

**Macatawa Area Express (MAX) Transportation Authority
Holland, Michigan**

Disadvantaged Business Enterprise (DBE) Program

DBE Goal Calculation & Methodology

Fiscal Years 2025-2027

ATTACHMENT 4**Macatawa Area Express (MAX) Transportation Authority****Holland, Michigan****Overall Goal Calculation & Methodology****Introduction**

Pursuant to Title 49 Code of Federal Regulations (CFR) Part 26, the Macatawa Area Express Transportation Authority (MAX) presents its overall Disadvantaged Business Enterprise (DBE) goal and goal methodology for federal fiscal years 2025 through 2027. The purpose of the DBE goal-setting process is to level the playing field so that DBE firms can fairly compete for contracts with funding assistance from the Department of Transportation while ensuring that the program is narrowly tailored in accordance with applicable law.

This report complies with the Disadvantaged Business Enterprise (DBE) rule in Title 49 Code of Federal Regulations Part 26 (49 CFR 26) and details the Macatawa Area Express Transportation Authority's process for setting the Federal Fiscal Year (FFY) 2025-2027 overall 3-year goal for DBE participation in federally assisted transit projects.

As a recipient of federal financial assistance—and as a condition of receiving this assistance—MAX has signed an assurance that it will comply with the DBE program requirements set forth in 49 CFR 26. Requirements include a three-year DBE goal be submitted for review by the Federal Transit Administration. This submission includes 1) a description of the methodology used to establish the goal, including the base figure and evidence with which it was calculated, and the evidence relied on if any adjustments were applied; and 2) a projection of the portions of the overall goal expected to be met through race/gender neutral and/or race/gender conscious measures.

Pursuant to USDOT regulations adopted under 49 CFR Part 26 which went into effect in FY 2000, MAX has adopted percentage goals for DBE participation which are consistent with MAX's own spending patterns and with the amount of DBE participation that would be expected to be achievable in a race/gender neutral marketplace.

For any questions or comments, please contact:

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The overall goal is developed by a two-step method set forth within the federal regulations as defined in 49 CFR Part 26.45. The base figure was determined by forecasting projected projects using federal funds. Over the next three years, MAX will continue to invest in the maintenance of its facilities and vehicles, including rehabilitation of the Padnos Transportation Center while also targeting IT improvements. The base figure for the next three years consists in part on these capital investment projects, in addition to general operational support opportunities in such areas as grounds maintenance and snow removal,

marketing, printing, and advertising, vehicle tires and parts, legal services, office supplies, and electrical and HVAC contracting.

Anticipated work categories using FTA assisted contracts in the coming three (3) fiscal years (those using federal funds) have been identified in Table 1, including their respective cost breakdowns. The information for the categories of work and related North American Industry Classification System—or NAICS—codes are provided for purposes of weighing the categories of work based on staff estimates:

TABLE 1

	NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	236220	Commercial & Institutional Building Construction	\$26,500.00	0.0452
2)	541512	Computer System Design & Related Services	\$21,650.00	0.0369
3)	423430	Computer, Computer Peripheral Equipment, & Software	\$26,000.00	0.0443
4)	238210	Electrical Contracting	\$5,700.00	0.0097
5)	238220	Plumbing, Heating, & Air-Conditioning Contractors	\$5,400.00	0.0092
6)	561710	Pest Control	\$1,350.00	0.0023
7)	561720	Janitorial Services	\$2,800.00	0.0048
8)	561730	Landscaping Services	\$13,050.00	0.0223
9)	541110	Offices of Lawyers	\$4,600.00	0.0078
10)	453210	Office Supplies & Stationery Stores	\$26,800.00	0.0457
11)	541611/13	Management/Marketing Consulting Services	\$9,800.00	0.0167
12)	424710	Petroleum Bulk Stations & Terminals	\$316,800.00	0.5403
13)	323111	Printing	\$4,700.00	0.0080
14)	812332	Industrial Launderers & Uniforms	\$19,400.00	0.0331
15)	441320	Tire Dealers	\$23,000.00	0.0392
16)	488410	Motor Vehicle Towing	\$1,100.00	0.0019
17)	423120	Motor Vehicle Supplies & Parts	\$52,000.00	0.0887
18)	423830	Industrial Machinery & Equipment	\$16,300.00	0.0278
19)	238110	Poured Concrete Foundation & Structure Contractors	\$9,400.00	0.0160
Total FTA-Assisted Contract Funds			\$586,350.00	1

Step 1: Establishing the Relative Availability of DBEs and the Base Figure

Step one consists of determining the relative availability of DBEs (both prime contractors and subcontractors) to perform the types of contracts that MAX intends to let. The prescribed methodology was followed to determine relative availability. The *local market area* for contracts has been established as the four-county area surrounding MAX's service area consisting of Allegan, Kent, Muskegon, and Ottawa counties. Traditionally, this is the market area from which past contracts have been drawn.

Determining the final base figure percentage involves a process of calculations which utilize the most refined data available for:

- dividing the number of DBE firms identified for each North American Industry Classification System (NAICS) work category who are “ready, willing, and able” to bid for the types of work MAX will fund during FYs 2025-2027 by the number of all firms (DBE's and non-DBEs) also “ready, willing, and able” to bid for MAX projects (relative availability);
- weighing the relative availability for each work category based on the work category weight that corresponds with the estimated percentage of total FTA dollars per NAICS;
- and determining the sum of the weighted ration figures.

Table 2 shows the Relative Availability of DBEs following a local area market search in the MDOT-MUCP (Michigan Unified Certification Program) Directory in relation to the U.S. Census Bureau’s 2021 Economic Survey County Business Patterns for Allegan, Kent, Muskegon, & Ottawa counties:

TABLE 2

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
1)	236220	Commercial & Institutional Building Construction	153	184	0.8315
2)	541512	Computer System Design & Related Services	108	122	0.8852
3)	423430	Computer, Computer Peripheral Equipment, & Software	16	27	0.5926
4)	238210	Electrical Contracting	70	271	0.2583
5)	238220	Plumbing, Heating, & Air-Conditioning Contractors	36	379	0.0950
6)	561710	Pest Control	0	41	0.0000
7)	561720	Janitorial Services	28	257	0.1089
8)	561730	Landscaping Services	47	430	0.1093
9)	541110	Offices of Lawyers	0	380	0.0000
10)	453210	Office Supplies & Stationery Stores	0	15	0.0000
11)	541611/13	Management/Marketing Consulting Services	308	323	0.9536
12)	424710	Petroleum Bulk Stations & Terminals	0	10	0.0000
13)	323111	Printing	8	80	0.1000
14)	812332	Industrial Launderers & Uniforms	0	6	0.0000
15)	441320	Tire Dealers	8	59	0.1356
16)	488410	Motor Vehicle Towing	0	30	0.0000
17)	423120	Motor Vehicle Supplies & Parts	8	71	0.1127
18)	423830	Industrial Machinery & Equipment	8	183	0.0437
19)	238110	Poured Concrete Foundation & Structure Contractors	43	121	0.3554
Combined Totals			841	2989	0.2814
					<i>Overall availability of DBEs</i>

The result of the Overall Availability of DBEs is 28.14%, as shown in Table 2 above.

Table 3 shows the calculation of the Weighted Base Figure for the DBE Goal:

TABLE 3

	NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
1)	236220	Commercial & Institutional Building Construction	0.04519	x	0.83152	0.0376
2)	541512	Computer System Design & Related Services	0.03692	x	0.88525	0.0327
3)	423430	Computer, Computer Peripheral Equipment, & Software	0.04434	x	0.59259	0.0263
4)	238210	Electrical Contracting	0.00972	x	0.25830	0.0025
5)	238220	Plumbing, Heating, & Air-Conditioning Contractors	0.00921	x	0.09499	0.0009
6)	561710	Pest Control	0.00230	x		
7)	561720	Janitorial Services	0.00478	x	0.10895	0.0005
8)	561730	Landscaping Services	0.02226	x	0.10930	0.0024
9)	541110	Offices of Lawyers	0.00785	x		
10)	453210	Office Supplies & Stationery Stores	0.04571	x		
11)	541611/13	Management/Marketing Consulting Services	0.01671	x	0.95356	0.0159
12)	424710	Petroleum Bulk Stations & Terminals	0.54029	x		
13)	323111	Printing	0.00802	x	0.10000	0.0008
14)	812332	Industrial Launderers & Uniforms	0.03309	x		
15)	441320	Tire Dealers	0.03923	x	0.13559	0.0053
16)	488410	Motor Vehicle Towing	0.00188	x		
17)	423120	Motor Vehicle Supplies & Parts	0.08868	x	0.11268	0.0100
18)	423830	Industrial Machinery & Equipment	0.02780	x	0.04372	0.0012
19)	238110	Poured Concrete Foundation & Structure Contractors	0.01603	x	0.35537	0.0057
Total						0.1418
Expressed as a % (*100)						14.18%
Rounded, Weighted Base Figure:						14%

The result of the Weighted Base Figure calculation is 14.18%.

Step 2: Adjustment to the Base Figure

Resulting from an initial Base Figure calculation significantly higher than anticipated, the Macatawa Area Express Transportation Authority—for purposes of ensuring accuracy in the establishment of its DBE goals—has determined an adjustment to the initial Base Figure is both necessary and reasonable. Staff reviewed and assessed all known information that could potentially impact the overall DBE goal calculation, and included this narrative—along with updated calculations—in the following paragraphs of this section.

Information that was considered in adjusting the Base Figure included:

- A thorough review of the search data returned from the MDOT-MUCP Directory.
- Past race/gender neutral participation and bidding/award history.
- Recent local market conditions, in relation to the number of DBE firms.

During review of the MDOT-MUCP Directory, search inquiries can only be performed on a county-by-county basis—which oftentimes counts a single DBE firm more than once as data is returned for each county within the local market area. Initial calculations also contained registered DBEs based outside the local market area, including metro-Detroit, and in some instances, other states—all of which are well beyond MAX’s traditional sphere of business. Provided the NAICS Codes in which MAX anticipates bidding opportunities and the business nature of those firms, it was not determined reasonable to expect participation from DBEs based at such distances outside the identified four-county local market area.

To enable the calculation of a DBE Goal that is not only more accurate but based on demonstrable evidence of local market conditions, MAX has utilized an alternative approach that includes using a count of registered DBE firms located *within* the local market area as found in the MDOT-MUCP Directory, as well as considering the DBEs listed in MAX’s Bidders List, some of whom have bid and won past contracts.

An adjusted Table 2 shows a revised Relative Availability of DBEs in relation to the U.S. Census Bureau’s 2021 *Economic Survey County Business Patterns* for Allegan, Kent, Muskegon, & Ottawa Counties:

TABLE 2 (ADJUSTED)

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
1)	236220	Commercial & Institutional Building Construction	3	184	0.0163
2)	541512	Computer System Design & Related Services	0	122	0.0000
3)	423430	Computer, Computer Peripheral Equipment, & Software	0	27	0.0000
4)	238210	Electrical Contracting	1	271	0.0037
5)	238220	Plumbing, Heating, & Air-Conditioning Contractors	1	379	0.0026
6)	561710	Pest Control	0	41	0.0000
7)	561720	Janitorial Services	1	257	0.0039
8)	561730	Landscaping Services	1	430	0.0023
9)	541110	Offices of Lawyers	0	380	0.0000
10)	453210	Office Supplies & Stationery Stores	0	15	0.0000
11)	541611/13	Management/Marketing Consulting Services	1	323	0.0031
12)	424710	Petroleum Bulk Stations & Terminals	0	10	0.0000
13)	323111	Printing	0	80	0.0000
14)	812332	Industrial Launderers & Uniforms	0	6	0.0000
15)	441320	Tire Dealers	0	59	0.0000
16)	488410	Motor Vehicle Towing	0	30	0.0000
17)	423120	Motor Vehicle Supplies & Parts	0	71	0.0000
18)	423830	Industrial Machinery & Equipment	0	183	0.0000
19)	238110	Poured Concrete Foundation & Structure Contractors	4	121	0.0331
Combined Totals			12	2989	0.0040
					<i>Overall availability of DBEs</i>

The result of the revised Overall Availability of DBEs is 0.40%, as shown in Table 2 (*Adjusted*) above.

An adjusted Table 3 shows the calculation of the Weighted Base Figure for the DBE Goal:

TABLE 3 (ADJUSTED)

	NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
1)	236220	Commercial & Institutional Building Construction	0.04519	x	0.01630	0.0007
2)	541512	Computer System Design & Related Services	0.03692	x		
3)	423430	Computer, Computer Peripheral Equipment, & Software	0.04434	x		
4)	238210	Electrical Contracting	0.00972	x	0.00369	0.0000
5)	238220	Plumbing, Heating, & Air-Conditioning Contractors	0.00921	x	0.00264	0.0000
6)	561710	Pest Control	0.00230	x		
7)	561720	Janitorial Services	0.00478	x	0.00389	0.0000
8)	561730	Landscaping Services	0.02226	x	0.00233	0.0001
9)	541110	Offices of Lawyers	0.00785	x		
10)	453210	Office Supplies & Stationery Stores	0.04571	x		
11)	541611/13	Management/Marketing Consulting Services	0.01671	x	0.00310	0.0001
12)	424710	Petroleum Bulk Stations & Terminals	0.54029	x		
13)	323111	Printing	0.00802	x		
14)	812332	Industrial Launderers & Uniforms	0.03309	x		
15)	441320	Tire Dealers	0.03923	x		
16)	488410	Motor Vehicle Towing	0.00188	x		
17)	423120	Motor Vehicle Supplies & Parts	0.08868	x		
18)	423830	Industrial Machinery & Equipment	0.02780	x		
19)	238110	Poured Concrete Foundation & Structure Contractors	0.01603	x	0.03306	0.0005
					Total	0.0014
					Expressed as a % (*100)	0.14%
					Weighted Base Figure:	0.14%

The result of the revised Weighted Base Figure calculation is 0.14%, as shown in Table 3 above.

The review of DBE participation levels from prior years was also used in determining a more narrowly tailored, logical, and realistic DBE Goal is determined. Past DBE Goal attainment is highlighted in Table 4 below, whereby the median past participation value has been identified from the most recently completed three (3) fiscal years of data:

TABLE 4

Past DBE Goals & Five-Year Participation

Fiscal Year	DBE Goal	Actual Participation
2023	0.17%	0.00%
2022	0.17%	0.37%
2021	0.22%	7.59%

Median Participation Value = 0.37%

SPECIAL NOTE: Only Michigan-registered DBE participation can be credited in DBE financial reporting and goal calculations.

The results of the three-year DBE Goal attainment for FYs 2021-2023 reflect a median value of 0.37%, which is higher than the Base Figure calculation from the adjusted Table 3. The Macatawa Area Express Transportation Authority recognizes further adjustment to the Base Figure is both reasonable and appropriate, based on the following rationale:

- Local market conditions—though a limited availability of DBEs in the four-county local market area (Allegan, Kent, Ottawa, and Muskegon counties), a net gain is seen in the number of area

DBE firms identified for potential projects (from 10 to 12) since the FY 2022-2024 DBE Goal Methodology submission.

- Review of past race/gender neutral participation and bidding history; the base figure and level of past participation are not reasonably similar; recently, higher DBE participation has occurred.
- MAX already has a portion of its DBE Goal met for FY2024, completed December 2023.

Adjusted Base Figure = (DBE Median Past Participation* + Adjusted Weighted Base Figure 2025-2027) / 2

DBE Median Past Participation* = 0.37%

$(0.37\% + 0.14\%) / 2 = 0.26\%$

*If you have an odd number of values from which to determine the median, just take the number which falls in the middle. For example, 3 is the median of 1, 3, and 6. If you have an even number of values, then you should average the two numbers which fall in the middle. For example, if you have the numbers 1, 3, 6, and 8, the median would be an average of 3 and 6, or 4.5. If you have two numbers, simply average the two numbers together.

Additional Note on the Seeking of DBE Participation

The nature of the product or service sought will be additionally considered as individual bidding opportunities arise. In the effort to increase further participation from DBE firms, the Macatawa Area Express Transportation Authority recognizes the importance of seeking additional bidding opportunities from DBE firms *outside* the local area for the sourcing of specialty products or consulting services—for example, translation or consulting services—whereby the material or meetings can be transmitted or conducted electronically, not necessarily requiring a local source to be utilized.

Race/Gender-Neutral and Race/Gender-Conscious Methods of Goal Attainment

The last step in establishing MAX's DBE Goal is to determine which portion MAX expects to meet or exceed by utilizing race/gender-neutral and/or race/gender-conscious measures.

The race/gender neutral approach is a measure or program that is used to encourage and benefit all businesses by allowing vendors to compete with one another. The race/gender conscious approach is a measure or program that establishes specific contract goals for DBE participation.

MAX will seek to meet the maximum feasible portion of its overall goal by using race/gender neutral means of facilitating DBE participation; the FYs 2025-2027 Macatawa Area Express Transportation Authority's DBE goal will include only a race/gender neutral goal. As MAX has a limited length of history in attaining or not attaining annual DBE Goals, there is no underlying rationale, at this time, for utilizing race-conscious measures.

MAX estimates that—in meeting the overall goal of 0.26% for Fiscal Years 2025-2027—the Authority will obtain 0.26% from Race-Neutral participation and 0.00% through race-conscious measure.

For reporting purposes, MAX will adjust the estimated breakout of race-neutral and race-conscious DBE participation as needed to reflect actual DBE participation. Furthermore, all race-neutral and race-conscious DBE participation will be tracked and reported separately. Race/gender-neutral DBE participation includes—but is not 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 a DBE goal;
- DBE participation on a prime contract exceeding a contract goal; and

- DBE participation through a subcontract from a prime contract that did not consider the firm's DBE status in making the award.

Disparity Studies and Other Evidence of Discrimination

There were no available studies performed within the market area.

Use of a Base Figure from Another Recipient's Goal

The base figure used for MAX's FY 2025-2027 DBE goal is not based on the DBE goal or objective of another recipient, therefore neither adjustment for differences in our local market nor our contracting program has been made.

The DBE Goal for Fiscal Years 2025-2027 has been determined to be 0.26%

(0.26% Race/Gender Neutral Participation, 0.00% Race/Gender Conscious Participation)