



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 11-B
Information Item

To: Chair Bohmke and the VRE Operations Board

From: Rich Dalton

Date: July 19, 2024

**Re: Publication of Proposed Disadvantaged Business Enterprise
Goal for Federal Fiscal Years 2025-2027**

At their meeting on July 11, 2024, the PRTC Board of Commissioners authorized the publication of the proposed Disadvantaged Business Enterprise (DBE) goal of 14.7 percent for Federal Fiscal Years (FFY) 2025–2027 for public comment and provisionally adopted the goal for Federal Transit Administration (FTA) assisted contracts.

Summary:

The Potomac and Rappahannock Transportation Commission (PRTC) and the Virginia Railway Express (VRE), the commuter rail service for which PRTC and the Northern Virginia Transportation Commission (NVTC) are jointly responsible, have established a Disadvantaged Business Enterprise (DBE) program in accordance with the regulations of the United States Department of Transportation (DOT), 49 CFR Part 26. The DBE program intends to provide contracting opportunities to small businesses owned and controlled by socially and economically disadvantaged individuals. The goal of the program is to "level the playing field" on which DBE businesses compete for contracts and subcontracts in the transportation industry.

Background:

The DOT regulations specify that DOT grantees must establish an overall triennial goal for DBE participation in federally assisted contracts and prescribe implementation methods for achieving this goal. (PRTC's compliant methodology for determining the triennial goal is attached.)



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Suite 230
Arlington, VA 22201
703-524-3322



Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314
703-684-1001
VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703-580-6121

The FTA requires all agencies with a DBE program to advertise their proposed goal for the upcoming fiscal years through various media (e.g., local newspapers and industry publications) for a period of thirty (30) days and to accept public comment for forty-five (45) days from the date of publication. In addition to advertising the proposed goal, PRTC and VRE are required to consult with women and minority contractor groups, which could be expected to provide information concerning the availability of disadvantaged and non-disadvantaged businesses. The consultation must include a scheduled, direct, interactive exchange with as many stakeholders as possible.

The proposed FFY 2025-2027 DBE goal of 14.7 percent for FTA-assisted contracts is based on an assessment of the projected expenditures for FFY 2025-2027, a review of the U.S. Census, and other sources concerning the availability of DBE companies in the industries and geographic markets relevant to PRTC and VRE contracting activity, and consideration of the historical utilization of DBE businesses by PRTC and VRE. Staff believes this goal is a reasonable projection of DBE participation for the upcoming fiscal years.

The proposed FFY 2025-2027 goal, as required by DOT, will be posted internally, and advertised in a transportation trade publication as well as local newspapers to provide for public inspection for a period of 30 days and public comment for 45 days from the date of publication.

At their meeting on July 11, 2024, the PRTC Board of Commissioners authorized the publication of the proposed FFY 2025-2027 goal and provisionally adopted the goal, subject to the condition that the public inspection and consultation process does not result in any public comments that necessitate reconsideration/possible modification of the goal as proposed. If reconsideration is needed, the PRTC Board of Commissioners will be asked to review and adopt the final FFY 2025-2027 goal after completion of the consultative process and the public comment period.

PRTC is required to submit the proposed FFY 2025-2027 DBE goal to the FTA in August 2024. Once adopted, the goal will be posted on PRTC and VRE's websites and included in relevant procurement documents for DOT-assisted contracting opportunities.

Attachments:

DBE Goal Methodology FFY2025-2027

Appendix A – DBE Goal Calculation Weighting FFY2025-2027



**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

AND

VIRGINIA RAILWAY EXPRESS

**DISADVANTAGED BUSINESS ENTERPRISE GOAL
METHODOLOGY**

**FEDERAL FISCAL YEARS
2025-2027**

**DISADVANTAGED BUSINESS ENTERPRISE GOAL
METHODOLOGY
FOR FEDERAL FISCAL YEARS 2025-2027**

I. SUMMARY

The Potomac and Rappahannock Transportation Commission (PRTC) and Virginia Railway Express (VRE) have established an overall goal for Disadvantaged Business Enterprise (DBE) participation in Federal Transit Administration (FTA) assisted contracts in accordance with regulations of the United States Department of Transportation (DOT), 49 CFR Part 26. This rule requires recipients of Federal funds to use a methodology based on demonstrable data of relevant market conditions and is designed so that the goal reflects the level of DBE participation the recipient would expect absent the effects of discrimination.

II. PROPOSED GOAL FOR FFY 2025-2027

PRTC/VRE have established its Triennial Disadvantaged Business Enterprise (DBE) Goal of **14.7% percent** for FFY 2025-2027 on FTA-assisted contracts. PRTC/VRE anticipates achieving this goal through race-neutral measures.

III. METHODOLOGY

Step 1. Base Figure Determination

The first step in establishing an overall DBE Goal is to measure the actual relative availability of DBE vendors within PRTC/VRE's service area that would perform the types of FTA-assisted contracts that PRTC and VRE intend to award during the three-year Federal fiscal year cycle. In FFYs 2025, 2026 and 2027, PRTC and VRE are expected to initiate contracts in Commercial Printing, Construction, Engineering and Design, Building Equipment Contractors, Painting, Plastic Product Manufacturing, Motor Vehicle Electrical Equipment, Manufacturing/Rebuilding Locomotives (Locomotive Parts), Activities for Rail, and Custom Computer Programming.

Specifically, PRTC's contracts include a Production Schedule Contractor to design and print the system map and bus schedules, engineering and design for site preparation along with construction and installation of bus shelters. VRE's contracts include Construction of Alexandria, Crystal City and Franconia-Springfield Stations Improvements, Purchase of Locomotive Parts, Modernization of Woodbridge East Elevator and several rail activities. As shown in **Table 1** PRTC's projected two (2) projects and VRE's projected twenty-three (23) projects, listed by NAICS Code, which it expects to award in federal fiscal years 2025, 2026 and 2027. This is the basis of the goal methodology.

Table 1 – PRTC/VRE – List of Projects for Federal Fiscal Years 2025-2027

NAICS CODE	PROJECT	NAICS CODE
Potomac and Rappahannock Transportation Commission (PRTC)		
236220	Bus Shelter Construction (Construction & Installation)	\$100,000
323111	Production Schedule Contractor	\$450,000
541330	Site Preparation for Bus Shelter (Engineering & Design)	\$140,000
Virginia Railway Express (VRE)		
236220	Construction Management Services for Crystal City Station Improvements	\$2,000,000
236220	Construction Management Services for Franconia-Springfield Station Improvements	\$1,000,000
236220	Construction of Alexandria Station Improvements	\$10,529,511
236220	Construction of Crystal City Station Improvements	\$17,600,000
236220	Construction of Franconia-Springfield Station Improvements	\$11,121,123
336320	Diffusers – Rail Car Passenger Compartment Overhead Lighting	\$898,268
336510	Locomotive Air Compressors	\$1,279,128
336510	Locomotive AR-10 Generators	\$320,000
336510	Locomotive Dynamic Brake Fans	\$2,650,000
336510	Locomotive Electronic Bells	\$165,000
238320	Locomotive Exterior Painting Services	\$2,500,000
336510	Locomotive Horn Heaters	\$47,400
336510	Locomotive Master Controllers	\$243,714
336510	Locomotive Soak Back Pumps	\$47,740

336510	Locomotive Truck Overhaul	\$1,500,000
238290	Modernization of the Woodbridge Station East Elevator	\$1,750,000
541511	Passenger Information System	\$1,000,000
336510	Passenger Rail Car Non-Skid Flooring	\$500,000
336510	Rail Car Decelostat Boards	\$240,450
336510	Rail Car Restroom Flooring	\$400,000
336510	Rail Car Seat Back Covers	\$3,360,000
326199	Rail Car Waste Treatment Tanks	\$2,625,000
488210	Renewal of Rail Car Wheelchair Lifts	\$6,880,000
Combined PRTC & VRE Total		\$69,347,334

Local Market Area

The local market area is the area wherein the substantial majority of the contractors and subcontractors are located and the area in which PRTC/VRE spends the substantial majority of its contracting dollars. In past years, the local market area has included the District of Columbia as well as the cities and counties located in Northern Virginia (Cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, Prince William, Stafford, and Spotsylvania). However, evidence has shown that PRTC/VRE tend to contract with vendors in several Virginia localities outside of the Northern Virginia area. Therefore, PRTC and VRE have determined the relevant market area to be the District of Columbia and the entire Commonwealth of Virginia.

The available pool of ready, willing and able firms to participate in PRTC and VRE’s FTA-funded contracting opportunities is analyzed based on the specific NAICS codes and descriptions. Thus, the total number of all contractors and subcontractors located in PRTC and VRE’s local market area who would be available for FTA–assisted projects were extracted from the 2022 County Business Patterns (NAICS) database hosted by the U.S. Census Bureau. **Table 2** summarizes the total available firms in the local market area by corresponding Industry (NAICS) Code.

Table 2 – Total Available Firms

TOTAL AVAILABLE FIRMS				
NAICS CODE	NAICS CODE Description	Local Market Area		Totals
		District of Columbia	Commonwealth of Virginia	
236220	Construction	101	1,025	1,126
238290	Building Equipment Contractors	5	161	166
238320	Painting and Wall Covering	13	1,010	1,023
323111	Commercial Printing	24	424	448
326199	Plastic Product Manufacturing	0	60	60
336320	Motor Vehicle Electrical Equipment	0	6	6
336510	Manufacturing/Rebuilding Locomotives: Locomotive Parts	0	0	0
488210	Activities for Rail	0	25	25
541511	Custom Computer Programming	325	9,359	9,684
541330	Engineering & Design	249	3,466	3,715
Total Available Firms from Census Data Business Patterns Database				16,253

Source: U.S. Census Bureau, 2022 County Business Patterns

The total number of available DBE firms within each specified NAICS code were derived from State Unified Certification Program (UCP) DBE Directories provided by the District of Columbia and Virginia as shown in **Table 3**.

- **District of Columbia UCP DBE Directory** includes DBE firms that have been certified by the District of Columbia Department of Transportation (DDOT) and the Washington Metropolitan Area Transit Authority (WMATA).
- **Virginia UCP DBE Directory** includes DBE firms that have been certified by the Virginia Department of Small Business and Supplier Diversity (DSBSD) and the Metropolitan Washington Airports Authority (MWAA).

Table 3 – Certified DBE Firms

DBE Certified Firms				
NAICS CODE	NAICS CODE Description	DDOT WMATA	SBSD MWAA	Totals
236220	Construction	116	110	226
238290	Building Equipment Contractors	21	8	29
238320	Painting and Wall Covering	44	56	100
323111	Commercial Printing	1	7	8
326199	Plastic Product Manufacturing	0	0	0
336320	Motor Vehicle Electrical Equipment	0	0	0
336510	Manufacturing/Rebuilding Locomotives; Locomotive Parts	1	1	2
488210	Activities for Rail	2	2	4
541511	Custom Computer Programming	154	221	375
541330	Engineering & Design	137	138	275
Total DBE Firms From DC/VA DBE Directories				1,019

PRTC/VRE cross-referenced each directory in order to prevent double counting a particular DBE firm who is certified and registered by more than one agency.

Base Figure Formula

The Regulations suggest the following formula for determining the base figure percentage of ready, willing and able DBE firms for DOT-Assisted projects:

Numerator: Ready, Willing and Able DBE Firms (by category) divided by;

Denominator: All Ready, Willing and Able Firms (by same numerator category)

PRTC and VRE developed a base goal using the relative availability of DBEs in the local market area based on the project and work item.

Therefore, the base goal calculation, using combined totals, is as follows:

$$\text{Base Figure} = \frac{1,022}{16,253} = 0.0628 \text{ or } 6.3\%$$

Weighting

To make certain that the base goal is as accurate as possible, PRTC and VRE used weighting to adjust its Step 1 goal figure. In FFY 2025, 2026 and 2027, PRTC and VRE are expected to initiate the majority of contracts for Construction while less contract dollars will be spent on Commercial Printing, Manufacturing/Rebuilding Locomotives and Locomotive Parts. PRTC and VRE estimated that approximately 61% of contract dollars will be spent on heavy construction, 10% on Activities for Rail, 15% on Manufacturing/Rebuilding Locomotives and Locomotive Parts, 4% on Painting Exterior and 4% on Plastic Product Manufacturing and about 2% or less on Engineering and Design, Commercial Printing, etc. The calculations in **Table 4** are provided as **Appendix A** and show how PRTC and VRE arrived at these percentages.

Weighted Calculations

In order to calculate the weighted goal, PRTC and VRE used the number of DBE firms for construction, engineering, roofing, and activities for rail as the numerators and divided them by the number of firms in the same fields (denominators) and multiplied them by the weighted percentages. The sum of these numbers multiplied by 100 resulted in the weighted goal of **14.7%**.

Step 2: Adjustment to Base Goal

Step Two of the goal setting calculation process is intended to adjust the Weighted Base Figure calculated in Step One (6.3%) to make sure the goal is precise as possible. Under the rule, all evidence available to the grantee must be considered to determine whether such an adjustment is necessary. PRTC and VRE examined additional factors to determine what adjustment, if any, was needed to establish the overall goal. The factors considered are outlined below:

Past Participation

PRTC and VRE analyzed contracting opportunities for FFYs 2025-2027 and past participation to determine the feasibility of an adjustment to the base figure (**See Table 5**). In previous years, VRE have let contracts for construction of platform extensions and second platforms in addition to the construction of the Lifecycle Overhaul and Maintenance Facility. In FFYs 2025-2027, VRE will let contracts for construction, but the majority of contracts will be let for locomotive parts to include Locomotive Horn Heaters, Locomotive Electronic Belts, Master Controllers, etc. and for Locomotive Truck Overhaul. The previous years, Activities for Rail accounted for about 3% of total contract dollars and in FFYs 2025-2027, these projects account for over 10% of total contract dollars. After analyzing contracting opportunities for FFYs 2025-2027 and past DBE participation, PRTC and VRE have determined that it is not feasible to use past DBE

participation to make an adjustment to the weighted baseline goal.

Table 5 – Past DBE Participation

Federal Fiscal Year	DBE Participation	Established Overall DBE Goal
2021	2.7%	11.3%
2022	12.7%	14.1%
2023	10.1%	14.1%

Discriminatory Practices

PRTC/VRE have maintained a race-neutral DBE program and have not evidenced any reports of discrimination in the award of subcontracts, availability of insurance, bonding or any other business-related complaints resulting from discriminatory practices. PRTC/VRE have not discovered any examples of discrimination that may warrant an adjustment of the base figure to rectify a particular problem.

Disparity Study

PRTC and VRE have not commissioned or conducted a disparity study regarding DBEs; however, Arlington County (Arlington) is conducting a comprehensive Disparity Study (Study), led by MGT Consulting Group (MGT). The overall purpose of the Disparity Study is to understand the effects of race, ethnicity, and gender on businesses' ability to do business in Arlington's marketplace – both public and private sectors, acquire capital and win contracts or subcontracts in the markets in which Arlington does business. This study focuses on small, women-owned, minority-owned, and service-disabled veteran-owned (SWaMDV) businesses who conduct business within the Arlington region.

As part of that process, Arlington is collecting data regarding the availability of firms owned by minorities, women, small, physically disabled, and disadvantaged persons, and the utilization of these firms as contractors and subcontractors in Arlington's marketplace. In addition to analyses of quantitative data, the Disparity Study will also examine qualitative data regarding discriminatory barriers or behaviors (to the extent that it exists) provided by business owners, professional organizations, and other marketplace stakeholders.

The results of the disparity study are not currently available, but if they were, because the emphasis is on businesses' ability to do business in Arlington's marketplace, it does not suggest that additional adjustments in PRTC's and VRE's base figure are warranted.

Breakout of Estimated Race-Conscious/Race-Neutral Breakdown

PRTC/VRE have established an overall goal of 14.7%; PRTC and VRE intend to attain 14.7% of this goal through race-neutral participation. PRTC/VRE will meet the maximum feasible portion of the overall goal by using race-neutral means of facilitating DBE participation. PRTC/VRE have consistently met its DBE goal by implementing race-neutral measures.

PRTC/VRE continue to work with prime contractors to assist their efforts to facilitate race-neutral DBE participation. Race-neutral measures are a means to obtain DBE participation when a DBE firm wins a prime contract through customary competitive procurement procedures; DBE participation is awarded through a subcontract or a prime contract that does not carry a DBE goal; DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award. PRTC/VRE implements race-neutral measures consisting of, but not limited to, the following:

1. PRTC/VRE attend local outreach events for Small businesses, Prime Contractors and DBEs in addition to hosting VRE's Industry Day in order to introduce upcoming construction projects and discuss how contactors can do business with PRTC and VRE.
2. PRTC/VRE provide copies of the Request for Proposals (RFPs) and Invitation for Bids (IFBs), when requested to Certified DBE's.
3. PRTC/VRE encourage introductions at pre-bid and pre-proposal conferences to help DBEs and other small businesses develop working relationships with prime contractors.

IV. CONSULTATION AND PUBLICATION OF OVERALL GOAL

The regulations require that in establishing an overall goal, you must provide for consultation and publication. This includes Consultation with minority, women's and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses and the efforts to establish a level playing field for the participation of DBEs.

On July 11, 2024, the PRTC Board will authorize the publication of the proposed Disadvantaged Business Enterprise (DBE) goal of 14.7 percent for Federal Fiscal Years (FFY) 2025 -2027 and provisionally adopted the goal for FTA-assisted contracts subject to the condition that the public inspection and consultative process will not result in any public comments that necessitated reconsideration and/or possible modification of the

goal proposed. A copy of the resolution and board item will be provided upon the Board's approval.

**PRTC and VRE
FFY 2025-2027 DBE Weighted Goal Calculation
TABLE 4**

Project	Construction NAICS 236220	Building Equipment Contractors NAICS 238290	Painting NAICS 238230	Commerical Printing NAICS 323111	Plastic Product Manufacturing NAICS 326199	Motor Vehicle Electrical Equip. NAICS 336320	Manufacturing/ Rebuilding Locomotives: Locomotive Parts NAICS 336510	Activities for Rail NAICS 488210	Custom Computer Programming NAICS 541511	Engineering & Design NAICS 541330	TOTALS
Bus Shelter Construction (Construction & Installation)	\$100,000										\$100,000
Construction Management Services for Crystal City Station Improvements	\$2,000,000										\$2,000,000
Construction Management Services for Franconia-Springfield Station Improvements	\$1,000,000										\$1,000,000
Construction of Alexandria Station Improvements	\$10,529,511										\$10,529,511
Construction of Crystal City Station Improvements	\$17,600,000										\$17,600,000
Construction of Franconia-Springfield Station Improvements	\$11,121,123										\$11,121,123
Diffusers - Rail Car Passenger Compartment Overhead Lighting						\$898,268					\$898,268
Locomotive Air Compressors							\$1,279,128				\$1,279,128
Locomotive AR-10 Generators							\$320,000				\$320,000
Locomotive Dynamic Brake Fans							\$2,650,000				\$2,650,000
Locomotive Electronic Bells							\$165,000				\$165,000
Locomotive Exterior Painting Services			\$2,500,000								\$2,500,000
Locomotive Horn Heaters							\$47,400				\$47,400
Locomotive Master Controllers							\$243,714				\$243,714

Project	Construction NAICS 236220	Building Equipment Contractors NAICS 238290	Painting NAICS 238320	Commerical Printing NAICS 323111	Plastic Product Manufacturing NAICS 326199	Motor Vehicle Electrical Equip. NAICS 336320	Manufacturing/ Rebuilding Locomotives: Locomotive Parts NAICS 336510	Activities for Rail NAICS 488210	Custom Computer Programming NAICS 541511	Engineering & Design NAICS 541330	
Locomotive Soak Back Pumps							\$47,740				\$47,740
Locomotive Truck Overhaul							\$1,500,000				\$1,500,000
Modernization of the Woodbridge Station East Elevator		\$1,750,000									\$1,750,000
Passenger Information System									\$1,000,000		\$1,000,000
Passenger Rail Car Non-Skid Flooring							\$500,000				\$500,000
Rail Car Decelostat Boards							\$240,450				\$240,450
Rail Car Restroom Flooring							\$400,000				\$400,000
Rail Car Seat Back Covers							\$3,360,000				\$3,360,000
Rail Car Waste Treatment Tanks					\$2,625,000						\$2,625,000
Renewal of Rail Car Wheelchair Lifts								\$6,880,000			\$6,880,000
Schedule Production Contractor				\$450,000							\$450,000
Site Preparation for Bus Shelter (Engineering & Design)										\$140,000	\$140,000

Totals	\$42,350,634	\$1,750,000	\$2,500,000	\$450,000	\$2,625,000	\$898,268	\$10,753,432	\$6,880,000	\$1,000,000	\$140,000	\$69,347,334
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% of total Contract \$	0.610703131	0.025235289	0.036050413	0.006489074	0.037852933	0.012953173	0.155066264	0.099210735	0.014420165	0.002018823	
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Available Firms	1,126	166	1,023	448	60	6	0	25	9,684	3,715	16,253
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Available DBE Firms	226	29	100	8	0	0	2	4	375	275	1,019
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% DBE Firms	0.20071048	0.174698795	0.097751711	0.017857143	0	0	0	0.16	0.038723668	0.074024226	
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	0.122575	0.004409	0.003524	0.000116	0.000000	0.000000	0.000000	0.015874	0.000558	0.000149	0.147205
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Weighted Goal 14.7%

**Base Goal
6.3%**