

**City of Salem FTA Disadvantaged Business Enterprise (DBE) Goal Methodology (Revised)**

Federal Fiscal Years 2024-2026

Initially submitted to the Federal Transit Administration on August 1, 2023

**I. Introduction**

The City of Salem herein sets forth its overall Disadvantaged Business Enterprise (DBE) Goal and corresponding federally prescribed goal setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2024-2026, pursuant to 49 CFR Part 26.

In setting our federal fiscal year 2024-2026 DBE goal, the City of Salem used a methodology that strives to achieve a "level playing field". This level playing field is defined as the amount of DBE participation we could realistically expect in the absence of discrimination.

Our goal is based on demonstrable evidence of the availability of ready, willing, and able DBEs to participate on our DOT-assisted contracts. To set our overall goal we followed the steps outlined in 49 Code of Federal Regulations (CFR) Part 26, Section 26.45. This is the first three-year DBE Goal developed by the City of Salem.

**II. Overall Goal**

The City of Salem’s overall goal for FFY 2024-2026 is **0.34%** of the federal financial assistance that will be expended on DOT-assisted contracts funded directly by the Federal Transit Administration (FTA).

The DOT-assistance for the City of Salem ride sharing service, Salem Skipper, and vehicle rental is expected to be \$1,079,249.90 over two years during Federal Fiscal Years 2024-2026. The 0.34% goal equates to expending \$3,669.45 with DBEs during these fiscal years.

**III. DOT-ASSISTED CONTRACTS FOR FFY2024-2026**

The City will use DOT-assistance to contract ride sharing service and vehicle rental during the three-year period. Table 1 below represents the various associated NAICS codes considered in preparing this goal methodology. The projects are anticipated to be awarded during the three years of the triennial period, the total dollars listed are DOT-assistance only.

*Table 1 - Estimated Expected DOT-Funded Contracts, Associated NAICS Codes*

Project Year	Project Name	Project Element	NAICS Code	Percent DOT Funded	Total Estimated DOT-Cost
2024	Ride Sharing Services (Salem Skipper)	Fuel dealers	447110, 447190	48%	\$91,851.06
		Automotive repair and maintenance	811111	48%	\$229,627.64
		Software publishers	519190	48%	\$91,851.06
		Telephone answering services	561421	48%	\$363,329.74
		Translation Services	541930	48%	\$50,000.00
		Vehicle Rental	532111, 532112	48%	\$252,590.40

## IV. Goal Methodology

### STEP 1: Determine the Base Figure for the Relative Availability of DBEs (26.45)

The first step is to determine a base figure for the relative availability of DBEs available to propose on the City's DOT-assisted contracting opportunities projected to be solicited during the triennial goal period. The City followed the prescribed federal methodology to determine relative availability in our market.

The City's local market area consists of the geographic area in which a substantial majority of the City's contracting dollars are expended and/or where the substantial majority of contractor and subcontractor bids or proposals are located. Recent Bidder's List data demonstrates that most prime contractors bidding on City's contracts are from throughout the state of Massachusetts which is the City's established market area. The geographic area is limited to Essex County for fuel, automotive repair, and vehicle rental to best support operations.

To determine the base figure, the City used a combination of data sources as permitted under Title 49 of the Code of Federal Regulations, Section 26.45, subsection (c)(2). Specifically, the City identified NAICS codes for anticipate work for the period of this goal, including those shown in Table 2:

Table 2: NAICS Codes

Project Element	NAICS Code
Fuel dealers	447110, 447190
Automotive repair and maintenance	811111
Software publishers	519190
Telephone answering services	561421
Translation Services	541930
Vehicle Rental	532111, 532112

To determine the total number of firms ready, willing, and able to perform the anticipated work (the denominator), the City reviewed the most recent Census Bureau County Business Patterns for each of the above referenced NAICS codes. For fuel dealers, automotive repair and maintenance, and vehicle rentals the geographic area was limited to Essex County. For software publishers, translation services, and telephone answering services, the geographic area was set for the state of Massachusetts.

Once the types of firms that would be performing work on DOT-assisted contracts was identified, the City then relied upon a database of DBE vendors that are registered with the Commonwealth Supplier Diversity Office (SDO) to determine firms that would be reasonable to assume are ready, willing, and able to perform the anticipated work (the numerator).

The base figure for the relative availability of DBEs was calculated as follows:

Ready, willing, and able DBEs = 4

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All firms ready, willing and able= 534

When we divided the numerator by the denominator we arrived at the base figure for our overall goal and that number was: 0.63%.

The City further applied weighting as the next step as FTA guidance suggests, because the availability of DBEs varies by NAICS code, and the anticipated amount of funding for each type of work also varies.

Table 3: Weighting of DBE by NAICS Code

NAICS Code	Project	Weight	Availability	Weighted Base Figure
447110, 447190	Fuel dealers	0.0851	0.0048	0.0004
811111	Automotive repair and maintenance	0.2128	0.0099	0.0021
519190	Software publishers	0.0851	0.0000	0.0000
561421	Telephone answering services	0.3830	0.0000	0.0000
541930	Translation Services	0.0463	0.0189	0.0009
532111, 532112	Vehicle rental	0.2340	0.0000	0.0000

<b>Total</b>	<b>0.0034</b>
<b>Total Expressed as Percent</b>	<b>0.34%</b>

The difference with weighting applied is a goal of 0.34%.

## Step 2: Adjustments to the Base Figure

The City did not have sufficient contract activity to establish a DBE goal for the period of FFY2021-2023 and this is the first set of goals developed by the City on DOT projects. Therefore, there is inadequate data to adjust the base figure based on past participation.

The City reviewed and analyzed two disparity studies to determine the existence of statistical disparities in the ability of DBEs to obtain financing, bonding, and insurance and to better understand potential barriers between availability and utilization. The City acknowledges that the base figure determined in Step 1 reflects the amount of participation that DBEs would be expected to achieve in the absence of present and past effects of discrimination. Minority- and women-owned businesses experience barriers that place these businesses at a disadvantage for competing for federal contracting. Because the City does not have a sufficient statistical foundation on which to determine an appropriate adjustment for these factors, the City will not make any adjustment to the base figure to account for the continuing effects of past discrimination at this time. 49 CFR Part 26 states that there must be a rational relationship between the data used to make the adjustment and the actual numerical adjustment made. Thus, the City has not used this data to further adjust its FFY 2024-2026 base figure for its overall DBE goal.

## V. Utilization of Race-Conscious and Race-Neutral Projections

Race conscious goals will be set for the Salem Skipper ride sharing service award only. The City anticipates that the prime awardee can subcontract for fuel, automotive repairs, software publishing, and customer service. There are three DBEs providing fuel and automotive repair services in the Salem-area. Since the Ride Share provider will be procuring goods and subcontracts, it is the expectation that there will be a contract specific race-conscious goal of 0.34%.

The City will take affirmative steps to achieve its DBE goal using race neutral measures, which will include:

- Making efforts to assure that bidding and contract requirements facilitate participation by DBEs and other small businesses;
- Unbundling large contracts to make them more accessible to small businesses;
- Encouraging prime contractors to subcontract portions of the work that might otherwise be performed by the prime contractor;
- Participating in or sharing information about City contracting opportunities in transportation planning industry-specific outreach events for small businesses; and
- Providing technical assistance and other support services to facilitate consideration of DBEs and other small businesses.

## VI. Public Participation in Setting Overall DBE Goals

The City posted the DBE Goal and a public notice on the City's website and will continually post the Goal on the website at: <https://www.salem.ma.gov/purchasing/pages/proposed-disadvantaged-business-enterprise-dbe-goal>. The public notice is attached as Attachment 1.

The DBE Goal was distributed to ten (10) unique email addresses to the City of Salem Chamber of Commerce, Salem State, PTAC, North Shore Alliance, and applicable DBE businesses listed in the Massachusetts UCP. The City also distributed the Goal and public notice to 17 unique email addresses listed in the Massachusetts SDO database with relevant NAICS codes.

Finally, the City held two (2) public hearings on October 6, 2023 and October 26, 2023 via MS Teams. Information about these webinars was included in the public notices including meeting links.

The City received no written comments on its proposed overall goal during the public participation process. There was one (1) participant in the October 26, 2023 public hearing. A summary of the comments from this hearing are as follows:

1. The North Shore Alliance has a Diversity Directory, would this support the City with this effort?
2. How will the City incorporate various linguistic/translation needs? Are these incorporated into the subcontracting considerations included in the goal? Recommend expanding the City's understanding of broader community language needs (not just Salem)
3. What are the hours of operation?
4. Are there age restrictions on this service?
5. What is the long term funding to be used?

Our responses to these comments are:

- The City welcomes support in sharing the DBE Goal and the North Shore Alliance Diversity Directory with the primes contractor to identify potential subcontractors.
- The DBE Goal has been adjusted to include potential translation service required for the Salem Skipper services. The City is also finalizing a Title VI Program. This program will inform the languages to be incorporated in the service.
- The City is gathering data to further inform State funders of the benefits of the program going forward.
- Details related to the Salem Skipper service is available on the City's website. We encourage all interested parties to contact the DBELO with additional questions related to the service. Specific details discussed through the public hearings include:
  - The service app is available English and Spanish
  - Service hours are Monday-Thursday 7am-10pm; Friday 7am-Midnight; Saturday 10am-Midnight; Sunday 10am-8pm
  - Middle schoolers are able to make reservations
- We encourage all interested firms to contact the DBELO with questions about our processes, contracting requirements, or any other procurement-related questions.

## **PUBLIC NOTICE**

### **PROPOSED DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL**

#### **Proposed DBE Goal**

This notice is to inform interested parties that the City of Salem intends to establish a DBE Participation Goal of 0.25% for Federal Fiscal Years 2024-2026 for projects funded in part by Federal Transit Administration (FTA) funds. A race conscious goal will be set for the Salem Skipper ride sharing service award only. The City anticipates that the prime awardee can subcontract for fuel, automotive repairs, software publishing, and customer service.

The proposed revised DBE goal and methodology has been developed by the City of Salem in accordance with the requirements set forth in 49 CFR Part 26.

The full text of the draft DBE goal is available at the City of Salem website:

<https://www.salemma.gov/purchasing/pages/proposed-disadvantaged-business-enterprise-dbe-goal>

#### **Public Comment Sessions**

A public comment session was held via Teams on October 6, 2023 at 1:00p.m. Eastern Time. No comments were received.

An additional public comment session will be held via Teams on October 26, 2023 at 4:00p.m. Eastern Time. Interested parties may participate online through your computer, mobile app or room device using the information and link below:

[Click here to join the meeting](#)

Meeting ID: 256 978 969 818

Passcode: ApihMy

#### **Written Comments**

If you have questions or input on the DBE goal, you may also contact the City of Salem's Disadvantaged Business Enterprise Liaison Officer by telephone or email at:

Mr. Anthony Delaney, Chief Procurement Officer

978-619-5695

[adelaney@salem.com](mailto:adelaney@salem.com)

Please provide any comments by November 3, 2023 at 5:00p.m. Eastern Time.

**The City of Salem**