



HARRIS COUNTY COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

(Now called the
HARRIS COUNTY COMMUNITY SERVICES DEPARTMENT
Office of Transit Services)

Disadvantaged Business Enterprise Goal Update FY2021-2023

Due Date: August 1, 2020
Submission Date: July 31, 2020
Harris County Community Services Department
Office of Transit Services
8410 Lantern Point Drive
Houston, Texas 77054 | 713-578-2000

Goal Setting Methodology (Submitted for 3-Year Goal FY2021-2023)

The process by which Harris County Community Services Department (Harris County CSD) established its Disadvantaged Business Enterprise (DBE) goal for FY 2021 - 2023 is summarized below. In accordance with **49 CFR Part 26 Section 26.45** Harris County CSD followed a two-step process based on evidence of the availability of ready, willing, and able DBEs relative to all businesses ready, willing, and able to participate in its DOT-assisted contracts. The goal reflects Harris County CSD's determination of the level of participation expected absent the effects of discrimination.

MARKET AREA

The market area for the DBE analysis is Harris County, Texas. Harris County CSD is a participant in the Texas Unified Certification Program (TUCP) administered by the Texas Department of Transportation. Harris County CSD relies upon the information contained in the TUCP to determine the availability of ready, willing, and able DBEs. The City of Houston, Office of Business Opportunity, is the local certifying entity for the Texas Unified Certification Program (TUCP). The City of Houston maintains its own database of active MWDBE, MDBE, PDBE and DBE contractors. Harris County CSD uses both directories and its own list of bidders as it bidders list for procurement purposes.

Determination of Market Area:

Harris County was used as the market area because:

- All projects are located in Harris County
- A substantial majority of potential bidders (contractors and subcontractors) come from this area;
- A substantial majority of the contracting dollars will be spent in this area; and
- Harris County is a readily identifiable area listed in the U. S. Census Bureau County Business Patterns Database.

METHODOLOGY

STEP 1 – Base Figure

In order to determine an overall goal, the following data sources were utilized to determine a base figure for the relative availability of DBEs:

- 2017 Harris County Business Patterns at <https://www.census.gov/programs-surveys/cbp/data.html>
- City of Houston, Office of Business Opportunity, MWSBE/PWDBE and DBE Directory at <https://houston.mwdb.com/FrontEnd/searchcertifieddirectory.asp>
- The Texas Unified Certification Program (TUCP) DBE database for available DBE certified businesses within Harris County at <https://www.txdot.gov/business/partnerships/tucp.html>

After identifying the anticipated types of service contracts that will be awarded in FY2021 – FY2023, the 2017 County Business Pattern (CBP) Data was used so all firms in Harris County could be identified for the applicable contracting disciplines. The 2017 CBP Data was released by the U.S. Census Bureau on November 21, 2019 and it is the latest data available. Harris County was used as the local market area, since the majority of contractors and subcontractors that bid on Harris County CSD proposals are located in this area. However, Harris County CSD does not limit its solicitation or acceptance of bid proposals to the immediate market area.

Utilizing both the TUCP and the City of Houston DBE database as an additional bidders list, a total of forty-nine (49) certified DBE firms were identified with a corresponding North American Industry Standard Classification (NAICS) code which matched the contracting disciplines or listed one of the services listed in the potential contracts table below.

“Ready, willing and able DBEs” are DBEs in the Texas Unified Certification Program DBE data base and the 2017 Harris County Business Patterns database with North American Industry Classification System (NAICS) codes in work categories where Harris County CSD would normally contract. These are firms that have voluntarily submitted to the DBE certification program, thereby demonstrating a readiness, willingness, and the ability to participate as DBEs in Harris County CSD contracts.

We organized the DBE’s into Concrete Paving, Fixed Route Bus Service, Office Supplies, Printing, Traffic Signal Installation, and Bus Shelter Construction.

The first step in the calculation of the base figure was to identify all the potential FTA-assisted contracts with DBE contracting opportunities and their estimated funding amounts for FY2021-2023 (see Table 1 below).

Table 1
Potential Contracts with DBE Contracting Opportunities and Estimated Funding Amounts

NAICS Code	Potential FTA-Assisted Contracts	Estimated DOT Funds	% of DOT Funds (Weight)
237310	Concrete Paving	\$4,149,998.00	0.3682
485113, 485999	Fixed Route Bus Service	\$3,820,050.00	0.3389
424120	Office Supplies	\$30,000.00	0.0027
323111	Printing	\$90,000.00	0.0080
238210	Traffic Signal Installation	\$1,359,996.00	0.1206
236220	Bus Shelter Construction	\$1,822,400.00	0.1617
Total FTA-Assisted Funds		\$11,272,444.00	1

The next step in the calculation process was to determine the total number of all available firms with corresponding NAICS codes which matched the contracting disciplines listed above. Data obtained from the US Census Bureau 2017 County Business Pattern (CBP) database and the City of Houston MWSBE/PDBE and DBE Directory was used for this purpose since all business types are listed by NAICS codes. The following Table 2 depicts the contracting disciplines, their NAICS Code, the total number of Ready, Willing, and Able DBE firms, the total number of all firms available, and the relative availability of each discipline.

Table 2
Number of DBE Firms and All Firms Available by NAICS Code
(see next page)

NAICS Code	Potential Contracts	Number of DBEs Available	Number of All Firms Available	Relative Availability
237310	Concrete Paving	31	103	0.3010
485113, 485999	Fixed Route Bus Service	3	16	0.1875
424120	Office Supplies	6	55	0.1091
323111	Printing	6	244	0.0164
238210	Traffic Signal Installation	4	719	0.0056
236220	Bus Shelter Construction	1	587	0.0017
Combined Totals		49	1724	0.0284

Weighting

The final step in the calculation of the Base Figure was to determine the weights by work type. Weighting is a proportion of dollars spent in each industry. The resulting percentage is more heavily influenced in industries where more dollars are spent. Weighting provides a narrowly tailored model of availability and a more accurate calculation of the Base Figure. The calculation of weights by work type resulted in a Weighted Base Figure of eighteen percent (18%) rounded. The following Table 3 supports the calculation of the Weighted Base Figure:

Table 3
Calculation of the Weighted Base Figure

NAICS Code	Potential Contracts	Weight	x	Availability	Weighted Base Figure
237310	Concrete Paving	0.36820	x	0.30100	0.1108
485113, 485999	Fixed Route Bus Service	0.33890	x	0.18750	0.0635
424120	Office Supplies	0.00250	x	0.10910	0.0003
323111	Printing	0.00270	x	0.01640	0.0000
238210	Traffic Signal Installation	0.12060	x	0.00560	0.0007
236200	Bus Shelter Construction	0.16170	x	0.00170	0.0003
Total					0.1756
				Expressed as % (*100)	17.56%
				Rounded, Weighted Base Figure	18%

STEP 2 – Adjustment to Base Figure

Harris County CSD considered Step 2 of the goal setting process to determine if an adjustment to the Weighted Base Figure is necessary. In accordance with 49 CFR part 26.45(d), Harris County CSD considered the following factors in order to produce a more concise Weighted Base Figure: 1) past participation, 2) disparity studies, and 3) public consultations.

Past Participation

An analysis of past DBE participation on DOT assisted contracts for the last three years, during which our stated goal was six percent (6%) and based upon the information obtained during the previous goal setting process resulted in Harris County CSD adopting a DBE goal of six percent (6%) for the FY2018-2020 program years. The Table 4 below is summary of Harris County CSD’s attainment of its DBE Goal for FY2018-2020:

**Table 4a
FY2018-2020 DBE Goal Attainment to Date Based on Awards and Commitments**

Federal Fiscal Year	Total Prime Contract Dollars Awarded	Total Dollars Awarded to DBE’s	Annual Percentage Awarded
2018	\$1,589,984.00	\$104,440.00	6.57%
2019	\$24,176.00	\$5,030.00	20.81%
2020*	\$7,340.00	\$0	0%
TOTAL	\$1,621,500.00	\$109,470.00	6.75%

**Note: The FY 2020 amounts reflect participation as of 3/31/2020.*

In FY 2019, Harris County CSD attained a total of 20.81% in annual awards and commitments to DBE’s. Given this anomaly and the uncertainty of the local, state, and national economy due to the COVID-19 pandemic in FY 2020, Harris County CSD also considered its past DBE participation on DOT assisted contracts for the last five years to ensure an accurate DBE goal.

**Table 4b
FY2016-2020 DBE Goal Attainment to Date Based on Awards and Commitments**

Federal Fiscal Year	Total Prime Contract Dollars Awarded	Total Dollars Awarded to DBE’s	Annual Percentage Awarded
2016	\$98,443.00	\$1,125.00	1.14%
2017	\$1,715,666.00	\$62,732.00	3.66%
2018	\$1,589,984.00	\$104,440.00	6.57%
2019	\$24,176.00	\$5,030.00	20.81%
2020*	\$7,340.00	\$0	0%
		Median	6.44%
		Rounded Median	6%

***Note: The FY 2020 amounts reflect participation as of 3/31/2020.*

The potential contracts that Harris County CSD has planned for the next triennial period of FY2021-2023 are similar compared to the contracts of the previous triennial period of FY2018-2020. Due to the similarity in contracts planned and the difference in funding levels for contracts being continued or finished during the current triennial period, Harris County CSD proposes to obtain the average of the weighted base figure of eighteen percent (18%) in Step 1 and the five year median of the annual percentage awarded to DBE’s of six percent (6%) resulting in an **ADJUSTED BASE FIGURE OF TWELVE PERCENT (12%)**.

Disparity Studies

Harris County CSD researched its market area for any disparity studies that may have been conducted in the last five years and found the disparity study completed by Harris County in 2020. After consideration, the disparity study was not used to adjust the Step 1 availability figure. The study did not include corresponding NAICS codes for the contracting disciplines proposed by Harris County CSD which made the study unusable for calculation of the DBE goal. Furthermore, the disparity study focused primarily on MWBE utilization and the resulting data would overstate the statistical availability of DBEs.

Harris County CSD made no adjustments to the Weighted Base Figure of eighteen percent (18%) based on disparity studies.

Public Consultations

Additional evidence considered in the Step 2 process included consultation from interested parties (i.e. local Chamber of Commerce, Minority Business Council, and consultative process with interested parties, etc.), the DBE goal of other FTA funded entities, and availability of match funds used to support FTA expenditures. The following Table 5 is a summary of the public consultations conducted prior to publication of the draft DBE Goal for FY2021-2023:

**Table 5
Public Consultations**

Date of Contact	Organization	Contact Person
TBD	Fort Bend County Transit	
TBD	Greater East End Management District	Rosyne Wimbish
TBD	North Channel Area Chamber of Commerce	Yesenia Doyal
TBD	The Woodlands Township	Sarah Coulter

The public consultations conducted above did not produce information that would require an adjustment to the Weighted Base Figure.

Harris County CSD is not aware of any other statistical data, reports, or studies in its market area to determine if an adjustment to the Weighted Base Figure is necessary.

Estimated Race Neutral (RN) and Race Conscious (RC) Participation

Harris County CSD will meet the maximum feasible portion of its overall goal by using RN means of facilitating DBE participation by:

1. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitates DBE and other small business participation;
2. Carrying out information and communications programs on contracting procedures and specific contract opportunities;
3. Ensuring distribution of DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors; and
4. Providing technical assistance and other services.

For reporting purposes, RN DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation in

a prime contract which exceeds a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

Harris County CSD will establish contract goals when it cannot meet its maximum feasible portion of the overall goal using RN means by:

1. Establishing contract goals only on those DOT-assisted contracts that have subcontracting opportunities;
2. Setting goals for a specific contract that may be higher or lower than that percentage level of the overall goal, depending on such factors as the type of work involved, the location of the work, and the availability of DBEs for the work of the particular contract;
3. Tailoring contract goals so that they will cumulatively result in meeting any portion of the overall goal that Harris County CSD does not project being able to meet through the use of RN means; and
4. Ensuring that contract goals provide for participation by all certified DBEs and are not be subdivided into group-specific goals.

In determining the split between RN and RC means of DBE participation, Harris County CSD considered the following:

- The amount by which goals were exceed in the past;
- Past participation by DBE prime contractors;
- Past participation by DBE subcontractors on contracts without goals; and
- Past history on inability to achieve goals.

The Table 6 below is summary of Harris County CSD's attainment of its overall goal by RC and RN means of DBE participation:

Table 6
FY2018-2020 Total to DBE's By Race Conscious (RC) and Race Neutral (RN) Means Based on Awards and Commitments

Federal Fiscal Year	Total Dollars to DBE's/Race Conscious	Total Dollars to DBE's/Race Neutral	Total to DBE's
2016	\$0	\$1,125.00	\$1,125.00
2017	\$50,201.00	\$12,531.00	\$62,732.00
2018	\$55,200.00	\$49,240.00	\$104,440.00
2019	\$0	\$5,030.00	\$5,030.00
2020*	\$0	\$0	\$0
Totals	\$105,401.00	\$67,926.00	\$173,327.00

• Note: The 2020 amounts reflect participation as of 3/31/2020.

The total dollars to DBE's by RC and RN means during FY2016-2020 were included for the purposes of calculating the overall total to DBE's based on awards and commitments. Based on the data described in Table 6, the following calculation was used to determine the split between the RC and RN means of DBE participation:

1. Relative of RN Attainment

$$\frac{\text{RN Attainment}}{\text{Overall DBE Achievement}} = \frac{\$67,926.00}{\$173,327.00} = 39.2\%$$

2. Absolute RN Attainment

$$\text{Relative RN Attainment } 39.2\% \times \text{Proposed Goal } 12\% = 4.7\%$$

3. RC Split

$$\begin{array}{rcccl} \text{Proposed Overall Goal by \%} & - & \text{Absolute RN Attainment by \%} & = & 7.3\% = 7\% \text{ (Rounded)} \\ 12\% & & 4.7\% & & \end{array}$$

Moving forward, Harris County CSD estimates that approximately seven percent (7%) of its overall goal will come from "race conscious" efforts and five percent (5%) from "race neutral" means. As stated above, the previous triennial period did not include contracts for bus shelter construction. If it appears that participation through "race neutral" means is exceeding or not meeting this level, Harris County CSD will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 49 CFR Part26.51(f)) and track and report race-neutral and race-conscious participation separately.

Recommended Final Goal for Fiscal Years 2021 - 2023

Harris County CSD recommends an overall DBE goal of twelve percent (12%) for FY 2021 – FY 2023 of the Federal financial assistance expected in DOT assisted contracts; Harris County CSD estimates that in meeting the overall goal of 12%, it will obtain seven percent (7%) from race conscious measures and five percent (5%) from race-neutral participation.

It should be noted that Harris County CSD's ability to attain its DBE goals for FY 2021-2023 is dependent upon a number of complex factors resulting from the COVID-19 pandemic including a return to normal fiscal spending, adequate staffing levels, the availability of materials and supplies, etc. Harris County and the surrounding region has been in a state of either closure or partial closure. If it appears the COVID-19 pandemic will persist into FY 2021, FY2022, and FY2023, Harris County CSD will re-evaluate its proposed DBE goal for FY 2021-2023 and adjust its methodology accordingly.

Public Notification

Harris County CSD Office of Transit Services published a notice announcing the proposed overall goal, informing the public that the proposed goal and its rationale will be available for inspection online at Harris County CSD Office of Transit Services' website at www.harriscountytansit.com. The notice included a mailing address to which requests for additional information may be sent.

Below is the official Public Notice issued by Harris County CSD Office of Transit Services for the FY2021-2023 DBE goal update:

PUBLIC NOTICE

Notice of Proposed Goal for the Participation of Disadvantaged Business Enterprises in the Department of Transportation Assisted Contracts

Harris County Community Services Department Office of Transit Services

As required by Section 49 Code of Federal Regulations Part 26, the Harris County Community Services Department (HCCSD), Office of Transit Services, has determined a proposed overall goal FY 2021- 2023 of twelve percent (12%) for the participation of Disadvantaged Business Enterprises (DBE's) in its contracts for financial assistance provided by the U.S. Department of Transportation (DOT).

The proposed goals and their rationale are available for review online at www.harriscountytransit.com.

Additional information can be directed to the HCCSD Disadvantaged Business Liaison Officer (DBELO) below:

Attention:

Mr. Gene Simeon (DBELO)
Harris County Community Services Department
Office of Transit Services
8410 Lantern Point Drive
Houston, Texas 77054
Phone: (832) 927-4953
Email: transit@hctx.net

ATTACHMENT A
CALCULATION OF DBE GOAL

ATTACHMENT B
PUBLIC CONSULTATIONS

ATTACHMENT C
WEBSITE POSTING OF DBE GOAL

END OF DOCUMENT

[THIS PAGE LEFT INTENTIONALLY BLANK]