



MUNICIPALITY OF CAROLINA

**DBE TRIENNIAL  
GOAL REPORT  
FFY 2018-2020**

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# **MUNICIPALITY OF CAROLINA OVERALL DISADVANTAGED BUSINESS ENTERPRISE GOAL SETTING METHODOLOGY REPORT FFY 2018-2020**

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## **I. INTRODUCTION**

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The Municipality of Carolina (MOC) submits its Disadvantaged Business Enterprise (DBE) *Overall Goal Setting Methodology Report* to the United States Department of Federal Transit Administration (FTA) for review and approval. The report has been prepared in compliance with Disadvantaged Business Enterprise (DBE) regulations, 49 CFR Part 26.45.

The regulations require that the overall goal be prepared using a two-step process. The recipient must first determine a base figure for the relative availability of certified and non-certified minority and woman-owned business enterprises in the relevant market area, hereafter collectively referred to as DBEs. Next, the recipient must examine all relevant evidence to determine what adjustment to the base figure, if any, is needed in order to arrive at an overall goal. The final adjusted figure is the recipient's overall goal, and represents the proportion of federal transportation funding the recipient is expected to allocate to DBEs during the subsequent three federal fiscal years (FFY). 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.

If a recipient purports that it can meet its overall goal with race and gender-neutral measures, those measures must be utilized. In contrast, if the recipient determines it cannot achieve the entire overall goal using only race and gender-neutral measures, it must establish a race and gender-conscious portion of the overall goal.





## II. PROPOSED OVERALL GOAL FOR FFY 2017-2020

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Based on the requirements set forth in 49 CFR Part 26, the *Municipality of Carolina* (MOC) is submitting a goal for FFY 2017-2020. The recommended overall DBE goal for the Municipality of Carolina FTA-assisted contracts for FFY 2017-2020 is **2 percent**.

## III. OVERALL GOAL-SETTING METHODOLOGY

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As established above, the two step goal-setting process required by the regulations and the USDOT Tips has been used to determine the overall goal for FFY 2017–2020. The two steps for setting an overall goal are:

- Establishing a base figure for the relative availability of DBEs
- Determining the base figure adjustment

The base figure is intended to be a measurement of the current ready, willing, and able DBEs as a percentage of all ready, willing and able businesses to perform the recipient's anticipated FTA-assisted contracts. The regulations present five options for establishing a base figure for relative availability of DBEs. The five options as set forth in the regulations are listed in Table 1.

**Table 1: Methods to Determine Base Figure**

BASELINE FIGURE METHOD	
•	Bidders List
•	DBE Directories and Census Data
•	Other Recipient's Base Figure
•	Disparity Study
•	Alternative Method





## IV. STEP ONE BASE FIGURE CALCULATION

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### A. Goal Setting Methodology

Pursuant to 49 CFR 26.45(c) (1), to arrive at the Base Figure, MOC elected to use the DBE's Director of the Civil Right Office of the Puerto Rico Highway and Transportation Authority (PRHTA) to determine the relative availability of DBE's in various fields.

We divided the total number of DBE firms in the respective Trade Description of the Director of the PRHTA were deemed ready, willing and able, by the number of all businesses relative of the U.S. Census Bureau, specifically on the Census County Business Patterns for Puerto. As a result, the Base Figure for MOC is 2%.

The initial phase of the Step One analysis required the compilation of critical data regarding MOC's contracting. MOC adopted the bidder's list methodology from 26.45 and reviewed the Statewide Transportation Improvement Program (STIP) for the Fiscal Years 2017-2020.

The relevant data considered for the Step One analysis included the following:

- Definition of the market area from an analysis of contracts awarded July 1, 2014 to June 30, 2017
- Classification of procurement areas by NAICS code

To determine the preliminary DBE goal base figure, we conducted the analyses and calculations described on the following pages, in accordance with 49 CFR §26.45.

#### 1. Identification of Projects for FFY 2017-2020

The Municipality of Carolina identified first the anticipated FTA-assisted projects slated for FFY 2017-2020 to determine the type of projects where DBE participation was possible and the number of firms in the market, and the DBE qualified firms available in the relevant NAICS codes for inclusion in the baseline formula. The MOC's anticipated spend is shown in Table 2.

Table 2 represents project categories in the areas of Preventive Maintenance and Rehabilitation of buses to be awarded in FFYs 2017-2020. For the next three federal fiscal years we have two projects to development. The first one is a Preventive Maintenance the





estimated funds \$1,380,900. The second one is Rehabilitation of 19 buses the estimated funds \$131,973.

**Table 2: Anticipated FTA-Assisted Expenditures for FFY 2017-2020**

Description Activity to consider contracting DBE	Annual Element	Three Years Program				Total
	2017	2018	2019	2020	Est. Cost	
Preventive Maintenance	\$544,130	\$276,153	\$278,914	\$281,703	\$1,380,900	
Additional Funds for the Rehabilitation of 19 buses	\$131,973					
<b>Sub-Total Federal Funds</b>	<b>\$676,103</b>	<b>\$276,153</b>	<b>\$278,914</b>	<b>\$281,703</b>	<b>\$1,512,873</b>	

Pursuant to 49 CFR §26.45, the overall DBE goal is expressed as a percentage of federal (FTA) funds projected to be expended in MOC's FTA-assisted contracts over the next three federal fiscal years. Therefore, staff calculated the percentage of federal dollars allocated to each project category, by dividing the estimated federal dollar share of each project category into the estimated federal dollar total of \$1,512,873 (from Table 2). The results of these calculations are shown below in Table 3.

**Table 3: Determine the weight of each type of work by NAICS Code:**

NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1) See table 4	Preventive Maintenance	\$1,380,900	91%
2) See table 4	Additional Funds for the Rehabilitation of 19 buses	\$131,973	9%
	<b>Total FTA-Assisted Contract Funds</b>	<b>\$1,512,873</b>	<b>100%</b>

## 2. Selection of Relevant NAICS Codes

The selection of relevant NAICS codes for FFY 2017-2020 projects was based upon the anticipated construction and study projects. Table 4 displays the projects anticipated for this period. Actual projects undertaken are dependent upon available funding.

Staff then analyzed the scope of work of each project category and assigned North American Industry Classification System (NAICS) codes to the applicable work elements, as shown in Table 4a for project of Construction and Table 4b for project of study or consulting.





After identification of the projects the relevant NAICS Codes were selected for determining the number of ready, willing and able firms to be counted in the baseline calculation.

**Table 4a: Classification by NAICS Title and Industry Code for Repair and Maintenance**

Industry Code	Industry code description	Total establishments
811198	Automotive emissions testing services	
811198	Automotive rustproofing and undercoating shops	
811198	Automotive safety inspection services	
811198	Automotive tire repair (except retreading) shops	
811198	Diagnostic centers without repair, automotive	
811198	Emissions testing without repair, automotive	
811198	Garages, do-it-yourself automotive repair	
811198	Rustproofing shops, automotive	
811198	Spray-on bedliner installation for trucks	
811198	Tire repair shops (except retreading), automotive	
811198	Undercoating shops, automotive	
811198	Automotive emissions testing services	
811198	Automotive rustproofing and undercoating shops	
811198	Automotive safety inspection services	
811198	Automotive tire repair (except retreading) shops	
Total		65





### 3. DBE Directory

The Municipality of Carolina maintains a directory of all firms that have been identified as eligible to participate as DBE's. The directory lists these firms by name, address, phone number, the types of work and NAIC Code. A DBE register has been published by the state and all local DBE's have been instructed to seek certification by the State Department of Transportation and Public Works (DTPW) in order to appear listed in this register. The following companies are available and certified as DBE by type of construction and consulting.

**Table 5: DBE available in the DBE Directory 2017**

#### 1. Project: Preventive Maintenance

Company Name	Trade Description	NAICS Code
Pepino Heavy Parts, Inc.	Services: automotive truck parts & accessories stores, oil change and lubrication, transmission repairs and all other automotive and maintenance	#811198
<b>Total of Services Trade</b>	<b>1</b>	

#### 2. Project: Rehabilitation Buses

Company Name	Trade Description	NAICS Code
Pepino Heavy Parts, Inc.	Services: automotive truck parts & accessories stores, oil change and lubrication, transmission repairs and all other automotive and maintenance	#811198
<b>Total of Services Trade</b>	<b>1</b>	

### B. Base Figure Determination

The base figure is intended to be a measurement of the relative percentage of ready, willing, and able businesses that are DBEs. The recipient is required to measure willing and able businesses in its marketplace, using the best available evidence, to derive a fair and accurate base figure that represents the percentage of available DBEs. According to Section 26.45(c) and *USDOT Tips*, the overall goal must be based on demonstrable evidence of available ready, willing, and able DBEs relative to all ready, willing, and able non DBEs to participate on MOC's federally assisted contracts.





To establish the relative availability of DBEs to all comparable firms (DBE and Non-DBEs) in MOC's market area, in applicable work categories (NAICS codes) identified in Table 4, we followed one of the prescribed goal-setting methodologies in accordance with 49 CFR §26.45. We determined the DBE availability percentage by performing a query of the Puerto Rico Unified Certification Program (PRUCP) DBE directory and the most recently available (2015) U.S. Census Bureau County Business Patterns (CBP) database.

For each NAICS code/subsector, staff calculated the number of DBEs (numerator) and the number of all firms (denominator) in each NAICS code/subsector, and then arrived at a percentage of DBEs to all firms for each project category.

## 1. Relative Base Figure

**Table 6: Base Figure**

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
1)	See table 4a	Preventive Maintenance	1	65	0.0154
2)	See table 4a	Additional Funds for the Rehabilitation of 19 buses	1	65	0.0154
		<b>Combined Totals</b>	<b>2</b>	<b>130</b>	<b>2%</b>

*USDOT Tips* requires the calculation of the relative base figure by dividing the number of market area DBEs by all market area businesses (DBEs and non-DBEs), which produces a relative base figure of **1.54 percent**, as shown in Table 6.

$$\text{Base Figure} = \frac{\text{Ready, willing and able DBEs}}{\text{All ready, willing and able businesses (Including DBEs and non-DBEs)}}$$

$$\text{Base Figure} = 2\% = \frac{2 \text{ DBE's}}{130 \text{ Total Businesses}}$$





This number is simply the percentage of DBEs in the market area. The relative base figure calculation essentially over counts the number of available DBEs as it assumes that every DBE has equal weight and equal opportunity to perform MOC contracts. However, in the practical application of the overall DBE goal, not all DBEs have equal opportunity for participation as opportunity is dependent on the spend in each NAICS code. To more accurately reflect the nature and the scope of work, the *USDOT Tips* recommend a weighted calculation of availability. This calculation, which is based on the spend in each NAICS code, is also presented.

## 2. Weighted Base Figure

Weighting is recommended in *USDOT Tips* to ensure that the overall goal accurately reflects the scope of work. The first step is to calculate a weight for each NAICS code, which is the percentage of the budget for past contracts. Due to the fact that MOC's federally funded contracts are identified on a contract-by-contract basis after federal funding is received, weights cannot be calculated based on anticipated contracts.

The percentage of DBEs to all firms (from Table 6) for each project category was then weighted (multiplied) by the percentage of federal funds allocated to each project category (from Table 3). The resulting ratios were then added to arrive at the preliminary base figure, as shown in Table 7.

**Table 7: Weight Base Figure**

	NAICS Code	Project	Weight	Availability	Weighted Base Figure
1)	See table 4a	Preventive Maintenance	0.9128	0.0154	0.0140
2)	See table 4a	Additional Funds for the Rehabilitation of 19 buses	0.0872	0.0154	0.0014
Total					0.0154
Expressed as a % (*100)					1.54%
Rounded, Weighted Base Figure:					2%



## **V. STEP TWO BASE FIGURE ADJUSTMENT**

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### **A. Consideration for Adjustments to the Base Figure**

According to 49 CFR Part 26, step two of the calculation process should examine the evidence to determine if adjustments are needed in the base figure to arrive at an overall goal. We have considered all evidence available in our jurisdiction to determine if such adjustment is necessary by utilizing the participation of DBEs performed in recent years and no adjustment is necessary.

Almost all participant and/or possible bidders in our transportation and construction project are minorities (Hispanics) as defined by regulation 49 CFR Part 26. The MOC has established for this federal fiscal year DBE participation of a two (2%) percent and the factor considered to maintain our overall annual DBE goal at this percentage is the analysis of federally assisted contracts and bidder's list records for FFYs 2014, 2015 and 2016 and the amount of projects awarded.

The following factors were considered for the Step Two adjustment and it was determined that a modest adjustment to the weighted base figure would be made due to:

- Past DBE Participation
- Saturation of the Market Area

#### **1. Past DBE Utilization**

For the FFYs 2014, 2015 and 2016 MOC performed eight (8) federally bids USDOT-assisted contracts. In those bids the total numbers of all participating firms that have expressed an interest in participating, worked, solicited and/or received contract awards/purchase orders, assisted contracts, and subcontracts were twenty-four (24) participating firms. Of which four (4) firms were DBE ready, willing and able actively pursuing contracting/subcontracting opportunities during the past fiscal year.



We will try to conduct assessment surveys of possible bidders, contracts and/or professional services to obtain pertinent data and measure more efficiently the capacity of the DBE community. The Municipality of Carolina will try to implement a more aggressive participation within the board of bids, in pre-bid meetings to explain and monitor compliance with the DBE requirements.

**Table 8: DBE Past Participation**

Fiscal Year	FTA Bid	Participation Firms	DBE's	Participation
2014-2015	0	0	0	0%
2015-2016	3	10	1	10%
2016-2017	5	14	3	21%
<b>Total</b>	<b>8</b>	<b>24</b>	<b>4</b>	<b>17%</b>







## VI. RACE AND GENDER-NEUTRAL GOAL

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### A. Formulation of the Race and Gender-Conscious/Neutral Portions of the Goal

Race and gender neutral participation involves affirmative action to assist and include all small business contractors and subcontractors. Due to Puerto Rico's unique situation, almost all bidders and participants in the agency bidding are considered minority business enterprises – MBE and the amount of participation will be monitored throughout the year. In addition, we have been meeting our overall goal utilizing race-neutral measures. For that reason, after a review of the overall DBE participation for FFYs 2018-2020, the MOC has elected to continue its policy of 100% race neutral contracting methods as a means of attaining our DBE 2% goal for the coming year. Race neutral subcontracting opportunities for DBE's has accomplished our expectancy in achieving our two percent (2%) overall for three years coming.

Race conscious DBE participation will also remain at zero percent (0%) unless it is determined that race-neutral means are not effective in achieving the two percent (2%) overall annual goal. We will encourage prime contractors to subcontract portions of work normally done by their own forces to do good faith efforts through the contract DBE Special Provision.

However, if after implanting race neutral contracting measures, the PRHTA determines that DBE utilization will fall substantially below the overall 2% goal, then MOC shall implement race conscious measures to meet the overall goal. In order to ensure that our DBE program will be narrowly tailored to overcome the effect of discrimination, if contract goals are used, we will adjust the estimated breakout of race neutral and race conscious participation as needed to reflect actual DBE participation in accordance with 49 CFR Part 26.51 (f).

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

- DBE participation through a prime contract that a DBE through customary competitive procurement procedures;
- DBE participation through a subcontract on a prime contract as an additional good faith effort;
- DBE participation on a prime contract exceeding any contract goals, if implemented; and





- DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

Based on the unique peculiarity of the Island, where most are minorities as defined in regulation, the MOC expects to meet most, if not all, of its overall goal through race neutral means using the following to increase DBE participation:

- Providing technical assistance in responding to requests for bids,
- Providing assistance in overcoming limitations such as inability to obtain bonding or financing,
- Assistance in understanding contracting procedures and identifying contract opportunities,
- Providing assistance with the certification process,
- Ensuring distribution of the DBE Directory through print and electronic means,
- Providing the names, phone number and email address for additional information concerning contract.

The annual goal shall be a performance standard for measuring progress toward the achievement of the anticipated level of DBE participation and a partial means for assessing compliance with the Department's regulations.

## **VII. GOAL IMPLEMENTATION**

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### **A. CONTRACT GOALS**

Under 49 CFR Part 26, the principal race-conscious tool available for recipients is setting individual contract goals. Under these regulations, the MOC will not institute a race-conscious quota program for USDOT-assisted contract because the majority of the population in the Island falls under the definition established in the regulation as Hispanics. Procedures to implement other corrective action deemed appropriate to remediate instances of discrimination shall be established, as permitted by law. If the MOC has reason to believe it will not meet its overall annual goal, contract specific goals may be established only on those federally assisted contract that may have subcontracting possibilities so that over the period to which the overall goal applies, it will cumulatively result in meeting any part of our overall goal to be met through the use of race neutral means.







Moreover MOC will try to conduct assessment surveys of possible bidders, contract and/or professional services to obtain pertinent data and measure more efficiently the capacity of DBEs. The MOC will continue participating in the Board of Bids, pre-bids meeting to monitor compliance with DBE regulation as specified in 49 CFR Part 26.

## **B. GOOD FAITH EFFORTS**

In accordance with Section 26.53, the MOC requires a bidder/proposer to submit a Certificate of Good Faith Efforts form, along with supporting documentation, in instances where the participation goal is not met.

When the MOC has set a goal for DBE's contract on an individual project assisted by the USDOT awarded the contract only to a bidder that meets the stated goal or make good faith efforts to achieve it. The granting of the contract will be provided to meet the requirements of this section. The MOC will determine whether a bidder has made good faith efforts if your documents, or they can meet the goal contractual DBE's documented that it has obtained commitments for sufficient participation of companies DBE or documents made adequate efforts in good faith to meet the goal contractual DBE showing that it took all necessary and reasonable measures which, because of its scope and intensity, and appropriateness of the goal satisfies the goal, that can reasonably be expected to obtain sufficient participation of DBE's, even though the bidder has not been fully successful.

## **C. COUNTING DBE PARTICIPATION**

The MOC follows crediting and counting provisions contained in Section 26.55 to determine DBE participation on all projects on which DBE firms perform as a prime or sub-contractor/consultant.

## **D. DISPARITY STUDIES**

No disparity studies were found in Puerto Rico showing existence of discrimination, or relevant to our goal setting process in our market area.





## VIII. PUBLIC NOTICE OF PROPOSED OVERALL DBE GOALS

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In accordance with 49 CFR 26.45(g), MOC provided an opportunity for public participation in establishing its overall DBE goal. The notification process has two objectives:

- To provide public notice of the proposed overall goal by making the goal setting methodology and rationale available for public inspection
- To consult with minority, women, and general contractor groups; community organizations; and other officials that could be expected to have information concerning DBE and non-DBE availability, the effects of discrimination on opportunities for DBEs, and MOC's efforts to establish a level playing field for the participation of DBEs

Before establishing the overall goal the MOC will consult its advisors to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBE's, and the MOC's efforts to establish a level playing field for the participation of DBE's. These advisors change from year to year and include individuals from, but are not limited to, minorities, women groups, general contractor groups, community organizations and other officials or organizations.

Following this consultation, we will publish notice of the proposed overall goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours at our principal office for 30 days following the date of the notice, and informing the public that the MOC and DOT will accept comments on the goals for 45 days from the date of notice. Normally we will publish this notice by the first of June of each year. The notice includes the address to which comments may be sent and address where the proposal may be reviewed.

After the preparation of the goals we will publish in the general circulation media, the same in the month of June this year. Additionally, will send the proposal to the certified DBE companies listed in the Directory of DBE goals.

Thanks for your attention in this matter.

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Executive II

Office of Equal Employment Opportunity  
Department of Human Resources

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