



**CHICAGO TRANSIT AUTHORITY
DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
Goal Setting Methodology and Calculations**

Red and Purple Modernization Phase One Project DBE Goal
Original Submittal Date October 1, 2018
Resubmitted February 11, 2019



RED AHEAD



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GOAL OVERVIEW

The Chicago Transit Authority's ("CTA") Red and Purple Modernization ("RPM") corridor is a 9.6-mile stretch of track that was built close to a century ago—much of it in 1924, when Calvin Coolidge was U.S. President and the Wrigley Building had just been constructed. Most of this infrastructure is at the end of its useful lifespan. Frequent maintenance to repair tracks and remove slow zones is costly and hinders service.

RPM Phase One ("Project") will completely rebuild the Lawrence, Argyle, Berwyn and Bryn Mawr stations and all the tracks and support structures for more than a mile adjacent to the stations. The stations will be accessible for the first time and include wider platforms, better lighting and modern amenities. The project will also construct a Red-Purple Bypass north of Belmont station trains to modernize the century-old Clark Junction where Red, Purple and Brown Line trains currently intersect. The bypass, which will carry northbound Brown Line trains up and over Red and Purple Line tracks, will eliminate the need for trains to stop and wait for other trains to cross, thereby allowing CTA to significantly increase the number of trains it runs along the Red Line -- reducing overcrowding and meeting growing demand for transit service.

Among the plan's highlights are:

- Red- Purple Bypass Project at street level and track level
 - A. Addition of up to eight more Red Line trains per hour
 - B. Accommodate up to 7,200 additional customers per hour
 - C. Increased Red and Purple line train speeds by 60 percent through the intersection
 - D. Customers are saved travel hours
- Lawrence-Bryn Mawr Modernization Project
 - A. Wider platforms for faster boarding and less crowding
 - B. Better lighting and customer security features
 - C. Longer canopies, more benches, and wind screens
 - D. Real-time information boards

The work performed under the Project will be completed through multiple competitively bid contracts. Due to the size and length of the Project – which will span over multiple triennial goal periods – the CTA will set a Disadvantaged Business Enterprise ("DBE") goal for the Project pursuant to 26 CFR 26.45 ("DBE Regulations"). Contracts under the Project will not be included in CTA's overall annual DBE goal calculations. The DBE goal will apply throughout the entire life of the Project, which has an estimated completion date of Federal Fiscal Year

2027. Since the largest part of the Project will be the design/build contract and that contract will award subcontracts in phases that can extend beyond FFY 2021 – when the CTA’s current 3-year DBE Goal expires – the CTA proposes setting a project-specific goal for RPM Phase I. Based on the calculations provided in the DBE Regulations, the projected DBE participation for the Red and Purple Modernization Project is 20% of the estimated aggregate dollar amount for the Project, or \$356,522,584. Since the original submission date, the CTA advertised and awarded the RPM Phase I design/build contract. As part of the RFP, the CTA placed a 20% design/20% construction DBE goal and the successful proposer has committed to attaining both goals.

The estimated aggregate dollar amount of CTA expects to spend for the Red and Purple Modernization Project through federal fiscal year 2027 is \$2,019,276,000. The amount subject to DBE participation requirements – after removing CTA internal forces spending and transit vehicle manufacturer (“TVM”) spending – is an estimated \$1,782,612,920, as shown in Table 1. The following is a list of contracts that will be partially or fully funded by the RPM Phase I Project.

- Red and Purple Modernization Phase I Design/Build
- Program Management Services for Infrastructure Core Program
- Preliminary Engineering for the Red and Purple Modernization Project
- General Engineering Consultant - Signal Systems Design Services for Red and Purple Modernization Project
- Real Estate and Air Rights Acquisition
- Community Outreach and Public Relations
- DBE and Workforce Strategic Consulting

Table 1

Work Category	Estimated Dollar Value	Percent of Federal Funding by Work Category
Construction	\$1,274,678,819	71.5%
Professional Services	222,626,741	12.5%
Supplies	87,048,327	4.9%
Contingency	\$198,259,033	11.1%
Total	\$1,782,612,920	100.0%

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 reviewing disparity study data (§26.45(c)(1)). The following describes the base figure calculation based on these sources.

To prepare for the RPM Phase I Project, CTA contracted Colette Holt & Associates (CHA) to conduct an availability study of the market to assist in setting a project-specific goal for RPM. CHA had recently finished conducting disparity studies for Cook County, METRA, and the Regional Transportation Authority (RTA). CTA worked with the RPM team to determine as

detailed work category and budgeted dollar amounts as possible. Since most of the dollars in the Project would be spent in the design/build contract and most of the work would be defined during the design phase, it was difficult to drill down to a six-digit NAICS code on the categories. Additionally, a large portion of the dollars are allocated in unknown contingencies, which can be used for any portion of the Project. Due to this unknown, the CTA decided to remove those dollars from its calculation. Finally, the dollars allocated to the direct utility spend were also removed since these services would be contracted out, rather they would directly spent with the utility companies responsible for relocation. CTA has had conversations with the various utility companies to encourage them to create opportunities for DBE firms in their procurement methods. Table 2 reflects the percentages from the availability study as well as the budgeted amounts except the direct utility work and unknown contingency.

The percentages were then applied to the estimated total Project budget minus the direct utility work and unknown contingency (\$1,241,932,468) to determine the estimated dollar amount budgeted for each NAICS code category, as shown in column D. 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 Project budget, 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 RPM Phase One DBE utilization of 19.53%.

STEP TWO: ADJUSTING THE BASE FIGURE

After reviewing the contracts that will be awarded as part of the Project, the CTA has identified multiple opportunities for our Small Business Enterprise ("SBE") Program. The CTA's SBE Program is designed to give certified small businesses an opportunity to bid as primes on CTA contracts. Under the Program, selected contracts will be set aside for small businesses to bid on as prime contractors and is a race and gender neutral program that allows small businesses of any gender and/or ethnic background to participate. Specifically, the CTA will set aside the contracts for our community outreach and public relations work due to the available number of certified SBE firms in the various NAICS codes. By setting these contracts aside and adjusting the availability for NAICS 5418 to 100%, the base figure is adjusted to 19.97%. The CTA will adjust the base figure of 19% to 20% due to the identified race neutral means.

The CTA has also not had any contracts or projects of the scale and complexity as RPM Phase I, therefore it is difficult to conduct a comparison for adjusting the base figure.

Table 2: Red and Purple Modernization Phase One Base Figure Calculation

A	B	C	D	E	F
NAICS Code	Category	DBE Firms/ Firms Ratio based on NAICS Code	Estimated Value of Work	Estimated Percentage of Work	Weighted x DBE Firms Ratio
2371	Utility System Construction	35.90%	\$10,205,088	0.82%	0.29%
2373	Highway, Street, and Bridge Construction	32.70%	\$87,186,573	7.02%	2.30%
2381	Foundation, Structure, and Building Exterior Contractors	26.80%	\$119,847,764	9.65%	2.59%
2382	Building Equipment Contractors	18.80%	\$39,754,796	3.20%	0.60%
2383	Building Finishing Contractors	20.35%	\$159,904	0.01%	0.00%
2389	Other Specialty Trade Contractors	37.30%	\$82,413,172	6.64%	2.48%
3312	Steel Product Manufacturing from Purchased Steel	4.10%	\$252,072,185	20.30%	0.83%
3323	Architectural and Structural Metals Manufacturing	32.50%	\$210,242	0.02%	0.01%
3345	Navigational, Measuring, Elettromedical, and Control Instruments Manufacturing	14.00%	\$270,057,006	21.74%	3.04%
3359	Other Electrical Equipment and Component Manufacturing	7.70%	\$71,030,962	5.72%	0.44%
3399	Other Miscellaneous Manufacturing	13.30%	\$2,511,278	0.20%	0.03%
4233	Lumber and Other Construction Materials Merchant Wholesalers	19.23%	\$490,467	0.04%	0.01%
4236	Household Appliances and Electrical and Electronic Goods Merchant Wholesalers	10.88%	\$6,460,854	0.52%	0.06%
4237	Hardware, Plumbing, and Heating Equipment and Supplies Merchant Wholesalers	8.93%	\$104,578	0.01%	0.00%
4249	Miscellaneous Nondurable Goods Merchant Wholesalers	22.90%	\$56,743	0.00%	0.00%
4841	General Freight Trucking	50.00%	\$77,534	0.01%	0.00%
5241	Insurance Carriers	4.80%	\$28,117,151	2.26%	0.11%
5413	Architectural, Engineering, and Related Services	31.00%	\$254,414,742	20.49%	6.35%
5416	Management, Scientific, and Technical Consulting Services	24.19%	\$3,662,706	0.29%	0.07%
5418	Advertising, Public Relations, and Related Services	22.00%	\$7,072,968	0.57%	0.13%
5419	Other Professional, Scientific, and Technical Services	23.88%	\$228,517	0.02%	0.00%
5616	Investigation and Security Services	62.50%	\$3,788,870	0.31%	0.19%
9261	Administration of Economic Programs	35.90%	\$10,205,088	0.82%	0.29%
WEIGHTED DBE BASE FIGURE		19%	\$1,241,932,468	100.0%	19.53%

OVERALL PROJECT PERCENTAGE RATE = 20% OF TOTAL PROJECT BUDGET

**20% of \$1,782,612,920 (estimated) = \$356,522,584 = Red and Purple Modernization
Phase One Project 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.

Due to the size and magnitude of the Project, the CTA will achieve 1% of the Project goal through race neutral means and 19% through race conscious means for a total of 20%. Although most of the opportunities for DBE participation will come from race conscious means, CTA has identified several contracting opportunities to set-aside for small business participation through its SBE Program.

The CTA will exert additional effort to extend outreach to potential prime contractors to ensure subcontracting opportunities are fully promoted prior to resorting to race-conscious contract goals to achieve the Project DBE Goal.

PUBLIC PARTICIPATION IN SETTING PROJECT DBE GOAL

In conformance with the “Public Participation Regulatory Requirements” of the 49 CFR Part 26.45, the CTA held a public comment period for the Project DBE goal of 20%. The public comment period began on August 31, 2018. CTA received 3 comments regarding the proposed RPM Goal and has determined that no adjustment was needed.

Outreach to Minority and Women’s 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.

- Black Contractors United
- Chatham Business Association
- Chicago Supplier Minority Development Council
- Chicago Urban League
- Federation of Women Contractors
- Hispanic American Construction Industry Association
- Illinois Hispanic Chamber of Commerce
- Latin American Chamber of Commerce
- Philippine American Chamber of Commerce of Illinois
- Women’s Business Development Center
- Women Construction Owners & Executives

In addition to meeting with the support groups listed below, CTA presented our DBE goal to our DBE Advisory Committee. The Committee is comprised of DBE firms, prime contracting and consulting firms, and technical assistance agencies. The feedback we received from both the support groups and our DBE Advisory Committee was positive and supportive of our DBE goal.

Advertisements

The CTA will issue a Public Notice in general circulation media and at least two minority-focused media announcing that the CTA's Red and Purple Modernization Phase One Project Specific DBE Goal and Methodology 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 RPM Phase One Project DBE Goal Legal Notice in the following newspapers:

- Austin Weekly News*
- Chicago Sun-Times
- Chinese American News*
- Hoy*

*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

CONCLUSION

The CTA developed an project-specific DBE goal of 20% (1% Race-Neutral, 19% Race-Conscious) for the Red and Purple Modernization Phase I Project pursuant to 49 CFR 26.45 and respectfully submits this goal to the Federal Transit Administration for consideration.