

2024-2026 DISADVANTAGED BUSINESS ENTERPRISE GOAL TRANSIT RELATED CONTRACTS, CITY OF ROCHESTER, MN

Goal-Setting Methodology for FTA Mass Transit Programs

In accordance with 49 CFR section 26.45, the City of Rochester and Rochester Public Transit established an annual overall DBE goal through a process consisting of creating a baseline figure for the relative availability of DBE's in Minnesota. A summary of the calculations used to calculate the initial baseline figure is provided below.

The Transit and Parking Coordinator, as DBE Officer, is primarily responsible for the development of the annual goal, through the provision of budget, financial, procurement, and other relevant information that was used to calculate the federal funding base. The DBE Officer can report directly to the City Administrator and City Attorney in regards to DBE matters.

Amount of goal

The City of Rochester's mass transit overall DBE goal for FY 2024-2026 is: 7%

Methodology

Step 1.

To identify future potential DBE opportunities by North American Industry Classifications (NAICS), the City of Rochester's DBE Officer reviewed its upcoming expenses costs for its transit program and isolated major expenses that could offer DBE contracting opportunities over the next 3 years:

NAICS Code used for our current and future contracting opportunities	NAICS Code Description
236220	Commercial and Industrial Building Construction
238990	All Other Specialty Trade Contractors
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers
541512	Computer-aided design (CAD) systems integration design services
541330	Engineering Services

Expenses related to the Link Bus Rapid Transit Project are not included given the project is greater than \$100 million. The DBE Goal for the design and engineering of Link BRT is 4% and the construction is 7%.

Relative availability of DBEs

Using the business categories, the Minnesota Unified Certification Program directory was consulted to determine how many Minnesota based DBE's were ready willing and able to perform the different tasks. According to the directory, there are 217 firms listed that sell/provide the types of service the City of Rochester is likely to use for FY 2024-2026.

NAICS Code	NAICs Code Description	# DBEs MN
236220	Commercial and Industrial Building Construction	45
238990	All Other Specialty Trade Contractors	69
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers	12
541512	Computer-aided design (CAD) systems integration design services	44
541330	Engineering Services	47

<https://mnuccp.metc.state.mn.us/Default.aspx>

Total Businesses

The US Census Bureau's 2022 County Business Pattern (CBP) database was then consulted to determine the total number of all Minnesota business in each expense category. The following is a summary of information found:

NAICS Code	NAICs Code Description	# Of CBPs in MN
236220	Commercial and Industrial Building Construction	682
238990	All Other Specialty Trade Contractors	1243
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers	41
541512	Computer-aided design (CAD) systems integration design services	947
541330	Engineering Services	879

<https://www.census.gov/data/datasets/2021/econ/cbp/2021-cbp.html>

Step 4

The Chart below combines shows the total number of DBEs compared to the total number of businesses resulting in an unweighted DBE goal of 5.5%

NAICS Code	# Of DBEs in MN	# Of CBPs in MN	DBE %
236220	45	682	6.5%
238990	69	1243	5.5%
423320	12	41	29%
541512	44	947	4.5%
541330	47	879	5%
Total	217	3792	5.7%

Estimated Contract Dollar Amount by NAICS Code	NAICS Code	# Of DBEs in MN	# Of CBPs in MN	DBE %
\$481,250	236220	45	682	6.5%
\$4,219,180	238990	69	1243	5.5%
\$481,250	423320	12	41	29%
\$280,000	541512	44	947	4.5%
\$125,000	541330	47	879	5%

Using the above information the DBE base goal was calculated based on a weighted DBE availability factor. NAICS 541512 will be used as an example to show how the DBE base goal was calculated.

For each NAICS (541512) it determined the DBE percent by dividing the Minnesota DBEs (44) for that NAICS by the total Minnesota Companies for that NAICS (947). I then Multiplied the DBE percent (4.5%) by the estimated contract value for each NAICS (\$280,000) to get the DBE goal for each NAICS (\$12,600). All DBE goals for each NAICS were combined and then divided by the combined project amount (\$5,586,680) to get a weighted DBE goal of 7%.

Base Rate = 7%

The figure of 7% is in line with City of Rochester Commercial Construction Targeted Group/Economically Disadvantaged/Veteran Owned contracting goal that was approved by the City Council in June 2020. The DBE goal of 7% remains unchanged since our last goal was set in 2022, it can be reasonably expected that all companies competing for government contracts will attempt to include a DBE if possible given that those business competing for an award are aware that governments have DBE participation goals.

Public Participation

Public feedback on this plan is welcome. Comments will be accepted for 45 days (until November 15, 2024).

Comments can be sent by mail to:

DBE Goals Comments
Rochester Public Transit
4300 East River Rd. NE
Rochester MN 55906

Comments can also be submitted online by visiting rpstride.com.