



GOAL DETERMINATION PROCESS

Houston Southeast has proposed an overall annual DBE goal of 13.5% through race-neutral means for its upcoming projects that are funded in part by the Federal Transit Administration. The overall goal is composed of 100% race-neutral participation and 0% race-conscious participation. The proposed DBE goal is for FY 2018 - FY 2020. The process used to determine the goal is described below.

TWO STEP PROCESS PARAMETERS

The steps in the process to determine the DBE goals are: (1) establish the base goal and (2) make adjustments to the base goal if needed. In order to calculate the goals, certain parameters must be established. The key parameters are the sources of the data to be used, the geographical area to be included in the search and the NAISC codes to be considered.

Sources of Data

The sources of data used by Houston Southeast for calculating and contemplating its DBE goals include the Texas Unified Certification Program (“TUCP”) DBE Directory and the 2014 Census business records.

Designated Market Area for Search

Houston Southeast established a market area that encompasses the State of Texas to determine the total number of DBE ready, willing, and able businesses and the total number of all ready, willing, and able businesses available to perform work in the same NAICS codes. All of Houston Southeast’s upcoming FTA funded projects will be located in the city of Houston which is within the State of Texas.

NAISC Codes Used

Houston Southeast is anticipating to actively pursue FTA funding for eligible streetscape, bicycle, and trail projects over the next three years. These projects are contained within the recently completed Joint Infrastructure Plan. In collecting the data to go into the formulas to calculate the goals, Houston Southeast used the 2017 North American Industry Classification

System (“NAISC”) codes. The codes for 2012 did not change for 2017 in the instances of the codes used by Houston Southeast. The following NAISC codes will be used to determine the DBE goals:

Houston Southeast will award contracts for both Construction and Professional Services work. The chart below shows the NAISC codes that will be used to determine the DBE goals and the breakdown of the anticipated services needed in each category. The standard calculations for determining Base and Weighted goals were utilized.

NAICS Codes	Title	Industry
221310	Water supply & irrigation systems	Construction
237310	Highway, street & bridge construction	
238210	Electrical contractors & other wiring installation	
238910	Site preparation	
238990	All other specialty contractors	
339950	Signage	
541320	Landscape architecture	Professional Services
541330	Engineering services	
541340	Drafting services	
541370	Surveys & mapping	
541380	Testing labs	

Code 339950 - Signage is a new addition to Houston Southeast’s previous list of NAISC codes used to determine DBE goals. Code 339950 will be used for potential wayfinding needs on the project.

STEP 1 – ESTABLISH BASE GOAL

Houston Southeast considered all of the possible FTA assisted contracting opportunities for award in FY 2018 through FY 2020 and compiled the North American Industry Classification System (NAICS) codes for the work included in the contracting opportunities. Houston Southeast has collected the necessary data to find available, ready, willing and able DBE firms/suppliers to perform the upcoming projects. The chart below shows the breakdown of the anticipated services needed in each category.

Industry	Possible Contracting Opportunities	Percentage of the Budget
Construction	\$7,500,000	75%
Professional	\$2,500,000	25%

Services		
	\$10,000,000	100%

Calculations for Establishing the Base Goal

Step One Base Figures = $\frac{\text{Ready, willing and able DBEs}}{\text{All firms ready, willing and able (including DBEs and non-DBEs)}} = \frac{1007}{4479} = .2248$

Firm Relative Availability				
NAICS Code	Scope of work	# of DBEs available to perform the work	# of all firms available (including DBEs)	Relative Availability
221310	Construction	15	633	0.0237
237310		197	704	0.2798
238210		17	4738	0.0036
238910		110	2133	0.0516
238990		163	2242	0.0727
339950		16	469	0.0341
541320	Professional Services	24	322	0.0745
541330		332	5311	0.0625
541340		56	175	0.3200
541370		50	713	0.0701
541380		24	708	0.0339
Combined Totals		1004	4479	0.2248

Base/Weighted Goals

Houston Southeast has collected the necessary data to find available, ready, willing and able DBE firms/suppliers to perform the upcoming projects. For calculating the weighted goals, only the percentage of construction work as a whole and the percentage of professional services as a whole were used. This is because the actual breakdown of the percentages of each part have not been determined yet. Once the project has been defined for solicitation purposes, Houston Southeast may revisit the weighted goal calculations if significant changes in the goal are anticipated.

In order to determine the weighted goal, Houston Southeast used both the weighted amount for each scope work, the availability of all firms available to perform the work and the availability of

DBE firms available to perform the work. The chart below shows the breakdown of the anticipated services needed in each category.

FTA-Assisted Contract Funds			
NAICS Code	Scope of Work	Amount of DOT funds on project:	% of total DOT funds (weight)
221310	Water supply & Irrigation systems	\$1,000,000.00	0.1000
237310	Highway, Street & bridge construction	\$2,500,000.00	0.2500
238210	Electrical contractors & other wiring installation	\$1,000,000.00	0.1000
238910	Site preparation	\$1,000,000.00	0.1000
238990	All other specialty contractors	\$800,000.00	0.0800
339950	Signage	\$500,000.00	0.0500
541320	Landscape architecture	\$1,000,000.00	0.1000
541330	Engineering services	\$1,000,000.00	0.1000
541340	Drafting services	\$500,000.00	0.0500
541370	Surveys & mapping	\$500,000.00	0.0500
541380	Testing labs	\$200,000.00	0.0200
Total FTA-Assisted Contract Funds		\$10,000,000.00	1.0000

Weighted Base Figure					
NAICS Code	Scope of Work	Weight	x	Availability	Weighted Base Figure
221310	Construction	0.10000	x	0.2206	0.0024
237310		0.25000	x	1.8214	0.0700
238210		0.10000	x	0.0178	0.0004
238910		0.10000	x	0.3465	0.0052
238990		0.08000	x	0.3395	0.0058
339950		0.05000	x	0.1417	0.0017
541320	Professional Services	0.10000	x	0.3514	0.0075
541330		0.10000	x	0.1757	0.0063
541340		0.05000	x	1.1633	0.0160
541370		0.05000	x	0.3521	0.0035
541380		0.02000	x	0.0388	0.0007
Total					0.1193
Rounded, Weighted Base Figure:					12%

Breakout of Estimated Race-Neutral & Race Conscious

For reporting purposes, race-neutral 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 DBE goal; DBE participation on a prime contract exceeding 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. Based on the calculations below, the current plan is for Houston Southeast to utilize a race neutral strategy to achieve the DBE goal. Based on past performances of Houston Southeast and other agencies that have been recipients of federal funding; as well as the historical performance of the prime contractor, Houston Southeast believes that there will be no need to utilize race conscious efforts to achieve the DBE goal. However, given the dynamics of the existing and planned projects this strategy may need to change. In the event that the DBE landscaping changes, we will submit a revised DBE goal for review by TXDOT/FTA.

RN/RC Breakout

Fiscal Years	DBE Participation
FY 2015 - FY 2017	\$90,842

Step 1 Base Rate Goal: 11.93%

Step 2 Past Participation Median: 15.1%

$$\frac{11.93\% \text{ (Step 1 Base Rate Goal)} + 15.1\% \text{ (Step 2 Past Participation Median)}}{2} = 13.52\%$$

Adjusted goal = 13.52%

RN/RC Breakout = $15.1\% / 8.77\% = 172.18\%$

RN = $172.18\% \text{ of } 13.52\% = 2328\%$

RC = $13.52\% - 2328\% = 0\%$

STEP 2 – BASE GOAL ADJUSTMENT

Previously, Houston Southeast had a FTA-approved DBE goal of 8.77%. Based on the statistical analysis conducted under Step 1, Establish Base Goal, Houston Southeast will use the adjusted base goal of 13.52% as the overall goal. In the past three years, Houston Southeast awarded \$601,373 in third-party contracts. There was 15.1% participation of TUCP certified DBEs, with \$90,842 going to one DBE. There was participation listed with Minority, Women, and Persons with Disabilities Business Enterprises (MWPDBE) with the City of Houston as well, but these were not TUCP certified companies. Since a shortfall did not occur during fiscal years 2015 through 2017, Houston Southeast will adjust the Established Base Goal from the previous base goal of 8.77% to 13.52%.