# Central Indiana Regional Transportation Authority

# Target Methodology

# Disadvantaged Business Enterprise Contracting

# Calendar Years 2022-2026

Approved by the CIRTA Board on December 6, 2022

## Summary

This document provides the basis for setting DBE (disadvantaged business enterprise) contract targets for the Central Indiana Regional Transportation Authority (CIRTA) for outside vendor procurement for the years (Calendar and Fiscal) of 2022 to 2026, a five-year interval. Based upon generally-accepted methodologies and available data sources, a DBE “base” (i.e., the percentage of contract awards that would go to DBEs if selection was entirely random) is 11.5%. Setting a realistic target above that base, CIRTA proposes a DBE *target* of 15.6%.

## Introduction

Federal procurement policy instructs grantees (including CIRTA) to encourage disadvantaged business enterprise (DBE[[1]](#footnote-2)) participation as vendors for contracts associated with federally-funded programs. A key performance measure used to evaluate a grantee’s effectiveness for this objective is a comparison of the total proportion of awards received by DBE vendors to a previously-set target. Establishing the DBE participation target is the purpose of this document.

## Methodology

### Estimated procurement opportunities, 2022-2026

CIRTA administers three core programs:

* *Commuter Connect*, which includes a vanpool leasing program.
* *County Connect*, which includes a transportation voucher program managed by a vendor; and
* *Workforce Connect*, a reverse-commute public transit service that connects the Indianapolis public transit system (“IndyGo”) to suburban employment districts outside of IndyGo’s service area.

In addition, CIRTA participates in regional transportation planning and promotion. Many administrative services, such as legal, human resources, information technology, and public outreach, are delivered through vendor contracts.

A review of recent annual budgets informs projected costs for these programs and services. It should be noted that some of these programs may be undergoing changes during the term of this policy. The following list gives an overview of the 5-year assumptions used here:

* The current proportion of administrative services that is outsourced will not change;
* Vanpool lease fees will increase by 10% per year;
* The voucher program fees will not increase; and
* Two (2) workforce connector routes will be administered.

Note that this list is not intended to cover every possible outcome of CIRTA’s activities over the time period, but rather gives a sense of scope to the DBE target-setting process.

The total dollar amount of contracts estimated for this period is listed in the following Table 1:

**Table 1: Projected vendor contracting opportunities, 2018-2022**

|  |  |
| --- | --- |
| **Program** | **5-year amount** |
| Vanpool programs | $ 1,600,000[[2]](#footnote-3) |
| Voucher Services | $ 300,000 |
| Connector Services | $ 3,750,000 |
| Professional/Technical | $ 3,000,000 |
| ***Total*** | ***$ 8,650,000*** |

### Setting of Base Percentage

The DBE “base” informs the target-setting process by estimating the proportion of awards that would go to DBEs if vendors were randomly selected. For each of the contracting opportunity categories in Table 1 (above), the proportion of DBE firms eligible to submit proposals or bids was estimated.

CIRTA used the firm registration process used by the Indiana Department of Administration (IDOA) to assess the proportion of DBE firms for each category. Registering with IDOA is a requirement in order to conduct business with any State agency (except for the Indiana Department of Transportation [INDOT][[3]](#footnote-4) ), and includes information on NAICS codes (a useful system for classifying the product or service of the firm) and participation in the State’s DBE program.

Conclusions for the availability of DBEs for each of the contracting categories are listed below:

* ***Vanpool programs***. While the NAICS code system does include an entry for vanpool formation, there are no firms in the State formally registered as such (CIRTA’s existing contractor, which is not a DBE, is actually registered as a car rental company). Not being content with having only one available company with which to contract, CIRTA continually networks with other ride-share programs to see if there are other interested vendors, to no avail. DBE availability: 0%.
* ***Voucher programs***. Note that there is no NAICS code for voucher-based transportation assistance. Furthermore, the nature of voucher programs is such that the transportation provider is not necessarily known in advance; it may be the case that the provider ends up being a DBE, but because the passenger is choosing the service, this selection cannot be controlled. The administrator of the program, the Central Indiana Council on Aging, is a quasi-public, not-for-profit agency. No other providers of transportation voucher programs are known in Central Indiana. DBE availability: 0%.
* ***Connector services***. The IDOA directory lists five (5) DBE companies in Indiana that provide charter bus transportation[[4]](#footnote-5). However, only one was available in Central Indiana, and provides limousine rather than shuttle service; this firm was therefore eliminated from further consideration. DBE availability: 0%.
* ***Professional/Technical services***. Because these types of services may fall under a large variety of classifications in the UNSPSC system, the umbrella (2-digit) UNSPSC codes of 80 through 84 were used as a proxy for DBE availability. Of the 10,365 businesses in this category, 3,462 are classified as DBEs. DBE availability: 33%.

Table 2 applies the DBE availability for each category to the total projected awards, to arrive at an estimate of contracts that would be awarded to DBE firms under the condition of random selection:

**Table 2: Projected DBE awards under random selection**

|  |  |  |  |
| --- | --- | --- | --- |
| **Program** | **5-year amount** | **DBE avail.** | **DBE awards** |
| Vanpool programs | $ 1,600,000 | 0% | $ - |
| Vouchers | $ 300,000 | 0% | $ - |
| Connectors | $ 3,750,000 | 0% | $ - |
| Professional/Technical | $ 3,000,000 | 33% | $ 1,000,000 |
| Total | $ 8,650,000 | **11.5%** | $ 1,000,000 |

Given the assumptions and data listed above, then, the total proportion of contract awards that would go to DBE firms is expected to be around 11.5%. This figure constitutes the DBE “base”.

### DBE Target setting

It is evident from examining Table 2 that DBE participation in projected CIRTA contracting is severely hampered by the complete (known) lack of DBE availability in three categories (vanpools, vouchers, and connectors). The entry of a single DBE into either the vanpools or connectors category would significantly alter the calculation of the DBE base. CIRTA will continue to encourage firm (DBE and otherwise) formation in these categories, but it is impossible to know whether these efforts will bear fruit.

Since the burden of meeting a DBE target falls entirely upon the fourth category (professional/technical), it should be noted that even if all the awards in this category went to DBEs (which is an unrealistic assumption), the overall DBE participation would only be 35%. An aggressive yet reasonable DBE target for this category is 45%, resulting in an ***overall DBE target of 15.6%.***

1. DBE terminology varies across jurisdictions and can therefore be confusing. The federal government uses “DBE” as an umbrella term that incorporates other classifications, including minority business enterprise (MBE), woman-owned business enterprise (WBE), veteran-owned business enterprise (VBE), and others. This document will use “DBE” as a catch-all for these other categories, and any targets are set for DBEs as a whole; sub-targets (for MBEs, WBEs, etc.) will not be made. [↑](#footnote-ref-2)
2. Note that this is not a guaranteed contract amount, but rather an estimate (and projection) of total revenues to the vendor given current participation levels in the program. [↑](#footnote-ref-3)
3. INDOT maintains its own firm and DBE registration process separate from IDOA. For purposes of this analysis, it should be noted that INDOT breaks out construction vendors into many different categories, and consolidates many other categories of interest; several of the categories in Table 1 are not listed therein. Accordingly, CIRTA has determined that the IDOA firm listing is more applicable to its needs than the INDOT firm listing. [↑](#footnote-ref-4)
4. There are several more companies that provide specialized transportation services, but this was judged to be a substantially different type of service, and will not be considered further. [↑](#footnote-ref-5)