.0003
NCATA	\$2,910,144	0.1509	0.0832	0.0126	0.0755	0.0078	0.0114	0.0012
Schuylkill Co.	\$3,358,033	0.1741	0.0587	0.0102	0.0206	0.0381	0.0036	0.0066
TAWC	\$1,588,361	0.0823	0.0458	0.0038	0.0458	0.0000	0.0038	0.0000
Venango	\$24,805	0.0013	0.0458	0.0001	0.0000	0.0458	0.0000	0.0001

Sub-Recipient	PACO	Weight	Step-2 Ratio	Weighted Step-2 Ratio	Goals		Weighted Goals	
					RC	RN	RC	RN
WCTA	\$1,208,518	0.0626	0.0210	0.0013	0.0210	0.0000	0.0013	0.0000
YCTA	\$46,414	0.0024	0.0188	0.0000	0.0143	0.00045	0.0000	0.0000
Wmsport.	\$2,500,000	0.1296	0.0180	0.0100	0.0000	0.0180	0.0000	0.0023
Total	\$19,290,824			0.0480 or 4.80%			0.0398 or 3.98%	0.0083 or 0.83%

*Numbers are rounded for display purposes.*

### **FINAL GOAL**

As a result of efforts advanced by the Department to date, the overall goal for participation by DBEs in the Department's federally assisted contracts will be 4.80 percent. Of this 4.80 percent, the Department proposes to meet 3.98% by race-conscious means and 0.83% by race-neutral measures. As required by Section 26.45 of the DBE rule, the proposed goal will be forwarded to the Federal Transit Administration (FTA). It will remain in effect until the time that the Department is required to submit a new goal, which is currently projected to be August 1, 2010.

## **DATA SOURCES**

PENNDOT Engineering District Map located on the Department's website at <http://www.dot.state.pa.us>.

All Universe of Contractors figures for step-1 derived from U.S. Census Bureau's County Business Patterns.

All DBE information obtained from the Pennsylvania UCP at <http://www.paucp.com>

Figures for state funding, fares, and federal funding flowing through PENNDOT to sub-recipients obtained from PENNDOT's Bureau of Public Transportation.

Direct federal funding to sub-recipients and anticipated contracting information provided by the sub-recipients.

Past DBE participation from various airports filed with PENNDOT's Bureau of Aviation.