



DBE Goal Methodology Report Federal Fiscal Years 2023-2025

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Overall Goal

The Puerto Rico Highway and Transportation Authority, Department of Transportation and Public Works (PRHTA-DTPW) Disadvantaged Business Enterprise (DBE) Program, has prepared this report submission to the Federal Transit Administration (FTA) to describe the methodology used to establish the transit DBE goal for its federally assisted contracts, pursuant to 49 Code of Federal Regulations, Part 26 (49 CFR Part 26).

Any FTA recipient receiving funds that exceeds more than \$250,000 in a Federal Fiscal Year for federally assisted contracts, or who will award prime contracts, must establish an overall DBE goal that reflects the DBE participation in DOT-assisted contracts. The FTA recently shifted its requirement from an annual calculation of the DBE goal to a calculation every three years. After reviewing the calculating process, we must inform that the overall goal for FY 2023-2025 is **42.41%** using the methodology as described in 49 CFR Part 26.

Methodology

The procedure for the establishment of the PRHTA–FTA goals, require that it begins with a base figure founded on demonstrable evidence of the relative availability of DBE’s ready and willing, related to businesses also ready, willing, and able to participate in USDOT-assisted contracts. The participation of these firms must reflect the expected level of DBE involvement, absent of the effect of discrimination. The PRHTA chose the bidders list as the methodology to calculate its overall DBE annual goal that determined the relative availability of DBEs and firms that were ready, willing, and able to participate in USDOT-assisted contracts.

The market area analyzed for the report includes the Puerto Rico mainland, and the adjacent islands of Vieques and Culebra (also municipalities of Puerto Rico). Although geographically the islands are separated from each other, there are no real boundaries that would impede availability of contracting for willing, ready, and able DBE firms to participate in federal funded projects, as maritime transportation is adequate.

The analysis included firms which expressed an interest in participating of contracting opportunities created by USDOT financial assistance programs, or that had marketed, solicited, or received contract or subcontract awards, and purchases orders with a total value below or above \$250,000. In the calculation performed, all contracting and sub-contracting opportunities were included, as well as the ones related with the Tren Urbano System and the ATI Bus Services. The participation of DBEs was verified with the DBE Directory, to confirm certification and qualification, based on the type of work in the projects, and to reassess the overall base figure of the relative availability of ready, willing, and able DBEs within the PRHTA market.

Step One: Calculating Base Figure

The analysis performed included firms which expressed an interest in participating of contracting opportunities created by DOT financial assistance programs, or that had marketed, solicited, or received contract or subcontract awards and purchases orders with a total value below or above \$250,000; therefore, every contractual opportunity was taken into consideration. The availability of DBEs was calculated based on information supplied by the bidders list of prime contractors, subcontractors, suppliers, and consultants, during federal Fiscal Years October 2020 to 2022.

Contracting opportunities were equally available for all the sub-recipients (municipalities), nevertheless, for the period covered by FY 2020 to September 30, 2022, the municipalities were not able to match federally funded projects based on the economic crisis of the Island, therefore, no numbers of participation were reported (that could be informed by sub-recipients) by the Federal Coordination Office. After the devastation left by hurricanes Irma and Maria, the 2020 earthquakes, the global pandemic (Covid-19), and most recently hurricane Fiona, the municipalities (sub-recipients) have not been able to equally pair the disaster federal funds received, therefore, have not been capable to take full advantage of these.

The information provided hereinafter was reported by the PRHTA Federal Coordination Office, Alternate Concepts, Inc. (ACI) and the Tren Urbano Office (TU) consisting of reports on the participation of PO's, services, bids/quotes for projects contracts by the DBE and non-DBE firms. All information presented concerning DBE and non-DBE firms willing, able, and ready to participate in DOT federal assisted projects was thoroughly analyzed and compared to the information at hand in the bidders list, DBE Directory, the PRHTA's market and information provided by Federal Coordination Office, the Tren Urbano, Contractors, Sub-Contractors, and sub-recipients (municipalities). The Statewide Transportation Improvement Program (STIP) for FFY 2020/2022 has been programmed, approved, and obligated for projects in Sections 5307, 5311, 5339 and 5310. The following table describes the participation of companies during the period from 2020 to 2022. It has been revised with the lists and reports of participation during those years. These funding categories (Table 1) were used to establish the possible procurement opportunities for the determination of the goal setting process. This amount was based on the PRHTA's cost reimbursement for sub-recipients related to DBEs contracting or procurements opportunities.

Table 1: Funding Categories with Opportunities for Years 2020-2022

FTA FUNDING SECTIONS:	2020	2021	2022	TOTAL
SECTION 5307 Regular Funds	\$13,385,444.00	\$14,900,366.00	\$198,488,787.92	\$226,774,597.92
SECTION 5307 Cares Act	\$29,827,461.00			\$29,827,461.00
SECTION 5307 Cares Act -Covid 19-Funds		\$48,144,719.00		\$48,144,719.00
SECTION 5310 -Regular Funds	\$5,779,081.00	\$6,194,586.00	\$6,040,387.99	\$18,014,054.99
SECTION 5311 -Regular Funds	\$1,000,864.00	\$1,418,175.00	\$5,834,870.00	\$8,253,909.00
SECTION 5311 - Cares Act -Covid 19-Funds		\$2,229,733.00		\$2,229,733.00
SECTION 5311 -RTAP			\$99,053.00	\$99,053.00
SECTION 5329 -Regular Funds	\$283,845.00		\$1,012,646.00	\$1,296,491.00
SECTION 5337- Regular Funds	\$793,042.00		\$15,580,802.00	\$16,373,844.00
SECTION 5339 - Regular Funds	\$1,364,213.00	\$3,505,082.00	\$ 12,106,533.00	\$16,975,828.00
SECTION 5324 -Emergency Funds Relief Funds	\$ 6,641,492.00	\$ 15,351,659.00		\$21,993,151.00
Regular Funds Sections 5303 / 5304	\$1,475,000.00	\$1,431,220.00		\$2,906,220.00
Regular Funds Sections 5307 / 5337	\$33,500,000.00	\$5,530,000.00		\$39,030,000.00
Regular Funds Sections 5307 / 5339	\$793,042.00	\$8,576,035.00		\$9,369,077.00
TOTAL	\$94,843,484.00	\$107,281,575.00	\$239,163,079.91	\$441,288,138.91

These funds were grouped into 49 procurable opportunities (Table 2) and, compared against the NAICS Code and the relative availability of DBEs by each procurement category. The data available was obtained from our DBE Directory, used at the time of collecting the information to determine the DBE goal. The Directory includes all in-state and out of state DBE certified firms.

Table 2: Procurements Opportunities, NAICS and Availability of Ready Willing and Able Firms (DBEs and Non-DBE)

	Procurements Opportunities	NAICS	DBE FIRMS	All Firms
1	Commercial and Institutional Building Construction	236220	0	1
2	Highway, Street & Bridge Construction	237310	0	1
3	Roofing contractors	238160	0	2
4	Electrical Contractors and Other Wiring Installation Contractors	238210	1	84
5	Refrigeration system (e.g., commercial, industrial, scientific) installation	238220	0	1
6	Elevator installation	238290	0	1
7	Commercial kitchen food preparation equipment (e.g., mixers, ovens, stoves) installation	238290	0	1
8	Flooring Contractors	238330	0	1
9	Recycling services for degreasing solvent	325612	0	1
10	Polystyrene Foam Product Manufacturing	326140	0	1
11	Glass Product Manufacturing Made of Purchased Glass	327515	0	1
12	Fabricated Structural Metal Manufacturing	322310	0	1
13	Damper Manufacturing	332322	0	3
14	Machine shop	322710	0	1
15	Bolt, Nut, Screw, Rivet, and Washer Manufacturing	332722	0	4
16	Cranes, construction-type, manufacturing	333120	0	4
17	Other Commercial and Service Industry Machinery Manufacturing	333318	0	18
18	Other Electronic Parts and Equipment Merchant Wholesalers	334290	0	4
19	Motion Picture film Manufacturing	355992	0	1
20	Motor Vehicle Supplies and New Parts Merchant Wholesalers	423120	0	119
21	Printer merchant wholesaler	423430	0	1
22	Medical supplies	423450	0	11
23	Communications Equipment merchant wholesalers	423690	0	3
24	Construction and Mining Machinery and Equipment Merchant wholesalers	423810	0	1
25	Industry Machinery and Equipment Merchant Wholesalers	423830	1	10
26	Office supplies	424120	0	43
27	Sealants	424690	0	1
28	Tents manufacturing	424990	0	1
29	Hardware Stores	444130	0	6
30	Fuel Dealers	454310	0	4
31	Security system supplier	463210	0	5
32	Security System wholesalers	463610	0	2
33	Support Activities for Rail Transportation	488210	0	53
34	Towing services	488410	0	1
35	Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers	516210	0	8
36	Attorney Offices	541110	0	2
37	Engineering Services	541330	0	21

38	Computer Facilities Management Services	541513	0	11
39	Administrative Management and General Management Consulting Services	541611	3	18
40	Process, Physical Distribution, and Logistics Consulting Services	541614	0	3
41	Insurance carriers, property, and casualty, direct	544126	0	1
42	Security guards and Patrol services	561612	0	2
43	Landscaping	561630	1	2
44	Janitorial Services	561720	0	23
45	Offices of Physicians (except Mental Health Specialists)	621111	1	0
46	Other Services to Buildings and Dwellings	561790	0	1
47	Car Washes	811192	0	8
48	All other Automotive Repair and maintenance	811198	0	2
49	Fire protection	922160	0	1
	Sub total		7	495
		TOTAL		502

As shown in Table 2, 502 firms that were ready, willing, and able to perform work in the identified areas, were grouped by NAICS in the above categories (denominator). Of these, 7 were DBE firms ready, willing, and able to perform work in the identified areas and grouped by NAICS (numerator). In the formula below, you will find that the percentage was calculated by dividing the number of DBEs ready, willing, and able (numerator), by the number of all firms (DBEs and non-DBEs - denominator) that were ready, willing, and able, to perform work in the identified areas during the period of FFY 2020 to 2022.

Formula:
$$\frac{\text{Ready, willing, and able DBEs (7)}}{\text{(Numerator)}}$$

Base figure = 1.39%
$$\frac{\text{All firms ready, willing, and able (502) (Denominator)}}{\text{(Denominator)}}$$

This results in a base figure of **1.39%** for our overall goal.

Step Two: Adjustment of the Base Figure

For the analysis performed to determine adjustment to the base figure with past participation/performance, information was required and obtained from files of contracts awarded 2020-2022, the bidders list, information offered by the Federal Coordination Office related to awarded contracts on federal assisted projects of the said years, the DBE Directory, and information from Alternate Concepts, Inc. (ACI) and the Tren Urbano Office on the participation of DBEs and non-DBEs that bid or quoted on project contracts. The distribution of federal-aided project put up to bid was in accordance with the bid plans specified in the amended State Transportation Improvement Program (STIP) which outlines projects for the next five years in the local market and is included as an attachment with this report. (STIP included as Appendix A).

The FTA requires that the previous three years be used to determine past participation. Therefore, the following table demonstrates the adjustment made to the base figure to obtain our goal:

Table: Analysis of overall goal past participation Fiscal Years 2020-2022:

FFY	Base Figure Projected	Percentage achieved
2022	49.5%	73.0%
2021	49.5%	97.73%
2020	58%	83.44%

In establishing the median to obtain the adjusted goal (based on actual goals attained), during the mentioned fiscal years, we arranged our past participation values in order from low to high: 73%, 83.44%, 97.73%, resulting a median of eighty-three-point forty-four (83.44%) percent.

Median: 83.44%

Base Figure: 1.39%

$(1.39 + 83.44) / 2 = 42.41\%$

The average was obtained by adding together the Step One Base Line Goal percentage (1.39%) and the median participation percentage (83.44%) divided by 2 to obtain an adjustment of (42.41%) for the Step One Base Figure past participation. No evidence of discrimination, but rather, evidence of good faith efforts was detected. In accordance with 49 CFR Part 26, we examined the evidence to determine if tailoring of the adjustment was needed, but through the calculation performed, there was no need to narrowly tailor the goal to obtain an adjusted goal. Considering the information obtained and analyzed, a significant part of the percentage, was due to the participation of the Tren Urbano DBE vendors, suppliers, and contractors that were awarded contract which greatly contributed to the annual goal setting, through race neutral means. As a result of all available evidence considered, the percentage established as the overall goal for the FFY 2023-2025, is **42.41%**, which is a reasonable and attainable goal, based on the projections of FTA projects.

Disparity Studies

No disparity studies were found to demonstrate any existence whatsoever, of past discrimination that would be relevant to the goal setting process in our market, in Puerto Rico.

Race/Gender-Neutral and Race/Gender-Conscious Goal Split

Based on the achievements of the last three Federal Fiscal Years, the overall goal achieved of 42.41%, has been through race/gender-neutral means due basically, to the fact of Puerto Rico's unique situation, being mainly Hispanic (as per the US 2010 Census, 98.9% of the population is Hispanic). Based on this information, verified with information obtained from our DBE Directory files, almost all firms participating in the bidding, contracting processes of the PRHTA, are considered minority business enterprises.

The PRHTA will continue its policy of 100% race/gender-neutral methodology in the attainment of its overall goal, at present of 42.41% for FFY 2023-2025. Race/gender-neutral contracting and subcontracting opportunities for the participation of DBEs, has accomplished the expectancy in the achievement of the overall annual goal, so we will continue using it unless our overall goal is not met. A race/gender-conscious DBE participation will remain at zero percent (0%) unless otherwise determined, if or when, race/gender-neutral means result ineffective in achieving our percentage (42.41%) overall annual goal. We would adjust the estimated breakout of race/gender-neutral and race/gender-

conscious participation as needed to reflect actual DBE participation in accordance with 49 CFR Part 26.51 (f); prior informing USDOT District.

Contract Goals: Under CFR Part 26, the principal race/gender-conscious measure is available for recipients setting individual contract goals. Based on regulations, the PRHTA does not or will not institute a race/gender-conscious quota program for USDOT assisted contracts unless necessary, as most of the population in the Island fall under the established definition for Hispanics. Nonetheless, procedures to implement other corrective actions that would deem appropriate would be established if needed to remediate instances of discrimination, as permitted.

If the PRHTA has reason to believe that it would not be able to meet its overall annual goal and determines that it needs to establish specific contract goals on DOT's federally assisted contracts that may require or have subcontracting possibilities, the cumulative result of setting contract goals would help meet part of our overall goal that we were not able to meet through the race/gender-neutral means. Also, size of contract goals would be adapted to the special circumstances of each contract (i.e., type and location of work, availability of DBEs to perform any job). The PRHTA examined all information and evidence available in its jurisdiction and determined that no further adjustment is needed.

Public Participation

Although in the three years (2020/22) prior to the submittal of the overall annual goal, due to the devastating effects of past and recent hurricanes, the earthquakes, and the pandemic (Covid-19), only eleven (11) meetings were held to inform the public of the availability of FTA federal funds in Puerto Rico, and of the process established for the participation of these. A total of four hundred eighty-three (483) attendees were reported as participating throughout the meetings within that three (3) year period. (Attendance lists are included as Appendix B). General information concerning the availability of federal funds through Sections 5303, 5309, 5310, and 5311, was provided through power point presentations, brochures, among other informative materials in which the overall goal was mentioned, but not discussed.

The PRHTA participated of some promotional activities, which are designed to offer the small businesses as well as DBE's and public in general, the possibility to meet with representatives for federal and local state entities for contracting opportunities, like the Small Business Administration's Matchmaking events where various Federal Procurement Offices also assist. Due to the Covid-19 pandemic, many of these promotional activities for small businesses have been suspended until further notice. Now, in late 2022, they are being scheduled with security measures such as the use of masks, maintaining distancing, etc., although because of this same issue, some still refrain from assisting to such activities. The PRHTA DBE Program personnel has been invited to participate in workshops with SMDBC-DOT in Puerto Rico on October 13, to promote the program, explain the certification process, the public policy concerning the overall goal, and to encourage contractors to be certified. Also, additional support has been provided to various agencies and Public Private Alliance (APP) firms, such as the Puerto Rico Ports Authority, the International Luis Muñoz Marín Airport (Aerostar Holding), along with municipalities like San Juan, Ponce, Barceloneta, Morovis, San Lorenzo, Comerío, Cataño, Toa Baja, and Carolina, and many others, that requested information on the DBE Program; as well as assistance with the implementation process and procedures to be followed in other reports, were provided. (Activity promotions, assistance list, and other information, are included as Appendix C)

Public notices for the DBE Goal for FY 2023-2025 will be posted on the PRHTA Official Website and will equally be announced through email to related government entities, and every DBE firm in our directory. (Copy of publishing and list of emails are included in Appendix D)