



**Metropolitan Transit Authority of Harris County, Texas - Methodology
Proposed Goal for the Participation of
Disadvantaged Business Enterprises in
Federal Transit Administration Funded Contracts
Fiscal Years 2023 - 2025**

The following notice describes the process by which the Federal Transit Administration requires an agency to calculate its goal for utilization of certified Disadvantaged Business Enterprises (DBE) firms. Using the methodology required by Federal Regulation 49 C.F.R. Part 26, the Metropolitan Transit Authority of Harris County, Texas ("METRO"), has determined that its annual goal is 16% for the participation of Disadvantaged Business Enterprises in contracts funded by the Federal Transit Administration for the next three years, effective October 1, 2022. This calculation is the minimum to be achieved and METRO seeks to exceed the goal whenever possible. METRO projects that it will meet its tri-annual goal for fiscal years 2023 – 2025 through race-neutral measures.

I. Methodology

Step one – Development of Base Figure

METRO has identified the geographical region for projecting the DBE goal as 13 neighboring counties surrounding the City of Houston, Texas: Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller and Wharton counties. An analysis of the vendors working on METRO projects revealed 75% are from the 13-county region. The defined 13-county region is larger than METRO's statutorily-defined service area, but more limited than the entire State of Texas.

To properly develop a base figure for the relative availability of DBE firms within the 13-county region, METRO identified:

- 1) the anticipated federally-funded projects for fiscal years 2023, 2024, and 2025,
- 2) the applicable NAICS (North American Industry Classification System) Codes for our anticipated projects,
- 3) applicable certified DBE firms in the Texas Unified Certification Program (TUCP) – Houston District Database based on the applicable NAICS Codes, and
- 4) all able and willing firms within the applicable NAICS Codes data provided in the "U.S. Census Bureau, 2019 County Business Patterns".

Initially, we identified the anticipated federally-funded projects that may be awarded during fiscal years 2023 - 2025, excluding transit vehicle purchases.

Secondly, we researched the anticipated projects and identified specific contracting areas represented by the following NAICS Codes:

NAICS Codes	Description
236220	Commercial and Institutional Building Construction
237110	Water and Sewer Line and Related Structures Construction
237310	Highway, street, and bridge construction
238110	Poured Concrete Foundation and Structure Contractors
238210	Electrical contractors and other wiring installation contractors
238220	Plumbing, heating, and air-conditioning contractors
238290	Other building equipment contractors
238910	Site preparation contractors
334290	Other Communications Equipment Manufacturing
531210	Offices of real estate agents and brokers
541330	Engineering services
561730	Landscaping services
561990	All other support services

Thirdly, in our effort to include all potential DBE firms, METRO researched the Texas Unified Certification Program (TUCP) database of certified DBE firms in the Houston District which represents the DBEs in the 13-county region certified by the City of Houston. The identified NAICS Codes produced the following certified DBE firms in our region.

NAICS Codes	Certified DBE Firms
236220	89
237110	65
237310	105
238110	52
238210	49
238220	17
238290	3
238910	52
334290	0
531210	9
541330	139
561730	37
561990	23

Next, in our efforts to make use of the most current, reliable and refined data available, we utilized the U.S. Census Bureau, 2019 County Business Patterns data. The following table represents all firms in the 13-county region, regardless of size, ethnicity or ownership, which are categorized as able to perform, under the identified NAICS Codes:

NAICS Codes	No. of Identified Businesses
236220	848
237110	223
237310	149
238110	311
238210	1177
238220	1757
238290	157
238910	423
334290	3
531210	2069
541330	2003
561730	1049
561990	154

We calculated the relative DBE availability of the identified NAICS Codes:

NAICS Codes	No. of Identified Businesses	Certified DBE Firms	NAICS Code Relative Availability
236220	848	89	10.50%
237110	223	65	29.15%
237310	149	105	70.47%
238110	311	52	16.72%
238210	1177	49	4.16%
238220	1757	17	0.97%
238290	157	3	1.91%
238910	423	52	12.29%
334290	3	0	0.00%
531210	2069	9	0.43%
541330	2003	139	6.94%
561730	1049	37	3.53%
561990	154	23	14.94%

We totaled the number of DBE firms and then determined the total number of firms available based on the identified NAICS Codes for each designated contract area and identified the relative availability in the contract area.

Contract Area	NAICS Codes	Total Firms	Total DBEs	Relative Availability of DBE Firms
Construction	237110,236220,237310, 238110, 238210,238220,238290, 238910, 334290	5,048	432	8.56%
Professional Services	561730,561990	1,203	60	4.99%
Engineering	541330	2,003	139	6.94%
Real Estate, Rental & Leasing	531210	2,069	9	0.43%
		10,323	640	6.20%

The calculation of DBE availability was weighted based on the percentage of contract dollars for each contract area that would be awarded from the anticipated federally funded projects.

Contract Area	Projects	Weighted Project Value
Construction	\$1,761,929,384	78.4%
Professional Services	\$28,584,004	1.3%
Engineering	\$292,815,313	13.0%
Real Estate, Rental & Leasing	\$162,929,597	7.3%

The weighted DBE calculation resulted in a step one base figure of 7.71%.

Contract Area	Projects	Weighted Projects	Relative Availability of DBE Firms	Weighted %
Construction	\$1,761,929,384	78.4%	8.56%	6.71%
Professional Services	\$28,584,004	1.3%	4.99%	0.06%
Engineering	\$292,815,313	13.0%	6.94%	0.90%
Real Estate, Rental & Leasing	\$162,929,597	7.3%	0.43%	0.03%
Weighted DBE Percentage (Base Figure)				7.71%

Step Two – Adjusting the Base Figure

Once the step one base figure of 7.71% was calculated, we considered the following factors in determining whether an adjustment to the base figure was necessary:

Past Participation: We examined METRO's past DBE participation in federally-funded projects during the last three fiscal years to determine the adjustment necessary to the base percentage. The federally-funded projects anticipated during fiscal years 2019 - 2021 are similar to the past fiscal year projects, therefore we

- 1) evaluated the current capacity of DBE's to perform anticipated projects,
- 2) calculated the past DBE performance median from the past three fiscal years, and
- 3) averaged the past DBE performance with the step one base figure.

The past DBE performance median of fiscal year 2019, 2020 and 2021 is 24%.

Past Participation	
FY19	35%
FY20	24%
FY21	21%
Median	24%

Therefore, after consideration of the existing capacity of DBE firms, and obtaining the average of the step one base figure (7.71%) and the DBE performance median (24%), we propose our annual goal to be 16%.

II. Estimated Race/Gender Neutral and Race/Gender Conscious Participation

METRO estimates that it will meet its overall goal of 16% DBE goal for fiscal years 2023 - 2025 through race-neutral measures. METRO does not establish DBE goals on individual federally-funded contracts.