



MERRIMACK VALLEY REGIONAL TRANSIT AUTHORITY

Disadvantaged Business Enterprise (DBE) Goal Methodology Federal Fiscal Years 2022 – 2025

A. Introduction

In accordance with U. S. Department of Transportation Regulations at 49 CFR 26, the Merrimack Valley Regional Transit Authority (MVRTA) submits its three-year Disadvantaged Business Enterprise (DBE) overall goal for Federal Fiscal Year 2022-2025. This goal is based on projected contracting opportunities funded in whole or in part by the Federal Transit Administration (FTA) along with the methodology and supporting documentation.

B. Proposed DBE Goal Federal Fiscal Years 2022-2025

MVRTA's overall goal for the time period covered by Federal Fiscal Years 2022-2025 (October 1, 2022 through September 30, 2025) is **4.52%**. MVRTA expects to award approximately \$14,579,595.00 over this time period, and it is expected that \$658,998.00 will be expended with DBEs on MVRTA (FTA) assisted contracts. Of the overall goal, **2.71%** will be achieved through race neutral measures and **1.81%** will be achieved through race conscious measures.

MVRTA's overall goal is based upon the two-step process described in 49 CFR 26.45. This process ensures that the goal derived by MVRTA is based on the availability of ready, willing and able DBEs in MVRTA's relevant market area.

C. Proof of Publication

The goal was added to the MVRTA website and was distributed via email to a community list compiled from the MA Supplier Diversity Office and NHDOT. In addition, at 26.45g (2), this notice allowed for the availability of the methodology for review for 30 days with the acceptance of comments up to 30 days from the Notice of Publication. The Notice contained the address for which comments could be sent or emailed as stated on the website at staff@mvrta.com

D. Consultation

The Authority consulted with the Merrimack Valley Planning Commission to determine the availability of stakeholder organizations in the Authority's service area. These stakeholder organizations would have an interest in participating in a scheduled exchange regarding the preparation of the goal setting methodology. Four organizations were identified: Groundwork Lawrence, Lawrence Community Works, Association of Latin American Merchants, Inc., and the Asian Center of the Merrimack Valley. In addition, the Massachusetts Minority Contractors Association was identified as a stakeholder organization.

Each of the organizations has been invited to a consultative meeting in order to provide comments or input into the goal setting methodology. Communications offered via Zoom virtual conference.

E. STEP ONE -- Determination of Base Figure

The DBE goal was derived using a refined review of projects proposed for the next budget period. Resources for MVRTA contractors come primarily from the Boston metro area or the Boston-Cambridge-Newton MSA. The area includes the counties in Massachusetts- Essex, Middlesex, Norfolk, Plymouth, Suffolk and in New Hampshire- Rockingham and Strafford. MVRTA services are provided in Essex, Middlesex and Rockingham counties, so the ready willing and able business research matches our service area more closely.

We used a little wider view of business availability in this survey by adding businesses contained in Congressional Districts 3,6,5,7 & 8 a wider area. These districts are contained in the MSA but are the areas where our vendors are more likely to do business. Past contracts issued covered a wider area in the last 3 years. Massachusetts for business purposes is divided into two halves, east and west with the largest market in the Boston area. Businesses close to the Boston metro are more likely interested in MVRTA opportunities but not always due to business specialty. We also noticed a significant reduction in DBE businesses available for work, (625) firms last period verses (272) firms this period.



Figure 1 Map of Boston Cambridge Newton MSA

Our firm research included several dataset sources:

- Commonwealth of Massachusetts, Supplier Diversity Office, website accessed March 31, 2022
<https://www.sdo.osd.state.ma.us/BusinessDirectory/BusinessDirectoryDownload.aspx>

- US Census Bureau website, accessed March 31, 2022
<https://www.census.gov/data/tables.html>
- [NAICS & SIC Identification Tools | NAICS Association](#), accessed April 4, 2022
- [My Congressional District \(census.gov\)](#), accessed April 4, 2022
- State of New Hampshire Department of Transportation, Office of Federal Compliance, Disadvantage Business Enterprise, website accessed March 31, 2022 <https://www.nh.gov/dot/org/administration/ofc/documents/dbe-directory.pdf>

A consolidated reference file of data collected is included as documentation of our research. Refer to separate Excel file. The NAICS codes used to determine our available contracts are based upon projects scheduled and budgeted for the next three years. Included are general operations contracts for items such as office supplies and fuel. Budgetary cost was assigned according to DOT funding. MVRTA does not have subrecipients. Refer to methodology table in Figures 2,3 &4.

Break Down of MVRTA Project Categories

A major capital project is the pending Merrimack River, bank stabilization, scheduled to begin construction in July 2022. The Merrimack River abuts our bus facility. The project will include general engineering and environmental engineering services categories as a subcontracting opportunity. Since it is a construction project there will be many prime and subcontracting services available to bid for all firms. We will establish a specific DBE participation goal of 5% for this project. The contractor has already committed to utilizing firms to meet this goal. The reporting will be in FY2023.

Agency projects implemented over the next program period include marketing, graphics and advertising. We have a current contract for roof refurbishment, concrete work, repairs to our bus garage and transportation rebranding. Our rebranding project is using a WBE firm which specializes in transit projects. We currently use a registered WBE as our outdoor advertising vendor. Our recent contract for ADA support transportation services included DBE bidders. We identified a broader selection of minority owned businesses and continue to distribute relevant RFP's via email or through COMMBUYS. Our bidder lists also indicate whether the potential bidder is a registered DBE.

Information of all solicitations is posted on our website. Our current DEBLO offers debriefing post solicitation to all DBE bidders and have done so on several occasions.

	NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	238910	Commercial & Industrial Contractors	\$3,500,000.00	24.0%
2)	541430	Graphics & Design Services	\$225,000.00	1.5%
3)	423140	Wholesale Motor Parts	\$1,654,000.00	11.3%
4)	423120	Motor Supplies (engines-transmissions)	\$1,241,000.00	8.5%
5)	423130	Tire & Tube Merchants	\$75,000.00	0.5%
6)	423210	Furniture merchants	\$10,000.00	0.1%
7)	423860	Transportation Equip & Splys	\$3,022,887.00	20.7%
8)	424120	Stationary/office	\$25,250.00	0.2%
9)	454310	Fuel Dealers	\$2,769,558.00	19.0%
10)	488999	Support Activities Transportation (other vans)	\$623,100.00	4.3%
11)	531312	Non-Residential Property Managers	\$155,000.00	1.1%
12)	541310	Professional Services Architects	\$350,000.00	2.4%
13)	541330	Professional Services Engineering	\$240,000.00	1.6%
14)	541620	Professional Environmental Engineering	\$130,000.00	0.9%
15)	541820	Public Relations	\$22,500.00	0.2%
16)	541850	Outdoor Display Advertising	\$95,000.00	0.7%
17)	561311	Employment placement	\$55,000.00	0.4%
18)	561621	Security Systems & Services	\$42,000.00	0.3%
19)	561710	Exterminators	\$45,000.00	0.3%
20)	561720	Janitorial	\$19,500.00	0.1%
21)	561730	Landscape	\$38,200.00	0.3%
22)	561740	Carpet & Upholstery Cleaning	\$12,000.00	0.1%
23)	524210	Insurance Agents & Brokerages	\$152,000.00	1.0%
24)	541810	Advertising Agencies	\$45,000.00	0.3%
25)	541613	Marketing Consultant	\$25,000.00	0.2%
26)	541930	Translation Services	\$7,600.00	0.1%
	Total FTA-Assisted Contract Funds		\$14,579,595.00	100.0%

Figure 2 Step 1 Project Analysis by NAICS code

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability	
1)	238910	Commercial & Industrial Contractors	42	1267	0.0331	
2)	541430	Graphics & Design Services	33	304	0.1086	
3)	423140	Wholesale Motor Parts	1	24	0.0417	
4)	423120	Motor Supplies (engines-transmissions)	2	192	0.0104	
5)	423130	Tire & Tube Merchants	0	40	0.0000	
6)	423210	Furniture merchants	1	153	0.0065	
7)	423860	Transportation Equip & Splys	4	51	0.0784	
8)	424120	Stationary/office	1	76	0.0132	
9)	454310	Fuel Dealers	2	106	0.0189	
10)	488999	Support Activities Transportation (other vans)	2	12	0.1667	
11)	531312	Non-Residential Property Managers	2	466	0.0043	
12)	541310	Professional Services Architects	22	2244	0.0098	
13)	541330	Professional Services Engineering	13	5772	0.0023	
14)	541620	Professional Environmental Engineering	23	226	0.1018	
15)	541820	Public Relations	11	96	0.1146	
16)	541850	Outdoor Display Advertising	4	33	0.1212	
17)	561311	Employment placement	11	134	0.0821	
18)	561621	Security Systems & Services	3	74	0.0405	
19)	561710	Exterminators	2	127	0.0157	
20)	561720	Janitorial	29	479	0.0605	
21)	561730	Landscape	11	600	0.0183	
22)	561740	Carpet & Upholstery Cleaning	6	67	0.0896	
23)	524210	Insurance Agents & Brokerages	6	1840	0.0033	
24)	541810	Advertising Agencies	13	160	0.0813	
25)	541613	Marketing Consultant	26	464	0.0560	
26)	541930	Translation Services	2	32	0.0625	
		Combined Totals	272	15039	0.0181	Overall availability of DBEs
					1.81%	Base Figure

Figure 3 Calculations used to determine DBE Program Base Figure

	NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
1)	238910	Commercial & Industrial Contractors	0.24006	x	0.03315	0.80%
2)	541430	Graphics & Design Services	0.01543	x	0.10855	0.17%
3)	423140	Wholesale Motor Parts	0.11345	x	0.04167	0.47%
4)	423120	Motor Supplies (engines-transmissions)	0.08512	x	0.01042	0.09%
5)	423130	Tire & Tube Merchants	0.00514	x	0.00000	0.00%
6)	423210	Furniture merchants	0.00069	x	0.00654	0.00%
7)	423860	Transportation Equip & Splys	0.20734	x	0.07843	1.63%
8)	424120	Stationary/office	0.00173	x	0.01316	0.00%
9)	454310	Fuel Dealers	0.18996	x	0.01887	0.36%
10)	488999	Support Activities Transportation (other vans)	0.04274	x	0.16667	0.71%
11)	531312	Non-Residential Property Managers	0.01063	x	0.00429	0.00%
12)	541310	Professional Services Architects	0.02401	x	0.00980	0.02%
13)	541330	Professional Services Engineering	0.01646	x	0.00225	0.00%
14)	541620	Professional Environmental Engineering	0.00892	x	0.10177	0.09%
15)	541820	Public Relations	0.00154	x	0.11458	0.02%
16)	541850	Outdoor Display Advertising	0.00652	x	0.12121	0.08%
17)	561311	Employment placement	0.00377	x	0.08209	0.00%
18)	561621	Security Systems & Services	0.00288	x	0.04054	0.01%
19)	561710	Exterminators	0.00309	x	0.01575	0.00%
20)	561720	Janitorial	0.00134	x	0.06054	0.01%
21)	561730	Landscape	0.00262	x	0.01833	0.00%
22)	561740	Carpet & Upholstery Cleaning	0.00082	x	0.08955	0.01%
23)	524210	Insurance Agents & Brokerages	0.01043	x	0.00326	0.00%
24)	541810	Advertising Agencies	0.00309	x	0.08125	0.03%
25)	541613	Marketing Consultant	0.00171	x	0.05603	0.01%
26)	541930	Translation Services	0.00052	x	0.06250	0.00%
				Weighted Base Figure:	Total	4.52%
			Race Conscious	1.81%		
			Race Neutral	2.71%		

Figure 4 Race/Gender Conscious and Neutral Weighted Figure table of calculations

F. STEP TWO -- Adjustment

Past Participation and Adjustment

A review of past participation was done regarding the volume and type of work over the past three years (FFY 2019-2020-2021) and participation by DBEs in contracting opportunities.

Looking forward to FFY 2022-2025, the next three-year period covered by the Goal submission, there will be planned capital projects that will allow for DBE participation. We did have projects where we used a DBE over the last 2 years, namely our video project and security camera installation.

It is understood that the determination of the three-year DBE goal is a projection based on the most recent information available. It will be necessary to monitor actual DBE participation during each fiscal year to determine if any mid-year corrections are needed regarding the derived calculations of race neutral/race conscious goals.

It is further understood that, if progress is being made to where the projected goal will be exceeded, then an adjustment to reduce race conscious efforts would be implemented. Conversely, if race neutral measures will not attain the projected goal, then race conscious efforts would need to be increased.

Disparity Studies

MVRTA researched disparity studies done for the Commonwealth of Massachusetts and could only find one for our state: *Diversity Best Practices for the Construction Industry*, The Massachusetts Gaming Commission, published June 2019. MVRTA has not adjusted its goal as a result of the data available in this study. MVRTA will review and utilize any updated data in preparing future goals.

Statistical Disparities

The study also showed evidence of statistical disparities in the Capital Market which covers areas of financing, bonding, and insurance. In the study, national data is analyzed and compared to a survey conducted by NERA in the Massachusetts region, to examine whether discrimination exists in the small business credit market. The Executive Summary of that study was released to the public whereas the complete report is marked "Proprietary and Confidential". The following relevant bullet points are from the published Executive Summary:

- Minority-owned firms were particularly likely to report that they did not apply for a loan over the preceding three years because they feared the loan would be denied.
- When minority-owned firms did apply for a loan, their loan requests were substantially more likely to be denied than other groups, even after accounting for differences in factors like size and credit history.
- When minority-owned firms did receive a loan, they were charged higher interest rates on the loan than was true of comparable white-owned firms.
- Far more minority-owned firms report that credit market conditions are a serious concern than is the case for white-owned firms.
- A greater share of minority-owned firms believes that the availability of credit is the most important issue likely to confront the firm in the next 12 months.

"We conclude that there is statistically significant evidence of discrimination in Massachusetts in the small business credit market, particularly with respect to firms

owned by Blacks. We find little or no significant evidence, however, that White females are discriminated against in this market.”¹

According to the U.S. Census Bureau Press Release dated 12/15/2015, based on the Small Business Owners (SBO) survey of 2012, there was an increase of more than 2 million minority and women owned businesses when compared to the 2007 SBO. Information for Massachusetts from both the 2007 and 2012 SBO has been collected and shows that, while the number of all firms increased +1.9%, the number of minority firms increased +38.4%. This data does suggest that increasing contracting opportunities would be available to DBE firms over the course of this next three-year period.

MVRTA past participation has been variable. Some years are much higher and some years have minimal or no participation. Our goal adjustment was evaluated for reasonableness in light of past participation. Years 2010 through 2012 average participation was 5.7% achieved through race neutral means. Years 2013 through 2015 average participation was 7.3%. In recent years, participation has been higher since a large agency project was awarded to a minority firm. The pandemic has caused many businesses to fail.

Past Participation Values:

FFY 2019 (17.45%)	FFY 2020 (2.6%)	FFY 2021 (9.10%)
-------------------	-----------------	------------------

STEP TWO-- Adjusted Base Figure

Race Neutral / Race Conscious Division

Overall participation goal: 4.52%

The calculation to determine a race neutral/race conscious split as follows:

Race Conscious	1.81%
Race Neutral	2.71%

The percentage of available DBE firms within our region was determined using the resources through state registration datasets supplied by Massachusetts and New Hampshire. We used these tables to determine the number of DBE firms by NAICS category in our service area against the number of all firms available. Refer to table in figure 3 for these calculations. The overall base figure percentage derived from the ready willing and able firms minus the weighted percentage of DBE firms in those

businesses derived our race conscious goal. The remainder of our goal is race neutral. Refer to the weighting table calculations in figure 4.

Our new goal was established using current data however, past participation was given consideration. We have increased regional area from which to gather participation in the program. There has been a significant reduction in available firms compared to the last program. We suggest the Covid-19 pandemic has diminished resources.

Consultation with Minority, Women's and General Contractor Groups Small Business Outreach

Our outreach plan was created to inform businesses of opportunities with MVRTA. We emailed a letter and program goal information to multiple firms. Firms have returned emails asking to be included in solicitation notices. We also have made personal calls to firms in order for them to participate in the Special Transportation Services contract we let in December 2021, (21) Firms were contacted (4) bidders with (1) DBE participating. We hired (2) firms of which one was a Latino firm.

The DBE program document has been posted on our website under the heading "Doing Business with MVRTA." This will make it much easier to find documentation and information for all businesses interested in working with us. The proposed website page will include the DBE program documentation, essential forms in multiple languages per Title VI, DBE Liaison Officer contact information, an FAQ, links to COMMBUYS and announcements of open solicitations. All open solicitations are posted in this area too.

We have performed specific outreach to DBE's for the training video and television commercial RFP. Specifically, the solicitation includes a requirement for Spanish language content. We made available proposals to all firms through COMMBUYS. COMMBUYS is a web-based business resource through the Commonwealth of Massachusetts used for purchasing and procurement. Members receive email notification of posted opportunities based on UNSPSC code a United Nations based system similar to NAICS code. Using this tool allows us to directly target businesses in the marketplace including DBE's. Membership to COMMBUYS is not restricted to businesses in state.

MVRTA plans to disseminate our revised program through email and advertisement on our website. Using our additional DBE resources lists created from both states' data, we will contact the firms specified in our DBE goal research via email. Included will be a copy of our goals and policy along with information on how to register with COMMBUYS. Solicitation notices are sent automatically when projects become available.

Certification Process

MVRTA uses the Commonwealth of Massachusetts Supplier Diversity Office (Mass SDO) to determine the eligibility of firms to participate as DBEs in state and federal

assisted contracts. To be certified as a DBE, a firm must meet all certification eligibility standards. Mass SDO makes the certification decisions based on the facts as a whole.

For information about the certification process or to apply for certification, firms should contact: Commonwealth of Massachusetts Supplier Diversity Office- 617-502-8831p

Mass SDO's certification application forms and documentation requirements are found through a web link to this program: <https://www.mass.gov/supplier-diversity-office>

New Hampshire DBE program office contacts and application information are found at: New Hampshire Department of Transportation; 603-271-3734p
<https://www.nh.gov/dot/org/administration/ofc/dbe.htm>

Contract Goals

The MVRTA will use contract goals to meet any portion of the overall goal MVRTA does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of our overall goal that is not projected to be met through the use of race-neutral means.

We will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. We need not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work). We will express our contract goals as a percentage of the Federal share of a DOT-assisted contract.

The obligation of the bidder/offeror is to make good faith efforts to comply with set contract goals. The bidder/offeror can demonstrate that it has done so either by meeting the contract goal or documenting good faith efforts. The DBELO is responsible for determining whether a bidder/offeror who has either met the contract goal or has documented sufficient good faith efforts to be regarded as responsible.

MVRTA will ensure that all information is complete and accurate and adequately documents the bidder/offer's good faith efforts before we commit to the performance of the contract by the bidder/offeror. Documentation will accompany project records.

G. Program Compliance

The current Deputy Administrator, refer to organizational chart in attachment A, for MVRTA has been delegated as the DBE Liaison Officer. In that capacity, the Deputy Administrator is responsible for implementing all aspects of the DBE program. Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by the MVRTA in its financial assistance agreements with the Department of Transportation.

Non-discrimination Requirements

The MVRTA will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR part 26 on the basis of race, color, sex, or national origin.

In administering its DBE program, the MVRTA will not, directly or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE program with respect to individuals of a particular race, color, sex, or national origin.

FTA Reporting Requirements

MVRTA will comply with semi-annual reporting requirements.

Procedures used to complete semi-annual DBE reports:

1. The due dates for each semi-annual report is marked on calendar.
2. It is recognized that, while the due date is marked, events during the course of the ongoing workflow will cause a delay in preparing the reports.
3. Applicable procurements are reviewed to confirm DBE participation.
4. Invoicing received during the period is reviewed to compile information on payments, contract amounts paid during the reporting period and balances remaining for the next period.
5. The semi-annual report is completed and uploaded to TrAMS.

Distribution of Policy

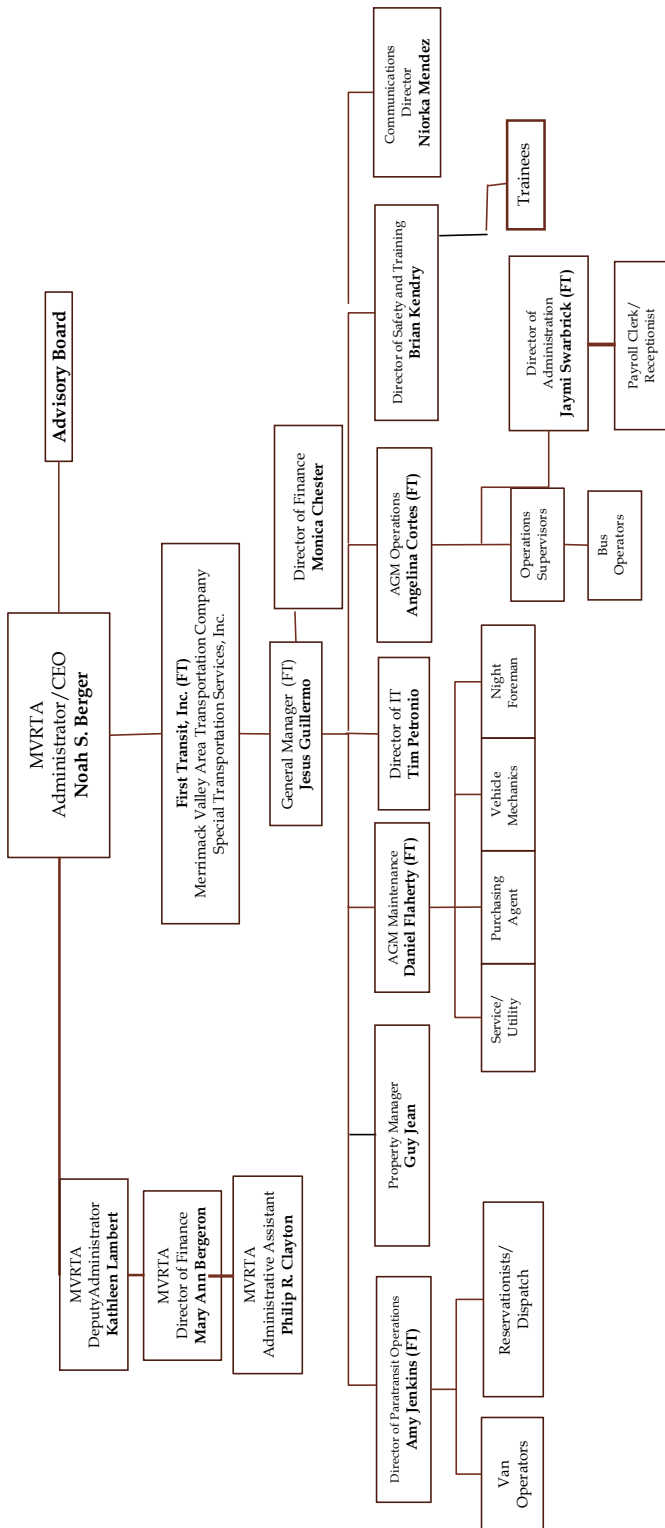
MVRTA has disseminated this policy statement to the MVRTA Advisory Board and all of the components of our organization. We have distributed this statement to DBE and non-DBE business communities that perform work for us on DOT-assisted contracts. This distribution was accomplished by giving it to the MVRTA Advisory Board, publishing on the MVRTA web page, making it available at the MVRTA office located at 85 Railroad Ave. Haverhill, MA 01835; request via mail or by email at staff@mvrta.com.

Noah S. Berger, MVRTA Administrator/ CEO

Date

Attachment A- MVRTA Organizational Chart

Merrimack Valley Regional Transit Authority Organizational Chart



Attachment B

Separate Excel spreadsheet electronic files back-up data

Attachment C

DBE directories, separate electronic files for the Commonwealth of Massachusetts and the State of New Hampshire