



**CHICAGO TRANSIT AUTHORITY (CTA)
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM
Goal Setting Methodology and Calculations**

**Federal Fiscal Years (FFY) 2022, 2023 & 2024
(October 1, 2021 through September 30, 2024)
Submittal Date August 1, 2021**



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GOAL OVERVIEW

Pursuant to the U.S. Department of Transportation (DOT) rules and regulations provided in 49 CFR Part 26 (DBE Regulations), the CTA proposes an overall DBE goal that is applicable to the CTA's DOT-assisted contracting opportunities (excluding the purchase of transit vehicles and the "Red and Purple Modernization" Program) for FFY 2022 through 2024. For those federal fiscal years, the CTA projects to spend a total of \$478,612,122 of FTA funds (see Table 1 for the breakdown of anticipated FTA funds by work category). The proposed overall goal for DBE participation is 26% or \$124,439,152 of the projected FTA funds that will be subject to DBE participation requirements as demonstrated by the calculation show below.

26% (Projected DBE goal) x \$478,612,122 (Total CTA federally funded capital budget excluding transit vehicle purchases) = \$124,439,152.

USDOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2022 - 2024

The CTA has adopted a comprehensive transit improvement plan that will provide faster, more comfortable and more reliable transportation services for our customers throughout the service area, which supports the CTA's overall mission to deliver quality, affordable transit services that link people, jobs and communities. This plan is supported by the state's capital program. Based on the projected capital projects below, we have identified subcontracting opportunities in order to calculate our DBE goal for FFY 2022 - 2024. As part of the methodology, CTA reviewed similar past projects to forecast opportunities for firms to compete at the prime and subcontracting level; those opportunities are reflected in our Step One calculation.

Capital projects included among the FFY 2022 - 2024 work categories:

- All Stations Accessibility Program (ASAP)
- Construction Management for various contracts
- General Engineering Consultants for various contracts
- Mid-Level Construction (MIDCON) Program
- Red Line Extension Owner's Representative
- Red Line Extension Program Management and Preliminary Engineering (Option Years)
- Red Line Extension Utility Relocation and Demolition
- Red Line Extension Shop & Yard and Traction Power Design

The CTA is committed to maximizing DBE opportunities on all of its procurements and regularly reviews contracts for race-neutral, small business participation. As part of these efforts, the CTA has established a policy to assess DBE goals at the task-order level for blanket, or task-order-based,

contracts. Examples of these contracts are the Construction Management, General Engineering Consultant, and MIDCON contracts. In addition, the CTA created 2 tiers for the General Engineering Consultant contract, one for large projects and one for medium-sized projects, in order to create opportunities for small- to medium-sized firms. As a result, 2 DBE firms were awarded prime contracts and will compete for future task orders. MIDCON, which is projected to be awarded later this year, has also been tiered to encourage small businesses, including DBEs and former DBEs, to serve as prime contractors.

Table 1

Work Category	Estimated Dollar Value	Percent of Federal Funding by Work Category
Construction	\$326,390,800	68.2%
Professional Services	129,321,322	27.0%
Supplies	22,900,000	4.8%
Total	\$478,612,122	100.0%

GOAL METHODOLOGY

Pursuant to Section 26.45(b), the overall goal must be based upon demonstrable evidence of the relative availability of DBEs in the CTA’s geographic and product markets. Accordingly, the CTA proposes an overall goal for DBE participation that is consistent with the CTA’s historical spending patterns and with the amount of DBE participation the CTA expects to achieve in its local market. The following sections, and the accompanying tables, explain the process that was followed to calculate the 26% proposed overall DBE goal for FFY 2022-2024.

The CTA used its Bidders List in order to identify businesses, both DBE and non-DBE, ready, willing, and able to do business with CTA. Since we encourage all vendors, whether they would like to participate as a prime or subcontractor, to register with us, the Bidders List provides a useful list of firms interested in doing business with CTA.

STEP ONE: BASE FIGURE CALCULATION

Section 26.45(c) requires the measurement of ready, willing and able businesses in the CTA’s local market, using the best available evidence to derive a fair and accurate base figure that represents the percentage of DBEs. One of the methods recommended in the DBE Regulations for determining the base figure involves accessing information from a Bidders List (§26.45(c)(2)). The following describes the base figure calculation based on these sources.

The CTA determined the number of ready, willing and able DBEs in our local market by identifying the DBE businesses registered on CTA’s Bidders List including their North American Industrial Classification Codes (NAICS). The CTA identified the relevant NAICS codes to apply to the FFY 2022-2024 capital projects by reviewing the majority of the CTA projects funded by the CTA’s current (FFY 2018-2020) federally funded capital budget. Utilizing the Bidders List CTA also identified available DBE and non-DBE firms in its local market with those same NAICS codes. This allowed CTA to determine available firms that could serve as potential vendors. The number representing all DBEs and the number representing all firms were then used to determine the percentage of ready, willing and able “DBE firms to all firms” ratio for each NAICS code category (see Table 2).

Table 2: Base Figure Calculation

NAICS Code	Other NAICS Codes Included	Category	A	B	C	D	E	F
			# of DBE Firms certified in NAICS Code on Bidders List	# of overall Firms in NAICS Code on Bidders List	DBE Firms/ Firms Ratio based on NAICS Code	Budget Amount	Weighted = (Budget Amt/Overall Contract Value)	Weighted x DBE Firms Ratio
237990		Railway Construction(Interlocking, roadbed, sign, track)	22	84	26.2%	\$8,000,000.00	1.7%	0.4%
238110	238390	Concrete	36	206	17.5%	\$10,500,000.00	2.2%	0.4%
238140		Masonry	19	66	28.8%	\$19,500,000.00	4.1%	1.2%
238210		Electrical Contractors	45	230	19.6%	\$9,275,000.00	1.9%	0.4%
238220	238220; 423720; 423730; 444190;	Plumbing,HVAC,	26	181	14.4%	\$100,000,000.00	20.9%	3.0%
238310	238170; 238340; 238320; 238310; 238390;	Finishes	74	250	29.6%	\$175,000,000.00	36.6%	10.8%
238990		Specialty Trade Contractors	38	155	24.5%	\$4,000,000.00	0.8%	0.2%
321211	321999; 326199; 3261; 3262; 423310;	Wood, Plastic and Composites	54	516	10.5%	\$2,000,000.00	0.4%	0.0%
323111		Commercial Printing	17	186	9.1%	\$100,000.00	0.0%	0.0%
335999		Misc. Electrical Equip. & Component Manufacturing	12	113	10.6%	\$3,000,000.00	0.6%	0.1%
423110	423110; 336390;	Automobile Wholesalers	16	285	5.6%	\$7,000,000.00	1.5%	0.1%
423610		Electical Equip Wholesalers	32	329	9.7%	\$5,000,000.00	1.0%	0.1%
423440	423990; 339950; 423440;	Specialties	14	145	9.7%	\$5,900,000.00	1.2%	0.1%
484110		General Freight Trucking, Local	2	6	33.3%	\$4,000,000.00	0.8%	0.3%
511210		Utility Software	22	131	16.8%	\$775,000.00	0.2%	0.0%
541310	541310; 541330; 236220; 541320; 541620; 541360; 541370;	Professional Services (DoR, CM, PM)	99	433	22.9%	\$120,000,000.00	25.1%	5.7%
541380		Testing Laboratories	14	107	13.1%	\$250,000.00	0.1%	0.0%
541211	541213; 541214; 541219; 541211;	Accountants' (i.e., CPAs) offices, certified public	15	73	20.5%	\$3,000,000.00	0.6%	0.1%
541512	423430; 541519; 541512; 541511;	Computer software consulting services or consultants	65	513	12.7%	\$900,000.00	0.2%	0.0%
561990		Traffic Control	7	39	17.9%	\$107,522.00	0.0%	0.0%
562910		Abatement	2	17	11.8%	\$115,800.00	0.0%	0.0%
611710		Educational curriculum development services	2	8	25.0%	\$188,800.00	0.0%	0.0%
						Total Contract Value	Total Budget Subcontract %	Weighted DBE Goal
WEIGHTED DBE GOAL						\$478,612,122.00	100.00%	23.03%
						23%		

As recommended in the DOT’s “Tips for Goal-Setting”, the CTA weighted the percentages by dividing the Budget Amount for each NAICS category by the total projected FTA funds, as shown in column E. The weighted percentage was then multiplied by the percentage derived from the “DBE firms to all firms” ratio and multiplied by 100 for each NAICS code category (column F). The resulting value for each NAICS code category was totaled to determine the overall base figure for the CTA’s 3-year DBE utilization of 23%. The base figure calculation weighs the relative availability of DBE contractors against the relative budget amount of contracting opportunities available for the total pool of contractors in CTA’s Bidders List. This concludes the Step One calculation for the FFY 2022-2024 overall goal.

STEP TWO: ADJUSTING THE BASE FIGURE

Past participation is the most reliable factor the CTA can use in the Step Two adjustment due to the similarity of the CTA’s federally-funded capital spending in FFY 2018-2020 and forecasted federally-funded capital spending in FFY 2022-2024 and accurately reflects the DBE participation the CTA can expect to attain in FFY 2022-2024. The CTA continues to examine and address business circumstances within its service area for evidence of recent discrimination that would limit participation by certified DBEs in typical CTA purchases.

Once the base figure of 23% was calculated, the CTA determined it was slightly inconsistent with the historical attainment and the realities of the market in the Cook County Area. As a result, the CTA adjusted the base figure pursuant to Section 26.45(d)(1)(i) of the DBE Regulations, which provides that the base figure can be adjusted by using the current capacity of DBEs to perform work on the recipient’s DOT-assisted program by measuring the volume of work performed by DBEs in recent years. The CTA utilized its DBE goal and actual attainment percentages filed with the FTA between FFY 2018-2020 to calculate the figures in each category to determine a median rate of DBE participation for those federal fiscal years (see Table 3). This information was taken into consideration because it is a likely indicator of participation on future projects, since the types of goods and services contracted by the CTA remain fairly consistent over time. **According to the calculations, the CTA attained an average DBE participation rate of 30.45% and a median rate of 26.9% for FFY 2018-2020.**

Table 3

Fiscal Year	DBE Goal	DBE Attainment	Race-conscious	Race-neutral
2018	26%	34.98%	24.46%	10.52%
2019	26%	29.42%	22.80%	6.62%
2020	26%	26.97%	19.71%	7.25%
Total		91.36%	66.97%	24.39%
Mean		30.45%	22.32%	8.13%
Median		29.42%	22.80%	7.25%

FINAL STEP: CALCULATING THE OVERALL GOAL

To determine the overall goal, the weighted base figure of 23.03% (see Step One) was added to the median of the last 3 federal fiscal years, or 29.42% (see Step Two), and divided by 2 (see below).

The result is the CTA DBE Goal for FFY 2022-2024 of 26%

$$23.03+29.42 = 52.45$$

$$52.45/2 = 26.22 \text{ (Rounded to 26\%)}$$

ANNUAL OVERALL DBE PERCENTAGE GOAL = 26% OF TOTAL ESTIMATED FEDERALLY-FUNDED CAPITAL BUDGET

OR

26% OF \$478,612,122 = \$124,439,152 = CTA's FFY 2022-2024 OVERALL DBE GOAL

UTILIZATION OF RACE-NEUTRAL (RN) AND RACE-CONSCIOUS (RC) METHODS

The goal of CTA's DBE Program is to be primarily a race-neutral initiative that incorporates race-conscious elements, as needed. DOT's DBE Regulations (49 CFR 26.51) require the CTA to meet the maximum feasible portion of the overall goal by using race-neutral means of facilitating DBE participation. The race-neutral measure or program is one that can be used to assist all businesses. For purposes of this submittal, the definition of Race-Neutral includes gender.

Formula for Calculating Race-Neutral and Race-Conscious Percentages

Step #1: Determine the FFY 2018-2020 average of DBE procurements achieved without contract goals. This is the RN mean.

Step #2: Determine the FFY 2018-2020 average of DBE utilization achieved utilizing DBE contract goals. This is the RC mean.

Step #3: RN median FFY 2018-2020 = 7.25% (see Table 3)
RC median FFY 2018-2020 = 22.80% (see Table 3)

As with the Step Two process, the median was used to determine the race-neutral/race conscious percentages in order to account for any outliers in the data.

Step #4: Of the overall goal of 26% DBE participation for FFY 2022-2024 as computed from Steps One and Two the CTA seeks to achieve 7.25% by Race-Neutral means and the difference of 18.75% by Race-Conscious means. This is the percentage the CTA can confirm based on the FFY 2018-2020 achievement.

The CTA will exert additional effort to extend outreach to potential prime contractors to ensure subcontracting opportunities are fully promoted prior to using race-conscious contract goals to achieve the projected FFY 2022-2024 overall DBE Goal.

PUBLIC PARTICIPATION IN SETTING OVERALL TRIENNIAL DBE GOALS

In conformance with the "Public Participation Regulatory Requirements" of the 49 CFR Part 26.45, the CTA will hold a public comment period for the proposed FFY 2022-2024 DBE goal of 26%. The public comment period will begin on May 3, 2021 and conclude June 1, 2021. CTA will consider any comments received regarding the proposed FFY 2022-2024 DBE Goal and determine whether any adjustments are needed.

Outreach to Minority- and Women-Business and General Business Groups

The following minority, women's, and general contractor support groups were contacted to discuss the CTA's DBE goal as it was being prepared.

- Arquitectos
- Austin African American Business Networking Association (AAABNA)
- Black Contractors Owners and Executives (BCOE)
- Chatham Business Association (CBA)
- Chicago Minority Supplier Development Council (CMSDC)
- Chicago Urban League (CUL)
- Chicagoland Chamber of Commerce
- Federation of Women Contractors (FWC)
- Greater Englewood Community Development Corporation (GECDC)
- Hispanic American Construction Industry Association (HACIA)
- Illinois Hispanic Chamber of Commerce (IHCC)
- LGBTQ Chamber of Commerce
- National Association of Minority Contractors Chicago (NAMCC)
- U.S. Minority Contractors Association (USMCA)
- Women's Business Development Center (WBDC)
- World Business Chicago (WBC)

In addition to meeting with the support groups listed below, CTA will present the DBE goal to the CTA's DBE Advisory Committee. The Committee is comprised of DBE firms, prime contracting and consulting firms, and technical assistance agencies.

Advertisements

The CTA will issue multiple notices through its social media channels including Facebook and LinkedIn and in multiple minority-focused media announcing that the Overall DBE Goal and Methodology for FFY 2022-2024 is available for inspection on the CTA's website at www.transitchicago.com/dbe. At the conclusion of the 30 day review period, the CTA will evaluate comments on the goal calculation process and adjust the goal if necessary. The CTA advertised its FFY 2022-2024 notice in the following newspapers:

- Austin Weekly News*
- Chicago Chinese Times*
- Chicago Citizen*
- Crusader*
- Dziennik Zwiakowy
- Negocios Now*

*Minority newspaper

Written comments on the goal rationale should be addressed to:
Chicago Transit Authority
Diversity Programs Department
567 W. Lake Street

Chicago IL, 60661

Or

diversity@transitchicago.com

DBE PROGRAM HIGHLIGHTS FFY 2019-2021

- CTA pivoted through the pandemic by being responsive to the market, the vendors and the economic climate. CTA continued hosting procurement and educational programming virtually. CTA quickly moved the viewing and bidding of contracts to the online platform, Bonfire, allowing for a seamless transition from in-person and mailing to electronic submissions. CTA hosted its first Cyber-security webinar for vendors in 2020 as more firms had to quickly adapt to the virtual environment.
- CTA is committed to the growth and development of the Disadvantaged Business Enterprise (DBE) Community and its ability to compete in the general marketplace. With this, CTA has successfully administered and monitored 13 contracts with Mentor/Protégé agreements.
- CTA has successfully identified an increased number of contract opportunities with a sufficient number of SBEs available to bid. This has afforded more SBEs prime contracting opportunities, increasing their capacity and adding to their experience.
- CTA understands the sensitivity and importance of payment cycles, especially as it relates to small and disadvantaged businesses. CTA has worked across departments to standardize the invoicing process and streamline payment for small and disadvantaged businesses. This has resulted in a decrease in payment times for infrastructure invoices after submission of the official payment application from 45-60 days to 12 days.

DBE Outreach Participation FFY 2019-2021

Educational

- Held quarterly “Driving Small Businesses the Distance” workshops. This program consists of a series of introductory, “how to” courses for businesses that are newer to CTA’s procurement. The courses include Certification, Contracts, and Compliance.
- Held the annual Small Business Educational Series in 2019. The SBE Series is a now a 9-week educational program to assist established small and disadvantaged businesses in doing business with CTA. The intimate group of 15-20 firms meets virtually for 2+ hours every week. A different module is covered and led by leading industry experts. These modules include: estimating, budgeting, business development, safety and quality controls, technology and more.
- Hosted quarterly RPM Building Small Businesses (BSB) workshops. BSB is a financial capacity building and wrap around service program to assist small businesses secure funding to successfully bid, win or operate on CTA contracts. The program includes a quarterly workshop along with 1:1 assessments and consultations to navigate the process of preparing, applying for and securing funding. To date, the BSB program has completed 8 workshops and performed over 100 1:1 consultation, resulting in assisting 20 firms secure over \$5 million in funding.

Procurement

- Held multiple Meet & Greets. Meet and Greets are a way for CTA to connect Primes and DBEs to build the necessary relationships to partner on contracts. Some Meet and Greets include:
 - MIDCON - CTA’s mid-level construction job ordering contracts (JOC)
 - Non-Revenue Vehicle Maintenance Facility

- ATM Installation
- Traction Power Upgrades -Canal Tie House, Barry and Damen Substations
- Held several Pre-bid and Pre-proposal meetings. CTA encourages both prime and sub-contractor/consultants to attend pre-bid and pre-proposal meetings. Here, firms are able to learn firsthand about the specifics of the contract opportunity, meet the CTA user group, connect with interested prime contractors and present questions for clarity. Some pre-bid and pre-proposals include:
 - General Engineering Consultants (GEC)
 - Parking Lot Improvements (x5)
 - Lake Line South Main Line
 - Security Guard (Unarmed) Services
 - RPM SBE Event Management
 - SBE Temporary Staffing
 - RPM SBE Translation Services
 - IFB for RPM Project Hotline Services SBE
 - RPM Customer Service Representative Staffing Services
 - Lake Line South Main Line
 - Furnish Hot Mix Asphalt Paving Services (x2)
 - Install Pigeon Detering Devices
 - Janitorial and Cleaning Services
 - VMI (Federal)
 - SBE Professional Services
 - Tree Trimming
 - Snow Plowing
 - And others

Assist Agencies

- Partnered with Assist Agencies. CTA, as members or partners, hosted, co-hosted or presented contract opportunities, certification details or other resources to assist their memberships and business networks in successfully doing business with CTA. Some events include:
 - CTA Women's Transportation Symposium (WTS) Partnership
 - CTA & WBDC: Learn How to Do Business with CTA
 - HACIA Transportation Discussion
 - WBDC CityCon Graduation
 - CMSDC & CTA Responding to CTA Contract Opportunities
 - World Business Chicago CASE Panel
 - University of Illinois Virtual Construction Summit
 - LGBT Chamber of Commerce Diversity Panel
 - HACIA Professional Services Meeting
 - IHCC December Breakfast
 - 1st Annual Native American Professionals Breakfast
 - Membership Meetings
 - USMCA
 - NAMCC
 - BCOE
 - HACIA
 - And others

Governmental Agencies

- Attended and participated at other local and Federal agency procurement events and programming. CTA engages with other agencies to stay on top of industry trends and regulations. Governmental engagement also provides opportunities to promote CTA Diversity Programs and connect with new and existing CTA vendors. Some events include:
 - City of Chicago Government Procurement Compliance Forum
 - IDOT: Today's Challenge Tomorrow's Reward
 - City of Chicago Vendor Fair
 - Metropolitan Water Reclamation District Annual Professional Services & the Construction Contractor Vendor Outreach Fair

The CTA will continue to expand its outreach efforts to inform DBEs and potential DBEs about opportunities in order to ensure and achieve its overall DBE goals.

CONCLUSION

The CTA developed an overall DBE goal of 26% (7.25% Race-Neutral, 18.75% Race-Conscious) for its projected federal spend in FFY 2022-2024 pursuant to 49 CFR 26.45 and will submit this goal to the Federal Transit Administration for consideration, assuming there are no needed adjustments after the public comment period concludes.