



City of Chicago

Federal Transit Administration

DBE METHODOLOGY AND GOAL

FISCAL YEARS 2023-2025

Table of Content

- I. **Summary**
- II. **Proposed Overall Goal for FFY 2023-2025**
- III. **DBE Goal Setting Methodology**
- IV. **Step 1. Base Figure**
 - a) **Anticipated FTA Funding**
 - b) **Assignment of Work Codes/NAICS Codes**
 - c) **Determination of Market Area**
 - d) **Calculation of Relative Availability**
 - e) **Weighting of Base figure**
- V. **Step 2. Base Figure Adjustment**
- VI. **Process and Public Notice of Goal**

List of Tables

Table 1: Anticipated FTA Assisted Contracts

Table 2: Anticipated NAICS Codes and Descriptions

Table 3: Anticipated FTA Assisted Projects for FFY 2023-2025

**Table 4: Anticipated FTA Assisted Projects Classified by NAICS Codes
and Descriptions**

Table 5: Relative Availability

DISADVANTAGED BUSINESS ENTERPRISE GOAL AND GOAL SETTING METHODOLOGY FISCAL YEARS 2023-2025

I. SUMMARY

The City of Chicago (City) has prepared this document to describe the methodology used to establish its overall Disadvantaged Business Enterprise (DBE) goal for Federal Transit Administration (FTA) assisted contracts. The DBE overall goal setting methodology is a requirement set forth in the United States Department of Transportation (USDOT) DBE regulations. The City performed a thorough analysis of the relative availability of DBEs to participate in our DOT-assisted contracts by using historical contract and payment data, the IL UCP Directory of Certified DBEs, and the Census Bureau’s County Business Pattern database to arrive at its overall goal of 26 percent. The City followed the regulations and guidance contained in the USDOT DBE regulations, 49 CFR Part 26.

II. PROPOSED OVERALL GOAL FOR Federal Fiscal Year (FFY) 2023-2025

The City will use an overall DBE goal for the three-year FFY period 2023-2025 (October 1, 2022 to September 30, 2025) of 26%. This goal will apply to all FTA-assisted contracts and represents the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses, which are known to be available to compete in FTA-assisted contracts. The overall DBE goal reflects City staff’s determination of the level of DBE participation, which would be expected absent the effects of discrimination.¹ The total FTA-assisted contract amounts the City expects to bid out in the next three years is as follows:

Table 1: Anticipated FTA -Assisted Contracts Annual Spending

Federal Fiscal Year	Dollar Amount
2023	\$158,500,000
2024	\$ 3,276,000
2025	\$0

III. DBE GOAL SETTING METHODOLOGY

¹ Goal for individual projects will be assessed on a case-by-case basis to determine if adjustments are required given the scopes of work included and DBE availability.

The USDOT DBE regulations, 49 CFR Part 26 require using a two-step process for setting the overall DBE goal that reflects the level of DBE participation. The first step is the calculation of a base figure for the relative availability of DBEs in the relevant market area. The second step requires examining all relevant evidence to determine what adjustment, if any, is needed to the base figure to arrive at an overall goal. Once the adjusted overall goal is determined, the process requires considering what portion of the goal will be met by race and gender-neutral measures.

To establish an overall goal consistent with the process in 49 CFR Part 26, the City began by defining its local market for FTA-assisted contracts through collecting and analyzing data from the IL UCP Directory of Certified DBEs, bidder’s list, and U.S. Census Data. The City’s Uniform Report of DBE awards, commitments and payment reports were also used in determining the City’s overall DBE goal.

Based on available data from the City’s FTA-assisted contracts, the City determined that virtually all DBEs performed (either as prime contractors or subcontractors) in the following North American Industry Classification System (NAICS) Codes:

Table 2: Anticipated NAICS Codes and Description

NAICS CODE	TITLE
237110	Water and Sewer Line and related structures
237130	Power and Communication Line and Related Structure Construction
237310	Highway, Street, and Bridge Construction
237990	Other Heavy and Civil Engineering Construction
238110	Poured Concrete Foundation and Structure Contractors
238120	Structural Steel and Precast Concrete Contractors
238130	Framing Contractors
238160	Roofing Contractors
238190	Other Foundation, Structure, and Building Exterior Contractors
238210	Electrical Contractors and Other Wiring Installation Contractors
238220	Plumbing, Heating and Air Conditioning Contractors
238910	Site Preparation Contractors
238990	All Other Specialty Trade Contractors
327320	Ready-Mix Concrete Manufacturing
332323	Ornamental and Architectural Metal Work Manufacturing
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers
424720	Petroleum and Petroleum Products Merchant Wholesalers
423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers
484220	Dump Trucking

NAICS CODE	TITLE
541330	Engineering Services
541690	Other Scientific and Technical Consulting Services
561990	Flagging (i.e., traffic control) services

IV. STEP 1. BASE FIGURE

To determine the preliminary DBE goal base figure, the analyses and calculations described on the following pages were conducted in accordance with 49 CFR Part 26.45:

a) Anticipated FTA Funding

FTA-assisted contracting for Fiscal Years 2023 – 2025 is expected to consist of three (3) projects from the Chicago Department of Transportation. Additional projects may be undertaken if additional revenue becomes available (the overall DBE goal will be adjusted if necessary). These three (3) anticipated contracts with the calculated percentage of federal dollars allocated to each project category are listed in **Table 3**.

Table 3: Anticipated FTA-Assisted Contracts for FY 2023 – 2025

Projects	FTA Funds
1) State/Lake Loop Elevated Station	\$167,000,000
2) Chicago Pedway Sign Modernization (research/design)	\$ 1,500,000
3) Chicago Pedway Sign Modernization	\$ 3,276,000
	\$171,776,000

b) Assignment of Work Codes/NAICS Codes

The study next analyzed the scope of work of each project category and identified NAICS codes by project and description, as shown in **Table 4**.

Table 4: Anticipated FTA -Assisted Contracts Classified by NAICS Codes and Description

Projects	NAICS	NAICS Description
1) State/Lake Loop Elevated Station	237110	Water and Sewer Line and Related Structures Construction

Projects	NAICS	NAICS Description
	237130	Power and Communication Lines and Related Structures Construction
	237310	Highway, Street, and Bridge Construction
	237990	Other Heavy and Civil Engineering Construction
	238110	Poured Concrete Foundation and Structure Contractors
	238120	Structural Steel and Precast Concrete Contractors
	238130	Framing Contractors
	238160	Roofing Contractors
	238190	Other Foundation, Structure, and Building Exterior Contractors
	238210	Electrical Contractors and other wiring installation
	238220	Plumbing, Heating, and Air-Conditioning Contractors
	238910	Site preparation contractors
	238990	All Other Specialty Trade Contractors
	327320	Ready Mix Concrete Manufacturing
	332323	Ornamental and Architectural Metal Work Manufacturing
	423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers
	423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers
	424720	Petroleum and Petroleum Products Merchant Wholesalers (except bulk stations and terminals)
	484220	Dump Trucking
	541330	Engineering Services
	541690	Other Scientific and Technical Consulting Services
	561990	All other support Services
2) Chicago Pedway Sign Modernization (research/design)	238210	Electrical Contractors and Others Wiring Installation Contractors
	238910	Site Preparation Contractors
3) Chicago Pedway Sign Modernization	238990	All Other Specialty Trade Contractors
	423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers
	541330	Engineering Services
	541690	Other Scientific and Technical Consulting Services
	561990	All other support Services

c) Determination of Market Area

For purposes of DBE goal setting, the Chicago market area was defined as the Six-County region including Cook, DuPage, Kane, Lake, McHenry, and Will Counties, based on City service area and bidder/vendor database profiles.

d) Calculation of Relative Availability

49 CFR Part 26.45 Section (c) states that Step 1 must begin by determining a base figure for Relative Availability of DBEs, and that any percentage figure derived is considered a basis to begin examining all evidence available within the jurisdiction. The City calculated Relative Availability of DBE firms using the following sources of information:

1. The *Illinois UCP Directory* was used to identify the number of certified DBEs willing to perform work in the City’s market area for each NAICS code identified in the three (3) contracts included in the analysis.
2. The *U.S. Census Bureau’s County Business Patterns (CBP) database* was used to identify the total number of businesses available in the City’s market area to work on each of the NAICS codes identified for the anticipated contracts. For this analysis, the most recent available (2020) data from the CBP was used.

The relative availability was calculated by dividing the number of DBEs (numerator) by the number of all businesses (denominator) for each NAICS code. The calculations yielded the following percentages (noted as “DBE% Relative Availability” **Table 5**).

$$\text{Relative Base Figure} = \frac{\text{Ready, Willing and Able DBEs}}{\text{All Ready, Willing and Able Businesses (including DBEs and non-DBEs)}}$$

$$\text{Relative Base Figure of } \mathbf{16.53\%} = \frac{\mathbf{2,024 \text{ DBEs}}}{\mathbf{12,243 \text{ Total Businesses}}}$$

Table 5: Relative Availability

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
237110	40	188	0.33%	1.21%	1.54%
237130	45	120	0.37%	0.61%	0.98%
237310	295	210	2.41%	-0.69%	1.72%
237990	84	98	0.69%	0.11%	0.80%
238110	160	414	1.31%	2.07%	3.38%
238120	25	84	0.20%	0.48%	0.69%
238130	50	120	0.41%	0.57%	0.98%

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
238160	20	621	0.16%	4.91%	5.07%
238190	18	141	0.15%	1.00%	1.15%
238210	92	1909	0.75%	14.84%	15.59%
238220	61	2759	0.50%	22.04%	22.54%
238910	137	467	1.12%	2.70%	3.81%
238990	117	1031	0.96%	7.47%	8.42%
327320	6	86	0.05%	0.65%	0.70%
332323	11	62	0.09%	0.42%	0.51%
423610	49	420	0.40%	3.03%	3.43%
423730	11	154	0.09%	1.17%	1.26%
424720	15	46	0.12%	0.25%	0.38%
484220	407	1008	3.32%	4.91%	8.23%
541330	220	1334	1.80%	9.10%	10.90%
541690	117	610	0.96%	4.03%	4.98%
561990	44	361	0.36%	2.59%	2.95%
TOTAL	2024	12,243	16.53%	83.47%	100.00%

e) **Weighting of base figure:**

Based on USDOT guidance issued to grantees in accordance with 49 CFR 26 as set forth here:

<https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>

Section II part F recommends weighting be used wherever possible. Weighting helps ensure that step one base figure is accurate based on contract dollars relative to percentage of work.

For FTA funded projects, broadly based on past project scopes, the following NAICS work codes account for a minimum of 15% of the contract dollars: **237310** (Highway, Street, and Bridge construction), **237990** (Other Heavy and civil Engineering Construction), and **238120** (Structural Steel and Precast Concrete).

Weighted relative base figure is calculated by the following formula described in the USDOT guidance circular noted above:

$[.15(\text{weighted DBE's} / \text{all weighted firms}) + .85 (\text{remaining DBE's} / \text{all remaining firms})] \times 100 = \text{Weighted relative base figure}$

Therefore, based on Relative Availability noted in Table 5 above:

$[.15(404 \text{ weighted DBE's} / 392 \text{ weighted firms}) + .85 (1620 \text{ remaining DBE's} / 11851 \text{ remaining firms})] \times 100 = \text{New Relative base figure}$

$[.15(1.03) + .85(0.13)] \times 100 = \text{Relative base figure}$

$[0.15 + 0.11] \times 100 = 26\% \text{ Relative base figure}$

I. STEP 2. BASE FIGURE ADJUSTMENT

Per 49 CFR 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure to make the DBE goals as precise as possible. This adjustment can be made if relevant and reliable data is available. The consideration of an adjustment is intended to account for any impact the relevant factors may have on a DBE's contracting opportunities with the City.

After calculating a relative base figure of the relative availability of DBE's, evidence was examined to determine what adjustment (if any) was needed to the relative base figure to arrive at the overall goal. The relative based figure appears reasonable, and Step 2 is not warranted.

II. PROCESS AND NOTICE OF GOAL

On June 30, 2022, the Department of Procurement Services (DPS) notified the public via the DPS news alert that the City's Disadvantaged Business Enterprises (DBE) overall goal and methodology for Fiscal Years 2023, 2024, and 2025 for Federal Transit Administration (FTA) funded projects was available for public review and comments. The attached comments were received as part of the consultation.

DPS also discussed the DBE goal and methodology with stakeholders and partners at the June 23, 2022, Affirmative Action Advisory Board meeting, and at the July 7, 2022, GPC meeting. Participants at these meetings included representatives from assist agencies that represent the minority, women's and general contractor groups, and other government entities such as the Illinois Tollway, IDOT, Cook County and the City's Sister Agencies.

After the feedback was received, the City of Chicago further reviewed the data. The proposed goal was revised by the Chief Procurement Officer, and the revised goal of 26% will be posted on the Department of Procurement Service's web page.