

**Muskegon Area Transit System  
Disadvantaged Business Enterprise Goal Analysis  
FY2019-FY2021**

**DBE Program Objective:**

The United States Department of Transportation's (USDOT) Disadvantaged Business Enterprise (DBE) Program seeks to ensure non-discrimination in the award and administration of USDOT-assisted contracts and to create a level playing field on which DBE's can compete fairly for USDOT-assisted contracts. As a recipient of USDOT funding through the Federal Transit Administration (FTA), the Muskegon Area Transit System (MATS) has implemented a Disadvantaged Business Enterprise program. As a portion of that program, this goal analysis document serves as a triennial calculation of the USDOT-funded contracting opportunities anticipated to be made available through MATS, and to identify an anticipated rate of participation by DBE firms in those contracting opportunities.

**DBE Goal Setting Methodology:**

The Muskegon Area Transit System has analyzed its anticipated USDOT-funded contracting opportunities for Fiscal Years 2019-2021 (October 1, 2018 through September 30, 2021). The methodology for the analysis included the following steps.

Establishment of the Base Figure:

1. The FY2019 MATS budget was analyzed by "area of expenditure." For each area, it was determined whether any external contracting opportunity existed, or if it was an internal expense with no vendor participation anticipated. Examples of internal expenditures include salaries, fringes, internal service fund charges, utilities, etc. External contracting areas included parts, supplies, services, or other areas where expenses could be incurred by MATS through a vendor.
2. For each area of expenditure with a vendor component, a projected budget for FY2020 and FY2021 was forecast. Each Fiscal Year budget (FY2019-FY2021) was then analyzed individually. For each year, the budgeted line items were refined to estimate how much of the expense was a contracting opportunity, and what portion of that contracting opportunity was to be funded with USDOT funding assistance. Through this, it was confirmed that the USDOT's anticipated participation in MATS contracting opportunities exceeded \$250,000 annually, the threshold to require MATS to further analyze and establish a DBE Goal.
3. Next, the MATS "Account Description" from the County of Muskegon's financial accounting system was cross-referenced to a corresponding code on the North

American Industry Classification System (NAICS). In some cases, multiple MATS accounts were rolled up into one NAICS code that described the group of expenditures. Establishment of a NAICS code for each area of expenditure permitted MATS to analyze census bureau information, DBE Directory information, and other sources of information related to vendor classifications.

4. Two primary data sources were utilized to calculate contractor and DBE availability. The first source, used to identify the total number of firms available to do work in a NAICS code, was the US Census Bureau's County Business Patterns State Datafile Database 2016. The second source, used to determine the number of Certified DBE firms available to perform work in an industry, was the Michigan Unified Certification Program (MUCP) directory, as maintained by the Michigan Department of Transportation. While these two data sources offer the possibility of data analysis at different geographic levels, MATS determined that analysis at a Michigan statewide geography level was appropriate and the best way to obtain comparable data from the two sources.

Using these two sources, MATS identified, for each NAICS code, the total number of firms available in Michigan, the total number of DBE firms that were MUCP-certified in Michigan, and the fraction of total firms that were DBE firms in that area of expenditure (expressed as a "DBE Relative Availability" figure).

5. The next step in the analysis was to weight the expenditures by area to ensure that higher-expenditure areas accounted for a larger part of the goal analysis than lower-expenditure areas. A line-by-line determination was made to account for the amount of anticipated USDOT-funded contracting opportunity for that line compared to the total USDOT-funded external contracting opportunities.
6. The final step of the analysis was to multiply the decimal representing DBE firm availability in each NAICS code area by the weighted contracting opportunity in that NAICS code to determine a weighted DBE participation rate for that external contracting opportunity. The number calculated for each area of expenditure was then added up to a total "DBE Goal" that represents the amount of external contracting that could be mathematically expected to be performed by DBE firms.
7. Using this methodology, the average Base figure for DBE participation for the three year period was set at 0.976% (based on annual calculations of 2.367% for FY2019, 0.283% for FY2020, and 0.278% for FY2021).

#### Adjustment of the Base Figure:

Development of the base figure relies on a mathematical analysis using available spending assumptions and an available pool of limited data sources. Thus, it is necessary to review the base figure after it is complete to determine if past experience, community input, or other data sources may provide additional information that should

cause MATS to adjust its base figure for anticipated DBE participation, either upward or downward.

In the effort to review the base figure, MATS reached out during the months of June and July, 2018, to individuals with knowledge of the DBE community and the contracting environment in the Muskegon area. Phone conversations were held with representatives of the NAACP, the County Economic Development office, the local Chamber of Commerce, and representatives of two Latino organizations, and others. A public Open House was advertised and held on June 26, 2018, in order to gain input. The Open House was attended by a half dozen business and organizational representatives. A further follow-up meeting was held on July 16, 2018, to discuss DBE efforts with the local NAACP Economic Development Committee. A public comment period was advertised and held open from June 12, 2018, to July 27, 2018, and no written comments were received. Together, the consultative discussions held served to reinforce for MATS that the base figure was appropriate and there was no compelling reason presented for adjustment.

Another element of the adjustment process is a review of past DBE participation rates in MATS contracting opportunities. As this is only the second DBE goal-setting cycle in which MATS has exceeded the spending thresholds for development of a DBE goal, there is minimal historical DBE participation or attainment data that warrants an adjustment to the goal.

MATS is electing not to make adjustments to the Base Figure of 0.976% DBE Participation for the period of Fiscal Year 2019-2021.

#### Methods of Goal Attainment:

The final step of establishing the MATS DBE Goal for the period is to determine what portion of the DBE Goal MATS will expect to attain using "Race-Neutral" measures and what portion MATS will expect to attain using "Race-Conscious" measures.

Race-neutral measures are contracting measures that the Muskegon Area Transit System may put into place to benefit and encourage participation by all vendors. Race-conscious measures are contracting efforts that are specifically aimed at encouraging participation by DBE vendors.

As MATS does not have an adequate length of history in attaining or not attaining its DBE goals, there is no underlying rationale for employing race-conscious measures at this point.

MATS projects that its DBE goal of 0.976% for FY2019-FY2021 will be attained through race-neutral measures.

**DBE Goal Implementation:**

The DBE Goal-setting process serves to bring awareness to the available MATS contracting opportunities for DBE vendors. However, it is not the only step to implementing a successful Disadvantaged Business Enterprise program. In order to effectively support the DBE vendor community, it is necessary to monitor, report, and adjust efforts along the way.

To facilitate implementation of a successful DBE program, MATS is submitting these DBE goals to the Federal Transit Administration for review and is posting the DBE goal publicly on the MATS website. MATS will monitor its financial systems to track DBE participation and will, on a periodic basis as required by the FTA, report on its actual use of DBE vendors in contracting opportunities. The DBE Goal will be re-calculated on a triennial schedule, with the next scheduled analysis to cover FY2022-FY2024. Interim adjustments may also be made to the FY2019-FY2021 DBE goal if substantial changes occur in the MATS contracting opportunities or the underlying data available for the analysis.

**Muskegon Area Transit System**  
**Disadvantaged Business Enterprise Goal Analysis**  
**FY2019-FY2021**

The following pages show the basic calculations used to arrive at the Muskegon Area Transit System's FY2019-FY2021 DBE Goal of 0.976% participation.

**Muskegon Area Transit System**  
**Potential DBE Contracting Opportunities**

11-Jun-18

NAICS Code Grouping  
 FY2019 Budget Estimates

		A	B	C	D	E	F	G	H
				(A / B)				(F / F total)	(C x G)
NAICS Code	NAICS Code Description	Number of DBEs Available (note 1)	Number of All Firms Available (note 2)	DBE Relative Availability	FY2019 ORIGINAL BUDGET	FY2019 DBE CONTRACT OPPNTNTY	FY2019 DBE OPPRTNTY FED SHARE	Weighting for Category (category \$ / total contracting opps)	DBE Weighted Base Figure
424120	Stationary and Office Supplies Merchant Wholesalers	1	112	0.00893	1,800.00	1,800.00	960.00	0.0015	0.00001
238110	Concrete pouring	17	656	0.02591	30,000.00	10,000.00	8,000.00	0.0125	0.00032
453210	Office supply stores	0	158	0.00000	4,002.00	4,002.00	2,826.60	0.0044	0.00000
NA					2,096.00	0.00	0.00	0.0000	0.00000
315210	Uniforms, nontailored, cut and sew apparel contractors	0	29	0.00000	10,000.00	10,000.00	5,000.00	0.0078	0.00000
424710	Gasoline made in petroleum refineries	0	127	0.00000	107,000.00	22,000.00	11,000.00	0.0172	0.00000
423130	Tire tubes, motor vehicle, merchant wholesalers	1	59	0.01695	40,000.00	40,000.00	20,000.00	0.0312	0.00053
424710	Diesel fuels made in petroleum refineries	0	127	0.00000	160,000.00	160,000.00	80,000.00	0.1249	0.00000
441310	Automotive Parts and Accessories Stores	1	1,405	0.00071	200,000.00	160,000.00	80,000.00	0.1249	0.00009
424690	Detergents mrcht wholesalers/Janitorial chemicals mrcht wholesalers	4	267	0.01498	6,800.00	6,800.00	3,400.00	0.0053	0.00008
423850	Janitorial equipment and supplies merchant wholesalers	0	125	0.00000	11,000.00	11,000.00	5,500.00	0.0086	0.00000
561740	Cleaning rugs	3	237	0.01266	2,200.00	2,200.00	1,100.00	0.0017	0.00002
444110	Home centers, building materials	0	232	0.00000	2,000.00	2,000.00	1,000.00	0.0016	0.00000
324191	Lubricating oils and greases, petroleum, made from refined petroleum	0	18	0.00000	28,000.00	28,000.00	14,000.00	0.0219	0.00000
424690	Antifreeze merchant wholesalers	4	267	0.01498	7,000.00	7,000.00	3,500.00	0.0055	0.00008
423120	Tools and equipment, motor vehicle, merchant wholesalers	1	713	0.00140	65,000.00	55,000.00	44,000.00	0.0687	0.00010
541611	Administrative Mgmt & General Mgmt Consulting Services	84	1,312	0.06402	248,400.00	175,500.00	140,400.00	0.2192	0.01403
541310	Architectural Services	12	393	0.03053	100,000.00	100,000.00	80,000.00	0.1249	0.00381
541330	Engineering Services	55	1,781	0.03088	100,000.00	100,000.00	80,000.00	0.1249	0.00386
323111	Commercial Printing	1	553	0.00181	20,000.00	13,500.00	10,800.00	0.0169	0.00003
541850	Transit advertising services	2	66	0.03030	81,731.00	14,286.20	11,428.96	0.0178	0.00054
562111	Garbage collection services	2	293	0.00683	1,600.00	1,600.00	800.00	0.0012	0.00001
423990	Fire extinguisher sales combined with rental and/or service	2	247	0.00810	1,482.00	1,482.00	741.00	0.0012	0.00001
238220	HVAC contractors / Plumbing Contrators	20	2,523	0.00793	1,656.00	1,656.00	828.00	0.0013	0.00001
238210	Electrical work / Electrical Contractors	18	1,858	0.00969	348.00	348.00	174.00	0.0003	0.00000
561710	Pest control (except agricultural, forestry) services	1	211	0.00474	1,046.00	1,046.00	523.00	0.0008	0.00000
444190	Building Material Supply/Garage Door/Roofing Material Dealers	1	944	0.00106	6,668.00	4,188.00	2,094.00	0.0033	0.00000
NA					9,700.00	0.00	0.00	0.0000	0.00000
811310	Service machinery and equipment repair and maintenance services	1	793	0.00126	17,016.00	10,500.00	5,250.00	0.0082	0.00001
811111	General automotive repair shops/Engine repair and replacement shops	0	2,518	0.00000	37,200.00	31,200.00	15,600.00	0.0244	0.00000
811118	Other Automotive Mechanical and Electrical Repair and Maintenance	1	180	0.00556	22,800.00	16,800.00	8,400.00	0.0131	0.00007
NA					10,700.00	0.00	0.00	0.0000	0.00000
561730	Plant Maintenance Services/Weed control and fertilizing services	28	3,155	0.00887	990.00	990.00	495.00	0.0008	0.00001
424690	Industrial salts merchant wholesalers	4	267	0.01498	2,260.00	2,010.00	1,005.00	0.0016	0.00002
					<b>1,344,495.00</b>	<b>997,908.20</b>	<b>640,550.56</b>	<b>1.0000</b>	<b>0.02367</b>

**DBE Federal Participation 15,159.24**

Note 1: Michigan Department of Transportation (MDOT) Michigan Unified Certification Program

Note 2: United States Census Bureau County Business Patterns / Michigan

**Muskegon Area Transit System**  
**Potential DBE Contracting Opportunities**

11-Jun-18

NAICS Code Grouping  
 FY2020 Budget Estimates

		A	B	C	D	E	F	G	H
				(A / B)				(F / F total)	(C x G)
NAICS Code	NAICS Code Description	Number of DBEs Available (note 1)	Number of All Firms Available (note 2)	DBE Relative Availability	FY2020 ESTIMATED BUDGET	FY2020 DBE CONTRACT OPPNTNTY	FY2020 DBE OPPRTNTY FED SHARE	Weighting for Category (category \$ / total contracting opps)	DBE Weighted Base Figure
424120	Stationary and Office Supplies Merchant Wholesalers	1	112	0.00893	1,800.00	1,800.00	960.00	0.0031	0.00003
238110	Concrete pouring	17	656	0.02591	0.00	0.00	0.00	0.0000	0.00000
453210	Office supply stores	0	158	0.00000	4,002.00	4,002.00	2,826.60	0.0092	0.00000
	NA				0.00	0.00	0.00	0.0000	0.00000
315210	Uniforms, nontailored, cut and sew apparel contractors	0	29	0.00000	10,000.00	10,000.00	5,000.00	0.0164	0.00000
424710	Gasoline made in petroleum refineries	0	127	0.00000	107,000.00	28,400.00	14,200.00	0.0464	0.00000
423130	Tire tubes, motor vehicle, merchant wholesalers	1	59	0.01695	40,000.00	40,000.00	20,000.00	0.0654	0.00111
424710	Diesel fuels made in petroleum refineries	0	127	0.00000	160,000.00	160,000.00	80,000.00	0.2617	0.00000
441310	Automotive Parts and Accessories Stores	1	1,405	0.00071	200,000.00	168,000.00	84,000.00	0.2747	0.00020
424690	Detergents mrcht wholesalers/Janitorial chemicals mrcht wholesalers	4	267	0.01498	6,800.00	6,800.00	3,400.00	0.0111	0.00017
423850	Janitorial equipment and supplies merchant wholesalers	0	125	0.00000	11,000.00	11,000.00	5,500.00	0.0180	0.00000
561740	Cleaning rugs	3	237	0.01266	2,200.00	2,200.00	1,100.00	0.0036	0.00005
444110	Home centers, building materials	0	232	0.00000	2,000.00	2,000.00	1,000.00	0.0033	0.00000
324191	Lubricating oils and greases, petroleum, made from refined petroleum	0	18	0.00000	28,000.00	28,000.00	14,000.00	0.0458	0.00000
424690	Antifreeze merchant wholesalers	4	267	0.01498	7,000.00	7,000.00	3,500.00	0.0114	0.00017
423120	Tools and equipment, motor vehicle, merchant wholesalers	1	713	0.00140	25,000.00	25,000.00	20,000.00	0.0654	0.00009
541611	Administrative Mgmt & General Mgmt Consulting Services	84	1,312	0.06402	3,400.00	0.00	0.00	0.0000	0.00000
323111	Commercial Printing	1	553	0.00181	10,000.00	6,000.00	4,800.00	0.0157	0.00003
541850	Transit advertising services	2	66	0.03030	41,731.00	8,286.20	6,628.96	0.0217	0.00066
562111	Garbage collection services	2	293	0.00683	1,600.00	1,600.00	800.00	0.0026	0.00002
423990	Fire extinguisher sales combined with rental and/or service	2	247	0.00810	1,482.00	1,482.00	741.00	0.0024	0.00002
238220	HVAC contractors / Plumbing Contrators	20	2,523	0.00793	1,656.00	1,656.00	828.00	0.0027	0.00002
238210	Electrical work / Electrical Contractors	18	1,858	0.00969	348.00	348.00	174.00	0.0006	0.00001
561710	Pest control (except agricultural, forestry) services	1	211	0.00474	1,046.00	1,046.00	523.00	0.0017	0.00001
444190	Building Material Supply/Garage Door/Roofing Material Dealers	1	944	0.00106	6,668.00	4,188.00	2,094.00	0.0068	0.00001
	NA				9,700.00	0.00	0.00	0.0000	0.00000
811310	Service machinery and equipment repair and maintenance services	1	793	0.00126	17,016.00	10,500.00	5,250.00	0.0172	0.00002
811111	General automotive repair shops/Engine repair and replacement shops	0	2,518	0.00000	37,560.00	32,760.00	16,380.00	0.0536	0.00000
811118	Other Automotive Mechanical and Electrical Repair and Maintenance	1	180	0.00556	22,440.00	17,640.00	8,820.00	0.0288	0.00016
	NA				10,700.00	0.00	0.00	0.0000	0.00000
561730	Plant Maintenance Services/Weed control and fertilizing services	28	3,155	0.00887	990.00	990.00	495.00	0.0016	0.00001
424690	Industrial salts merchant wholesalers	4	267	0.01498	2,260.00	2,010.00	1,005.00	0.0033	0.00005
					<b>777,399.00</b>	<b>585,708.20</b>	<b>305,750.56</b>	<b>1.0000</b>	<b>0.00283</b>
								<b>DBE Federal Participation</b>	<b>864.84</b>

Note 1: Michigan Department of Transportation (MDOT) Michigan Unified Certification Program

Note 2: United States Census Bureau County Business Patterns / Michigan

**Muskegon Area Transit System**  
**Potential DBE Contracting Opportunities**

NAICS Code Grouping  
 FY2021 Budget Estimates

		A	B	C	D	E	F	G	H
				(A / B)				(F / F total)	(C x G)
NAICS Code	NAICS Code Description	Number of DBEs Available (note 1)	Number of All Firms Available (note 2)	DBE Relative Availability	FY2021 ESTIMATED BUDGET	FY2021 DBE CONTRACT OPPNTNTY	FY2021 DBE OPPRTNTY FED SHARE	Weighting for Category (category \$ / total contracting opps)	DBE Weighted Base Figure
424120	Stationary and Office Supplies Merchant Wholesalers	1	112	0.00893	1,800.00	1,800.00	960.00	0.0031	0.00003
238110	Concrete pouring	17	656	0.02591	0.00	0.00	0.00	0.0000	0.00000
453210	Office supply stores	0	158	0.00000	4,002.00	4,002.00	2,826.60	0.0090	0.00000
NA					0.00	0.00	0.00	0.0000	0.00000
315210	Uniforms, nontailored, cut and sew apparel contractors	0	29	0.00000	10,000.00	10,000.00	5,000.00	0.0159	0.00000
424710	Gasoline made in petroleum refineries	0	127	0.00000	107,000.00	28,400.00	14,200.00	0.0453	0.00000
423130	Tire tubes, motor vehicle, merchant wholesalers	1	59	0.01695	40,000.00	40,000.00	20,000.00	0.0638	0.00108
424710	Diesel fuels made in petroleum refineries	0	127	0.00000	160,000.00	160,000.00	80,000.00	0.2551	0.00000
441310	Automotive Parts and Accessories Stores	1	1,405	0.00071	200,000.00	180,000.00	90,000.00	0.2870	0.00020
424690	Detergents mrcht wholesalers/Janitorial chemicals mrcht wholesalers	4	267	0.01498	6,800.00	6,800.00	3,400.00	0.0108	0.00016
423850	Janitorial equipment and supplies merchant wholesalers	0	125	0.00000	11,000.00	11,000.00	5,500.00	0.0175	0.00000
561740	Cleaning rugs	3	237	0.01266	2,200.00	2,200.00	1,100.00	0.0035	0.00004
444110	Home centers, building materials	0	232	0.00000	2,000.00	2,000.00	1,000.00	0.0032	0.00000
324191	Lubricating oils and greases, petroleum, made from refined petroleum	0	18	0.00000	28,000.00	28,000.00	14,000.00	0.0446	0.00000
424690	Antifreeze merchant wholesalers	4	267	0.01498	7,000.00	7,000.00	3,500.00	0.0112	0.00017
423120	Tools and equipment, motor vehicle, merchant wholesalers	1	713	0.00140	25,000.00	25,000.00	20,000.00	0.0638	0.00009
541611	Administrative Mgmt & General Mgmt Consulting Services	84	1,312	0.06402	3,400.00	0.00	0.00	0.0000	0.00000
323111	Commercial Printing	1	553	0.00181	10,000.00	6,000.00	4,800.00	0.0153	0.00003
541850	Transit advertising services	2	66	0.03030	41,731.00	8,286.20	6,628.96	0.0211	0.00064
562111	Garbage collection services	2	293	0.00683	1,600.00	1,600.00	800.00	0.0026	0.00002
423990	Fire extinguisher sales combined with rental and/or service	2	247	0.00810	1,482.00	1,482.00	741.00	0.0024	0.00002
238220	HVAC contractors / Plumbing Contrators	20	2,523	0.00793	1,656.00	1,656.00	828.00	0.0026	0.00002
238210	Electrical work / Electrical Contractors	18	1,858	0.00969	348.00	348.00	174.00	0.0006	0.00001
561710	Pest control (except agricultural, forestry) services	1	211	0.00474	1,046.00	1,046.00	523.00	0.0017	0.00001
444190	Building Material Supply/Garage Door/Roofing Material Dealers	1	944	0.00106	6,668.00	4,188.00	2,094.00	0.0067	0.00001
NA					9,700.00	0.00	0.00	0.0000	0.00000
811310	Service machinery and equipment repair and maintenance services	1	793	0.00126	17,016.00	10,500.00	5,250.00	0.0167	0.00002
811111	General automotive repair shops/Engine repair and replacement shops	0	2,518	0.00000	39,900.00	35,100.00	17,550.00	0.0560	0.00000
811118	Other Automotive Mechanical and Electrical Repair and Maintenance	1	180	0.00556	23,700.00	18,900.00	9,450.00	0.0301	0.00017
NA					10,700.00	0.00	0.00	0.0000	0.00000
561730	Plant Maintenance Services/Weed control and fertilizing services	28	3,155	0.00887	990.00	990.00	495.00	0.0016	0.00001
424690	Industrial salts merchant wholesalers	4	267	0.01498	2,260.00	2,010.00	1,005.00	0.0032	0.00005
		198	20,005	0.26348	780,999.00	601,308.20	313,550.56	1.0000	0.00278

**DBE Federal Participation 872.61**

Note 1: Michigan Department of Transportation (MDOT) Michigan Unified Certification Program

Note 2: United States Census Bureau County Business Patterns / Michigan