

**Indianapolis Public Transportation Corporation (IPTC)
DBE Goal Methodology for Federal Fiscal Years 2023 through 2025**

The Indianapolis Public Transportation Corporation (IPTC) has established its overall Disadvantaged Business Enterprise (DBE) goal for fiscal years 2023 through 2025. This goal is represented as a percentage of all Federal Transit Administration (FTA) funds (exclusive of FTA funds to be used for the purchase of vehicles) that IPTC estimates that it will expend in FTA assisted contracts. The overall rate of DBE participation for fiscal years 2023, 2024, and 2025 is set at 12%. The overall goal for any given fiscal year is equal to the total expected IPTC/FTA budget less vehicle purchases, multiplied by .12 or 12%. The figures below show the goals for the three upcoming fiscal years:

FY 2023	Total FTA Funds Forecasted:	\$ 33,193,960
	Less Vehicle Purchases:	<u>\$ 17,324,091</u>
		\$ 15,869,869
		x <u>.12</u>
IPTC FY 2023 Goal:		\$ 1,904,384

FY 2024	Total FTA Funds Forecasted:	\$ 38,159,778
	Less Vehicle Purchases:	<u>\$ 17,374,091</u>
		\$ 20,785,687
		x <u>.12</u>
IPTC FY 2024 Goal:		\$ 2,494,282

FY 2025	Total FTA Funds Forecasted:	\$109,379,463
	Less Vehicle Purchases:	<u>\$ 44,848,814</u>
		\$ 64,530,649
		x <u>.12</u>
IPTC FY 2025 Goal:		\$ 7,743,678

The following is a summary of the methodology used to set this goal:

Pursuant to regulations adopted under 49 CFR Part 26, IPTC has adopted percentage goals for DBE participation which are consistent with its own spending patterns and with the amount of DBE participation that would be expected to be achievable in a race/gender neutral marketplace. The regulations require that the goal be based upon demonstrable evidence of relative availability of DBEs in the geographical and product market area of IPTC.

Step 1 Availability Analysis

First, IPTC forecasted the amount of federal funding expected to be received during fiscal years 2023 through 2025. These budget categories were broken down as much as possible and NAICS codes were assigned. For example, the Preventative Maintenance budget category was further broken down into

three subcategories: Vehicle Parts, Maintenance Chemicals, and Petroleum Fuels. The Indiana Department of Transportation (INDOT) administers the Uniform Certification Program for the State of Indiana and maintains a DBE locator tool and directory of DBE firms online. The assigned NAICS codes were searched within INDOT’s DBE directory to determine the number of ready, willing, and able (RWA) DBE firms available to IPTC in the marketplace. Next, those same NAICS codes were used to search the U.S. Census Bureau’s County Business Pattern Database. The marketplace was defined as Marion County, where IPTC is located, and the seven counties surrounding Marion County, which include, Boone, Hamilton, Hancock, Hendricks, Johnson, Morgan, and Shelby Counties. Finally, the weighting of relative availability to reflect the amount of money to be spent in each NAICS category was completed. Specifically, the number of RWA DBEs derived from the INDOT DBE Directory was multiplied by the applicable budget percentage in each fiscal year. The number of businesses found in the County Business Pattern database then divided these totals. This concluded the calculations in this step with results for each fiscal year reflected in the charts located in Appendix A. Actual Base Rates for each fiscal year and cumulatively are as follows:

Federal Fiscal Year 2023 = 14.43%
 Federal Fiscal Year 2024 = 11.01%
 Federal Fiscal Year 2025 = 22.39%
 Cumulative 2023– 2025 = 18.8%

Average = 15.94%
 Median = 14.43%

Step 2: Adjustments

With the base figures calculated, IPTC must examine all the evidence available in its jurisdiction to determine what adjustment, if any, is needed to the base figures to arrive at the overall goal.

IPTC considered the current capacity of DBEs to perform work on its DOT-assisted projects as evidenced by the volume of work DBEs have performed in recent years. IPTC’s overall DBE goal for the period 2020-2022 was 10%. IPTC’s overall DBE goal for the period 2017-2019 was also 10%. DBE participation in DOT-assisted contracts was achieved as follows since FFY 2017:

FFY	Total Federal Dollars	Dollars to DBEs	DBE Participation	Overall DBE Goal
2017	\$7,317,642	\$628,254	8.5%	10%
2018	\$68,898,874	\$11,383,206	16.5%	10%
2019	\$31,788,495	\$3,552,453	11.2%	10%
2020	\$11,793,475	\$931,538	7.9%	10%
2021	\$40,352,235	\$6,428,523	15.9%	10%
1 st half of 2022	\$77,223,714	\$7,336,315	9.5%	10%

Over the last five years, IPTC met or exceeded the corporations overall DBE goal of 10% three of the five years. IPTC's cumulative average DBE participation over the last five and a half years (2017 through first half of 2022) was 12.7%. USDOT has advised that using the median (instead of the average or mean) of past participation to make adjustments will be more accurate because the process of determining the median excludes all outlier (abnormally high or abnormally low) past participation percentages. The average annual DBE participation was 11.6%. The median of DBE participation was 11.2%.

Past utilization is a good barometer of future performance given that the types of projects to be undertaken in the 2023-2025 timeframe are very similar to the types of projects undertaken in the 2017-2022 timeframe. Both the Red Line and Purple Line BRT projects were awarded in the 2017-2022 timeframe. Construction contracts for the Blue Line BRT project, anticipated to be awarded in 2025, will involve identical construction trades for the work.

Cumulative data show the potential for DBE participation at 18.8% over the three-year period. The federal fiscal year 2025 rate is significantly higher than the 2023 and 2024 rates (22.39% compared to 14.43% and 11.01%) due to the federal dollars anticipated to be awarded for construction of the Blue Line BRT Project, which will be the largest public works project ever undertaken by IPTC. IPTC believes it would be unreasonable to rely on DBE participation on the Blue Line BRT project as heavily as data indicates. The data shows 19.92% of the total 22.39% potential utilization for fiscal year 2025 coming from the Blue Line Project. See Appendix A for more details. Historically, IPTC has not been able to garner robust DBE participation on public works projects despite aggressive goal setting and significant and directed project-specific outreach. IPTC believes lower than expected participation to be a result of capacity and availability of Indiana Certified DBEs for construction projects. For example, 41% of the federal dollars for the three-year period are allocated to the NAICS code Highway, Street & Bridge Construction. Eleven ready, willing and able DBE firms were identified in the INDOT DBE database. Five of those eleven firms do striping and pavement marking work, which will not be a significant portion of the Blue Line BRT construction project. The bulk of funds here will be spent on paving, curbs, sidewalk and site work. Lower than expected participation is also likely a consequence of working within a state statutory scheme that requires large public works projects to be awarded to the lowest responsive and responsible bidder.

Given that approximately 41% of all federal funds anticipated to be received during the three-year period is anticipated to go towards road work and repairs, an examination was made of INDOT's overall DBE Goal. (INDOT's federal funds are primarily for highway construction projects.) INDOT's overall DBE goal for 2020-2022 was 10.1%. This provides further support for lowering the IPTC goal from 18.8%. INDOT notes as well that large contract sizes (i.e. – the Blue Line BRT construction project) lead to larger subcontracts. As such, fewer businesses – particularly small businesses, many of which are minority- and women-owned businesses – would be available due to limited capacity to perform on larger contracts.

As a corporation, IPTC has had more reliable success garnering DBE participation on professional services-oriented projects such as engineering & design, accounting services, and staffing contracts. Participation on those types of projects often exceed contract goals. IPTC has been able to garner DBE

participation on facility renovation type projects, especially when there is a component for electrical work. Unfortunately, and despite outreach efforts, IPTC has had no historical DBE participation in several of the 2023-2025 budget categories including vehicle parts, maintenance chemicals, safety & security related equipment and installation or IT hardware/software.

Finally, IPTC reviewed and considered two recent disparity studies. One study was conducted by the Indiana Department of Administration, an executive branch agency within state government. The study was published in 2020 by BBC Research & Consulting. While the study centered on how the State was implementing its Minority and Women’s Business Enterprise Program and its Indiana Veteran-Owned Small Business Program, it is an informative report that can be used to refine implementations of the federal DBE program. Of note, the study found a disparity index of 141 for INDOT, indicating that minority and women-owned businesses received \$1.41 for every dollar one would expect them to receive based on their availability for that work. This gives confidence to the adequacy and appropriateness of INDOT’s DBE goal of 10.1%.

The current participation goals for State contracts were effective July 1, 2021 and are as follows:

	Construction	Goods & Services	Professional Services	Weighted Average Goal
Minority	7%	8%	8%	8%
Women	5%	13%	11%	10%
Veteran	3%	3%	3%	3%

BBC Research & Consulting also completed a disparity study for the City of Indianapolis and Marion County for the City’s Office of Minority and Women Business Development (OMWBD). Only three individual groups showed substantial disparities on construction contracts: non-Hispanic white woman-owned businesses (disparity index of 74), Asian Pacific American-owned businesses (disparity index of 14) and Subcontinent Asian American-owned businesses (disparity index of 12). No individual group showed disparities on architecture and engineering (A&E) contracts except for Asian Pacific American-owned businesses (disparity index of 2). This aligns with IPTC’s success in garnering DBE participation on A&E contracts.

The current participation goals for the City of Indianapolis are as follows:

Minority-Owned Business	15%
Women-Owned Business	8%
Veteran-Owned Business	3%
Disabled-Owned Business	1%

It should be noted that neither the State nor the city rely on the owner of a firm to have a net worth below a determined amount in order to qualify for certification. Any size firm may qualify, unlike the requirements for DBE certification. Thus, the relevant pool of firms for both state and city certifications are larger by definition.

The data show the potential for the cumulative DBE participation of 18.8% across the three-year period. However, IPTC is held to meeting its stated overall DBE goal on an annual basis each year within the three-year period. Given the high variance between the base rates calculated each year for the availability analysis and the considerations within this section that support a downward adjustment to the base figure, IPTC has adjusted its base rate and set an overall DBE goal for the period 2023 through 2025 of 12%. The corporation's DBE goal for the past 6 years has been 10%. IPTC has achieved a median DBE participation of 11.2% in recent years and believes it is important to set its overall goal to be both reflective of its past participation as well as account for the potential of future projects.

IPTC proposes to reach 100% of the overall DBE goal through race conscious means. IPTC is also committed to ongoing outreach efforts and coordination with the Indiana Department of Transportation, the City of Indianapolis Office of Minority and Women's Business Development, and the Indiana Department of Administration's Division of Supplier Diversity for the promotion of DBE and related certifications and the utilization of Disadvantaged Business Enterprises.

Appendix A

FY 2023 Proposed Project or Business Type	Budget Amount	NAICS Codes	Percent of Budget	RWA	CBP Metro	Rate-Metro
ADA Paratransit Service	\$3,932,241	485991	24.8%	6	15	9.92
Taxi Service	\$110,000	485310	.7%	0	4	0
Preventative Maintenance						
Vehicle Parts	\$4,800,000	423120	30.2%	1	92	.33
Maintenance Chemicals	\$120,000	424690	.8%	2	66	.02
Petroleum Fluids	\$360,000	424720	2.3%	1	6	.38
Other - IT Hardware	\$411,600	334118	2.6%	0	0	0
Red Line APS/BRT						
Traffic Signalization	\$105,815	238210	.7%	8	389	.01
Purple Line BRT						
IT Hardware	\$190,867	334118	1.2%	0	0	0
IT Software	\$445,356	423430	2.8%	1	37	.07
Super Stops 2.0 Construction						
Highway, Bridge & Street Construction	\$1,613,317	237310	10.1%	11	36	3.08
Traffic Signalization	\$100,925	238210	.6%	8	389	.01
Shelters	\$416,416	236220	2.6%	11	253	.11
IT Hardware	\$216,000	334118	1.4%	0	0	0
Transit Signal Priority Installation						
IT Hardware	\$338,320	334118	2.1%	0	0	0
IT Software	\$676,640	423430	4.3%	1	37	.12
Local Bus Stops						
Design & Engineering Services	\$670,000	541330	4.2%	26	398	.27
Solar Array						
Installation & Materials	\$980,000	335999	6.2%	0	0	0
Safety & Security						
Fencing & Gate Replacement	\$382,372	238990	2.4%	9	197	.11
TOTAL	\$15,869,869		100%			14.43

FY 2024 Proposed Project or Business Type	Budget Amount	NAICS Codes	Percent of Budget	RWA	CBP Metro	Rate-Metro
ADA Paratransit Service	\$3,503,347	485991	16.9%	6	15	6.76
Taxi Service	\$110,000	485310	.5%	0	4	0
Preventative Maintenance						
Vehicle Parts	\$4,800,000	423120	23.1%	1	92	.25
Maintenance Chemicals	\$120,000	424690	.6%	2	66	.02
Petroleum Fluids	\$360,000	424720	1.7%	1	6	.28
Blue Line						
Design/Engineering/CM	\$11,500,000	541330	55.3%	26	398	3.61
Safety & Security						
CCTV & Access Control Systems	\$392,340	561621	1.9%	3	58	.09
TOTAL	\$20,785,687		100%			11.01

FY 2025 Proposed Project or Business Type	Budget Amount	NAICS Codes	Percent of Budget	RWA	CBP Metro	Rate-Metro
ADA Paratransit Service	\$3,664,977	485991	5.7%	6	15	2.28
Taxi Service	\$110,000	485310	.2%	0	4	0
Preventative Maintenance						
Vehicle Parts	\$4,800,000	423120	7.4%	1	92	.08
Maintenance Chemicals	\$120,000	424690	.2%	2	66	0
Petroleum Fluids	\$360,000	424720	.5%	1	6	.08
Blue Line Construction						
Highway, Bridge & Street Construction	\$40,083,790	237310	62.2%	11	36	19
Traffic Signalization	\$2,058,636	238210	3.2%	8	389	.07
Stations	\$12,482,124	236220	19.3%	11	253	.84
IT Hardware	\$134,413	334118	.2%	0	0	0
IT Software	\$313,631	423430	.5%	1	37	.01
Safety & Security						
Security Cameras & Installation	\$403,078	561621	.6%	3	58	.03
TOTAL	\$64,530,649		100%			22.39

FY 2023-25 Proposed Project or Business Type	Budget Amount	NAICS Codes	Percent of Budget	RWA	CBP Metro	Rate-Metro
ADA Paratransit Service	\$11,100,565	485991	10.97	6	15	4.39
Taxi Service	\$330,000	485310	.33	0	4	0
Preventative Maintenance						
Vehicle Parts	\$14,400,000	423120	14.23	1	92	.15
Maintenance Chemicals	\$360,000	424690	.36	2	66	.01
Petroleum Fluids	\$1,080,000	424720	1.07	1	6	.18
Other - IT Hardware	\$411,600	334118	.41	0	0	0
Red Line APS/BRT						
Traffic Signalization	\$105,815	238210	.10	8	389	0
Purple Line BRT						
IT Hardware	\$190,867	334118	.19	0	0	0
IT Software	\$445,356	423430	.44	1	37	.01
Super Stops 2.0 Construction						
Highway, Bridge & Street Construction	\$1,613,317	237310	1.59	11	36	.49
Traffic Signalization	\$100,925	238210	.10	8	389	0
Shelters	\$416,416	236220	.41	11	253	.02
IT Hardware	\$216,000	334118	.21	0	0	0
Transit Signal Priority Installation						
IT Hardware	\$338,320	334118	.33	0	0	0
IT Software	\$676,640	423430	.67	1	37	.02
Local Bus Stops						
Design & Engineering Services	\$670,000	541330	.66	26	398	.04
Solar Array						
Installation & Materials	\$980,000	335999	.97	0	0	0
Safety & Security						
Fencing & Gate Replacement	\$382,372	238990	.38	9	197	.02
Blue Line						
Design/Engineering/CM	\$11,500,000	541330	11.37	26	398	.74
Safety & Security						
CCTV & Access Control Systems	\$392,340	561621	.39	3	58	.02
Blue Line Construction						
Highway, Bridge & Street Construction	\$40,083,790	237310	39.61	11	36	12.1
Traffic Signalization	\$2,058,636	238210	2.03	8	389	.04
Stations	\$12,482,124	236220	12.34	11	253	.54
IT Hardware	\$134,413	334118	.13	0	0	0
IT Software	\$313,631	423430	.31	1	37	.01
Safety & Security						
Security Cameras & Installation	\$403,078	561621	.40	3	58	.02
TOTALS	\$101,186,205		100%			18.8