



HARRIS COUNTY COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

(Now called the
HARRIS COUNTY COMMUNITY SERVICES DEPARTMENT
Office of Transit Services)

Disadvantaged Business Enterprise Goal Update FY2018-2020

Draft as of June 15, 2017

Harris County Community Services Department
Office of Transit Services
8410 Lantern Point Drive
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Goal Setting Methodology (Submitted for 3-Year Goal FY2018-2020)

The process by which Harris County Community Services Department (Harris County CSD) will establish its Disadvantaged Business Enterprise (DBE) goal for FY 2018 - 2020 is summarized below. In accordance with **49 CFR Part 26 Section 26.45** Harris County CSD will follow a two-step process based on evidence of the availability of ready, willing, and able DBEs relative to all businesses ready, willing, and able to participate in its DOT-assisted contracts. The goal reflects Harris County CSD's determination of the level of participation expected absent the effects of discrimination.

MARKET AREA

The market area for the DBE analysis is Harris County, Texas. Harris County CSD is a participant in the Texas Unified Certification Program (TUCP) administered by the Texas Department of Transportation. Harris County CSD relies upon the information contained in the TUCP to determine the availability of ready, willing, and able DBEs. The City of Houston, Office of Business Opportunity, is the local certifying entity for the Texas Unified Certification Program (TUCP). The City of Houston maintains its own database of active MWDBE, MDBE, PDBE and DBE contractors. Harris County CSD uses both directories and its own list of bidders as it bidders list for procurement purposes.

Determination of Market Area:

Harris County was used as the market area because:

- All projects are located in Harris County
- A substantial majority of potential bidders (contractors and subcontractors) come from this area;
- A substantial majority of the contracting dollars will be spent in this area; and
- Harris County is a readily identifiable area listed in the U. S. Census Bureau County Business Patterns Database.

METHODOLOGY

STEP 1 – Base Figure

In order to determine an overall goal, the following data sources were utilized to determine a base figure for the relative availability of DBEs:

- 2015 Harris County Business Patterns at <https://www.census.gov/programs-surveys/cbp/data.html>
- The Texas Unified Certification Program DBE database for available DBE certified businesses within Harris County at <http://www.txdot.gov/business/partnerships/tucp.html>

After identifying the anticipated types of service contracts that will be awarded in FY2018– FY2020, the 2015 County Business Pattern (CBP) Data was used so all firms in Harris County could be identified for the applicable contracting disciplines. Harris County was used as the local market area, since the majority of contractors and subcontractors that bid on Harris County CSD proposals are located in this area. However, Harris County CSD does not limit its solicitation or acceptance of bid proposals to the immediate market area.

Utilizing both the TUCP and the City of Houston DBE database as an additional bidders list, a total of 41 certified DBE firms were identified with a corresponding North American Industry Standard Classification (NAICS) code which matched the contracting disciplines or listed one of the services listed in the potential contracts table below.

“Ready, willing and able DBEs” are DBEs in the Texas Unified Certification Program DBE data base and the 2015 Harris County Business Patterns database with North American Industry Classification System (NAICS) codes in work categories where Harris County CSD would normally contract. These are firms that have voluntarily submitted to the DBE certification program, thereby demonstrating a readiness, willingness, and the ability to participate as DBEs in Harris County CSD contracts.

We organized the TUCP DBE’s into Concrete Paving, Fixed Route Bus Services, Office Supplies, Printing, Traffic Signal Installation, and Website Design.

The first step in the calculation of the base figure is to identify all the potential FTA-assisted contracts with DBE contracting opportunities and their estimated funding amounts for FY2018-2020 (see Table 1 below).

**Table 1
Potential Contracts with DBE Contracting Opportunities and Estimated Funding Amounts**

NAICS Code	Potential FTA-Assisted Contracts	Estimated DOT Funds	% of DOT Funds (Weight)
237310	Concrete Paving	\$750,000.00	0.1723
485999	Fixed Route Bus Service	\$3,300,000.00	0.7582
424120	Office Supplies	\$18,750.00	0.0043
323111	Printing	\$18,750.00	0.0043
238210	Traffic Signal Installation	\$250,000.00	0.0574
541430	Website Design	\$15,000.00	0.0034
Total FTA-Assisted Funds		\$4,352,500.00	1

The next step in the calculation process is to determine the total number of all available firms with corresponding NAICS codes which matched the contracting disciplines listed above. Data obtained from the US Census Bureau 2015 County Business Pattern (CBP) database and the City of Houston MWSBE/PDBE and DBE Directory was used for this purpose since all business types are listed by NAICS codes. This data is the most recent available. The following Table 2 depicts the contracting disciplines, their NAICS Code, the total number of Ready, Willing, and Able firms, the total number of all firms available and the relative availability of each discipline that is represented by the firms.

**Table 2
Number of DBE Firms and All Firms Available by NAICS Code
(see next page)**

NAICS Code	Potential Contracts	Number of DBEs Available	Number of All Firms Available	Relative Availability
237310	Concrete Paving	11	88	0.1250
485999	Fixed Route Bus Service	1	20	0.0500
424120	Office Supplies	6	71	0.0845
323111	Printing	9	237	0.0380
238210	Traffic Signal Installation	1	668	0.0015
541430	Website Design	13	154	0.0844
Combined Totals		41	1238	0.0331

Weighting

The final step in the calculation of the Base Figure is to determine the weights by work type. Weighting is a proportion of dollars spent in each industry. The resulting percentage is more heavily influenced in industries where more dollars are spent. Weighting provides a narrowly tailored model of availability and a more accurate calculation of the Base Figure. The calculation of weights by work type resulted in a Weighted Base Figure of six percent (6%). The following Table 3 supports the calculation of the Weighted Base Figure:

Table 3
Calculation of the Weighted Base Figure

NAICS Code	Potential Contracts	Weight	x	Availability	Weighted Base Figure
237310	Concrete Paving	0.17231	x	0.12500	0.0215
485999	Fixed Route Bus Service	0.75818	x	0.05000	0.0379
424120	Office Supplies	0.00431	x	0.08451	0.0004
323111	Printing	0.00431	x	0.03797	0.0002
238210	Traffic Signal Installation	0.05744	x	0.00150	0.0001
541430	Website Design	0.00345	x	0.08442	0.0003
				Total	0.0604
				Expressed as % (*100)	6.04%
				Rounded, Weighted Base Figure	6%

STEP 2 – Adjustment to Base Figure

Harris County CSD considered Step 2 of the goal setting process to determine if an adjustment to the Weighted Base Figure is necessary. In accordance with 49 CFR part 26.45(d), Harris County CSD considered the following factors in order to produce a more concise Weighted Base Figure: 1) past participation, 2) disparity studies, and 3) public consultations.

Past Participation

An analysis of past DBE participation on DOT assisted contracts for the last three years, during which our stated goal was 4% and based upon the information obtained during the previous goal setting process resulted in Harris County CSD adopting a DBE goal of four (4) percent for the FY2015-2017 program years. The Table 4 below is summary of Harris County CSD's attainment of its DBE Goal for FY2015-2017:

Table 4
FY2015-2017 DBE Goal Achievement

Federal Fiscal Year	Amount of DOT Funds Paid	DBE Goal Achieved by Amount	DBE Goal Achieved by %
2015	\$70,896.14	\$29,454.19	41.5%
2016	\$97,693.00	\$1,125.00	1.2%
2017*	\$39,522.00	\$3,852.00	9.7%

**Note: The 2017 amounts reflect participation as of 3/31/2017.*

The potential contracts that Harris County CSD has planned for the next triennial period of FY2018-2020 are significantly different compared to the contracts of the previous triennial period of FY2015-2017. The previous triennial period did not include contracts for concrete paving, traffic signal installation, and website design. Due to the difference in contracts planned and the difference in funding levels for contracts being continued or finished during the current triennial period, Harris County CSD sees no reason to adjust the Base Figure using historical DBE participation from FY2015-2017.

Therefore, Harris County CSD will make no adjustments to the Weighted Base Figure of six percent (6%) based on past participation.

Disparity Studies

Harris County CSD researched its market area for any disparity studies that may have been conducted in the last five years and found the disparity study completed by NERA Economic Consulting for the City of Houston Minority/Women Business Enterprise (MWBE) Program in 2012. After consideration, the disparity study was not used to adjust the Step 1 availability figure. The study did not include data regarding the utilization of DBEs which made the study unusable for the DBE goal calculation. Furthermore, the disparity study focused primarily on MWBE utilization and the data would overstate the statistical availability of DBEs in the calculation of the DBE Goal.

Therefore, Harris County CSD will make no adjustments to the Weighted Base Figure of six percent (6%) based on disparity studies.

Public Consultations

Additional evidence considered in the Step 2 process included consultation from interested parties (i.e. local Chamber of Commerce, Minority Business Council, and consultative process with interested parties, etc.), the DBE goal of other FTA funded entities, and availability of match funds used to support FTA expenditures. The following Table 4 is a summary of the public consultations conducted prior to publication of the draft DBE Goal for FY2018-2020:

Table 5

Public Consultations

Date of Contact	Organization	Contact Person
4/18/2017	Greater East End Management District	Rosyne Wimbish
5/25/2017	National Association of Minority Contractors	Lupe Gonzalez
5/30/2017	Greater Houston Business Procurement Forum	Milton Thibodeaux
6/8/2017	Economic Alliance Houston Port Region	Chad Burke

The public consultations conducted above have not produced information that would require an adjustment to the Weighted Base Figure at this time. However, Harris County CSD will conduct additional public consultations with other interested parties as needed throughout the DBE goal setting process. Any information received from additional public consultations will be considered in the final draft of the DBE Goal.

Harris County CSD is not aware of any other statistical data, reports, or studies in its market area to determine if an adjustment to the Weighted Base Figure is necessary.

Estimated Race Neutral (RN) and Race Conscious (RC) Participation

Harris County CSD will meet the maximum feasible portion of its overall goal by using RN means of facilitating DBE participation by:

1. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitates DBE and other small business participation;
2. Carrying out information and communications programs on contracting procedures and specific contract opportunities;
3. Ensuring distribution of DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors; and
4. Providing technical assistance and other services.

For reporting purposes, RN DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation in a prime contract which exceeds a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

Harris County CSD will establish contract goals when it cannot meet its maximum feasible portion of the overall goal using RN means by:

1. Establishing contract goals only on those DOT-assisted contracts that have subcontracting opportunities;
2. Setting goals for a specific contract that may be higher or lower than that percentage level of the overall goal, depending on such factors as the type of work involved, the location of the work, and the availability of DBEs for the work of the particular contract;
3. Tailoring contract goals so that they will cumulatively result in meeting any portion of the overall goal that Harris County CSD does not project being able to meet through the use of RN means; and
4. Ensuring that contract goals provide for participation by all certified DBEs and are not be subdivided into group-specific goals.

In determining the split between RN and RC means of DBE participation, Harris County CSD considered the following:

- The amount by which goals were exceeded in the past;
- Past participation by DBE prime contractors;
- Past participation by DBE subcontractors on contracts without goals; and
- Past history on inability to achieve goals.

The Table 6 below is summary of Harris County CSD’s attainment of its overall goal by RC and RN means of DBE participation:

**Table 6
FY2015-2017 Goal Attainment by RC and RN Means**

Federal Fiscal Year	Race Conscious Amount Paid	Race Neutral Amount Paid	Overall DBE Achievement
2015	\$38,579.46	\$29,454.19	\$68,033.65
2016	\$19,872.00	\$1,125.00	\$20,997.00
2017*	\$28,375.00	\$3,852.00	\$32,227.00
Totals	\$86,826.46	\$34,431.19	\$121,257.65

*Note: The 2017 amounts reflect participation as of 3/31/2017.

The race conscious amounts paid for FY2015-2017 were included for the purposes of calculating the overall DBE achievement. The RC amounts represent multi-year contracts that are on-going, but have not been completed. If the race conscious participation amounts were omitted from the overall RC and RN split calculation, the RN achievement would be overstated. Based on the data described in Table 6, the following calculation was used to determine the split between the RC and RN means of DBE participation:

1. Relative of RN Attainment

$$\frac{\text{RN Attainment}}{\text{Overall DBE Achievement}} = \frac{\$34,431.19}{\$121,257.65} = 28.4\%$$

2. Absolute RN Attainment

$$\begin{matrix} \text{Relative RN Attainment} \\ 28.4\% \end{matrix} \times \begin{matrix} \text{Proposed Goal} \\ 6\% \end{matrix} = 1.7\%$$

3. RC Split

$$\begin{matrix} \text{Proposed Overall Goal by \%} \\ 6\% \end{matrix} - \begin{matrix} \text{Absolute RN Attainment by \%} \\ 1.7\% \end{matrix} = 4.3\% = 4\% \text{ (Rounded)}$$

Moving forward, Harris County CSD estimates that approximately 4% of its overall goal will come from "race conscious" efforts and 2% from "race neutral" means. As stated above, the previous triennial period did not include contracts for concrete paving, traffic signal installation, and website design. If it appears that participation through "race neutral" means is exceeding or not meeting this level, Harris County CSD will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 49 CFR Part26.51(f)) and track and report race-neutral and race-conscious participation separately.

Recommended Final Goal for Fiscal Years 2018 - 2020

Harris County CSD recommends an overall DBE goal of six percent (6%) for FY 2018– FY 2020 of the Federal financial assistance expected in DOT assisted contracts; Harris County CSD estimates that in meeting the overall goal of 6%, it will obtain four percent (4%) from race conscious measures and two percent (2%) from race-neutral participation.

Public Notification

Harris County CSD will publish a notice announcing the proposed overall goal, informing the public that the proposed goal and its rationale will be available for inspection during normal business hours at Harris County CSD's offices until July 17, 2017 and informing the public that Harris County CSD will accept comments on the goals until July 17, 2017. The notice will include a mailing address to which comments may be sent and it will be published in general circulation and minority-focused media. The notice will be posted on the Harris County Transit website at www.harriscountytransit.com and published in the following publications:

- Houston Chronicle
- Houston Defender
- La Voz
- Southern Chinese Daily News
- Voice of Asia

Below is the official Public Notice issued by Harris County CSD for the FY2018-2020 Goal Update:

PUBLIC NOTICE

Notice of Proposed Goal for the Participation of Disadvantaged Business Enterprises in the Department of Transportation Assisted Contracts

Harris County Community Services Department Office of Transit Services

As required by Section 49 Code of Federal Regulations Part 26, the Harris County Community Services Department (HCCSD), Office of Transit Services, has determined a proposed overall goal FY 2018- 2020 of six percent (6%) for the participation of Disadvantaged Business Enterprises (DBE's) in its contracts for financial assistance provided by the U.S. Department of Transportation (DOT):

The proposed goals and their rationale are available for review between 8:00 AM and 5:00 PM, Monday through Friday at 8410 Lantern Point Drive, Houston, Texas 77054 and online at www.harriscountytransit.com. This information will be available for inspection until July 17, 2017.

HCCSD and the DOT (through the Federal Transit Administration) will accept written comments on the goals until July 17, 2017. Written comments can be directed to the agencies below:

HCCSD Attn: Mr. Gene Simeon (DBELO)
8410 Lantern Point Drive, Houston, Texas 77054

The Federal Transit Administration, 819 Taylor Street, Room 14A02, Fort Worth, Texas 76102