

**CITY OF PHOENIX**  
**DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM**  
**FEDERAL TRANSIT ADMINISTRATION (FTA)**  
**FEDERAL FISCAL YEARS 2024-2026 DBE GOAL PROPOSAL**

**Introduction**

The City of Phoenix Public Transit Department hereby sets forth its Disadvantaged Business Enterprise (DBE) Goal for FTA-assisted contracts and corresponding federally prescribed goal-setting methodology for the Federal Fiscal Years (FFY) 2024-2026, under 49 CFR Part 26, Section 26.45. The City of Phoenix, as a race and gender-neutral agency since 2010, has calculated the overall DBE goal for Federal Fiscal Years (FFY) 2024-2026 to be **7.84** percent.

**Public Notice and Comment**

The City of Phoenix followed the federal methodology to establish the overall goal. Minority-Women, general contractor groups, and community organizations were consulted. The proposed goal and its rationale were made available for public comment. Two public meetings were held to share the proposed goal, explain the rationale, and provide an opportunity for public feedback.

In addition, a public outreach campaign was conducted to engage as many interested stakeholders as possible to inform the upcoming DBE goal changes. The outreach campaign included an informational website, local minority and non-minority newspaper outlets, and email blasts to Minority-Women and general contractor groups, including community organizations and social media. The information was made available for comment for 30 days following the date of the notice.

**FTA-Assisted Contracts for the FFY 2024-2026**

Listed below in Table 1 are the FTA-assisted contracts projected to be awarded in FFY 2024-2026. The contracts listed include a variety of opportunities for DBE participation, including design, construction, professional services, and fixed route operations services. The table is organized by project owners who reflect the City of Phoenix and three (3) of the sixteen (16) subrecipients that identified FTA-funded projects during the reporting period.

**Table 1: Projected FTA- Assisted Contracts (FFY 2024-2026)**

<b>Project Description</b>	<b>Project Owner</b>	<b>Estimated Project Cost</b>
North Transit Facility ( <i>Design</i> ) Infrastructure Improvement for Alternative Fuel	City of Phoenix	500,000

North Transit Facility ( <i>Construction</i> ) Infrastructure Improvement for Alternative Fuel	City of Phoenix	8,000,000
North Transit Facility Parking Structure ( <i>Construction</i> )	City of Phoenix	10,000,000
North Transit Facility Parking Structure ( <i>Design</i> )	City of Phoenix	750,000
West Transit Facility Infrastructure Improvement for Alternative Fuel ( <i>Construction</i> )	City of Phoenix	10,000,000
South Central Transit Oriented Development Community Plan Implementation	City of Phoenix	1,285,000
Taxi Voucher Program	City of Glendale	180,000
Transit Infrastructure Grant - Bus Shelters	City of Mesa	1,200,000
<b>Total estimated value for all contracts</b>		<b>\$31,915,000</b>

Listed below in Table 2 is A summary of the work categories, North American Industry Classification codes (NAICS), and the estimated dollar amounts per NAICS code for the potential project opportunities for DBE participation during FY 2024-2026. The estimated trade area values are based on engineer estimates. **ATTACHMENT 1, TAB 1**

**Table 2: Projected Scopes of Work and Trade Area Dollar Values**

<b>Category of Work</b>	<b>NAICS</b>	<b>Estimated Trade Area Values</b>
Concrete	238910	1,579,400
Electrical	238210	2,396,600
Utilities	237110	36,000
Metal Fabrication	332999	492,000
Translation Services	541930	128,500
Marketing	541613	771,000
Ground Transportation	485999	180,000
Survey	541370	165,000
Masonry (Block layer)	238140	360,000
Geotechnical	541330	125,000
Earthwork	238910	520,000
HVAC	238220	360,000
Trucking	484110	140,000
Construction Administration	541611	280,000
Engineering Consultant Services	541330	1,217,500

Demolition	238910	500,000
Carpentry	238350	200,000
Elevator	238990	750,000
Structural Steel	238120	250,000
Striping	237310	25,000
Asphalt	237310	450,000
Signage	237310	15,000
Traffic Control	561990	50,000
Temporary Fencing	238990	150,000
SWPPP/Dust Control	541620	250,000
Fire Sprinklers	238220	500,000
Security System/CCTV	238210	250,000
Curb and Gutter	237310	250,000
	<b>Total</b>	<b>\$12,391,000</b>

## METHODOLOGY

The City's FY 2024-2026 triennial goal-setting methodology follows the guidance outlined in 49 CFR Part 26, Section 26.45.

To determine the relevant market area, the City has utilized the "75 percent rule" applied and generally accepted by courts in antitrust cases and disparity analysis in determining the local market area. This determination is consistent with the City's 1999 Second Generation Disparity Study findings and the 2005 Minority, Women, and Small Business Enterprise (M/W/SBE) Program Update Study.

### Step One: Determine Base Figure

The City of Phoenix followed the prescribed federal methodology per 49 CFR Part 26 to determine the base figure of available DBE firms relative to all firms in the same work category (DBE and Non-DBE) that are ready, willing, and able to bid on FTA-assisted contracts. To establish the City's base figure, research was conducted to determine the firms available to perform the scopes of work detailed in each proposed contract. These included businesses licensed by the Arizona Registrar of Contractors, registered businesses in Arizona's Transportation Business Portal, Arizona Board of Technical Registration, Dun & Bradstreet, and census data. In addition, a review of the City's Certification and Contract System for businesses that had bid on similar contracts during the last goal period and firms that were found using various online resources. Certified DBEs were also found using the Arizona Unified Certification Program listed on the Arizona Department of Transportation (ADOT) website.

Relative Base Figure = Ready, willing, and able DBEs in the work category  
ALL ready, willing, and able businesses in the work category

Below is an example that provides the figures of how the City of Phoenix determined the number of certified DBE firms and non-certified firms in various work categories. The

Base Figure of 1.32 percent was calculated by dividing the total number of relative available DBEs certified to work in the specified work categories (890) by the total number of all available firms in all work categories (6727) inherent in the contracts projected to be awarded with FTA funding. **ATTACHMENT 1, TAB 2**

$$\text{Relative Availability } 13.23\% = \frac{890}{6727}$$

**Step Two: Adjusting the Base Figure**

Under regulatory guidance, the department considered the following factors to determine if adjusting the Weighted Base Figure was necessary to reflect other known factors in the relevant market area.

- A. Historical Participation of DBEs on FTA Contracts – Based on historical payment data from the City of Phoenix’ Uniform Reports of DBE Awards or Commitments and Payments reported to the FTA, the median FFY 2019 through 2022 participation was 0.004 percent. This value suggests a possible downward adjustment in **ATTACHMENTS 1 (TAB 3), 2, 3, 4, and 5**. This goal attainment is demonstrated in the data below.

<b>FTA DBE Goal Attainment</b>		
<b>Federal Fiscal Year</b>	<b>FTA DBE Goal Attainment percent</b>	<b>Triennial Goal</b>
2019-2020	.39	8.20
2020-2021	1.2	8.20
2021-2022	0	8.20
<b>Median</b>	<b>.004%</b>	<b>8.20</b>

- B. Bidders List – The City of Phoenix bidder’s lists for past procurements were used for unique procurements that matched the scopes of work in upcoming contracts. The names of firms that showed interest in city procurement efforts were included in the calculations of base availability.

- C. Weighted DBE Availability – The City of Phoenix continues to be a leader in capital programs in the state. The City of Phoenix Aviation Department works on several multi-million-dollar construction projects. ADOT continues to undertake highway widening and the construction of a new urban freeway that began in the fall of 2020. The Arizona State Transportation Board approved the 2024-2028

Five-Year Transportation Facilities Construction Program<sup>1</sup>. The program includes more than \$9 billion in transportation investments and commits \$2.6 billion to upgrade pavement conditions and to work on bridge preservation projects across Arizona over five years. These developments are being developed to support the population growth statewide, with many projects occurring within Maricopa County. This information indicates an availability for project opportunities and the use of DBEs in various specialties. While there will be many projects related to concrete and site preparation, projects will also include the development of alternative fuel improvements as we work to maintain the Arizona Clean Air and the Federal Clean Air Acts.

These projects reflect the department's 2024-2026 project period and include a wide range of potential DBE participation. Areas of work opportunities include Masonry (NAICS 238140), Electrical (NAICS 238210), Earthwork (NAICS 238910), and Geotechnical (541330). DBE participation in the work areas of Construction Administration (NAICS 541611) and Engineering Consulting (NAICS 541330) was reduced by 30 percent as several agencies use the same pool of firms. These multi-year projects will limit the availability of DBEs in these trade areas. **ATTACHMENT 1, TAB 3**

- D. Disparity Study – Since the City of Phoenix does not have a recent disparity study and is currently in the process of taking appropriate measures to request a study to determine shortfalls, it has taken steps to consult and utilize the Arizona Department of Transportation's (ADOT) 2020 Disparity Study and the 2022 DBE Availability Study to determine if the data could be used in the department's Triennial Goal Setting process. ADOT's relevant market area encompasses the entire state of Arizona, while the relevant market area for the City of Phoenix is Maricopa County. ADOT's projected contracts include heavy civil construction projects, while the City's projected projects are primarily the design and construction of parking facilities, bus stop shelters, and light rail construction. Based on the 2020 Disparity Study, ADOT's overall DBE goal was 14.64 percent for federal fiscal years 2022-2024<sup>2</sup>. At the time of the study, ADOT considered the uncertainty of the potential impact on the construction industry due to the health pandemic. ADOT's current DBE goal is a 9.85 percent DBE goal for FTA-related contracts for FFY 2025-2027, to be achieved entirely through race- and gender-neutral measures.<sup>3</sup>

After a review of all relevant information considering the historical percentage of DBEs and the weighted availability of DBEs, the overall DBE was adjusted to 7.83

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<sup>1</sup> [2024-2028 ADOT Five-Year Transportation Facilities Construction Program](#)

<sup>2</sup> [2020 DBE Disparity Study | Department of Transportation \(azdot.gov\)](#)

<sup>3</sup> [2022 DBE Availability Study | Department of Transportation \(azdot.gov\)](#)

percent. The adjustment was based on the following process: the weighted base DBE figure is the weight (value of funding of a certain NAICS code) multiplied by the availability of the DBEs in that skill. These are determined for each NAICS code and summed up to an initial weighted base figure of 12.06%. The NAICS codes were reviewed and reflect the range of project work areas available. Construction Administration and Engineering consulting were reduced due to the availability of competition from other regional cities and ADOT's projected projects and the fact that fewer contractors bid on our projects. This gives an adjusted weighted DBE Availability of 15.67% for all trades. The goal was then determined by adding the adjusted weighted DBE availability and median DBE participation (.004% + 15.67%) and dividing that number by two, which gives us 7.84%.

### **ATTACHMENT 1, TAB 3**

#### **Step Three: Calculate the race- and gender-neutral and race- and gender-conscious portions of the overall goal.**

The city achieves its triennial goal entirely through race- and gender-neutral measures. Because no current Disparity Study is applicable to the department, there is no factual predicate to justify a race- and gender-conscious component. In 2015, the FTA instructed Phoenix to wait on conducting a disparity study, as ADOT had recently completed a disparity study that resulted in a race- and gender-neutral plan for ADOT's FTA-assisted contracts. The City of Phoenix awarded a two-year contract to Mason Tillman on August 31, 2023, to conduct an availability and disparity study.

#### **Proposed Overall DBE Triennial Goal**

The City of Phoenix Public Transit Department proposes a DBE triennial goal of 7.84 percent for FTA-assisted projects for federal fiscal years 2024-2026. The triennial goal, which will be achieved through race- and gender-neutral measures, was established under 49 CFR Part 26.45 and FTA guidance. The goal is based on current analyses of ready, willing, and able DBEs relative to all available businesses in the relevant market area.

During FFYs 2024-2026, the department and its subrecipients anticipate awarding 8 FTA-assisted contracts totaling \$31,915,000 (**ATTACHMENT 1, TAB 5**). The FTA federal percentage will constitute \$25,532,000 (80 percent) of the projected contracts, and the proposed DBE goal represents \$9,912,800 (80 percent) of this FTA funding.

### **ATTACHMENT 1, TAB 4**

#### **Race- and Gender-Neutral Implementation Measures**

The City of Phoenix Public Transit Department conducts race- and gender-neutral outreach. Since 2019, the City of Phoenix has collaborated with several agencies in hosting eight Small Business outreach events (**ATTACHMENT 8**). It promotes the participation of DBEs, Small Business Concerns (SBCs), and Small Business Enterprises (SBE) (City of Phoenix Certified) in the City of Phoenix FTA-assisted

contracting. The department plans to continue to implement the following race- and gender-neutral measures for the FFY 2024-2026:

- Partner with other city departments and state agencies in hosting events to reach the largest number of contractors possible.
- Host and participate in workshops for DBEs, SBCs, and SBEs.
- Provide pre-bid/pre-proposal conferences to explain bidding requirements and offer a networking opportunity for primes and subcontractors.
- Reach out to the small business contracting community to promote the value of DBE certification.
- Educate the contracting community on the best way to find DBE contractors ([utracs.azdot.gov](http://utracs.azdot.gov)).
- Continue to promote the participation of DBEs, SBCs, and SBEs at conferences and expos.
- Active efforts to unbundle contracts to encourage small business participation.

### **Public Notice and Comment**

The City of Phoenix Public Transit Department routinely meets with stakeholders and advocates to gather information and recommendations regarding DBE participation in the department's contracts. Considering the availability to participate during regular business hours, the City of Phoenix used several means of encouraging required stakeholder consultation.

First, two virtual presentations and outreach events were held on August 4, 2023, and again on August 23, 2023 (**ATTACHMENTS 6 and 7**). The meetings were held virtually to offer greater participation. A total of (27) stakeholders attended both meetings. Public Transit staff provided an introduction and overview of the purpose of the Triennial DBE Goal; presented the methods for calculating the DBE Triennial Goal; explained the trades needed for each upcoming project; and shared information on contracts scheduled during the goal period. The City of Phoenix Equal Opportunity Deputy Director introduced himself, reiterated the DBE Program's importance, and thanked everyone for attending the meeting—none of the public comments received challenged or refuted the city's goal-setting methodology and data presented.

After the methodology and projects were reviewed, the following questions were asked by the public:

- How could people locate the presentation afterward?
- What are the best ways for prime contractors to contact other small businesses?
- What are the upcoming technology and IT projects?
- Where do people locate the upcoming projects discussed?

City staff responded to the audience's questions and concerns. Staff also explained our website and how to locate all subrecipient website links. Staff also encouraged small businesses to take the lead and reach out and introduce themselves to primes before a

contract becomes available. All questions were answered, and participants were satisfied with the responses.

The information on virtual presentations and outreach events was published on the City of Phoenix Public Transit website<sup>4</sup>. It was also disseminated to small businesses through the online reporting system (B2Gnow) and via email. Contractors were asked to share the information within their current and previous subcontractors. The notice of public comment, the virtual presentation, and the outreach event were published in local publications (Arizona Republic, the Arizona Informant, and AZCentral.com) and were also published in Spanish in the local La Voz newspaper **ATTACHMENT 9**.

At the time of the published announcement, the City of Phoenix Public Transit Department expected a triennial goal of 7.83 percent. However, during a final review of the triennial goal data, it was found that the FTA DBE Goal Attainment percentage had initially included an incorrect estimate. Therefore, after the appropriate adjustments, the City of Phoenix, as a race and gender-neutral agency since 2010, has calculated the overall DBE goal for Federal Fiscal Years (FFY) 2024-2026 to be 7.84 percent.

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<sup>4</sup> [City of Phoenix Public Transit Website](#)



## ATTACHMENTS

ATTACHMENT 1 – COP\_Weighting Base Figure Worksheet\_FINAL

ATTACHMENT 2 – Uniform Report 10.1.2019 to 9.30.2020

ATTACHMENT 3 - Uniform Report 10.1.2020 to 9.30.2021

ATTACHMENT 4 - Uniform Report 10.1.2021 to 3.31.2022

ATTACHMENT 5 - Uniform Report 4.1.2022 to 9.30.2022

ATTACHMENT 6 – Aug 4\_Outreach Mtg\_attendance

ATTACHMENT 7 – Aug 23\_Outreach Mtg\_attendance

ATTACHMENT 8 – Small Business Outreach Events 2019-2023

ATTACHMENT 9 – Affidavits of publication