

OWENSBORO TRANSIT SYSTEM

DBE GOAL

FY 2020-2022



Prepared by the
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This report has been prepared in cooperation with or with financial assistance from all or several of the following public entities: Federal Transit Administration, Federal Highway Administration, Kentucky Transportation Cabinet, City of Owensboro, Kentucky, and Daviess County, Kentucky. This financial assistance notwithstanding, the contents of this report do not reflect the official views or policies of the funding agencies. Accuracy of the information presented herein is the responsibility of the Green River Area Development District, based upon project information submitted by sponsoring agencies.

OVERALL GOAL CALCULATION

AMOUNT OF GOAL *Section 26.45*

The overall DBE Goal for the City of Owensboro (ID #I 106) for Federal Fiscal Years 2020-2022 (October 1, 2019, through September 30, 2022) is **.0312%** of the Federal financial assistance the City of Owensboro will spend in the Department of Transportation-assisted contracts.

The City of Owensboro anticipates spending an average of **\$510,170** on DOT-assisted contracts each fiscal year during FYs 2020-2022. This means the City of Owensboro has set a goal of expending **\$159** with DBEs during each of these fiscal years.

ESTABLISHING A WEIGHTED BASE FIGURE *Section 26.45(c)*

To establish the DBE Goal, the City first determined the relative availability of DBEs to all comparable firms (DBE and non-DBE) available to bid on or propose the City of Owensboro's FTA-assisted contracting opportunities to be solicited during the triennial Goal period (FYs 2020-2022).

The City consulted the **Kentucky Transportation Cabinet's Certified DBE Directory** to determine the number of DBEs available throughout Kentucky and Indiana. In an effort to avoid overlooking DBEs NOT listed in the KYTC database, the City also contacted the **Owensboro Human Relations Commission**, the **NAACP** and the **Kentucky Procurement Technical Assistance Center** seeking information on DBEs statewide and specifically in Western Kentucky.

The City of Owensboro's local market area consists of the geographic area where:

- A substantial majority of contracting dollars are expended; and/or
- Where the substantial majority of contractor and subcontractor bids or quotes are located.

For contracts that required on-site presence (such as construction or cleaning) the market area was considered to be Daviess, Hancock, Henderson, McLean, Ohio, Webster and Union Counties in Kentucky, as well as Vanderburgh, Warrick, Spencer and Perry Counties in Indiana. For contracts that involved goods that could be shipped (such as uniforms or tools), the market area was considered to be the entire states of Kentucky and Indiana.

The City identified a combined 10 DBEs across both market areas.

To calculate the number all firms in those same market areas offering goods or services being sought, the City consulted the U.S. Census County Business Patterns Database. According to the most recent data available (2016), there are 5,226 firms (both DBE and non-DBE) offering the goods and services being sought.

In accordance with the formula below, a Weighted Base Figure was derived by:

- Dividing the number of ready, willing and able DBE firms identified for each work category by the number of all firms identified for each corresponding work category to determine the percentage of DBEs available in each category.

$$X = \frac{\text{Available DBEs in Each Category}}{\text{Total Firms in Each Category}}$$

- Dividing the FTA funding requested for each NAICS category by the total FTA funding request to determine the category's percentage of the total.

$$Y = \frac{\text{Category Funding Request}}{\text{Total FTA Request}}$$

- Determining each category's Weighted Ratio by multiplying each category's percentage of the total funding request and the percentage of DBEs available in each category. ($Z = X * Y$)
- Adding the individual Weighted Ratios and multiplying by 100 to determine a Weighted DBE Base Figure

$$GOAL = \text{Sum } Z * 100$$

TABLE I: BASE FIGURE

PROJECT TYPE	NAICS CODE	NUMBER OF AVAILABLE FIRMS		PERCENTAGE OF DBEs AVAILABLE (X)
		DBE Firms	All Firms	
Non-Cap Equipment (Tear-down table, tool cart)	423120	0	328	0
Capital Equipment (Bus Shelters)	236220	0	526	0
Cleaning Supplies (Office)	423850	0	1,072	0
Other Benefits (Napkins, coffee, etc.)	424130; 424990	0	120	0
Non-Cap Equipment (Copier)	532420	0	3	0
Small Tools	444130	0	235	0
Office Supplies (Pencils, Batteries, Ink, Tape)	453210	0	73	0
Technical Supplies (Bus Passes, Maps)	323111	2	252	0.793%
Capital Land Improvements (Concrete Pad for Shelters)	327320	1	121	0.826%
Motor Fuel	424720	0	33	0
Computer Equipment (Provided by IT)	423430	0	125	0
Safety (AED, First Aid Kit)	423450	1	86	1.16%
Maintenance Software	511210	0	59	0
Computer Software (Fleet, ABS, Diagnostic)	511210	0	59	0
Communications (Data Plan for Tablets)	517210	0	232	0
Contractual Agreements (Floor Cleaning, Shelter Cleaning, Copier)	561720	0	649	0
Safety Costs (Drug Tests)	621511	0	141	0
Repairs – Service Agreements (Mailing/Copier, Cornelius Systems)	811212	1	71	1.40%
Clothing – Uniforms	812331	0	48	0
Repairs – Vehicle Parts (Tires and Other)	423120; 336310	0	314	0
Advertising	541890	5	92	5.43%
Auto Parts	423120	0	184	0
Bus Wash Repairs/Renovation; New Transit Garage Roof	811192; 238160	0	403	0
TOTAL		10	5226	0.191%

TABLE 2: FUNDING PERCENTAGE

PROJECT TYPE	NAICS CODE	FUNDS REQUESTED FROM FTA	TOTAL FTA REQUEST	PERCENTAGE OF FTA REQUEST (Y)
Non-Cap Equipment (Tear-down table, tool cart)	423120	\$1,015	\$495,166	0.205%
Capital Equipment (Bus Shelters)	236220	\$55,000	\$495,166	11.10%
Cleaning Supplies (Office)	423850	\$3,825	\$495,166	0.772%
Other Benefits (Napkins, coffee, etc.)	424130; 424990	\$430	\$495,166	0.086%
Non-Cap Equipment (Copier)	532420	\$600	\$495,166	0.121%
Small Tools	444130	\$2,156	\$495,166	0.435%
Office Supplies (Pencils, Batteries, Ink, Tape)	453210	\$570	\$495,166	0.115%
Technical Supplies (Bus Passes, Maps)	323111	\$2,782	\$495,166	0.561%
Capital Land Improvements (Concrete Pad for Shelters)	327320	\$20,000	\$495,166	4.039%
Motor Fuel	424720	\$139,000	\$495,166	28.07%
Computer Equipment (Provided by IT)	423430	\$1,600	\$495,166	0.323%
Safety (AED, First Aid Kit)	423450	\$7,805	\$495,166	1.576%
Maintenance Software	511210	\$4,720	\$495,166	0.953%
Computer Software (Fleet, ABS, Diagnostic)	511210	\$1,625	\$495,166	0.328%
Communications (Data Plan for Tablets)	517210	\$925	\$495,166	0.186%
Contractual Agreements (Floor Cleaning, Shelter Cleaning, Copier)	561720	\$10,407	\$495,166	2.101%
Safety Costs (Drug Tests)	621511	\$2,679	\$495,166	0.541%
Repairs – Service Agreements (Mailing/Copier, Cornelius Systems)	811212	\$369	\$495,166	0.074%
Clothing – Uniforms	812331	\$6,735	\$495,166	1.36%
Repairs – Vehicle Parts (Tires and Other)	423120; 336310	\$215,182	\$495,166	43.45%
Advertising	541890	\$675	\$495,166	0.136%
Auto Parts	423120	\$488	\$495,166	0.098%
Bus Wash Repairs/Renovation; New Transit Garage Roof	811192; 238160	\$16,557	\$495,166	3.347%
TOTAL		\$495,166		100%

TABLE 3: WEIGHTED BASE FIGURE

PROJECT TYPE	NAICS CODE	PERCENTAGE OF DBEs AVAILABLE (X)	PERCENTAGE OF FTA REQUEST (Y)	WEIGHTED BASE RATIO (Z)
Non-Cap Equipment (Tear-down table, tool cart)	423120	0	0.205%	0
Capital Equipment (Bus Shelters)	236220	0	11.10%	0
Cleaning Supplies (Office)	423850	0	0.772%	0
Other Benefits (Napkins, coffee, etc.)	424130; 424990	0	0.086%	0
Non-Cap Equipment (Copier)	532420	0	0.121%	0
Small Tools	444130	0	0.435%	0
Office Supplies (Pencils, Batteries, Ink, Tape)	453210	0	0.115%	0
Technical Supplies (Bus Passes, Maps)	323111	0.793%	0.561%	0.0044%
Capital Land Improvements (Concrete Pad for Shelters)	327320	0.826%	4.039%	0.0333%
Motor Fuel	424720	0	28.07%	0
Computer Equipment (Provided by IT)	423430	0	0.323%	0
Safety (AED, First Aid Kit)	423450	1.16%	1.576%	0.0183%
Maintenance Software	511210	0	0.953%	0
Computer Software (Fleet, ABS, Diagnostic)	511210	0	0.328%	0
Communications (Data Plan for Tablets)	517210	0	0.186%	0
Contractual Agreements (Floor Cleaning, Shelter Cleaning, Copier)	561720	0	2.101%	0
Safety Costs (Drug Tests)	621511	0	0.541%	0
Repairs – Service Agreements (Mailing/Copier, Cornelius Systems)	811212	1.40%	0.074%	0.0010%
Clothing – Uniforms	812331	0	1.36%	0
Repairs – Vehicle Parts (Tires and Other)	423120; 336310	0	43.45%	0
Advertising	541890	5.43%	0.136%	0.0074%
Auto Parts	423120	0	0.098%	0
Bus Wash Repairs/Renovation; New Transit Garage Roof	811192; 238160	0	3.347%	0
TOTAL				0.0624%

Running the data in Tables 1 and 2 through these formulas produced a **Weighted Base Figure of 0.0624%** as displayed in Table 3.

ADJUSTMENTS Section 26.45(d)

A. Past DBE Participation

After calculating a Base Figure of the relative availability of DBEs, evidence was examined to determine what adjustment, if any, was needed to the Base Figure in order to arrive at the overall goal.

The City considered the capacity of DBEs to perform work as measured by the median past participation of DBEs on DOT-assisted contracts. DBEs received 0% of spending in FY 2017 and FY 2018 and 1.7% of all funding spent in FY 2019, making the median attainment 0%

TABLE 4: DBE SPENDING		
FISCAL YEAR	EXPENDITURES TO DBEs	PERCENTAGE SPENT WITH DBEs
2017	\$0	0%
2018	\$0	0%
2019	\$8,971	1.7%

The median of three numbers is the middle number. In this case that would be 0.

A final Adjusted Base Figure was determined by averaging the Base Figure and the Median DBE expenditures.

$$Goal = \frac{Base\ Figure + Median\ DBE\ Expenditures}{2}$$

$$Goal = \frac{.0624 + 0}{2}$$

This produces a **Final Adjusted Base Figure of 0.0312%**.

B. Bidder’s List

The City of Owensboro has created a bidder’s list, consisting of information about all DBE and non-DBE firms that bid or quote on DOT-assisted contracts. The purpose of this requirement is to allow use of the bidder’s list approach to calculating overall goals.

C. Disparity Study

There are no disparity studies available in the market area at this time.

D. Other Available Evidence

The Owensboro Transit System requested conference calls with the Owensboro Human Relations Commission, the Louisville, KY NAACP chapter, which oversees Owensboro, and the Kentucky Procurement Technical Assistance Center (KY PTAC). OTS was hoping to gain some insight into what it needed to keep in mind as it put out RFPs. How does it ensure that DBEs know that we’re advertising for contracts? Are there things OTS needs to do to ensure DBEs can be competitive in bidding? Neither the Human Relations Commission nor the NAACP responded to the request. But OTS spent an hour talking with Darrall Henderson, Ph.D., Director of KY PTAC.

Dr. Henderson told OTS representatives that companies all across America were struggling to increase DBE spending. The biggest barrier facing firms in Kentucky he said, is the paperwork. He told OTS that the packet to become part of the KYTC Certified DBE directory is nearly ¾ of an inch thick and called getting certified a “daunting” process. He said that while the process is free, applicants seeking help wind up using “predatory” third-party companies that appear to be government agencies, which charge hundreds of dollars to fill out forms that are actually free to users.

He said people seeking certification frequently “don’t know what they don’t know” so when they Google how to apply for a SAM.gov account or a certification, they click the first link they see, which is generally sponsored and takes them to a site where they wind up paying for services that should be free. He said owners get frustrated, give up and walk away.

Henderson said the best way to combat this is for organizations to hold sign-up events to help DBEs in their market get registered with the DBE database. He said this increases the number of DBEs in the pool and gets to a point where DBEs are competing with non-DBE businesses and each other for contracts.

Henderson said if OTS referred DBE businesses to KY PTAC, his staff would help business owners get certified and he offered to come to Owensboro to help OTS host a seminar about how to get certified as a DBE. OTS Manager Pamela Canary was very open to the idea, saying the city would welcome the help. Plans for Henderson to come to Owensboro and assist with a seminar for DBE owners are currently in the works.

Accordingly, the City of Owensboro's overall DBE Goal for FY 2020-2022 is **0.0312%**.

CALCULATING AVERAGE DBE SPENDING

The City of Owensboro anticipates spending \$495,166 in FY 2020 on DBE eligible purchases and contracts. The City anticipates 3% budget growth in FY 2021 and FY 2022, yielding totals of \$510,021 and \$525,322, respectively.

$$DBE\ Spending = \frac{495,166 + 510,021 + 525,322}{3}$$

The average of those three total **\$510,170**.

Multiplying that total (**\$510,170**) by the DBE goal (**0.0312%**) yields projected spending of **\$159** with DBEs.

PUBLIC PARTICIPATION *Section 26.45(g)*

The Owensboro Transit System follows the Participation Plan in effect for the Owensboro-Daviess County Metropolitan Planning Organization (MPO). In accordance with the MPO's Plan, the DBE Goal will be made available in a number of physical locations as well as websites. It will be available in print at:

- The OTS office
- The Green River Area Development District (GRADD) office
- Owensboro City Hall
- The Office of the Daviess County Judge/Executive
- The Daviess County Library
- Whitesville City Hall

It will be available on the GRADD website, and will be posted to the Owensboro Transit System and City of Owensboro websites. The MPO'S Participation Plan is available at:

https://www.gradd.com/wp-content/uploads/dlm_uploads/2019/02/FY2019FINALFinalParticipationPlan.pdf

The DBE Goal was made available for public comment from May 27 through close of business June 28 at the listed locations and websites. No comments were received.

RACE-NEUTRAL/RACE-CONSCIOUS PARTICIPATION *Section 26.51*

The City of Owensboro intends to meet its overall goal by using race-neutral means of facilitating DBE participation. The City of Owensboro uses the following race-neutral means to increase DBE participation:

1. Arrange solicitations, times for the presentation of bids, quantities, specifications and delivery schedules in ways that facilitate participation by DBEs and other small businesses and by making contracts more accessible to small businesses. This could include unbundling large contracts to make them more accessible to small businesses; requiring or encouraging prime contractors to subcontract portions of work that they might otherwise perform on their own; reducing bonding requirements and simplifying the bond process, or providing services to assist DBEs and other small businesses in gaining financing and bonding.
2. Carry out information and communication programs on contracting procedures and specific contract opportunities. This could include ensuring the inclusion of DBEs and other small businesses on recipient mailing lists for bidders, ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors, and providing information in formats other than English, where appropriate.

3. Providing access to services to help DBEs and other small businesses develop and improve long-term business management, record keeping and financial and accounting capability.
4. Increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects and achieve eventual self-sufficiency.
5. Encourage use of the online DBE directory.
6. Provide services to help DBEs improve long-term development, increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects and achieve eventual self-sufficiency.
7. Refer DBEs and other small businesses to programs that can assist them in developing their capacity to utilize emerging technology and conduct business through electronic media.

To ensure that our DBE program will be narrowly tailored to overcome the effects of discrimination, contract goals will be used to adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 26.51 (f)) and the City of Owensboro will track and report race-neutral and race-conscious participation separately.

For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following:

1. DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures;
2. DBE participation through a subcontract on a prime contract; or
3. DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

OTS estimates that, in meeting its overall goal of **0.0312%**, it will obtain **100%** from race-neutral participation and **0%** through race-conscious measures.

The following is a summary of the basis of the City of Owensboro's estimated breakout of race-neutral and race-conscious DBE participation: Over the past few years, the City of Owensboro was unable to meet its goal of 100% race-neutral and 0% race-conscious DBE participation.