

**DBE GOALS UP-DATE 2022/2024**  
**AUTONOMOUS MUNICIPALITY OF SAN LORENZO (MSL)**

Overall Goals

The FFY 2022/24 Overall goal for the Autonomous Municipality of San Lorenzo (MSL) Disadvantage Business Enterprise (DBE) Program for federal funded contracts is established in accordance to USDOT guidelines. The overall goal for fiscal years 2021/2023 has been established at **3.44%** utilizing the methodology described in 49 CFR Part 26.

Methodology:

The Autonomous Municipality of San Lorenzo-MSL as a recipient of FTA funds is mandated by USDOT to establish a goal for the utilization of DBEs on federally-assisted contracts. The MSL overall goal is expressed as a percentage of all Federal-aid total payments. This goal is based on demonstrable evidence of the availability of ready, willing and able DBEs relative to the universe of all businesses participating on Municipality of San Lorenzo-assisted contracts. The Regulation requires a two-step process for setting the DBE goal. The first step is to establish a base figure for the relative availability of DBEs. To establish the base figure, MSL has gathered information with respect to the estimated federal dollar share of each project category into the estimated federal dollar of each project. The second step is to adjust the base figure in order to determine the Municipality DBE goal. In accordance with 49 CFR 26.45 (c) (1), to arrive at the Base Figure, the Autonomous Municipality of San Lorenzo (MSL) elected to use of the DBE's Directory of the Puerto Rico Highway Authority to determine the relative availability of DBE's in several fields.

MSL divided the total number of DBE firms in their respective trade descriptions (that the Puerto Rico Highway Authority DBE Directory considers ready willing, and able) by the number of all business in the applicable NAIC codes appearing in the 2012 U.S. Census Bureau, specifically on the Census' Business Patterns for Puerto Rico. As a result, it arrived for the MSL a \_\_\_\_ % for overall goal.

The initial phase of the Step One analysis required the compilation of critical data regarding MSL's contracting, and the MSL decided to use the DBE Certified Listing for February 2021 and the companies census data for the fiscal year 2012 for step 1.

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

- Past utilization of DBEs on USDOT-assisted contracts;
- *Any future changes in the volume and distribution of contract dollars by category of work;*
- *Potential DBE contractors who may not qualify for re-certification;*
- *And other factors as referenced by 49 CFR Part 26. 45(d).*

Past utilization has not been used because the municipality has not had significant federally assisted projects for the last 5 years.

To determine the preliminary DBE goal base figure, the Municipality conducted the analysis and calculations described as follow in accordance with 49 CFR 26.45.

In setting the goals for the MSL, it is required that the goal setting process begin with a Base Figure for the relative availability of DBE's. The overall goal is based on demonstrable evidence of the availability of ready, willing and able DBE's relative to all business ready, willing and able to participate on USDOT-assisted contract. The goal reflect the level of DBE participation expected absent of the effect of discrimination. The normal market area is statewide consisting of firms that inquire, show interest, and performed work on similar projects. There are no boundaries established for firm to perform work. Geographically firms can move easily from one extreme of the Island to the other, depending upon necessities and working conditions. The distribution of federally aid projects that are put to bid around the island is in accordance with the bid plans specified in the projections of the MSL projects for the next five years in the local market. Any firm may participate in federally funded projects as long as they comply with state and federal regulations.

The following is the methodology chosen to calculate the MSL DBE annual goal and determine the relative availability of DBEs. To determine the preliminary DBE goal base figure, the Municipality conducted the analysis and calculations described as follow in accordance with 49 CFR 26.45.

#### **STEP ONE: Calculation of Base Figure**

The Municipality of San Lorenzo first identified the anticipated FTA-assisted projects scheduled to be built FFY 2021-2023 to determine (1) the type of projects where DBE participation was possible and (2) 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 MSL anticipated expenditures is shown in Table A:

Table A: represents construction and design projects to be awarded in fiscal years 2022-2024. For the next three years we have three projects to carry out. The first one is the Design of a new Downtown transportation Center at a cost of \$7000,000. The second one is the Installation of Security Cameras Along Bus Routes at a cost of \$461,00. Other contracting opportunities involve the provision of fuel, tires, sanitizing supplies and equipment, and spare parts for the operation of the municipal fleet, and technical consulting for the management of FTA funds.

**Table A: Anticipated FTA-Assisted Expenditures for FYs 2021-2023**

Description of Activity to consider for contracting DBE	Annual Element	Three Year Program			Total
	2020	2022	2023	2024	Est. Cost
Construction of Ramps and Reconstruction of Sidewalks		226,818	226,818		453636

Purchase and Installation of Street Signs			67680	67,680	135,360
Purchase and Installation of 15 Bus Shelters <sup>22</sup>			24,000	24,000	48,000
Installation of Security Cameras Along Bus Routes		77,067	77,066	77,067	231,200
Tires		2,000	2,000	2,000	6,000
Fuel		20,000	20,000	20,000	60,000
Spare parts		3,000	3,000	3,000	6,000
Administrative Consulting		20,000	22,000	22,000	64,000
Sanitizing Equipment and Supplies		1,500	1,500	1,500	4,500
<b>Sub-Total Federal Funds</b>					<b>1,002,696</b>

In accordance with 49 CFR 26.25, the overall DBE goal is expressed as a percentage of the federal FTA projected to be expended in MSL's FTA assisted contracts over the next three federal fiscal years. Therefore, we calculated the percentage of federal dollars allocated to each NAICS category by dividing the estimated dollar share of each NAICS category by the estimated federal dollar share of all projects to be performed for a total of **\$998,696**. The results of these calculations are shown in **Table D**:

#### **Selection of Relevant NAICS Codes:**

The selection of relevant NAICS codes for FFY 2018-2020 projects was based upon the anticipated construction and design projects. Table C displays the projects anticipated for this period. Actual projects undertaken are dependent upon available funding.

The staff at the Office of Project Development and Public Mobility analyzed the scope of work of each project category and assigned the **North American Industry Classification System (NAICS)** codes to the applicable work elements, as shown in Table C for projects of design or consulting.

#### **Table B: Determination of Total Establishments by Applicable NAICS Code in PR:**

After identification of the projects, the relevant NAICS Codes of companies that will perform the different contracts to be awarded were selected for determining the number of ready, willing, and able firms to be counted in the baseline calculation as shown in Table B:

<b>Table B:</b>	<b>Classification by NAICS Title and Industry Code for Construction</b>	
<b>Industry Code</b>	<b>Industry Code Description</b>	<b>Total Establishments including DBE's in PR</b>
238190	Highway, Street and Bridge Construction	123
561621	Security Systems Services	1644
441320	Tire and Tube Merchants	210
447110	Gas Fuel Providers	804
441310	Automotive parts and Accessories	682
541611	Management Consulting Services	114
44130	Hardware Stores	140
	<b>Total</b>	<b>3,717</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 DBE's. The recipient is required to measure willing and able businesses in its marketplace, using the best available evidence, to come up with a fair and accurate base figure that represents the percentage of available DBE's. According to Section 26.45 (c) and USDOT Tips, the overall goal must be based on demonstrable evidence of available ready, willing, and able DBE's relative to all ready, willing, and able non DBE's to participate on MSL's federally assisted contracts.

To establish the relative availability of DBE's to all comparable firms (DBE and Non-DBE's) in the MSL's market area, in applicable work categories (NAICS Codes) identified in Table B, the MSL followed one of the prescribed goal setting methodologies in accordance with 49 CFR 26.45. It determined that the DBE availability percentage by performing an inquiry of the Puerto Rico Unified Certification Program (PRUCP) DBE directory and the most recently available (2012) U.S. Census Bureau County Business Patterns (CBP) database.

For each NAICS code/subsector, the MSL calculated the number of DBE's (numerator) and the number of all firms (denominator) in each NAICS code subsector, and they arrived at a percentage for each project category.

**Table C: Base Figure Availability**

<b>NAICS CODES</b>	<b># of DBE's available to perform work</b>	<b># of all firms available (including DBE's)</b>	<b>Relative Availability</b>
238190 Highway, Street and Bridge Construction	37	123	.037
561621 Security Systems Services	6	1644	.0036
447110 Gas Fuel Providers	0	804	0
441320 Tire and Tube Merchant	1	210	.0048

441310 Automotive Parts and Accessories	1	682	.0015
541611 Consulting Services	18	114	.1579
44130 Hardware Stores	0	140	0
<b>Combined Totals</b>	<b>63</b>	<b>3,717</b>	<b>.0169</b>

USDOT Tips requires that the calculations of the relative base figure by dividing the number of market area DBE's by all market area businesses (DBE's and non-DBE's). The result in the case of the MY's projects is 1.36 %.

$$\begin{aligned}
 \text{Base Figure} &= \frac{\text{Ready, willing, and able DBE's}}{\text{\# of all firms available (Including DBE's and non-DBE's)}} \\
 &= \frac{63 \text{ DBE's}}{3,717 \text{ Total Businesses}} = 1.69 \%
 \end{aligned}$$

This number is the percentage of DBE's in the MY's market area. To more accurately reflect the nature and the scope of work, the USDOT Tips recommends a weighted calculation of availability. This calculation is based on expenditures in each NAICS code, is also provided.

#### A. 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 MY's federally funded contracts are identified on a contract by contract basis after federal funding is received, weights can be calculated based on anticipated contracts.

To determine the weight of each project we divided the amount of money allocated to each project by the total amount of funds assigned to the MY as indicated in Table D:

**TABLE D Weight of Each Project**

Project	Funds Assigned	Total Funds Assigned to MSL	Weight of Project
238190 Highway, Street and Bridge Construction	636,996	1,002,696	.6353

561621 Security Systems Services	231,200	1,002,696	.2305
441320 Tire and Tube Merchant	6,000	1,002,696	.0060
447110 Gas Fuel Providers	60,000	1,002,696	.0598
441310 Automotive Parts and Accessories	6,000	1,002,696	.0060
541611 Consulting Services	64,000	1,002,696	.0638
44130 Hardware Stores	4,500	1,002,696	.0045

The percentage of DBE's to all firms for each project category was then multiplied by the percentage of federal funds allocated to each project category. The resulting ratios were then added to arrive at the preliminary base figure as shown in **Table E**.

**Table E: Determination Of Weighted Base Figure Percentage**

NAICS Category	(A) Weight	(B) Availability	Weighted Base Figure
238190 Highway, Street and Bridge Construction	.6353	.037	<b>.0235</b>
561621 Security Systems Services	.2305	.0036	<b>.0008</b>
441320 Tire and Tube Merchant	.0060	.0048	<b>.00003</b>
447110 Gas Fuel Providers	.0598	<b>0</b>	<b>0</b>
441310 Automotive Parts and Accesories	.0060	.0015	<b>.000009</b>
541611 Consulting Services	.0638	.1579	<b>.0100</b>
44130 Hardware Stores	.0045	0	<b>0</b>
Total			.0344
Expressed as a %			<b>3.44</b>

## STEP TWO: BASE FIGURE ADJUSTMENT

### Consideration for Adjustment of Base Figure:

Almost all participants and/or possible bidders in our transportation and construction projects are minorities (Hispanics) as defined by 49 CFR Part 26. The MSL established for this fiscal year a participation goal of three point forty four percent **(3.44%)** and the factor considered to maintain our overall annual DBE goal at this percentage is the analysis of federally assisted programs and bidder's list records for the previous five fiscal years and the amount of projects awarded.

For the projects included, the MSL will conduct assessments of the possible bidders, contracts and/or professional services to obtain pertinent data and be more efficient in the measurement of the capacity of the DBEs in the local market. The MSL's review of the current capacity of DBEs to perform work on future DOT assisted contracts as measured by the volume of work DBEs have performed in recent years has concluded that this capacity is adequate. Procedures to implement other corrective actions deemed appropriate to remediate instances of discrimination shall be established, as permitted by law. According to 49 CFR Part 26, step two of the calculation process should consider the evidence to determine if adjustments are needed in the base figure to arrive at an overall goal. The MSL considered all available evidence in its jurisdiction to determine if that adjustment is necessary by considering the participation of DBE's in projects performed in recent years. The Municipality has not done a project involving the award of a contract financed with FTA funding for the past 10 years it does not have any basis to consider that an adjustment may be necessary.

### Race Conscious & Race Neutral Participation:

In order to ensure that our DBE program will be narrowly tailored to overcome the effects of discrimination, if we use contract goals we will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 26.51(f)) and we will track and report race-neutral and race conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry DBE goal; DBE participation on a prime contract exceeding a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

The population in Puerto Rico as defined by the regulation is Hispanic (98.9% as of 2000 census) - and are considered minority. For that reason, after the review of the overall DBE participation, the MSL has elected **1%** race gender-neutral and **2.44%** race conscious as contracting methods to attaining our **DBE 3.44% goal** for FFY 2021/23.

The race gender-conscious DBE participation will be three point forty four percent **(3.44%)** unless it is determined that race gender-neutral are not effective in achieving the overall annual goal for the next three federal fiscal years (FFY 2021/23). Individual contract goals will be used only if race neutral measures prove to be unsuccessful toward achieving our overall annual goal. 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 gender-neutral and race gender-conscious participation as needed to reflect actual DBE participation in accordance with 49 CFR

Part 26.51 (f). To that end, contract goals will only be used for contract that have subcontracting opportunities upon funds availability.

The Municipality of San Lorenzo will implement the following race conscious measures to meet its race conscious goal:

- a. Arrange solicitations, times for presentation of bids, quantities, specifications, and delivery schedules to facilitate DBE participation
  - Unbundling contracts to make them more accessible to small business
  - Requiring and encouraging large contractors to subcontract portions of their work to DBEs that they might do themselves
- b. Carrying out information and communication programs on specific contract procedures and Contract opportunities
  - Ensure the inclusion of DBEs in recipient mailing lists for bidders
  - Ensure dissemination to bidders on prime contract of lists of potential DBE contractors
  - Provision of information in the Spanish language
  - Ensure distribution of the UCP DBE Qualified Directory, through print and electronic means to the widest feasible universe of potential prime contractors

### **Disparity Studies**

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

### **Public Participation and Outreach Efforts**

In accordance with 49 CFR 26.45 (g), the Autonomous Municipality of San Lorenzo 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 minorities, 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 the efforts of the MSL to establish a level playing field for the participation of DBEs.

The Municipality of San Lorenzo (MSL) will consult with its advisors to obtain information concerning the availability of disadvantaged and non-disadvantaged business, the effects of discrimination on opportunities for DBEs, and the Municipality of San Lorenzo's efforts to establish a level playing field for the participation of DBEs. These advisors include individuals, minority women groups, general contractor groups, community organizations, and other officials or organizations.



Following this consultation, the MSL will publish a notice of the proposed overall goal, three months before the start of the federal fiscal year (October 1) informing the public that the proposed goal, and its rationale.

MSL published the notice of the proposed overall goal on June 2020, three month before the start of the FFY October 1, informing the public of the overall goal for FFY 2021-2023 and its rationale. The information is available for inspection during normal business hours at its Secretary for Infrastructure Development Office for thirty (30) days after the notice is published. The public will have forty five (45) days after the notice is published to submit comments to the MSL or the DOT. It has been published in a regional newspaper, where other public notices are published regarding contracting opportunities such as bidding, RFPs, etc. It is also available in our web page.

Because the FY is already running, the Municipality of San Lorenzo will directly contact those firms, listed as certified DBEs by the UCP prepared by the Puerto Rico Highway Authority, though email and phone calls to provide them an opportunity to comment on its goal determination methodology and provide feedback on ways to increase DBE participation in projects financed with FTA funds.